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2/12/25

REPUBLIC OF KENYA

THE NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT – FOURTH SESSION

.....

NINTH REPORT OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE (DFAC)

ON ITS EXAMINATION OF REPORTS OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) FOR CONSTITUENCIES IN NAKURU COUNTY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 02 DEC 2025	DAY. TUESDAY
TABLED BY:	HON. GIDEON MUNYUNGI (CHAIRPERSON)
CLERK-AT THE-TABLE:	INZOFU MWALE

Directorate of Audit, Appropriations & General Purpose Committees
The National Assembly
Parliament of Kenya
NAIROBI

DECEMBER, 2025

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ANNEXURES

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ABBREVIATIONS AND ACRONYMS

BOQ/ BQ	Bill of Quantities
CoK	Constitution of Kenya, 2010
FAM	Fund Account Manager
FY	Financial Year
GOK	Government of Kenya
IPSAS	International Public Sector Accounting Standards
KeRRA	Kenya Rural Roads Authority
MP	Member of Parliament
NG-CDF	National Government Constituencies Development Fund
NG-CDFC	National Government Constituencies Development Fund Committee
OAG	Office of the Auditor General
PMC	Project Management Committee
PIS	Project Implementation Status
PSASB	Public Sector Accounting Standards Board

CHAIRPERSON'S FOREWORD

The Decentralized Funds Accounts Committee (hereinafter referred to as "the Committee" is one of the six Watchdog Committees in the Thirteenth Parliament that examines reports of the Auditor-General laid before the National Assembly to ensure probity, efficiency, and effectiveness in the use of public funds. The Committee is established pursuant to the National Assembly Standing Order 205B to examine reports of the Auditor-General for the National Government Constituencies Development Fund, National Government Constituencies Development Fund Board, the National Government Affirmative Action Fund, and the National Government Affirmative Action Fund Board. This ensures the implementation of Article 229 (8) of the Constitution of Kenya, 2010 on reports laid before the House by the Auditor-General. The Committee, established in the Thirteenth Parliament, was hived off the Special Funds Accounts Committee for efficiency in the examination of the audit reports.

The Committee inherited a backlog of reports for the National Government Constituencies Development Fund (NG-CDF), dating back to the financial year 2013/14, which had not been examined at the end of the Twelfth Parliament. Given that each of the Two-Hundred and ninety (290) Constituencies is audited independently, the Committee had initially adopted a strategy of examining reports for constituencies in each County for three financial years, that is, 2013/14 to 2015/16 concurrently. However, the Committee noted that it was more prudent to examine the accounts of Auditor General Reports up to the Financial Years 2021/2022 for each Constituency account it determines to examine, as this ensures that going forward, the Committee is as up to date as possible in its examination of the NG-CDF accounts.

In examining the Accounts of the Auditor General, the Committee invited the Chief Executive Officer of the National Government Constituencies Development Fund, being the Accounting Officer of the NG-CDF as provided under Section 67 (1) of the PFM Act, (CAP. 412A). The Committee also invited the Fund Account Managers, both current and former to clarify various issues raised by the Auditor-General during their tenure in office given the critical role that they play as AIE holders as stipulated under Section 12 (4) of the NG-CDF Act, (CAP. 414A).

This report, therefore, contains observations, findings and recommendations arising from examination of ninety-nine (99) reports of the Auditor-General for the National Government Constituencies Development Fund for Constituencies in Nakuru County, for the Financial Years 2013/14 to 2021/2022, that is **Bahati, Gilgil, Kuresoi North, Molo, Naivasha, Nakuru Town East, Nakuru Town West, Njoro, Rongai, Subukia and Kuresoi South Constituencies.**

The report is structured as follows:

i) general observations arising from recurring and cross-cutting audit queries,
ii) recommendations to each of the above,
iii) audit queries identified by the auditor general in the audit reports of each constituency,
iv) management responses to each of the queries,
v) committee observations/findings on each query; and
vi) recommendations of the Committee to each query raised.

The Committee also makes policy recommendations that it deems will cure financial and audit challenges, all geared toward ensuring the prudent use of public resources.

The Committee appreciates the Offices of the Speaker and the Clerk of the National Assembly for the support extended to it to enable it to execute its mandate. The Committee further extends its appreciation to the Office of the Auditor-General and the National Treasury for the technical support offered during the entire period. The Committee further acknowledges the Office of the Chief Executive Officer of the National Government Constituencies Development Fund Board for the coordination of Fund Account Managers and other officers who appeared to respond to various audit queries raised in the reports.

I also extend my appreciation to my fellow Members of the Committee, and the secretariat whose immense contribution and dedication to duty have enabled the Committee to examine the audit queries and produce this report.

On behalf of the Decentralized Funds Account Committee, and pursuant to Standing Order 199 (6), it is my pleasant duty and honor to present to this House the report on audited financial statements for the National Government Constituencies Development Fund for eleven (11) Constituencies in Nakuru County for financial years 2013/14 to 2021/2022.



HON. DR. (Arch) GIDEON MULYUNGI, CBS, EBS, MP
CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

PREFACE

1.1 Establishment and mandate of the Committee

7. The Decentralized Funds Accounts Committee is a Select Committee established pursuant to the National Assembly Standing Orders 205B and is responsible for the examination of the reports of the Auditor-General on the accounts of:

    i) The National Government Constituencies Development Fund

    ii) The National Government Constituencies Development Fund Board
    iii) The National Government Affirmative Action Fund
    iv) The National Government Affirmative Action Fund Board.

1.2 Guiding Principles

8. The Committee in considering the Audited accounts of National Government Constituency Development Fund is guided by the Constitution of Kenya (CoK) and the following statutes and regulations in undertaking it mandate: -

1.2.1 Chapter Twelve of the Constitution on Public Finance

Part 1- Principles on Public Finance

9. **Article 201** provides for the fundamental principles that "*...shall guide all aspects of public finance in the Republic...*" These principles are, inter alia-
    i) 201(a) there shall be openness and accountability, including public participation in financial matters.
    ii) 201(d) public money shall be used in a prudent and responsible way; and
    iii) 201(e) financial management shall be responsible, and fiscal reporting shall be clear.

Part 6 – Control of public Money

10. **Article 226** deals with the accounts and audit of public entities and provides that:
    i) the accounting officer of a national public entity is accountable to the National Assembly for its financial management (Article 226 (2); and
    ii) the holder of a public office, including a political office, directs or approves the use of public funds contrary to law or instructions, the person is liable for any loss arising from that use and shall make good the loss, whether the person remains the holder of the office or not (Article 226 (5); and

11. **Article 227** deals with the procurement of public good and services. Article 227 (1) in particular, provides that "when a State organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive, and cost-effective".
12. **Article 229(8)** of the Constitution of Kenya 2010 mandates the National Assembly to debate and take appropriate action on audit reports within three months of receipt of the reports from the Auditor-General.

1.2.2 Obligations of Accounting Officers

The Public Finance Management Act (CAP. 412A) –

13. **Section 68** sets out the responsibilities of accounting officers for national government entities, Parliament and the Judiciary. This includes accountability to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used a lawful, authorized, effective, efficient, economical and transparent manner (section 68(1)).

14. **Section 72** focuses on the accounting officers' responsibility to manage the assets and liabilities of national government entities

15. It is on this basis that each Fund Account Manager being the Accounting Officer of the NGCDF is held directly and personally liable for any loss of public funds under their watch. This provision obligated Fund Account Managers as accounting officers in the constituencies to appear before the Committee to respond to audit queries raised by the Auditor-General.

1.2.3 National Government Constituencies Development Fund (NG-CDF)

16. The Constituency Development Fund (CDF) was set up in 2003 through the Constituency Development Fund Act (2003) sponsored by the then Ol Kalou Member of Parliament and former Senator for Nyandarua County, Hon. Muriuki Karue, MP.

17. In a bid to align the CDF with the Constitution of Kenya, 2010, Parliament passed the National Government Constituencies Development Fund Act, (CAP. 414A). The NG-CDF is a national fund that comprises of monies of an amount of not less than 2.5% of all the national government's share of revenue as divided by the annual Division of Revenue Act enacted pursuant to Article 218 of the Constitution.

18. Apart from the above-named laws, the Committee was further guided by the following: -
    i) the Parliamentary Powers and Privileges Act, (CAP. 6);
    ii) The Public Finance Management Act (CAP. 412A);
    iii) the Public Finance Management (National Government) Regulations, 2015;
    iv) the Public Procurement and Asset Disposal Act, (CAP. 412C);
    v) the Public Procurement and Asset Disposal Regulations, 2020;
    vi) the Public Audit Act, (CAP. 412B);
    vii) the Fair Administrative Action Act, (CAP. 7L);
    viii) the National Government Constituencies Development Fund (NG-CDF) Act (CAP. 414A)
    ix) the National Government Constituency Development Regulations,2016;
    x) the Accountants Act, (CAP. 531);
    xi) the Public Finance Management (National Government Affirmative Action Fund) Regulations, 2016;
    xii) the National Assembly Standing Orders; and
    xiii) the Constitution of Kenya, 2010.

1.3 Committee Membership

19. The Committee comprises of the following fifteen (15) members: -

Chairperson
Hon. Dr. (Arch) Gideon Mutemi Mulyungi, CBS, EBS, M.P.
Member for Mwingi Central Constituency
Wiper Patriotic Front

Vice-Chairperson
Hon. Gertrude Mwanyanje Mbeyu, M. P.
Member for Kilifi Constituency
Orange Democratic Movement

Hon. Kilel Richard Cheruiyot M. P.
Member for Bomet Central Constituency
United Democratic Alliance

Hon. Kahangara Joseph Mburu M. P.
Member for Lari Constituency
United Democratic Alliance

Hon. Caroline Jeptoo Ng'elechei M. P.
Member for Elgeyo Marakwet Constituency
Independent Member

Hon. Mogaka Stephen M.P.
Member for West Mugirango Constituency
Jubilee Party

Hon. Wanyonyi Martin Pepela M. P.
Member for Webuye East Constituency
Ford Kenya

Hon. Lentoijoni Jackson Lekumontare M. P.
Member for Samburu East Constituency
KANU

Hon. Kipngor Reuben Kiborek M.P.
Member for Mogotio Constituency
United Democratic Alliance

Hon. Mboni David Mwalika M.P.
Member for Kitui Rural Constituency
Wiper Patriotic Front

Hon. Momanyi Innocent Obiri M.P.
Member for Bobasi Constituency
Wiper Patriotic Front

Hon. Barre Hussein Abdi M. P.
Member for Tarbaj Constituency
United Democratic Alliance

Hon. Dorothy Muthoni Ikiara M.P.
Nominated Member
United Democratic Alliance

Hon. K'Oyoo James Onyango M.P.
Member for Muhoroni Constituency
Orange Democratic Movement

Hon. Guyo Adhe Wario M. P.
Member for North Horr Constituency
KANU

1.4 Committee Secretariat

20. The Secretariat facilitating the Committee comprises the following staff:

Mr. Ahmad Guliye
Clerk Assistant I/Lead Clerk

Mr. John Mutinda
Clerk Assistant III

Ms. Sharon Koskei
Clerk Assistant III

Mr. Mabuti Mutua
Legal Counsel II

Ms. Elizabeth Kibati
Research Officer III

Mr. Wilson Mwangi
Fiscal Analyst II

Ms. Winfred Kiziah
Media Relations Officer I

Mr. Wilson Angatangoria
Serjeant-at-Arms II

Mr. Eric Ogolo
Protocol Officer I

Mr. Muchiri Mwangi
Audio Officer III

CHAPTER TWO

GENERAL OBSERVATIONS AND RECOMMENDATIONS

21. In consideration of the reports of the Auditor General, the Committee encountered cross cutting and at times persistent matters that informed the following general observations and recommendations, which cut across **Bahati, Gilgil, Kuresoi North, Molo, Naivasha, Nakuru Town East, Nakuru Town West, Njoro, Rongai, Subukia and Kuresoi South Constituencies** examined in Nakuru County.
22. Out of the constituencies examined, three constituencies, namely **Gilgil, Nakuru Town West, and Njoro Constituencies**, had successfully addressed all the audit queries before the Committee. The Committee commends the three Fund Account Managers for their diligence.

2.1 Delay in Exchequer Releases

Committee Observation

23. The Committee observed that there were delays in exchequer releases leading to under expenditure and delays in implementation and completion of projects.

Committee Recommendation

24. **The National Treasury should at all times ensure timely and adequate disbursement of funds to the National Government Constituencies Development Fund Board for immediate release to the Constituencies for implementation of approved and budgeted projects.**

2.2 Presentation and accuracy of financial statements

Committee Observations

25. The Committee observed that: -
    (i) Fund Account Managers experienced challenges in adapting to International Public Sector Accounting Standards (IPSAS) reporting framework in preparation of financial statements. The Standards were introduced in 2013/14 financial year and failure to comply with the standards in subsequent years occasioned qualification of financial statements.
    (ii) The Public Sector Accounting Standards Board (PSASB) reviews the IPSAS Standards periodically to consider emerging issues and conform to best accounting practices. The Committee found that some Fund Account Managers experienced challenges in applying these standards while preparing financial statements, as evidenced in the audit queries.

Committee Recommendations

26. The Committee recommends that: -
    a) **The Accounting Officer should at all times ensure Fund Account Managers comply with the International Public Sector Accounting Standards (IPSAS) framework in the preparation of financial statements;**

b) **The Accounting Officer, in consultation with the Public Sector Accounting Standards Board (PSASB) should at all times conduct continuous capacity building on financial reporting standards for constituency staff.**

2.3 Outstanding Land Issues

Committee Observation

27. The Committee observed that during the period under review six (6) Constituencies in Nakuru County, **Bahati, Kuresoi North, Molo, Naivasha, Njoro and Rongai Constituencies**, had outstanding land issues, i.e., transfer, succession, and acquisition of the title deeds for all the land purchased.

Committee Recommendations

28. Within three (3) months upon adoption of this report, the Accounting Officer should ensure that the Fund Account Managers, NGCDFCs and Project Management Committees have been guided as follows:
    a) **Where land is under succession, the Accounting Officer should guide the respective Fund Account Managers and PMCs on the succession process;**
    b) **Where transfers are pending, the respective Fund Account Managers and PMCs are advised on the land transfer processes and guided to collaborate with the Accounting Officer to facilitate expeditious processing of the title documents for the institutions affected.**
    c) **The Accounting Officer should establish a policy on the procedure of buying land and adhere to Regulation 11 (1) (k) of the National Government Constituency Development Fund Regulations 2016.**
    d) **The Accounting Officer should ensure that the PMCs should give priority to purchase land in areas where there are clear ownership documents especially where land adjudication has been done.**
    e) **That within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Managers should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership, and:**
    f) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

2.4 Reallocation and use of Emergency Funds

Committee Observation

29. The Committee observed that some of the projects funded using emergency funds did not meet the threshold set out in Sections 6(2) and Section 8(1)(2)(3) of the NG-CDF Act (CAP.414A).

Committee Recommendation

30. **The National Government Constituencies Development Fund Board should at all times ensure that the Fund Account Managers complies with provisions of Sections 6(2) and Section 8(1)(2)(3) of the National Government Constituencies Development Fund Act, Cap. 414A.**

2.5 Pending Ongoing and Stalled Projects

Committee Observation

31. The Committee observed that the critical cause of pending ongoing and stalled projects being common in constituencies was due to partial allocation of funds and late exchequer releases leading to delay in completion and in some instances abandonment of projects.

Committee Recommendations

32. The Committee Recommends that: -

The Accounting Officer should at all times discourage the partial allocation of funds to projects and ensure that projects are completed at most within two financial years. Further, the NG-CDF Committee should at all times ensure proper costing of projects is done through consultation with the relevant Government departments to ensure realistic cost estimates.

33. **The Accounting Officer should within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, Cap. 412B, develop and submit to the National Assembly, guidelines for costing of projects for constituencies, which is informed by the cost of materials, cost of transportation, taxes, the topography of each constituency and reports from the relevant Government departments.**

34. **The Accounting Officer should at all times ensure Fund Account Managers adhere to Section 46 (2) of the NG-CDF Act, Cap. 414A.**

35. **The Accounting Officer should at all times ensure that Fund Account Managers submit status reports of ongoing projects during submission of project proposals. This should form the basis of project approvals by the NGCDF Board in order to minimize instances of stalled, incomplete projects and for prioritization of ongoing projects.**

2.6 Failure to submit documents for audit review at the time of the Audit

Committee Observations

36. The Committee observed that: -

i) Fund Account Managers did not avail complete, reconciled financial, accounting records and supporting documentation in time for audit review and verification during the audit exercise, contrary to the provisions of *Article 229* of the Constitution of Kenya, 2010 and Section 68(2) of the PFM Act Cap. 412A which requires that the financial and accounting records are presented within three (3) months after the close

of the financial year and Section 62 of the Public Audit Act of Cap. 412B which obligates Accounting Officers to provide required documents for audit failure to which they be sanctioned. The documents not availed for audit included cash books, bank statements, payment vouchers, project completion certificates, bank reconciliation statements, Project Implementation Status reports, procurement records, Bills of Quantities (BQs) and Project Management Committee (PMCs) records.

ii) Consequently, most of the audit queries that were raised during consideration of financial statements for the eleven (11) Constituencies examined, would have been addressed had the documents been provided during the audit cycle.

Committee Recommendations

37. The Committee recommends that: -

i) **the Accounting Officer should at all times ensure that Fund Account Managers comply with the provisions of Sections 62 (1) (b) and (c) of the Public Audit Act Cap. 412B.**

ii) **the Accounting Officer should at all times ensure that Fund Account Managers maintain the original Project Management Committee files at the NG-CDF office, while the duplicate be maintained by the Project Management Committees at the project's site to ensure that documents are always available at the time of audit.**

iii) **The Accounting Officer should ensure Constituency Committees employ qualified accountants for the Constituency Offices beginning FY 2026/27 within the 6% administrative allocation to the NG-CDFC. This will strengthen the maintenance of books of accounts and, preparation of financial statements.**

2.7 Capacity building of Fund Account Managers

Committee Observation

38. The Committee observed that some Fund Account Managers were ill-prepared during the examination of the Reports of the Auditor General on the accounts of the National Government Constituencies Development Fund.

Committee Recommendations

39. The Committee recommends that:

i) **The Accounting Officer should at all times conduct continuous capacity building on financial reporting standards, record keeping and other necessary training for the Fund Account Managers, Project Management Committees (PMC) and other NG-CDF Constituency staff on a regular basis.**

ii) **The Accounting Officer should at all times strengthen the link between the Board, the Office of the Auditor General and the Fund Account Managers, particularly regarding the timely response to audit queries.**

2.8 Unresolved Prior Year Matters

Committee Observation

40. The Committee observed that the Auditor General raised several issues to be addressed by Management in the audit report of the previous years under the "report on the financial statements and report of lawfulness and effectiveness in the use of public resources". Management in some instances failed to address the issues and did not provide follow-up reports.

Committee Recommendations

41. The Committee recommends that:

i) **The Accounting Officer should at all times ensure Fund Account Managers adhere to Section 68 (2) (l) of the PFM Act Cap. 412A;**

ii) **Going forward the Accounting Officers should at all times ensure Fund Account Managers comply with the reporting template provided by the Public Sector Accounting Standards Board on prior year and provide follow up reports to the Office of the Auditor General in the subsequent audit cycle.**

2.9 Failure by PMCs to maintain project records

Committee Observation

42. The Committee observed that some Project Management Committees did not maintain expenditure returns indicating how funds disbursed were utilized.

Committee Recommendation

43. **The Accounting Officer should at all times ensure that proper records of each project which includes, project returns, tender documents, payment vouchers, completion certificates, bill of quantities, project designs, contracts, project minutes, bank balances and procurement documents are maintained by the PMCs and original file maintained by the Fund Account Managers.**

2.10 Non-compliance with procurement laws.

Committee Observation

44. The Committee observed that Management and Project Management Committees in some cases, failed to comply with the Public Procurement and Asset Disposal Act, Cap. 412C and its regulations on procurement of goods and services.

Committee Recommendations

45. The Committee recommends that:

i) **The Accounting Officer, in consultation with the Public Procurement Regulatory Authority (PPRA), should at all times conduct continuous capacity building to all Fund Account Managers on procurement laws and regulations.**

ii) **The Accounting Officer should at all times ensure that:**

a) **The Fund Account Managers should conduct regular capacity building for Project Management Committees on procurement to enhance compliance with the Public Procurement and Asset Disposal Act, Cap. 412C and its regulations.**
b) **The Fund Account Managers and Project Management Committees should at all times comply with the provisions of Part IX, Section 91 to 114 of the Public Procurement and Asset Disposal Act, Cap. 412C.**

2.11 Handover Process

Committee Observation

46. The Committee observed that the handover process among Fund Account Managers when their term of service in a given constituency expires was poorly structured.

Committee Recommendation

47. **The Accounting Officer should at all times ensure there is a structured handover process whereby a witness (the Regional Coordinator or a representative from the Board) should be present to oversight the handover. The handover report should also include unresolved prior year matters that have been raised by the Office of the Auditor General.**

2.12 Co-Funding of Projects

Committee Observation

48. The Committee observed that buses were being purchased through counter-part funding (co-funding) by various schools through hire purchase/asset financing which is contrary to the procurement method specified under Part IX - Methods of procurement of Goods, Works and Services of the Public Procurement and Asset Disposal Act, Cap. 412C. Further, the management contravened the directive by Accounting Officer which advised that a bus project should be purchased on a one-off basis and not through asset financing and any amount allocated is exclusive of insurance premiums or any other recurrent cost.

Committee Recommendation

49. **The Committee recommends that the Accounting Officer should at all times enforce guidelines on all co-funded projects, which may include purchase of buses for schools, be purchased on either one-off basis, or where the purchase is through counter-part funding (co-funding), evidence of availability of funds should be provided before approval by the Board.**

CHAPTER THREE

EXAMINATION OF REPORTS ON THE AUDITED ACCOUNTS FOR THE NG-CDF FOR CONSTITUENCIES IN NAKURU COUNTY FOR THE FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022

50. The Committee examined ninety-nine (99) reports of the Auditor General for the NG-CDF for Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 for the following eleven (11) Constituencies in Nakuru County:

    1) Bahati Constituency;
    2) Gilgil Constituency;
    3) Kuresoi North Constituency;
    4) Molo Constituency;
    5) Naivasha Constituency;
    6) Nakuru Town East Constituency;
    7) Nakuru Town West Constituency;
    8) Njoro Constituency;
    9) Rongai Constituency;
    10) Subukia Constituency; and
    11) Kuresoi South Constituency.

3.1 BAHATI CONSTITUENCY

51. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Bahati Constituency for the financial years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as submitted as follows:

3.1.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Transfers to other government institutions

52. The statement of receipts and payments for the year ended 30 June 2014 reflects transfers to other government units' amount of Ksh. 24,149,847. However, no evidence has been provided to confirm that the beneficiary institutions received and utilized the funds as intended. Further, no bank statements were presented to confirm that project fund accounts were maintained for these funds are required by law.

Management Response

53. The transfers were done to the Government units via cheques which were deposited to the respective project Bank accounts. The Letter to authorize the projects to open separate

bank account as required by law is usually generated by the Fund Account Manager as attached.

Committee Observation

54. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Other Grants and Payments

55. The statement of receipts and payments reflects other grants and other payments of Ksh. 16,050,085. Included in the balance is Ksh. 8,888,000 in respect of bursary to secondary schools, tertiary institutions and special schools. However, no evidence was provided to confirm the guiding policies or criteria used in identifying and awarding bursaries to needy and deserving students. In addition, no acknowledgement from the beneficiaries was presented for audit verification.
56. In the circumstance, it has not been possible to authenticate the propriety of the expenditure.

Management Response

57. The bursaries are usually advertised to the public through area chiefs and churches after discussion by the Committee. The NGCDF Committee developed a bursary policy which clearly elaborates the criteria of identifying needy students. A Bursary sub-committee has been established in every ward to vet the duly filled forms in which they allocate or award bursaries to the needy students as per the attached sample bursary forms. The applicants are required to attach all the necessary documents such as death certificate for the case of orphans, fee structure and seek approval from the area chief to ascertain the level of the need. The NGCDF Committee has entered into an agreement with Posta Kenya in the subsequent years to deliver cheques to institutions and bring back the acknowledgements back to the Committee.

Committee Observation

58. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Trial Balance

59. The financial statements presented for audit do not include a trial balance produced as required by the relevant accounting standards. No explanation has been provided for failure to prepare the trial balance. In the absence of proper books of account, the source, the accuracy and completeness of the figures in the financial statements, cannot be confirmed.

Management Response

60. The trial balance was there in the excel template but was not supposed to be attached to the word document. However, the same has been provided for audit verification.

Committee Observation

61. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalent

62. Examination of the cash book and bank reconciliation statement as at 30th June 2015, reflects a cash book balance totalling to KSH. 8,087,665.70. However, the statement of asset reflects a balance of Ksh. 34, 575,443.90. reflected in Certificate of bank balance instead of the reconciled cash book balance of Ksh. 8,087,667.70. Therefore, the cash and cash equivalent balance reported was overstated by Ksh. 26,487,777.30. Consequently, the accuracy of cash book balance as at 30th June 2015 is doubtful

Management Response

63. It is true that the financial statements were erroneous, However, the statements were amended in the subsequent years and submitted for audit verification.

Committee Observation

64. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Outstanding Imprests

65. The statement of financial assets and as disclosed under Note 12 (c) to the financial statements reflects outstanding imprests totaling to Ksh.2,738,500 as at 30 June 2015. The imprest was held by one officer and the further date of issue and date due for surrender on the imprest was not indicated as required. It was not explained why the officer had not accounted for or surrendered the imprest as at 30th june 2015. Further, the officer was issued with more than 1 imprest contrary to section 5.6.6 of government financial regulation and procedures which prohibit issuance of a second imprest before the 1st one is surrendered. The irregularities were not explained.
66. In the circumstances the recoverability of outstanding imprest is doubtful.

Management Response

67. The Imprests were surrendered in good time but the District Accountant had not cleared them by the close of financial year.

Committee Observation

68. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Budget appraisal Performance- Revenue analysis

69. Bahati CDF total receipts from the Constituency Development Fund Board during the year review totaled to Ksh. 132,286,408.40 being the disbursement for the year (104,028,255.40) and the cash brought forward of Ksh. 28,258,123 from the previous year. However, only Ksh. 94,972,464 was utilized and therefore the absorption rate

attained was 71%. No explanation has been provided why the fund could not implement all the projects planned for implementation during the year in spite of funds available.

Budgeted amount Ksh.	Actual Receipts Ksh.	Variance/Difference Ksh.
132,286,408.40	104,028,285.40	28,258,128.00

Management Response

70. The Funds were disbursed to the constituency towards the close of financial year and due to slow tendering process and procedure for funds to be transferred to PMCs there should be Bill of Quantities, Minutes and other documentations which had not been ready at the close of financial year. However, the funds were transferred to the PMCs in the subsequent year and all the projects were implemented as planned as evidenced below.

Committee Observation

71. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Other Matters:

72. Examination of the expenditure records in respect of various projects disclosed that at expenditure of Ksh. 28,641,854.20 was incurred in funding of projects which were not among the projects approved in the project GFS code list for Bahati CDF (Approved Budget) during the financial year 2015/2016 as detailed in table below.

Details	**PV. No.**	**Amount (Ksh.)**
Security projects		
Thayu location chiefs office	400493	100,000
Assistant Chief Thayu office	400503	500,000
Roads project		
Club 5 Crater road	400445	636,905.20
Kabatini road	400444	544,405.70
Dundori centre – Kinare road	400446	908,146.60
Menengai Mchanga road	400498	455,000
Dundori-Milimani road	400499	455,000
Barista road	400505	455,000
Karuchua bridge	400557	529,600
D.C	400577	64,477.85
Machini Ndimu road	400582	1,839,401
Jomikoka construction	400576	649,440
Jomikoka construction	400576	800,000
Samko construction	400586	64,477.85
Other payments		
Maili Kumi market	400245	860,000
Maili Kumi market	400619	1,200,000
Total		**7,504,849**

Management Response

73. The Projects were approved during the Financial Year 2014/15, However the NGCDF Board delayed to release the funds on time as expected thus leading to the delay and as a result the projects were implemented during the financial year under review. The Funds were wired to the Constituency account on 26th June and the Authority to Incur Expenditure was sent to the constituency by 2nd of July 2015. Additionally, some highlighted projects bear the contractors companies who implemented projects approved by the Board as per the attached code list.

Committee Observation

74. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Other Matter

1.1 Delayed completion of Bahati Police station Project

75. During the year under review, Bahati CDF budgeted to spend Ksh. 750,000 on the construction of a perimeter wall and a gate at Bahati Police station. Site verification revealed the following; The construction of the perimeter wall was done on only one side of the compound, that is the front side of the police station, and therefore it was incomplete. The pedestrian gate had not been constructed. The finishing process had not been done. No construction activities were going on and no materials were on site a likelihood that the project may have stalled. The project was not allocated any funds in the financial year 2017/2018 implying that the CDF may have abandoned the project.

Management Response

76. It is true the NGCDF Committee allocated Ksh. 750,000 for walling, Gate fixing and outside key of the front phase of the police station which necessary to improve the face of the police station. However, the project is complete and in use. The works were completed.

Committee Observation

77. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

1.2 Incomplete Project (Menengai Assistant Chiefs Office)

78. During the year under review, Bahati CDF budgeted to spend Ksh. 1,450,000 on purchase of land and construction of Menengai Assistant Chiefs Office. This project was still incomplete despite full disbursement of Ksh. 1,450,000. The parcel of land had no clear demarcation since it was not fenced and was located between two privately owned parcels of land. In the absence of additional funding towards this project the already utilized public funds may go into waste.

Management Response

79. The NGCDFC committee allocated Ksh.1,450,000 For purchase of land and construction of Menengai Assistant Chiefs Office. The project was further allocated additional funds of Ksh. 200,000 in the year 2017/2018 for completion of the Assistant chiefs Office. The project was completed and fenced and is in use.

Committee Observation

80. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Other Matters

1.1 Budgetary Control and Performance

81. The entity received a total of Ksh. 86,278,003.75 from the Board and spent Ksh. 76,900,472 as follows.

Item	2017/2018 Appropriated Budget Amount (Ksh.)	2017/2018 Actual Amount Received/ Spent (Ksh.)	Variance (Ksh.)	Actual as % of Budget
Receipts				
Transfer from NG-CDF	98,189,655.17	85,990,344.80	12,199,310.37	87.58%
Bal B/f.	287,658.95	287,658.95	0.00	100.00%
Total Receipts	**98,477,314.12**	**86,278,003.75**	**12,199,310.37**	**87.61%**
Expenditure				
Compensation of Employees	2,776,358.95	1,730,170.00	1,046,188.95	62.32%
Use of Goods and Services	8,244,058.64	6,424,816.00	1,819,242.64	77.93%
Transfers to Other Government Units	36,100,000.00	34,500,000.00	1,600,000.00	95.57%
Other Grants and Transfers	45,275,558.99	33,450,306.00	11,825,252.99	73.88%
Acquisition of Assets	1,404,310.34	795,180.00	609,130.34	56.62%
Other Payments	4,677,027.20	-	4,677,027.20	0.00%
Total Expenditure	**98,477,314.12**	**76,900,472.00**	**21,576,842.12**	**78.09%**

82. The above analysis shows that CDFC underspent on all components, an indication of either over-budgeting or did not offer the envisaged services. Budget underutilization could adversely affect service delivery to the residents.

Management Response

83. There were projects pending NGCDF board's approval which the NGCDF Committee had requested for Change of activity and reallocation such as Heshima Secondary and CIH Hubs, the employee's gratuity was still held in the account. Additionally, there were funds pending at the NGCDF Board.

Committee Observation

84. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Report on Lawfulness and Effectiveness in Use of Public Resources

2.1 Security Projects

85. The Statement of receipts and payments reflects other grants and other payments of Ksh. 33,450,306. Included in this amount is Ksh. 3,450,000.00 transferred to various Security projects out of which Ksh. 750,000 was paid towards purchase of land for the Assistant Chief's Office located between two privately owned parcels of land. The ownership of these parcels has not been appropriately transferred and could therefore not be confirmed.

Management Response

86. The project has not received the title deed to date since there were issues with succession. However, the process is ongoing and the Chief and Bahati Lands Board are following up. The sales agreement was signed between the PMC and the owner as attached.

Committee Observation

87. The Committee observed that the matter was partially addressed.

Committee Recommendations

88. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including the Assistant Chief's Office located between two privately owned parcels of land i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

2.2 Emergency Project

89. Included under other grants and other payments is Ksh. 4,499,104 on emergency projects expenditure. An amount of Ksh. 800,000 was disbursed to Dundori Secondary School for emergency construction of a girls' dormitory block to decongest the existing facilities. The bill of quantities was Ksh. 961,460. Physical verification, ten (10) months after the disbursement, revealed that only foundation works, slab casting and walling to window level were undertaken and it appeared that the works had stalled. Meanwhile, the girls are still accommodated in the congested temporary structure against the recommendation by the County Public Health Department. Posing health hazard and risk to the lives of students.

Management Response

90. It is true that the objective and the urgency need at Dundori secondary school was not met as intended at the timeline given because the PMC presented a revised BOQ of 4,300,000 for construction of a bigger dormitory which would accommodate more 200

students. Therefore, the NGCDF Committee allocated additional funds in the financial year 2018/19 of Ksh. 2,500,000 to complete the project and is now in use.

Committee Observation

91. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.3 Internal control Weakness

92. No use IT to reduce fraud risk

Management Response

93. The Board has developed various Information management systems which have been cascaded to each constituency such as Management Information System, Votebook Management System, Enterprise Risk Management (ERM)system that is used to identify and deal with risks.

Committee Observation

94. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Other Matter

1.1 Unresolved Prior year Issues

Management Response

95. We have never been called to appear in parliament to clear pending issues. We shall implement any recommendation that will be given.

Committee Observation

96. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Report on Lawfulness and Effectiveness in Use of Public Resources

2.1 Delayed Implementation of Projects

97. According to the Project Implementation status report as at 30th June, 2019. Thirteen (13) projects with a combined budget of Ksh. 23,700,000 was still ongoing while implementation of two projects allocated Ksh. 2,400,000 had not started.

Management Response

98. At the time of audit, the projects were ongoing. However, all the projects were completed in the subsequent year and are in use.

Committee Observation

99. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2 Unsatisfactorily Implemented Projects

100. Audit Inspection in February, 2020 of six (6) projects with a combined allocation of Ksh. 7,600,000, revealed the following anomalies.

Beneficiary	Project Details	Amount Disbursed (Ksh.)	Observations
1. Bahati PCEA Girls Secondary School	Completion of dining hall	2,000,000	Although the amount of Ksh.2,000,000 received during the year under review had been paid in full to the contractor, at the time of inspection, painting provided for in the bill of quantities at a budget of Ksh.156,000 had not been done.
2. Bahati Girls Secondary School	Construction of a storey building made up of 2classrooms	2,000,000	Project was at foundation level and slab had not yet been done. At the time of inspection, the Project was seven (7) months behind schedule.
3. Osembo Primary School (Emergency)	Construction of sixteen (16) doors toilet block	500,000	· Batten doors were used in place of semi solid flush doors for which a budget of Ksh.104,000was provided in the bill of quantities (BQs). Painting was done on the outside of the door only. Labeling had not yet been done.
4. Kiamaina Secondary School	Partitioning of the library	600,000	·Partition had not been done as per BQ. Four (4) flush doors provided for in the BQs had not been installed.
5. St.Gerald Secondary School	Completion of a storey-building	2,000,000	Painting works was outstanding
6. Lanet Secondary School	Construction of four (4) doors toilet	500,000	Project was not labeled
Total		**7,600,000**	

101. The project received Ksh. 2,000,000 during the year under review and the same had been fully paid to the contractor. However, at the time of verification painting which was provided for in the BQ at Ksh. 156,000 had not been done.

Management Response

i. Bahati PCEA Girls Secondary School

102. The area estimate of the building from the bill of quantity was under-estimated 450SM instead of 540SM.However having the variance of 90SM the PMC, contractor and public works representative discussed the issue whereby the school board agreed to add sum of Sh435,000 to Sh1,842,000 amount quoted by the contractor totaling Sh2,227,000.

103. The scope of work for Ksh. 2,227,000 was discussed however the amount was still not enough to complete the hall because there was a lot to be done, painting and floor finish

work was not included .NG-CDF Bahati further allocated additional Ksh. 1,000,000 for FY 2019/2020 for paint and floor work.

104. Attached is the minute discussed and signed by both parties and code list for FY 19/2020 showing the allocation and activities to be carried out for the Project.

ii. Bahati Girls Secondary School

105. The construction could not start immediately because exams were going on in the school. Further to note; the project was planned as a multi-storey building and Bahati NGCDF had only allocated Ksh. 2,000,000 for laying out foundation works only as the defined phase for that building which the auditors found ongoing at the time of verification. The project has since been completed, commissioned and in use.

iii. Osembo Primary school

106. The amount allocated of Ksh. 500,000 could not be adequate to realize 16 door toilet, However, the School Project Management Committee however managed to construct a 16 door toilet which involved concrete walling for the pit latrine due to the rampant cases of sinking toilets caused by the type of topography in the area after which normal foundation and walling is done for the Latrines. The PMC having carried out the said works could not afford to paint the doors as specified in the BOQ, whilst is true that the BOQ specified flush doors, The PMC decided to use braced doors which are far stronger and less affected by water compared and the same differ with a very small rate. We will however advise the PMC to consult the engineer in case of such changes to ensure proper implementation and where need be variation reports developed for the same. We will enhance training to the PMCs.

iv. Kiamaina Secondary school

107. The Bill of Quantities had errors since the only room that was to be fitted with the door is the Librarian office. However, Partitioning was done and the library hosted the computer Library on one section and the other section had a reception desk and various book shelves and tables and chairs for the students. The library is Complete and in use.

v. **St. Gerald Secondary School**

108. At the time of audit, the remaining work was ongoing, however the project was completed and in use

vi. Lanet Secondary School

109. At the time of audit, the project had not been completed, however the project has now been branded

Committee Observation

110. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Other Matter

1.1 Budgetary Control

111. The summary statement of appropriation: - Recurrent and development combined for the year ended 30 June 2020 reflects that the fund had a total receipt budget of Ksh. 147,753,076 against actual receipts of Ksh. 142,053,076 resulting to underfunding of Ksh. 5,700,000 or 4% of the budget. Similarly, the statement reflects a total expenditure budget of Ksh. 147,753,077 against actual expenditure of Ksh. 117,484,796 resulting to an under expenditure of Ksh. 30,268,280 or 20% of the budget.
112. The underfunding and under expenditure may have affected delivery of services to the residents of the constituency.

Management Response

113. The 28 Ongoing projects at the closure of the financial year were because the funds were received towards the end of the financial year 2019/2020.
114. The Projects has since been completed and in use as evidenced below.

Committee Observation

115. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Report on Lawfulness and Effectiveness in Use of Public Resources

2.1 Project Implementation Status

116. The project status report indicated that a total of Ksh. 136,267,724 was allocated for 85 projects during the financial year ended 30 June 2020. Scrutiny of the project implementation report revealed the following status.

Status	No. of Projects	Allocation Ksh.
Ongoing Projects	28	87,087,724
Completed Projects	57	49,180,000
Total	**85**	**136,267,724**

Management Response

117. The 28 Ongoing projects at the closure of the financial year were because the funds were received towards the end of the financial year 2019/2020.
118. The Projects has since been completed and in use as evidenced.

Committee Observation

119. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.1 Project Verification

120. Ten (10) projects with a total allocation of Ksh. 14,100,000 were physically inspected in the month of February, 2021. The inspection revealed that four (4) of the projects had been completed and put into use while the other six had not been completed and a number of shortcomings including non-adherence to bill of quantities specifications and poor workmanship were noted as detailed in Appendix 1

121. **Bishop Edward Donovan Secondary School**- Construction of 1No. Classroom and a staircase (Classroom incomplete but in use. Works not done: staircase finishes including thick terrazzo pavings, buffing and polishing, plastering 100mm girth and painting. BQ provided for 2steel doors but only 1 was fixed. Timber used was not treated as per BQ specifications. Roofing sheet gauge 28 could not be confirmed as no gauge was indicated on the roofing sheets.
122. **JM Kariuki Memorial Secondary**- Construction of Multi-purpose Hall: 1,600,000. Project funded for 3 years at cumulative cost of Ksh. 4.2m but not yet complete. Project not labelled. Project not labelled. The works not done include: plastering, finishes, paintings, fixing of 2 steel doors, fixing of 2windows, flooring, electrical works, keying and fascia board. One door fixed not gauge 14 as per BQ specifications. Roofing sheet gauge 28 could not be confirmed as no gauge was indicated on the roofing sheets.
123. **St. Anthony Engoshura Secondary School**- Completion of administration block (1st floor slab, walling and roofing)- 2,000,000. Incomplete project, not labelled Works not done include: finishes, finishes, plastering, electrical, doors, windows, painting, flooring. Timber used on roofing not treated as per BQ specifications. Roofing sheet gauge 28 could not be confirmed as no gauge was indicated on the roofing sheets.
124. **Jomo Kenyatta Boys secondary school**- Ksh. 1,500,000. 2No. classrooms constructed instead of 1.no. Project incomplete and not in use. Not labelled works not done include: ceiling board, flooring, painting Timber used on roofing not treated as per BQ specifications. Roofing sheet gauge 28 could not be confirmed.
125. **Lanet Police Station**- Construction of pit latrine- 600,000. 6 door toilets constructed. Poorly done batten door some already hanging out yet not used.
126. Consequently, it has not been possible to confirm if and when value for money will be realized from the incomplete and und unsatisfactorily implemented projects.

Management Response

127. The six projects listed have now been completed and anomalies corrected and certificate of good defect as evidence in the photos.

Committee Observation

128. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Report of Effectiveness of Internal Control, Risk Management

3.1 Lack of Land Ownership Documents

129. The statement of receipts and payments for the year ended 30 June, 2020 reflects other grants and transfers of Ksh. 56,808,976 as detailed in Note 7 to the financial statements. Included in this figure is Ksh. 26,288,493 in respect of security projects out of which, Ksh. 800,000 was disbursed for construction of the office of the Assistant Chief and a 2-door toilet at Land Mawe and Ksh. 2,200,000 for purchase of land measuring 50ftx100ft at Ksh. 1,000,000 and construction of the Assistant Chief's office at Wanyororo at a cost of Ksh. 1,200,000. However, ownership documents for the parcels of lands on which the construction works was carried out were not provided for audit verification.

Management Response

130. At the time of audit, the There were delays with the ministry of Lands. However, parcel of land had the sale agreement, the Title was process and avail to auditor for verification.

Committee Observation

131. The Committee observed that the matter was partially addressed.

Committee Recommendations

132. The Committee recommends that: -

i) **Within three (3) months that upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Managers should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including the Assistant Chief and a two (2) door toilet at Land Mawe and the Assistant Chief's Office at Wanyororo i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

3.1.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Other Matters

1.1 Budgetary Control

133. The summary statement of appropriation Indicates that the Fund had a final receipts budget of Ksh. 167,221,154 for the year but realized actual receipts of Ksh. 133,032,275 resulting in underfunding of Ksh. 34,188,879 or about 20% of the budget. In addition, out of the actual receipts of Ksh. 133,032,227, the Fund utilized only 119,560,608 resulting in under expenditure of Ksh. 47,660,346 or 28% of the budget.

134. In the circumstances, the underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public

Management Response

135. Out of the unutilized funds Ksh. 34,188,879.31 had not been transferred to the constituency account by the NGCDF Board making it hard to realize 100% budget utilization. The Funds were later disbursed in the subsequent year and disbursed to the respective projects and votes and projects implemented and in use.

Committee Observation

136. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.1.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unconfirmed Bank Balance

137. The statement of assets and liabilities reflects cash and cash equivalents balance of Ksh. 12,044,987. However, the bank reconciliation statement for the June 2022. reflects payments in cash book not in bank of Ksh. 5,220,352 whose subsequent payments by the bank were not provided for audit.

Management Response

The payments were done towards the closure of the financial year as stated below and were presented to the bank for payment in the subsequent month. The Bank Reconciliation for July 2022 is hereby attached for audit verification.

Committee Observation

138. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 GILGIL CONSTITUENCY

139. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Gilgil Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.2.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Non-Acknowledgement of Bursary Expenditure

140. During the financial year 2013/2014, the CDF disbursed bursaries totalling Ksh.7,770,200 to various learning institutions to benefit needy students. However, no documents were availed to confirm that the funds were received by the institutions and that they reached the intended beneficiaries. In the absence of acknowledgement documents and/or correspondences, it was not possible to establish whether the funds were received by the respective institutions and used for the intended purposes.

Management Response

141. It is true we gave bursaries to needy students during the financial year under review to a tune of Ksh. 7,770,200. At the time of audit not all the learning institutions acknowledged receipt of bursaries for the needy students. However, the management committee and the bursary committee through capacity building and monitoring and evaluation ensured that all acknowledge receipt is properly documented. Improvement was noted after the engagement of Posta Kenya for delivery of bursary cheque to institutions for needy students and return acknowledgement and receipts to us.

Committee Observation

142. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Project Implementation

2.1 Mamendi Water Project

143. The CDF disbursed Ksh.1,000,000 and Ksh.300,000 in the financial years 2004/2005and 2009/2010 respectively to Mamendi Water Project for purchase of a pump, mortar, pipes, generator, control panel, cattle trough and power house. However, the project file availed for audit did not have relevant documents such as project bank statements and details of expenditure relating to the second disbursement. Consequently, it was not possible to confirm that the Ksh.300, 000 disbursed in 2009/2010 was received and used for the intended purpose. Further, audit verification conducted on 19 October 2014 revealed that the project was not operational due to a faulty pump and was therefore not benefitting the community.

Management Response

144. The sum of Ksh. 300,000 was budgeted in 2009/2010 for purchase of Pump, Mortar and Generator; however, the fund was not disbursed to the PMC Mamedi Water Project

account at the time of audit due to delay from the larger Naivasha Constituency as directed by the CDF Board circular dated 17th July, 2013 Ref: CDF BOARD/CIRCULARS/VOL.1/167 attached, the account was to be operated jointly and when the funds are exhausted, proper closure of the account. Funds were later disbursed and the Project was implemented successfully in the subsequent year. The project is operational and serving the intended community.

Committee Observation

145. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2 Wazee Pamoja Water Project

146. During the year 2011/2012, the CDF disbursed Ksh.650,000 to Wazee Pamoja Water Project for the purchase of pipes to cover three kilometres and construction of a water kiosk. However, the project file was not availed for audit and it was difficult to confirm how the funds were spent. A project site visit on 19 October 2014 revealed an incomplete water tank structure without any piping. The project appeared to have stalled and was not benefiting the community.

Management Response

147. It is true that Ksh. 650,000 was disbursed to Wazee Pamoja water project for the purchase of pipes to cover three kilometres and construction of a water kiosk. The intended work was carried out successfully, and the project was completed. However, the PMC delayed to file the returns with our office such that by the time the audit was carried out the documents were not available. The management and the committee have since made a follow up and received the expenditure returns from the PMC, indicating how the money was spent.

Committee Observation

148. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Understatement of Net Financial Position

149. The statement of assets reflected a net financial position of Ksh. 18,997,432 comprising of the current surplus of Ksh. 17,018,812.30 and a balance brought forward of Ksh. 1,978,619.70. however, the comparative figure differed with the actual balance brought forward of Ksh. 2,717,698 with a difference of Ksh. 739,078.30

150. Consequently, the accuracy of the statement of assets could not be confirmed.

Management Response

151. The Auditors correctly noted an error in the comparative figures of the Financial Statements. However, we noted the anomaly and through capacity building we improved in the subsequent years.

Committee Observation

152. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalent

153. Examination of the cash book disclosed cash balance of Ksh. 695,312 as at 30 June 2015. However, the balance was not disclosed in the statement of assets and consequently, the accuracy of the Cash and Cash Equivalent balance of Ksh. 18,997,432 could not be confirmed.

Management Response

154. This amount was in lieu of imprest which had been dully surrendered but not captured in the cashbook. The omission was corrected thus reflecting a nil cashbook balance.

Committee Observation

155. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Stale Cheques

156. Examination of the bank reconciliation statement as at 30 June 2015 disclosed un-presented cheques of Ksh. 10,427,558.10. Out of this amount, cheques totalling Ksh. 1,627,254 with some dating far back to April, 2014 were stale. It was not clear why the stale cheques had not been reversed to the cash book. Although it has been explained that the stale cheques were reversed and replaced, it was not clear why they were still reflected in the reconciliation statement.

Management Response

157. The stale cheques that were still reflecting in the reconciliation as at 30th June 2015 had been cleared in the subsequent month.

Committee Observation

158. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Unaccounted for Bursaries

159. According to the projects implementation status report for the year 2014/2015, Ksh. 20,143,568 was spent on bursaries to needy students within the constituency. However, the schedules supporting the disbursement and the acknowledgement letters from the various Institutions could only support a sum of Ksh. 14,214,019.32 while a balance of Ksh. 5,959,548.68 could not be supported.

160. In the circumstances, the propriety of the expenditure of Ksh. 5,959,548.68 could not be confirmed.

Management Response

161. In the financial year 2014/2015 we budgeted to spend Ksh. 20,143,568 on bursaries as the approved codelist for needy students. However, during the financial year under review, we received from the Board Ksh. 14,214,019.32. Therefore, the amount of Ksh. 5,959,548.68 indicated by the Auditors as not supported was actually not received. We had forwarded copies of codelist and AIE's to the Auditors for audit verification.

Committee Observation

162. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Budget Appraisal Performance

Budgeted Amount (Ksh.)	Actual Receipts (Ksh.)	Variance/Difference (Ksh.)
15,210,314.00	125,858,923.65	26,351,390.35

163. The Gilgil CDF had a shortfall of Ksh. 26,351,390.35 since the budgeted amount was Ksh. 152,210,314 and the actual receipts from the board were Ksh. 125,858,923.65. This indicates that the Constituency Development Fund Committee (CDFC) was not in a position to implement all the projects earmarked for implementation during the financial period under statue and budget absorption status review. The following table analysis the DCF projects implementation.

Sector	No. Of Projects Budgeted	No. Of projects Implemented	Budgeted amount Ksh.	Actual expenditure Ksh.	Absorption rate%	Over/ Under expenditure Ksh.
Emergency	1	1	5,272,278.54	5,272,278.54, 369,000.00	101.80%	96,721.46
Bursary	3	3	20,143,568.00	14,214,019.32	70.60%	(5,929,548.68
Sports	1	1	2,108,911.00	1,265,014.00	100%	(843,897.00)
Environment	8	1	2,108,911.00	100,000.00	4.70%	(2,008,911.00)
Primary Schools	31	31	31,950,000.00	31,550,000.00	98.70%	400,000.00
Secondary schools	17	16	16,250,000.00	17,150,000.00	105%	900,000.00
Health	2	7	1,245,544.00	5,882,659.00	472.30%	4,637,115.00
Water	9	12	6,446,248.00	2,866,672.70	44.50%	(3,579,575.30)
Roads	3	4	2,000,000.00	4,050,000.00	202.50%	(2,050,000.00)
Security	8	12	2,950,000.00	2,450,000.00	83.10%	(500,000.00)
Agriculture	1	-	300,000.00		-	(300,000.00)
Bodaboda	5	-	1,680,000.00		-	(1,680,000.00)
CDF Office	1	-	3,000,000.00		-	(3,000,000.00)
TOTAL	**90**	**88**	**95,455,460.54**	**85,169,645.56**		**10,285,814.98**

164. The following was noted

i) The management of the Fund violated the provisions of the CDF Act, 2013, Section 23 (1) which advocated for the implementation of a minimum of five projects and a maximum of twenty-five projects in any particular financial period. It was observed that the fund budgeted for implementation a total of ninety (90) projects and implemented eighty-eight (88) which was above the recommended number of twenty-five projects.

ii) The slow absorption of funds and implementation of more than the required number of projects may lead to stalled projects and also escalate the cost of project implementation.

Management Response

165. The CDFC proposed 90 projects in that financial year as per the requests from the community and was approved by the Board. The Board usually disburse the money in phases; however, the total amount received for the financial year 2014/2015 was Ksh. 125,858,923.65 and the remaining Ksh. 26,351,390.35 was received in the subsequent year. This means that this amount was accounted for in the financial year 2015/2016.

Committee Observation

166. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Incomplete Project

167. Olesultan Primary School was allocated Ksh. 1,050,000 through cheque No. 1255 AND PAYMENT Voucher No. 138 for completion of an administration block. However, physical verification revealed that the building was approximately 65% complete even after exhausting the allocated fund. Further, no expenditure returns were made available for audit verifications and it was therefore not possible to ascertain how the disbursed amount was spent. Consequently, the propriety of the expenditure could not be confirmed.

Management Response

168. The school was allocated Ksh. 1,050,000 for completion of an Administration block @Ksh. 550,000 and Ksh. 500,000 for completion of one classroom, which was done through labour based but the amount was not enough to complete the administration project because of rise in the prices of construction materials. However, in the financial year 2016/2017 the NG-CDFC allocated Ksh. 350,000 for completion. The Administration block is now complete and in use. (The supporting documentation for the expenditure of Ksh. 1,050,000 and the additional Ksh. 350,000 are attached).

Committee Observation

169. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

170. The Constituency received an **unqualified audit report** and there were no issues raised during the audit of the FY 2015/2016

3.2.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Abandoned Project (Kasarani Dispensary)

171. Transfer to other government entities was reported at Ksh. 43,060,000 compared to Ksh. 67,005,544 a decrease by Ksh. 23,945,544. Included in this amount is Ksh. 900,000 expenditure incurred on construction of a staff house at Kasarani dispensary which was fairly completed pending electrical installation and water connection. It was noted that in financial year 2008/2009 (eight (8) financial years ago) the CDF constructed the dispensary and two (2) staff houses which are yet to be put into use. Consequent to the neglected state of the dispensary, the need for a doctor's house does not arise. The priority would have been to carry out repairs on the dispensary to save it from further destruction.
172. Therefore, there is no value for money since the residents of Kasarani have not benefited from the project. It is likely that the constructed staff house will be abandoned just like the dispensary and the other staff houses that are already built.

Management Response

173. It is true that Ksh. 900,000 was allocated to Kasarani Dispensary for a modern Doctors' house which was fairly done and completed. The plan was to complete the doctor's house as a strategy to attract qualified medical personnel to the facility and improving the medical practitioner's living standards hence quality service delivery to the community. Subsequently the County government took over the Dispensary and is now operational and the medical personnel houses are occupied.

Committee Observation

174. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Bursary Expenditure

175. The financial statements reported bursary expenditure of Ksh. 28,377,391 compared to Ksh. 19,568,557.35 in 2015/2016 an increase by Ksh. 8,808,833.65. It was noted that the CDF budgeted to spend Ksh. 20,474,137.93, hence having spend Ksh. 28,377,391 implies unauthorized over expenditure of Ksh. 7,903,254. There was no evidence in form of ID card/birth certificates and letters from local area chiefs/pastors to show that the students awarded bursary are bonifide residents of Gilgil constituency. Approximately eighty (80) students were awarded full bursary sponsorship, although no documents were provided to confirm that they more deserving and needier that the rest. Under the circumstances the issued bursary could not be confirmed to be to the bright, needy and deserving ones.

Management Response

176. It is true that the NG-CDF budgeted to spend Ksh.20,474,137.93, for bursary in the financial year 2016/2017, however, the difference of Ksh.7,903,254 was a bursary balance brought forward from the previous financial year which was also as a result of delayed disbursement from the Board, bringing a total expenditure of Ksh.28,377,391.
177. It is a requirement that each form filled by an applicant should be accompanied by an ID cards/birth certificates and letters from local area chiefs/pastors to show that the students awarded bursary are bonafide residents of Gilgil constituency failure to attach will form basis of disqualification.

178. It is true eighty (80) students were awarded full bursary sponsorship; this is a program we had started after realizing that there are many bright but very needy students who end up dropping from schooling when they fail to be picked by Equity Bank scholarship program since they only pick a few students. The NGCDFC decided to be picking also a few between 15-20 students every year from the equity list then do a fresh vetting and visit to determine who to award bursary.

Committee Observation

179. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

Other Matter

1.0 Budgetary Analysis and Performance

180. The Constituency's budgeted Ksh.98,189,655.14 but received Ksh.84,010,344.80 leading to a variance of Ksh.14,179,310.34. Comparison of budget and actual expenditure revealed overall under expenditure of Ksh.25,220,019.89. Details were as follows: -

Item	2017/2018 Budget Amount (Ksh.)	2017/2018 Actual (Ksh.)	Variance (Ksh.)	Absorption Rate %
Receipts				
Transfer from CDF Board	98,189,655.14	84,010,344.80	14,179,310.34	85.56%
Bal B/f.	1,323,667.50	1,323,667.50	0	100.00%
Total Receipts	99,513,322.64	85,334,012.30	14,179,310.34	85.75%
Expenditure				
Compensation of Employees	3,171,374.08	2,636,876.00	534,498.08	83.15%
Use of Goods and Services	6,203,646.74	4,793,792.00	1,409,854.74	77.27%
Transfers to Other Government Units	43,416,321.05	33,676,321.05	9,740,000.05	77.57%
Other Grants and Transfers	46,719,699.02	33,186,314.00	13,533,385.02	71.03%
Acquisition of Assets	2,282.00	0	2,282.00	0.00%
Total Expenditure	99,513,322.89	74,293,303.05	25,220,019.89	74.66%

181. The under expenditure is an indication of either over-budgeting or that the envisaged services were not offered. Budget underutilization could adversely affect service delivery to the residents.

Management Response

182. It is true there was an under expenditure of Ksh. 25,220,019.89, this is because there was delay in disbursement from the Board. One AIE no. 896901 of Ksh.19,605,172.80 was received late when we were almost closing the financial year hence the delayed disbursement to PMCs account. Another AIE (No 005370) of Ksh. Ksh. 9,839,310.35 was received after the closure of the financial year, but was captured at the original cost since it was approved in the codelist.

Committee Observation

183. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Un-Utilized Security Projects

184. Included under other grants and transfers expenditure of Ksh.33,186,314 is Ksh.5,400,000 in respect to security projects. It was noted that police posts at Langalanga, Thome, Pakawa and Miti Mingi constructed at total cost of Ksh.4,700,000 were either not in use, or connected to essential utilities like water, electricity or fenced hence they remained unutilized with no value for money. In the circumstances, the propriety of the expenditure could not be confirmed.

Management Response

185. It is true at the time of audit Langalanga and Thome police posts were complete and not in use. This is because they were just completed and the beneficiaries' were waiting official handover from NGCDFC/PMC. Pakawa and Mitimingi Police Posts projects were not connected to Water, fencing and electricity at the time of audit, however, this has been funded in the subsequent year and now all the projects are complete and in use. (attached copies of completion certificate and photos)

Committee Observation

186. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Internal Control Weaknesses

187. The Constituency has not embraced use of information technology and there are no measures in place to detect and prevent fraud. Risk assessment is not performed and the management is not in a position to identify individual risks, significance / likelihood of identified risks and the risky areas and therefore the relevant controls have also not been identified and put in place.

Management Response

188. We have a system provided by the Board which we use to assess risks in each Constituency by responding to attestation questions send by the Risk Department each month. The Board internal Audit also has customized the audit exercise to be risk based. We also do a risk assessment on quarterly basis.

Committee Observation

189. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Unexplained Variances in Use of Goods and Services

190. The statement of receipts and payments reflects payments on use of goods and services of Ksh.7,444,664;(2018-Ksh.4,793,792) and as disclosed under Note 5 to the financial statements. However, the Schedules in support of the expenditure differed by Ksh.315,949 as detailed below out below: -

Item	Financial Statements Balance (Ksh.)	Supporting Schedule Balance (Ksh.)	Variance (Ksh.)
Electricity	-	14,658	(14,658)
Communication, Supplies and Services	-	126,500	(126,500)
Domestic, Travel	244,300	278,300	(34,000)
Hospitality, Supplies and Services	480,000	660,000	(180,000)
Committee Allowances	2,596,000	2,562,000	34,000
Bank Charges	-	90,991	(90,991)
Water, Sewerage Charges	-	39,671	(39,671)
Office General Supplies and Services	339,556	203,685	135,871
Total	**3,659,856**	**3,975,805**	**(315,949)**

191. In the circumstance, the accuracy and validity of the use of goods and services expenditure of Ksh.7,444,664 for the year ended 30 June, 2019 could not be confirmed.

Management Response

192. The expenditure of use of goods and services disclosed in the financial statement does differ with the support schedule figure, as indicated in the opinion, except a figure of Ksh. 34,000 that has been interchanged, which was supposed to be reflected as domestic travel but instead had been reflected in the support schedules as committee allowance. However, the total figure of the above items in both the financial statement and the support schedule remains the same hence there is no difference of Ksh.315,949.

193. The expenditure of Electricity, Communication, supplies and services, bank chargers, water and Office, General, Supplies and Services were disclosed as office, general, supplies and service which totalling to Ksh. 339,556. The support schedule had been forwarded to the Auditors for verification.

Committee Observation

194. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unconfirmed Expenditure on Sports

195. The statement of receipts and payments also reflects other grants amount of Ksh.55,767,863;(2018-Ksh.33,186,314) and as disclosed under Note 7 to the financial statements included in the sports amount is expenditure on purchase of balls and uniforms of Ksh. 1,288,900 and Ksh. 451,400 respectively totalling Ksh. 1,740,300. However, records in support of the expenditure by way of; Inspection and acceptance report, and receipt acknowledgement by the beneficiaries were not made available for audit review.

196. In the circumstance, the regularity of sports expenditure amounting to Ksh.1,740,300 for the year ended 30 June 2019 could not be confirmed.

Management Response

197. The supporting documentation was not availed during audit as they had been misplaced through misfiling. However, the Inspection and Acceptance Reports and Receipt Acknowledgement list have been forwarded to the Auditors for verification.

Committee Observation

198. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unconfirmed Bank Balances

199. Annex 5- Project Management Committee (PMC) bank balances as at 30 June 2019 discloses amounts held in the various projects bank accounts totaling to Ksh.46,688,959. Six bank accounts reflected balances of Ksh.841,494 while the corresponding bank confirmation reflected balances of Ksh.1,575,378 resulting to unexplained variance of Ksh.733,885 as tabulated below.

Project	Account No.	FS Balance (Ksh.)	Certificate Bank Balance (Ksh.)	Variance (Ksh.)
Mbombo Primary School- Cooperative Bank	01141404482600	250,174	100,174	150,000
Morop Cypress Secondary School- Cooperative Bank	01139404620900	150,000	150,685	(685)
Mugaa Primary School- Cooperative Bank	01139115877200	80,317.85	172,631.85	(92,314)
Ngumo Primary School- Cooperative Bank	01141404213300	361,002	301,002	60,000
Echararie Primary School- Equity Bank	0770266623480	0	850,005	(850,005)
Langalanga Primary School -Equity Bank	0770278587629	0	880	(880)
Total		**841,494**	**1,575,378**	**(733,884)**

200. In the circumstances, the accuracy and completeness of the reported Project Management Committee (PMC) bank balances of Ksh. 46,537,394 as at 30 June, 2019 could not be confirmed.

Management Response

201. At the time of Audit, there was a variance of Ksh. 850,005 for Echariria Primary School which was erroneously left out, the other balances were correctly stated in both Financial Statement and Bank Certificate. However, after the Audit we obtained the bank statements that revealed the correct balances. The bank statements have since been shared with the Auditors.

Committee Observation

202. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 In complete Projects

203. Six (6) projects with a funding allocation of Ksh.8,750,000 were sampled for verification during the month of January, 2020. However, two (2) projects valued at Ksh.2,950,000 were found incomplete despite full disbursements having been made as indicate below;

Project Name	Details	Observations	Amount (Ksh.)
Gilgil Girls Secondary	Completion of Multipurpose Hall (Phase II)	The project estimated cost was Ksh.4,500,000, funded in 2017/18 and 2018/19 financial years but remains incomplete.	2,000,000
Kikopey Secondary School	Construction of one Classroom	The following works remained incomplete; floor, window paints and glasses, ceiling, walkways, piping, electrical wiring and fittings.	950,000
Total			**2,950,000**

204. No satisfactory explanations have been rendered for the incomplete projects despite the full funding.
205. Consequently, the constituents of Gilgil Constituency may not realize value for money from the incomplete projects.

Management Response

206. It is true the Figure of Ksh. 4,500,000, was the first BQ which was presented by Gilgil Girls Secondary school at first but later adjusted to accommodate more students. At the time of Audit, the PMC had not presented the new BQ. In the financial year 2019/2020 we disbursed more money amounting to Ksh. 1,500,000 to complete the project.
207. The works at Kikopey Secondary School were ongoing at the time of Audit. The floor, window panes and glasses, ceiling, walkways, piping, wiring and fittings of electricity, is fully complete and the classroom is in use. Completion certificate has been forwarded to the Auditor for verification.

Committee Observation

208. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Transfers to Other Government Entities

209. The statement of receipts and payments reflects transfers to other government entities amount of Ksh. 63,440,000; (2018 - Ksh. 33,676,321) and as disclosed under Note 6 to the financial statements. Review of the expenditure revealed the following unsatisfactory issues: -

5.1 Unsupported Award of Contract-Mbegi Primary School

210. Transfers to Mbegi Primary School of Ksh. 1,790,000 for construction of two (2) standard classrooms were unsupported by way of; technical evaluation report and signed contract to confirm the due award process was followed and terms of the contract respectively.
211. In the circumstance, the regularity of the expenditure of Ksh.1,790,000 at Mbegi Primary School for the year ended 30 June 2019 could not be confirmed.

Management Response

212. Both the technical evaluation report and signed contract to confirm the due award process was followed and terms of the contract respectively have been availed for audit verification.

Committee Observation

213. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.2 Unsupported Award of Contract-Tangitano Secondary School

214. Ksh.1,900,000 was transferred to Tangitano Secondary School. Of this amount, Ksh.1,512,260 was paid out for the supply of hardware and quarry materials for renovation of two (2) classrooms. However, there are no supporting documents by way of; technical evaluation reports to confirm whether the due process was adhered to during the award. Further, the supplier registration status with the Fund could not be established. The balance of Ksh.387,740 was yet to be returned to the Fund account contrary to the provisions of Section12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all the unutilized funds of the project management committee to be returned to the constituency account.

215. Under the circumstance, the Fund is in breach of the law.

Management Response

216. This project was done under labour base by the PMC. However, the PMC delayed to file returns which would have been availed to the Auditors. We subsequently received returns which includes technical evaluation reports and the tender award.

217. The balance of Ksh. 387,740 was not returned to the Constituency Account as indicated in the Audit report since the project was still ongoing.

218. Copies of Completion certificate, photo, technical evaluation minutes and expenditure returns had been forwarded to the Auditors for verification.

Committee Observation

219. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Other Grants and Other Payments

220. The statement of receipts and payments also reflects other grants and other payments amount of Ksh.55,767,863;(2018-Ksh.33,186,314) and as disclosed under Note 7 to the financial statements. Review of the expenditure revealed the following unsatisfactory issues: -

6.1 Unsupported Bursaries to Secondary Schools and Tertiary Institutions

221. Bursaries to secondary schools and tertiary institutions amounting to Ksh.5,514,568 and Ksh.4,156,620 respectively and totaling to Ksh. 9,671,188 were issued but were

unsupported by way details of the beneficiary student including the respective admission numbers. Consequently, the authenticity of the beneficiaries could not be established. From the foregoing, the validity and regularity of bursary amounts totaling to Ksh.9,671,188 to secondary schools and tertiary institutions for the year ended 30 June, 2019 could not be confirmed

Management Response

222. It is true that at the time of Audit, the admissions numbers of the beneficiary students were missing, these are students joining form one and Universities and do not have admission/registration numbers. Normally, we issue bursaries without admission numbers and expect that they will forward their admission numbers. However, we have made follow ups and we received all the details of students. Copies beneficiary lists have been shared with Auditors for verification.

Committee Observation

223. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.2 Unsupported Award of Contract for Construction of Perimeter W all and Landscaping

224. Included in the security expenditure is Ksh.1,022,650 incurred towards the construction of a perimeter wall and landscaping at the Fund offices. The project certificate of practical completion was issued by the district works officer and payment made on 16 and 12 July, 2018 respectively. However, the supporting documents by way of signed contract agreement was not made available for audit review. Further, payment was made in full without being subjected to retention money to cover for shoddy workmanship during the defects liability period. A visit to the Project on 14 January, 2020 revealed that, one side of the perimeter wall had collapsed and there were no plans to restore the collapsed wall.

225. In the circumstances, the value for money from the expenditure of Ksh.1,022,650 on the construction Fund offices perimeter wall for the year ended 30 June, 2019 could not be confirmed.

Management Response

226. It is true that at the time of Audit one side of the perimeter wall had just collapsed due to heavy rains experienced at that time. However, the Contractor came back to the site and corrected the damage. The engineer gave a certificate of practical completion and no defects were noted again. Copies of completion certificate and tender award have been forwarded to the Auditors for audit verification.

Committee Observation

227. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Unreconciled Cash and Cash Equivalents

228. The statement of assets and liabilities reflects bank balances of Ksh.17,997,408 as disclosed in Note 10A to the financial statements. Review of the bank reconciliation statement reflects payments in cash book not recorded in bank statement in form of un-presented cheques amounting to Ksh.6,285,584 out of which an amount of Ksh.146,000 related to stale cheques which had not been reversed in the cash book as at 30 June, 2020. In addition, the bank reconciliation included payments in bank not in cashbook of Ksh.37,761, that were bank charges which were not part of the reconciling items. The Management did not explain why the stale cheques had not been reversed and bank charges had not been captured in the cashbook and expensed in the year under review.
229. In the circumstances, the accuracy and completeness of the bank balances of Ksh.17,997,408 could not be confirmed.

Management Response

230. Unpresented cheques of Ksh.6,285,584 out of which an amount of Ksh.146,000 related to stale cheques had not been reversed in the cash book as at 30 June, 2020. This was an anomaly which was noted and rectified after Audit.
231. The payments in bank not in cashbook of Ksh.37,761, has also been corrected in the subsequent financial year.
232. We had forwarded copies of Bank reconciliation, cashbook extract and Monthly Expenditure for Audit verification.

Committee Observation

233. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Other Committee Expenses and Committee Allowances

234. The statement of receipts and payments reflects use of goods and services expenditure of Ksh.6,804,937 that includes other committee expenses amounting to Ksh.2,515,400 and committee allowances of Ksh.1,689,600 as disclosed in Note 5 to the financial statements. However, amounts totalling Ksh.1,194,600 was paid as committee allowances to non-committee members for which the purpose of payment was not disclosed. The schedules were not supported by details of names of persons paid, number of meetings attended, rate of payment, cheque number and amounts. In addition, an amount of Ksh.577,000 was paid as other committee expenses for public participation which was not supported by verifiable documentation.
235. In the circumstances, the accuracy and completeness of other committee expenses and committee allowances amounting to Ksh.1,771,600 could not be confirmed.

Management Response

236. What was indicated as non-committee members by the Auditors were actually Sub-Committee members working for the NGCDF Committee i.e. tender opening committees, bursary vetting committees and CDFC members. The total amounted to Ksh. 1,204,600 and not Ksh. 1,194,600 as indicated in the Audit Report.
237. As correctly stated an amount of Ksh. 577,000 was spent on public participation. The payment voucher was attached with attendance schedules, CDFC minutes, receipts,

signed payment schedules and other supporting documentation. We have re-submitted copies of the same to the Auditors for further verification.

Committee Observation

238. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Other Grants and Transfers

239. The statement of receipts and payments reflects other grants and transfers amounting to Ksh.46,754,728 as disclosed in Note 7 to the financial statements. However, the following issues were noted;

3.1 Unsupported Bursary to Secondary Schools

240. The other grants and transfers amounting to Ksh.46,754,728 includes bursary to secondary schools of Ksh.14,979,554. However, bursary totaling Ksh.4,924,028 issued to secondary schools was not supported by admission numbers for one-hundred and forty-six (146) students.

241. In the circumstances, the validity and regularity of bursary disbursements to secondary schools amounting to Ksh.4,928,028 could not be confirmed.

Management Response

242. Part of the bursaries totaling to Ksh. 4,928,028 that were issued to secondary schools were not supported then by admission numbers because this were students joining form one and did not have admission numbers at the time of issuance. We have made follow up and have received the admission numbers that were missing at the time of Audit. Copies have been filed with the Auditors for verification.

Committee Observation

243. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 Unsupported Bursary to Tertiary Institutions

244. The other grants and transfers amounting to Ksh.46,754,728 includes bursary to tertiary institutions of Ksh.8,068,000. The Fund paid an amount of Ksh.3,976,000 for one hundred and forty-two (142) students to a private institution. However, the funding was not supported by beneficiary student admission and national identification numbers.

245. In the circumstances, the validity and regularity of bursary disbursements to tertiary institutions amounting to Ksh.3,976,000 could not be confirmed.

Management Response

246. In the financial year 2017/18, the NGCDFC started a programme of empowering youth, some of who drop out of school and others who finished form four but could not join college due to lack of funds. This programme ensures that the students finish their course

by NGCDF paying the whole school fee for the period of one year. Once they are done with the course, they are able to employ themselves as well as others. Copies of support documents have been filed with the Auditors for verification.

247. The list of beneficiary student admission and national identification numbers are attached for audit verification.

Committee Observation

248. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Budgetary Control and Performance

249. The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Ksh.144,331,729 and Ksh.137,867,724 respectively, resulting to an underfunding amounting to Ksh.6,464,005 or 4% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Ksh.144,331,729 and Ksh.126,334,321 respectively, resulting to under expenditure of Ksh.17,997,408 or 12% of the budget.

250. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Gilgil Constituency.

Management Response

251. The sum of Ksh. 137,867,724 is the ceiling budgeted for the financial year 2019-2020 and Ksh. 6,464,005 is a balance brought forward from the financial year 2018-2019 bringing the whole amount to a total of Ksh. 144,331,729. During that financial year the Board released Ksh.137,867,724 but some AIEs were received at the time of the closure of the financial year. The underutilization of funds had been caused by the delayed release of funds by the Board to the constituency during the financial year. Copies of breakdown of closing balance, cashbook extract, AIE & Bursary list have been filed with the Auditors for verification.

Committee Observation

252. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Errors on Presentation and Disclosures in the Financial Statements

253. The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors;

254. The page numbers of annexes in the table of contents are not correctly done on page 1 as follows; Analysis of pending accounts payable is in page 34 and not 36, analysis of pending staff payables is in page 35 and not page 37, unutilized fund is in page 36 and not 38, summary of fixed asset register is in page 37 and not 39 and PMC bank balances is in page 38 and not page 40.

255. The significant accounting policies on page 24 reflects the word sec which is not in full narration.

256. The progress on follow up of auditors' recommendations is not signed by the Accounting Officer.
257. The statement of cash flows reflects nil balance for net cash flow from investing activities; however a casting error was noted due to acquisition of assets figure of Ksh.423,624 resulting to correct net cash flow from investing activities of negative Ksh.423,624.
258. Consequently, the annual report and financial statements

Management Response

259. The error was noted and the financial statement was amended in the subsequent year. We will ensure that this does not recur again.

Committee Observation

260. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Project Implementation

6.1 Unimplemented Projects

261. According to the project implementation status report as at 30 June, 2020, two (2) projects with a total budget of Ksh.180,000 were not implemented during the period under review.
262. Although the Kapkures primary school funds are still in the project management committee bank account as evidenced in Annex 5 number 57 of the financial statements, the funds of Karunga police post were not reflected in the project management committee bank account. These projects had not been started by the time of audit in the month of February, 2021. In addition, according to the response dated 8 March, 2021, the amount disbursed in respect of Karunga police post is indicated as Ksh.120,000 when only an amount of Ksh.60,000 was budgeted for. Delayed implementation of projects denies residents intended benefits.

Management Response

263. Ksh. 120,000 was disbursed to Kapkures primary for Purchase of 10,000 litres water tank for water harvesting, construction of tank stand and guttering. However, at the time of audit the tank was not yet purchased but the money for the purchase of the tank was still intact in the PMC account and the procurement process had already started. The tank was purchased, base constructed and the guttering was done and now the pupil is enjoying the rain water every time it rains.
264. It is true that Ksh. 60,000 was disbursed to Purchase of 5,000 litres water tank for water harvesting, construction of tank stand and guttering. During the time of audit, the tanks was already purchased and the tank base constructed but the guttering in not yet complete because the police administration office was not yet complete and this is where the tank was to be placed. However, it's now complete and in use.
265. Copies of support documents have been filed with the Auditors for verification.

Committee Observation

266. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.2 Irregularities on Verified Projects

267. During the year under review, forty-one (41) projects which received an allocation of Ksh.51,630,000 for financial year under review were verified in the month of February, 2021. Eleven (11) projects which received a total of Ksh.20,300,000 had anomalies as detailed below;
268. Poor workmanship.
269. Some works which were factored in the bill of quantities were not done yet the funds are fully utilized.
270. Documents have not been provided to justify whether the funds were utilized for the intended purpose.
271. Incomplete projects.
272. The observations cast doubt on the project supervision undertaken and value for money utilized in the project. Consequently, value for money may not be realized from the incomplete projects.

Management Response

273. **Thugunui Secondary school** – The cracks that appeared in the walls of the classrooms had been caused by the Geological movements in the area. However, the cracks were fixed and the classroom now is in good condition.
274. **Lady Ann Secondary School** – Ksh. 400,000 was allocated for purchase of 50 double decks through a request from the school. Attached find the request from school.
275. **Kiungururia Police Post** – it is true that at the time of Audit the Post was not complete, this is because the initial funding was not enough to complete and required additional funding. We allocated more funding in the financial year 2020/2021 for construction of a cell and a toilet to completion. The project is now complete and is operational. Attached photos and completion certificate.
276. **Karunga Primary** – it is true that at the time of Audit the toilet project was not complete. However, the works was completed and the toilet is in use. Attached photos and completion certificate.
277. **Kiptangwanyi police** – it is true that at the time of Audit the works at the Post was not complete the money allocated in phase one was not enough to complete this Project. However, in the financial year 2020/2021 we allocated more funding for completion works i.e. (plastering, painting, windows, window panes doors, branding, electrical works, ceiling and external finishes). The works are now complete and the Post is operational. Attached photos and completion certificate.
278. **Karunga police** – it is true that the works was not complete since the Project was being done in phases. However, we allocated more money in the financial year 2020/2021 for completion, i.e. (plastering, painting, windows, window panes doors, branding, electrical works, ceiling and external finishes) It has been completed. Attached photos and completion certificate.
279. **Chokereria ACCs office** – it is true that the Electrical wiring and fittings have not been done at the time of Audit, however, all the appliances were already purchased and just waiting for the electricity to be connected. The Acc had started using the office since she did not have another place to serve the people from because the other structure had already

been demolished. However, the pending works are complete the office is fully operational.

280. **Kapkures Primary School** –This Project was being funded it in two phases. At the time of audit, we had only allocated money for phase one completion of the remaining works including, plastering, flooring, painting, windows, window panes, doors, electrical works and external finishes, the money was disbursed and the unfinished work was completed and now in use.

281. **Elementaita Ward Education Office** – plastering of the hall is complete, however, window panes and painting has not been done although the paints and window panes has already been bought but not fixed reason being that the PMCs wanted to install the roof first then do the painting and fix the window panes to avoid breakage during roofing. However, all works has been completed and the office is use.

282. **Loldia Primary School** – it is true that on Physical verification of the project on 17 February 2021, electrical fittings has not been done, when we inquired from the head teacher the reason, he said the items were stolen from the store. However, the contractor bought another set of the items ready to be fixed. The project now is complete and in use.

283. **Gilgil Technical Training Institute** - The transfers were made under counterpart funding with the Ministry of Education to a special account managed by a mentoring institution. Under such arrangements, the mentoring institutions will make payments to the contractor upon receipt of certificates and furnish Constituency Development Fund with, Public works payments certificates. However, the mentoring institution did not send us copies of the same. They only send us a receipt and an acknowledgement letter for the payment made. The TVET is also complete and in operational with of 700 students already admitted and learning.

Committee Observation

284. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Over Expenditure on Emergency Projects

285. The other grants and transfers amounting to Ksh.46,754,728 includes emergency projects amounting to Ksh.7,239,345 as disclosed in Note 7 to the financial statements. Included in the emergency expenditure is an amount of Ksh.2,500,000 that relates to expenditure for construction of a four (4) door toilet in five (5) schools. The original bill of quantities amounted to Ksh.504,200 for each school. However, the schools exceeded the amount resulting to an over expenditure of Ksh.600,000.

286. In the circumstances, the regularity of emergency expenditure of Ksh.600,000 for the year could not be confirmed.

Management Response

287. It is true that the original bill of quantities amounted to Ksh.504,200 for each school. However, at the time of implementation by the PMC, the Engineer found out that due to nature of the ground, there were extra works that were done hence resulted to variations to cater for the said works. Copies of support documents (PMC minutes) have been filed with the Auditors for verification.

Committee Observation

288. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Inaccuracy in the Financial Statements

289. Note 17.2 to the financial statements reflects a nil balance in respect of pending staff payables whereas Annex 2 reflects Ksh.397,520. The difference has not been explained.
290. In the circumstances, the accuracy of the pending staff payables of Ksh.397,520 could not be confirmed.

Management Response

291. Note 17.2 to the financial statements reflects a nil balance in respect of pending staff payables (gratuity), this is because staff gratuity is already included in the employee's compensation (Ksh. 2,073,039) hence pending staff payables of Ksh.397,520 in Annex 2 is an error because it amounts to double disclosure.

Committee Observation

292. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Cash and Cash Equivalents

293. The statement of assets and liabilities reflects bank balance of Ksh.14,122,008 and as disclosed under Note 10A to the financial statements. However, the bank reconciliation statement and cashbook presented in support of the bank account reflect a balance of Ksh.14,314,005 resulting to an unexplained variance of Ksh.191,997.
294. Further, the bank reconciliation statements reflects payments in bank statement not in cashbook of Ksh.30,430 in respect of bank charges which ought to have been expensed. No explanation has been given for failure by Management to expense and record the transactions.
295. In the circumstances, the accuracy and completeness of the bank balance of Ksh.14,122,008 as at 30 June, 2021 could not be confirmed.

Management Response

296. It is true there was an error of as noted by the Auditor position of the opening balance which is Ksh. 14,314,005. The unexplained variance of Ksh.191,997 was bursary replacement which was reversed back to the cashbook and was not replaced immediately. We have attached projects support schedule that includes bursary list for financial year 2021-2022 to account for Ksh. 191,997
297. The amount of Ksh. 30,430 in respect to bank charges has been posted in the cashbook in the subsequent financial year. We had noted the anomaly and ensured that it did not recur again. We had forwarded copies of Bank reconciliation, cashbook extract, and support schedules for audit verification.

Committee Observation

298. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Budgetary Control and Performance

299. The summary statement of appropriation for the year ended 30 June, 2021 reflects a final budget of Ksh.155,086,287 against actual receipts of Ksh.112,997,408 on a comparable basis resulting to budget under funding of Ksh.42,088,879 or 27% of the total receipts budget. The underfunding may have negatively affected the implementation of programmes and activities to the residents of Gilgil Constituency.
300. The statement also reflects a final expenditure budget of Ksh.155,086,287 against actual expenditure of Ksh.98,875,400 on a comparable basis resulting to budget under absorption of Ksh.56,210,887 or 36%.
301. The under expenditure was attributed to low disbursements of funds from the National Constituencies Development Fund Board and slow pace of project implementation which has resulted to delayed benefits to be derived from the projects by the residents of Gilgil Constituency.

Management Response

302. The under expenditure of Ksh. 56,210,887 or 36% respectively have been attributed by delayed disbursement of funds from the Board. However, the funds have since been disbursed from the Board and also to the PMCs accounts. The projects have also been implemented and all of them are in use. We had forwarded to the Auditors copies of AIE'S, cashbook extract showing closing balance, bursary breakdown, completion certificate and photos for unfunded projects for Audit verification.

Committee Observation

303. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Irregular Expenditure on Access Road

304. The statement of receipts and payments reflects other payments amount of Ksh.6,400,000 which as disclosed in Note 9 to the financial statements, Includes Ksh.6,000,000 incurred on construction of a road to Muthaiti Primary School including heavy grading, culvert installation, filling of hard-core material and compaction and gravel patching with watering.
305. However, correspondences with the relevant County Government and Kenya Rural Roads Authority confirming that the road had not been budgeted for or maintained by the two government institutions was not provided for audit verification thereby risking duplication of works in contravention of the Fourth Schedule of the 2010 Constitution of Kenya and Section 24(a) of the National Government Constituencies Development Fund Act, 2015.

Management Response

306. Ksh. 6,000,000 was incurred on construction of a road leading to Muthaiti Primary School including heavy grading, culvert installation, filling of hard-core material and compaction and gravel patching with watering. This Road was part of the requests made during Public Participation since the parents were worried about the pupils, especially when it rained the road becomes impassable resulting to high rates of absenteeism during rainy seasons. The NG-CDF Board approved the allocation after making a visit to the site to confirm the condition of the road. We had forwarded copies of letter from KERRA Engineer confirming they were not implementing the road, BQ, and other payment documents for audit verification.

Committee Observation

307. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsatisfactorily Implemented Projects

308. The statement of receipts and payments and Note 6 to the financial statements reflects transfers to other government entities amount of Ksh.43,140,000 in respect of project implementation in various primary, secondary and tertiary learning institutions. However, five (5) projects with a total contract cost of Ksh.6,200,000 revealed the following unsatisfactory matters as detailed in the table below:

No	Beneficiary	Details	Type	Cost (Ksh.)	observations
1	ASTU Kiambogo	Construction of four door pit latrine to completion	Other Grants (Emergency)	500,000	Correspondences with the National Police Service to confirm the institution's approval of the Project was not provided.
2	Cura Primary school	Flashing of a borehole	Transfer Primary Schools	300,000	The borehole was not functional despite being equipped and flashed by the NGCDF.
3	Kariandusi Secondary School	Construction of two classrooms to completion (Foundation, walling, roofing, plastering, painting, window panes and doors, branding, electrical works, ceiling tiles external finishes and branding).	Transfer Secondary Schools	2,400,000	The project was completed and commissioned on 9 June 2021. However, site verification carried out in the month of April 2022 revealed that deep cracks that already developed on the walls pointing to possible poor workmanship.
4	Kahuho Secondary School.	Construction a Kitchen (Foundation, walling, roofing, plastering, painting, windows, window panes and doors,	Transfer Secondary Schools	1,500,000	The project is incomplete but already put into use. Although the contractor is fully paid and not on site, painting works and

No	Beneficiary	Details	Type	Cost (Ksh.)	observations
		branding, electrical works, tiles & external finishes) to completion.			tiling were not done as specified in the Bill of Quantities (BQ).
5	Mugaa Primary School	Renovation of two classrooms (flooring, plastering, painting, tiles and change roofing) and purchase of 60 desks	Transfer Primary Schools	1,500,000	The projects were complete and already put into use. However, physical verification observed slight cracks on the interior part of the walls.
	Total			**6,200,000**	

309. Management has not explained as to why were deficiencies in projects implementation process.
310. In the circumstances the residents of Gilgil Constituency may not realize value for money from the projects.

Management Response

311. **ASTU Kiambogo** – the project was completed and commissioned and is now operational. Attached is a photo of the projects
312. **Kahuho Secondary School**–at the time of Audit, the Contractor had not installed the tiles in the Kitchen as specified in the Bill of Quantities (BQ). However, he had since came back to the site and completed the works (installation of tiles and painting).
313. **Cura Primary School** – Ksh. 300,000 had been allocated for flashing of the borehole. However, the borehole was flashed but did not yield any water, instead it was only mud that was coming out.
314. **Kariandusi Secondary School** - The minor cracks that had developed on the walls, was as a result of effects of seasonal change and shrinkage. (location of the cracks, the direction, the length, the width, the depth, the age, whether dormant or active) however, the cracks were corrected and the classrooms are now in good condition.
315. **Kahuho Secondary School** – at the time of Audit, the contractor had not installed the tiles and also the painting works was not complete. However, the contractor came back to the ground and completed the painting and tiling works. We have submitted the accounting documents to the Auditors for Audit verification.
316. **Mugaa Primary School** – the minor cracks that were observed by Auditors at the time of Audit, has been corrected by the contractor and now the classrooms are in complete and in good condition. We have submitted the accounting documents to the Auditors for Audit verification.

Committee Observation

317. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unconfirmed Project Management Committee Bank Balances

318. Note 17.4 to the financial statements reflects Project Management Committee (PMC) bank balances totaling to Ksh.34,448,904 as further disclosed in Annex 5 to the financial statements. The project implementation status report indicated that 696 have been funded since the inception of the Fund. However, cash books, bank confirmation certificates and monthly bank reconciliation statements were not provided for audit.

319. The balances after completion of projects have not been surrendered to the main Constituency Fund bank account in compliance with Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the Constituency account. In addition, the Management wrote letters to the PMC bankers on 3 August and 23 August, 2022 requesting for transfer of Ksh.34,995,673 from the PMC bank accounts to the main Constituency Fund bank account. However, as at the time of the audit no such transfer had been made.

320. In the circumstances, the accuracy, completeness and existence of Project Management Committee (PMC) bank balances of Ksh.34,448,904 as at 30 June, 2022 could not be confirmed.

Management Response

321. The bank certificates for the PMC balances for Ksh. 34,448,904 had been provided for audit certificate; we have resubmitted the bank statements to the Auditors for Audit verification.

Committee Observation

322. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budgetary Control and Performance

323. The summary statement of appropriation reflects final expenditure budget of Ksh.193,299,767 against actual expenditure of Ksh.180,183,808 resulting to a budget under absorption of Ksh.13,115,959 or 7% of the budgeted amount. Further, the Management has not provided any footnote explanations for significant underutilization (below 90%) as required by the Public Sector Accounting Standards Board reporting template.

324. The underutilization curtailed execution of planned activities and may have had an adverse effect on service delivery to the constituents

Management Response

325. The Audit team correctly stated the actual expenditure of Ksh. 180,183,808 as well as the underutilization of Ksh. 13,115,959 0r 7% of budgeted amount. This means the actual expenditure was 93% which is above the 90% as required by the Public Sector Accounting Standards Board reporting template. However, the underutilization of 7% has been as a result of staff gratuity and CDFC Vehicle that was not purchased at the time

of Audit due to slow tendering process. However, in the subsequent year we allocated more funds and the vehicle was purchased and the vehicle is in operations.

Committee Observation

326. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Project Implementation Status

327. Review of the project implementation status reports since 2013/2014 to 2021/2022 indicated that six hundred and ninety-six (696) projects were funded to the tune of Ksh.716,273,536 and were at different implementation status as detailed out below:

Status	Number of Projects	Amount (Ksh.)
Completed	649	649,060,965
On-going	45	54,535,544
Not Started	2	12,677,027
Total	**696**	**716,273,536**

328. The funds for the ongoing and not started projects had been remitted to the respective Project Management Committee (PMC) bank accounts. However, no verifiable explanation was provided for not implementing the projects on time.

329. In the circumstance, value for money for the ongoing and not started projects could not be confirmed

Management Response

330. It is true that at the time of Audit 45 projects were ongoing and 2 were at tendering process. This was as a result of delayed funding from the Board. However, all projects were completed and are in use. We had forwarded copies of photos, list of the projects to the Auditors for Audit verification.

Committee Observation

331. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3 KURESOI NORTH CONSTITUENCY

332. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kuresoi North Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.3.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Statement of Compliance and Basis of Preparation of Financial Statements

333. Note VI (a) on page 7 indicates that the financial statements are reported in Kenya shillings and values are rounded up to the nearest thousand (Ksh.000). However, perusal of the financial statement reveals that this has not been the case. The note is therefore misleading

Management Response

334. The Constituencies Development Fund adopted IPSAS cash reporting framework for the first time in the FY2013/14.There were challenges in the preparation of the financial statements which led to occurrence of the errors. However, through capacity building there has been improvement in the subsequent financial statements. The financial statements were presented in Kenya Shillings which is the functional and reporting currency of the Constituency.

335. In the preparation, all values were to be presented consistently with figures being rounded to the nearest thousand (Ksh.'000). The failure to round off the figures in the financial statements was an error which has subsequently been corrected to comply with the requirements of International Public Sector Accounting Standards. The amended financial statements was submitted.

Committee Observation

336. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Transfers to Other Government Units

337. The Statement of Receipts and Payments for the year ended 30 June 2014 reflects Funds transferred to other Government units amounted to Ksh.30,226,551.80. However, the CDF did not present authority to transfer these funds for audit verification. Further, there was no evidence to show how the funds were utilized by the recipient units. Note 7 to financial statement reflects transfers of Ksh.13,680,000.00 and Ksh.8,400,000.00 that were transferred to primary and secondary schools respectively, which amounts to Ksh.22,080,000. Management did not explain where the balance of Ksh.8,146,551.80 was transferred to. In the circumstances, it was not possible to confirm the validity of the entire expenditure of Ksh.30,226,551.80 as at 30 June 2014.

Management Response

338. Transfer to other government units comprises of payments made to Primary Schools, Secondary Schools, Tertiary Institutions (Education) and Health Institutions (Health).

339. These funds were duly approved by Constituency Development Fund Committee (CDFC) during its monthly meeting. This in itself is an authority to disburse the funds at the Constituency Account. Every payment or instruction for payment out of the constituency fund account shall be strictly on the basis of a minuted resolution of the Constituency Development Fund Committee, Section 42(6) of the CDF Act 2013. Copies of CDFC minutes for approval of projects for payments are available. Disbursement to various approved projects was made vide AIE No. A735570 dated 15th January 2014 and AIE No.A735897 dated 28th march 2014 and approved codelist for 2013/2014 financial year. Find attached copies of NGCDFC minutes, AIE and codelist.
340. Each of these projects have filed returns with CDF office to show how funds was utilized and project file for each project is maintained at office. The details and activities undertaken by various project management committees which received an equivalent of Ksh. 30,226,551.80 is indicated in Table 1.
341. Ksh.8,146,551.80 were monies transferred to projects under health sector. Payment vouchers and status photos is attached.

Table 1

342. Transfer to Primary Schools Ksh.13,680,000.00

Date	PV .No	Cheque .No	Payee	Activity	Amount
27/1/2014	8	00013	Silibonik Nursery School	Completion of two classroom - roofing and ceiling, plastering and installation of doors & windows	400,000.00
2/5/2014	49	00521	Mau Primary School	Completion of four classrooms- roofing, fixing doors & windows	500,000.00
2/5/2014	54	00526	Nyakinyua Primary School	Completion of one classroom- roofing and ceiling, installation of doors and windows	300,000.00
2/5/2014	58	00531	Sirikwa Primary School	Completion of one classroom- roofing and ceiling, installation of doors and windows	300,000.00
2/5/2014	59	00532	Kamungei Primary School	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00
2/5/2014	60	00533	Kiplelechon Primary School	Completion of two classrooms- roofing, plastering, doors &windows installation and painting	350,000.00
2/5/2014	61	00534	Matunda Nursery School	Completion of one classroom- roofing, plastering, ceiling and painting	300,000.00
2/5/2014	63	00536	Kipkoris Primary School	Construction of one classroom	500,000.00
2/5/2014	64	00537	Tumoiyot Primary School	Completion of one classroom- roofing and ceiling, installation of doors and windows	300,000.00
2/5/2014	65	00538	Nagiririet Nursery School	Complete two classrooms- roofing and ceiling, installation of steel doors, plastering and painting	600,000.00
8/5/2014	71	00543	Songo Nursery School	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00

Date	PV .No	Cheque .No	Payee	Activity	Amount
8/5/2014	72	00544	Mukeu Primary School	Completion of one classroom-roofing, plastering, ceiling and painting	300,000.00
8/5/2014	73	00545	Ndege Primary School	Completion of one classroom-roofing, door and windows, plastering and paintings	300,000.00
8/5/2014	74	00546	Tangi Nursery School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	300,000.00
8/5/2014	75	00547	Mkulima Primary School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	300,000.00
8/5/2014	76	00548	Nyongores Primary School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	300,000.00
8/5/2014	77	00549	Kuresoi Primary School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	300,000.00
8/5/2014	79	00551	Kiptenden Primary Primary School	Completion two classrooms-windows & doors, floor and wall plastering, painting	350,000.00
8/5/2014	80	00552	Kapsimotwo Primary School	Completion - roofing, plastering, doors and windows	200,000.00
8/5/2014	81	00554	Tegunot Haraka B Primary School	Purchase of 2 acres land	600,000.00
8/5/2014	82	00555	Sitoton Primary School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	300,000.00
8/5/2014	83	00556	Kiwanja Ndege Primary School	Completion of one classroom-roofing, plastering, ceiling and painting	300,000.00
8/5/2014	84	00557	Tabora Primary School	Completion of two classrooms-roofing, steel door &windows and plastering	300,000.00
8/5/2014	85	00558	Upendo Primary School	Completion of one classroom-roofing and ceiling, installation of doors and windows	300,000.00
8/5/2014	86	00559	Tiloa Primary School	Completion of one classroom-roofing and ceiling, installation of doors and windows	300,000.00
8/5/2014	87	00560	Kiptenden(Sirikwa) Primary School	Completion of one classroom-roofing and ceiling, installation of doors and windows	300,000.00
8/5/2014	88	00561	Kadenye Primary School	Completion of one classroom-roofing and ceiling, installation of doors and windows	300,000.00
8/5/2014	89	00562	Kipkewa Primary School	Completion of two classrooms-roofing and ceiling, plastering and installation of doors & windows	400,000.00
8/5/2014	90	00563	Kipsinendet Primary School	Completion of 2 classrooms-roofing, doors and windows and plastering	380,000.00

Date	PV .No	Cheque .No	Payee	Activity	Amount
8/5/2014	91	00564	Chesubeno Primary School	Completion of two classrooms- Roofing, plastering and fitting windows and doors	300,000.00
8/5/2014	94	00567	Saino Primary School	Completion of one classroom- roofing and ceiling, installation of doors and windows	300,000.00
8/5/2014	95	00568	Bochoge Primary School	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00
21/5/2014	97	00571	Kamwingi Nursery School	Completion of two classrooms - doors & windows, plastering, ceiling and painting	300,000.00
21/5/2014	98	00572	Lemechonik Primary School	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00
21/5/2014	100	00575	Silibwet Primary School	Construction of two classrooms	1,000,000.00
21/5/2014	101	00576	Rwagondu Nursery School	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00
13/6/2014	96	00592	Githiriga primary school	Completion of one classroom- roofing and ceiling, plastering and installation of doors & windows	300,000.00
19/6/2014	117	00595	Tabain primary school	Construction of one classroom	600,000.00
			Total		**13,680,000.00**

343. Transfer to Secondary Schools Ksh. 8,400,000.00

Date	PV. No	Cheque	Payee	Activity	Amount
13/6/2014	111	00589	Sirikwa secondary school	Construction of two classrooms	1,000,000.00
27/1/2014	7	00012	Mawingu Sec School	Construction of two classrooms	1,000,000.00
27/1/2014	6	00011	Kibaraa Sec School	Construction of two classrooms	700,000.00
27/1/2014	5	00010	Kiptororo Sec School	Construction of a dormitory	1,000,000.00
27/1/2014	9	00014	ELCK Kongoi Sec School	Construction of two classrooms	1,000,000.00
27/3/2014	38	00489	Umoja Tulwet Secondary School	Complete two classrooms- roofing and ceiling, installation of steel doors, plastering and painting	800,000.00
2/5/2014	46	00518	Mau Summit Secondary School	Completion of one classroom- roofing and ceiling, installation of doors and windows	300,000.00
2/5/2014	51	00523	Mulima Secondary School	Completion of two classrooms- ceiling, plastering and painting	300,000.00

Date	PV. No	Cheque	Payee	Activity	Amount
2/5/2014	53	00525	Temoyetta Secondary School	Completion of one classroom-ceiling and plastering, door& window installation and painting	300,000.00
2/5/2014	55	00527	Kio Secondary School	Completion of two classrooms - doors & windows, plastering, ceiling and painting	400,000.00
2/5/2014	57	00530	Chesirikwa Secondary School	Completion of one classroom-roofing, plastering, ceiling and painting	500,000.00
8/5/2014	78	00550	Murinduko Baptist Secondary School	Completion of one classroom-roofing and ceiling, plastering and installation of doors & windows	400,000.00
8/5/2014	92	00565	Kaplelach Secondary School	Completion of two classrooms- roofing, doors and plastering	300,000.00
8/5/2014	93	00566	Muchorwe Secondary School	Complete one classroom – roofing, ceiling, door & window installation and painting	400,000.00
			Total		**8,400,000.00**

344. A balance of Ksh.8, 146,551.80 was transferred to projects under Health. However, under note 7 in the financial statement, there was an omission in listing of the amount transferred to projects under health sector, but the total amount disbursed to the health sector is inclusive of the total amount transferred to other government entities. Shown in the table below are projects funded under health sector during 2013/2014 financial year;

345. Transfer to projects under Health.

Date	PV. No	Cheque	Payee	Activity	Amount
27/1/2014	13	00018	Kimeswon Health Centre	Construction of maternity ward	4,750,000.00
2/5/2014	47	00519	Masaita Dispensary	Construction of consultation room	500,000.00
2/5/2014	50	00522	Githima Dispensary	Construction of consultation room	400,000.00
2/5/2014	62	00535	Total Dispensary	Completion-plastering, ceiling and painting	300,000.00
21/5/2014	99	00573	Korabariet Dispensary	Construction of out-patient wing	1,000,000.00
13/6/2014	112	00590	Kiptenden Dispensary	Construction of consultation room	300,000.00
25/4/2014	42	00505	Kimeswon Health Centre	Construction of prefabricated staff houses	896,551.80
			Total		**8,146,551.80**

Committee Observation

346. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Acquisition of Assets

347. The statement of receipts and payments also reflects a nil balance for acquisition of assets. This is despite the fact that the Constituency Development Fund Committee had purchased a plot at a cost of Ksh. 600,000.00 on which to develop a CDF office. The said office was constructed at a cost of Ksh.5,900,000.00. The fund did not present any document to show how the transaction and procurement was carried out. In addition, the CDF Committee and the fund management did not provide ownership documents for the plot. Further, the statement of receipts and payments reflects a surplus of Ksh. 18,801,225.00. However, it excludes the expenditure for acquisition of land of Ksh.600,000.00 and construction of the CDF office of Ksh.5,900,000.00. The reported surplus of Ksh.18,801,225.00 has therefore been overstated by Ksh.6,500,000.00.

348. In consequence, the accuracy and validity of the reported surplus could not be confirmed.

Management Response

349. Purchase of a plot at a cost of Ksh. 600,000.00 and Construction of CDF office at a cost of Ksh.5,900,000.00 was financed from funds from the larger Kuresoi Constituency during 2012/2013 financial year. The funding is vide letter dated 19.12.2013 from the CDF Board. The CDF committee for Kuresoi North and Kuresoi South Constituencies together with respective members of parliament went for an arbitration at CDF Board because the member of parliament for Kuresoi North had complained about skewed development in the larger Kuresoi Constituency. The meeting resolved to do reallocation of funds during 2012/2013 financial year.The larger Kuresoi had to do reallocation of funds allocated to projects located in Kuresoi South totaling Ksh.15,000,000.00 to projects identified by CDF committee for Kuresoi North Constituency. Projects which were approved for funding was paid from the account of the larger Kuresoi Constituency at National Bank of Kenya.

350. Therefore, the two projects worth Ksh.6,500,000.00 could not have been included in the financial statements for Kuresoi North Constituency during 2013/2014 financial year hence could not declare them as assets for Kuresoi North Constituency during the year. The CDF Committee for Kuresoi North Constituency was in charge of managing these funds. Record for transactions for the purchase of land and construction of CDF office is available. Method of procurement used was request for quotation. Copy of the reallocation letter, Payment vouchers and Bank statement, relevant cash book page extract showing when payment was made, tendering process, Bill of quantity, completion certificate and project status is attached.

351. The ownership documents is not ready, the process started but stall midway due to demand from other buyers that they should also be included in title deed processing. Copy of land sale agreement and mother title deed is attached.

Committee Observation

352. The Committee observed that the matter was partially addressed.

Committee Recommendation

353. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Kuresoi North NGCDF Office i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken**.

4.0 Cash and Cash Equivalent

354. The statement of financial assets and liabilities as at 30 June 2014 reflects a bank balance of Ksh.18,801,225.50 while the cashbook reflects Ksh.17,865,724.55. This resulted in an unexplained difference of Ksh.935,500.95. In addition, the reported bank balance has not been supported by bank reconciliation certificates.

355. In the circumstances therefore, the correctness of the cashbook balance of Ksh.18,801,225.50 could not be confirmed.

Management Response

356. The bank reconciliation statement as at 30th June 2014 indicates a bank balance of Ksh. 18, 801,225.50. The reconciliation statement is available for verification. Cash book balance at the same period is Ksh.18, 801,225.50.

357. Therefore, there is no variance in the two items. Copies of bank reconciliation and extract of relevant cash book page for the period submitted.

Committee Observation

358. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Outstanding Imprest

359. The total overdue imprest as at 30 June 2014 stood at Ksh. 493,000.00. The management did not explain why the overdue imprest had not been surrendered or recovered from the officers concerned. This was therefore a breach of financial regulations.

Management Response

360. The overdue imprest was held by two officers; Daniel Komen held Ksh. 50,000 for office use and Johnstone Kering Held Ksh. 443,000 for Training of CDFC, Staff and routine monitoring and evaluation by executive. The overdue imprest was surrendered in the subsequent year and cleared. Copy of payment voucher, warrant and relevant cash book page extract is attached.

Committee Observation

361. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Failure to prepare a Trial Balance

362. There was no trial balance prepared and produced for audit examination. In the circumstances, the source, accuracy and completeness of the financial statements could not be confirmed.

Management Response

363. The financial statement presented as at 30 June 2015 has been amended and the Trial Balance correctly stated in the amended financial statement attached.

Committee Observation

364. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Wrong Classification of Assets

365. Assets acquired during the year under review were classified incorrectly through inclusion in use of goods and services and other payments rather as expenditure under acquisition of assets. The following are examples of assets:

Items Description	Payee	Amount Ksh.	Classification
Completion of Kuresoi North CDF	PMC	2,000,000.00	Other payments
Purchase of general equipment	Nakuru Canvas	110,000.00	Use of goods
Purchase of ICT Equipments	Linksyscom Media	108,500.00	Use of goods
		2,218,500.00	

366. As a result, the acquisition of assets balance was understated by Ksh. 2,218,500, use of goods and services expenditure was understated by Ksh.218,500 while other payments were overstated by Ksh.2,000,000.

Management Response

367. The management made an error in statement of receipts and payments; however, error has been corrected in the amended financial statement. Asset register has also been corrected in the amended financial statements. Through frequent training and capacity building presentation of financial statement has improved. Copy of the amended financial statement is attached.

Committee Observation

368. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Bank reconciliation

369. Examination of the bank reconciliation statement as at 30 June 2015 disclosed the following unsatisfactory matters: -

370. The bank reconciliation statement reflects payments in the cash book not recorded in bank statement (unpresented cheques) totaling Ksh. 1,325,386.63. Out of this amount, cheques worth 48,500.00 were stale. No explanation was provided for failure to have the long outstanding amount reversed in the cash book.

371. In the circumstances, the accuracy of the cash and cash equivalents balance reported could not be confirmed.

Management Response

372. The stale cheques worth Ksh. 48,500.00 was meant for bursary. The students did not collect the cheques. The cheques were reversed in the cash book on 1/12/2015, Copy of relevant cash book extract when cheques were reversed, reconciliation and Breakdown of the stale cheques is attached for verification.

373. The financial statement presented as at 30 June 2015 has been amended and it reflects receipts of Ksh.26,629,558.90 A.I.E. No. A796115.This is reflected on notes X to financial statements; transfer from other government entities. This will bring total amount receipt to 106,518,234.00. The amended financial statement, AIE and Bank Statement is attached. Annex 7-Amended financial& Annex 9-AIE & Bank statement

Committee Observation

374. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Transfer to Other Government Units

375. The statement of receipts and payments reflected a sum of Ksh.48,073,485 as transfer to other units. However, no schedules in support of the expenditure were produced for audit review. In the circumstances, the accuracy and completeness of other grants and transfers could not be confirmed.

Management Response

376. Other government units comprise of Primary Schools, Secondary Schools, Tertiary Institutions and Health. Schedules for transfer to other Government Units amounting Ksh. 48,073,485.00 is attached.

Committee Observation

377. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Grants and Transfers

378. The statement of receipts and payments reflects other grants and transfers totaling Ksh. 40,169,561.30. However, schedules in support of the expenditure were not presented for

audit review. In the circumstance, the accuracy and completeness of other grants and transfers could not be confirmed.

Management Response

379. Other grants and transfers comprise of Bursary-Secondary, Bursary-Tertiary, Bursary Special Schools, Water, Agriculture, Electricity, Security, Roads and Emergency Projects. Schedules for transfer to the other grants and transfers amounting Ksh. 40,169,561.30 is attached.

Committee Observation

380. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Outstanding Imprest

381. Note 12C to the financial statements reflects an outstanding imprest balance of Ksh. 507,000 issued to one Johnstone Kering on 17th October 2014. However, it was not explained why the officer had failed to surrender or account for the imprest as required by section 5.6.5 of the Government Financial Regulations and Procedures.

Management Response

382. The imprest taken by the officer was for monitoring and evaluation. The exercise was for six days hence could not make to account for its use within the stipulated period. The imprest was surrender in the subsequent year and accounted for fully. Copies of payment voucher, relevant cash book page extract where the imprest is captured and imprest warrant is attached.

Committee Observation

383. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Summary Statement of Appropriation

384. The final receipts balance amounting to Ksh.106,518,234 reflected in the statement of appropriation did not include the adjusted balance of Ksh.18,801,225 balance brought forward from the previous year. Therefore, the balance is incorrect.

Management Response

385. The financial statement presented as at 30 June 2015 has been amended. The summary of appropriation: recurrent and development combined now reflects balance of Ksh.19,308,225.50 carried forward from 2013/2014 financial year, note VIII in the amended financial statement.

Committee Observation

386. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Budget Analysis Performance Analysis

8.1 Revenue Analysis

387. It was noted that:

388. Kuresoi North C.D.F was underfunded by Ksh.45,430,784.40 which represents 36% underfunding of the approved budget for the year under review. Consequently, the fund may not have been in a position to implement all the projects which it had planned for the period under review and thus this denied the constituents much needed services.

Budgeted Amount Ksh.	Actual Receipts Ksh.	Variance/Difference Ksh.
125,319,459.60	79,888,675.10	45,430,784.40

Management Response

389. Funding of CDF projects is dependent on funds disbursed by CDF Board on quarterly basis. Delayed released of funds by CDF Board to Constituency occasionally happens. The Projects were implemented in the subsequent year. Copy of Bank Reconciliation, AIE and Bank statement is attached.

Committee Observation

390. The Committee observed that the matter was adequately addressed therefore stands resolved

8.2 Expenditure Analysis

391. The number of projects budgeted for during the year and their percentage (%) levels of completion are tabulated below: Table 2

392. The management of the fund violated the provisions of section 23(1) of the CDF Act,2013, which advocates for the implementation of a minimum of five projects and a maximum of twenty-five projects in any financial year. It was observed that the fund budgeted to implement a total of one hundred and seventeen (117) projects which was above the recommended number of twenty-five projects.

Sector	Budget 2014-2015	Actual Expenditure	No Of Projects Budgeted	No Of Projects Completed	% Level Of Expenditure Absorption
Primary schools	17,900,000	16,550,000	39	33	93%
Secondary schools	17,700,000	16,337,278	20	18	92%
Technical	2,000,000	2,000,000.00	1	1	100%
Health	9,600,000	13,186,207	8	12	137%
Agriculture	1,350,000	3,400,000	4	5	252%
Water	9,000,000	10,695,095	8	11	119%
Bursary	11,492,963	10,909,000	several		95%
Sports	1,130,364	0	2	0	100%
Environment	1,250,076.68	0	4	0	100%
Security	200,000	200,000	1	1	100%
Electricity	600,000	600,000	1	1	100%
Roads and bridges	11,020,000	11,920,000	23	24	108%
Market	500,000	0	1	0	100%
Rehabilitation of schools projects	837,931	0	2	0	100%
CDF office	2,000,000	2,000,000	1	1	100%

Sector	Budget 2014-2015	Actual Expenditure	No Of Projects Budgeted	No Of Projects Completed	% Level Of Expenditure Absorption
Assets	395,000	395,000	2	2	100%
Audit fee	500,000	0	0	0	100%
Emergency fund	5,400,259	2,445,466	several	several	45%
Goods and services	1,369,454.94	1,1918,180.80	several	several	140%
Committee expenses	2,143,547	2,988,120	several	several	139%
Employee compensation	1,178,638.38	1,263,076.20			107%
Projects for 2013-14				30	100%
Total expenditure					
Total Expenditure	**97,568,234.00**	**96,807,423.00**	**117**	**139**	**99%**

Management Response

393. As per CDF Act, 2013, Section 23(1) it advocates for the implementation of a minimum of five projects and a maximum of twenty-five projects in any financial year. Kuresoi North CDFC budgeted for 117 projects in 2014-2015 financial year. This is because it is normally taken that projects of similar nature are taken as one. For instance, all projects falling under primary are treated as one likewise to projects falling under roads were taken as one project. The Constituency Development Fund Committee (CDFC) for Kuresoi North CDF approved 117 projects and Constituency Development Fund Board also approved same number of projects. An approved codelist for 2014/2015 financial year from NGCDF Board is attached.

Committee Observation

394. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Expenditure with no value for money

395. Muchorwe Secondary School was allocated Ksh.1,400,000 and Ksh. 1,500,000 during 2014/2015 for construction of three classrooms. However, no bills of quantities (BQs) were presented to show how construction cost was arrived at. Further, approved building plans and expenditure returns were not presented for audit examination. Physical verification of the project revealed that the workmanship was poor. Cracks had developed on the finished floor even before the classrooms were put to use.

396. In the absence of the expenditure returns, BQs and drawings, it was not possible to confirm whether CDF Kuresoi North got value for money from the expenditure totaling to Ksh.2,900,000.

Management Response

397. Funding of Muchorwe Secondary School was done in two phases. The school was funded in 2013/2014 financial year with Ksh.400,000 to complete construction of one classroom. During 2014/2015 financial year it was funded with Ksh.1,400,000 to construct 3 classrooms. The project was not funded with 1,500,000 in the same year. During funding of the project, the project management committee had submitted locally prepared bill of quantity and requested the Sub County Works office to prepare BQs for the school which was later availed. Expenditure returns are usually maintained at CDF office. At the time

of audit, the project returns file had not been handed over to the office by the PMC since the project was ongoing. Copies of relevant page extract of approved code list, project account statement, BOQ, completion certificate, Photo and certificate of good defects is attached.

Committee Observation

398. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Lack of Land Ownership Documents

399. During the year under review Sirikwa Health Centre and Seguton Dispensary were allocated Ksh.3,300,000 each for purchase of land and construction of buildings.

400. Sirikwa Health Centre received Ksh.1,800,000 for construction of office block and Ksh. 1,500,000 for purchase of land. A site visit at the Health Centre revealed that the construction of administration block was 95% complete. However, the title deed and sale agreement between the vendor for the plot on which on which the Centre was constructed and the project management committee (PMC) was not presented for audit verification. As a result, it was not possible to confirm that the CDF of the land.

401. Similary Seguton Dispensary received Ksh. 1,800,00.00 for construction of administration an outpatient wing and Ksh.1,500,000 for purchase of land. A site visit to the health facility revealed that the construction of the outpatient wing was 60% complete. However, no title deed or sale agreement between the land vendor and the PMC was produced for audit verification to confirm transfer to the CDF of the land where the facility stands.

402. In the absence of land ownership documents for the two health facilities, it was not possible to confirm whether the health facilities were built on public or private land.

Management Response

403. Funding of Sirikwa Health facility was done during 2014/2015 financial year. It was funded with Ksh. 3,300,000.00 for purchase of one acre land and construction of the facility. Seguton Dispensary was funded with Ksh. 3,000,000.00 during 2014/2015 financial year for construction of dispensary. It was funded in 2013/2014 financial year with Ksh. 1,000,000 for purchase of land. Copy of relevant page extract of codelist, land purchase agreement, copy of mother title and project status is attached.

404. The two facilities are constructed on land purchased from two individuals each selling 0.5 acres. The process of transfer of the land to the name of the facilities is ongoing. The CDFC has ensured the title deeds for the projects will be obtained. Land transaction between the owners of the land and the project management committees was drawn by a registered advocate at Molo Town. Land sale agreement and mother title deed is attached.

Committee Observation

405. The Committee observed that the matter was partially addressed.

406. The Committee recommends that within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Sirikwa Health Centre and Seguton Dispensary i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.
407. The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

11.0 Failure to Acknowledge Bursaries

408. During the year under review, Kuresoi North Constituency spent a total of Ksh. 10,909,000 in respect of bursaries, out of which disbursements totaling to Ksh.5,921,000 were given to Secondary Schools, Ksh. 4,820,800 to tertiary Tertiary Institutions and Ksh.167,200. However, receipts or acknowledgement letters were not presented for audit from these institutions to confirm receipt of the bursaries. It was therefore not possible to confirm that the bursaries are actually received by the said institutions.

Management Response

409. It is true we gave bursaries to needy students during the financial year under review to a tune of Ksh. 10,909,000. At the time of audit not all the learning institutions acknowledged receipt of bursaries for the needy students. However, the management committee and the bursary committee through capacity building and monitoring and evaluation ensured that all acknowledge receipt are properly documented. Improvement was noted after the engagement of Posta Kenya for delivery of bursary cheque to institutions for needy students. sample copies of acknowledgement receipts, letters and copy of contract with Posta Kenya is attached.

Committee Observation

410. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Cash and Cash Equivalents

411. The statement of assets reflects cash and cash equivalents balance of Ksh. 29,766,753 made up of cash book bank balance of 28,942,753 and cash at hand of Ksh. 824,000. Examination of the bank reconciliation statement as at 30 June 2016 disclosed unpresented cheques totaling Ksh.7,099,235.83 However, out of this amount, Ksh.142,027.80, were stale cheques, some dating as far back as 28 July, 2014. It is not clear why the cheques were not validated or written back to cashbook.

Management Response

412. The unpresented cheques were written in the month of June 2016 towards close of the of the financial year and cheques with huge amounts were cheques for projects. The cheques have since been collected by beneficiaries and has gone through in the bank. The stale cheques totaling Ksh. 142,027.80 were mostly for bursaries. The beneficiaries for the bursary cheques awarded did not collect the cheques on time. The cheques were reversed in the cash book on 17/05/2017. Breakdown of beneficiaries, reconciliation and copy of relevant cash book page extract when cheques were reversed is attached.

Committee Observation

413. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budget Analysis

414. During the year under review, the approved budget for Kuresoi North CDF was Ksh. 112,869,897 for Projects and administration. The management also carried forward Ksh. 29,414,035 from the previous year. The final budget during the year was Ksh. 142,283,932. It was further noted that out of the funds received, the constituency spent Ksh. 108,517,179 or 76% of the available budget leaving unspent balance of Ksh. 28,942,753. Further, the actual receipts on comparable basis as given by the summary statement of appropriation shows a figure of Ksh. 138,283,932 against Ksh. 135,499,455 reflected in the statement of receipts and payments. The management did not explain the difference of Ksh. 2,784,477.

Management Response

415. From the budget analysis above, final budget for 2015/2016 financial year was Ksh. 142,283,932. However, the actual amount received by Kuresoi North NGCDF is Ksh. 135,499,455. Ksh. 4,000,000 was not received during the year. It was approved with conditions by NGCDF Board. The funds were later released during 2016/2017 financial year. Therefore, funds available during 2015/2016 financial year is Ksh. (108,869,897+26,629,558+2,784,477) Ksh. 138,283,932. Ksh. 2,784,477 was opening balance during the year. This was inclusive of an outstanding 507 of Ksh.507,000. Copy of AIE's, codelist and Cash book extract for closing balance at 30/06/2015)

Committee Observation

416. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Failure to Acquire Land Title Deed for Seguton Dispensary

417. The management spent Ksh.500,000 on purchase of one (1) acre of land but the title deed was not produced for audit verification and it was therefore not possible to confirm ownership of the land. There was also no evidence that the PMC had engaged the services of a valuer in the purchase of this land since the report on the same was not provided for audit verification. In the absence of land ownership documents for the project, it was not possible to confirm whether the health facility was built on public or private land.

Management Response

418. The project management committee of Seguton Dispensary purchased the land for building the dispensary and land purchase agreement was signed before an advocate. Process of acquiring the title deed is ongoing. The facility has been handed over to the County Government of Nakuru and it has been registered. Staff were also posted to the facility and is currently operational. Copy of land purchase agreement, notification of gazettement and mother title is attached.

Committee Observation

419. The Committee observed that the matter was partially addressed.

Committee Recommendations

420. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Seguton Dispensary i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

3.3.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Budgetary control

criteria

421. The statement of appropriation- combined reflected variances between the budgeted and the actual amounts as shown in the table below:

Audit Components	Current year final Budget figures [As per the audited Financial statements]	Current year actual figures	% Difference [(Actual less budgeted amount) / budgeted amount]
	Ksh.	Ksh.	%
transfer from CDF board	114,839,305.00	84,146,552.00	36%
transfers to other government units	62,300,000.00	66,650,000.00	-7%
acquisition of assets	1,000,000.00	1,085,608.00	-8%

422. Kuresoi National government Constituency Development Fund did not implement projects amounting to Ksh. 30,692,753.00 since the funds were not received during the financial year. In addition, over expenditure under transfers to other government units and acquisition of assets was not authorized since no documentary evidence was adduced in support of the over expenditure.

Management Response

423. Kuresoi North National Government Constituency Development Fund final budget for 2016/2017 financial year was Ksh. 114,839,305 having factored in adjustments i.e. balance carried forward from 2015/2016 financial year amounting to Ksh. 28,942,753 (opening balance for 2016/2017 financial year) plus amount which was being withheld by the NGCDF Board totaling Ksh. 4,000,000 for 2015/2016 financial year until issues raised was addressed satisfactorily. Therefore, the current year actual figures of Ksh. 84,146,552 is illustrated in the table below; Table 3.

CASH BOOK BALANCE AS AT 1ST JULY 2016			28,942,752.59
DATE	AIE NO.	AMOUNT	
30.09.2016	A825964	3,600,000.00	
27.10.2016	A829629	4,094,827.60	
21.11.2016	A839625	36,853,449.00	
06.01.2017	A855187	39,198,275.10	
30.03.2017	A855750	400,000.00	
			84,146,551.70
TOTAL			**113,089,304.00**

424. Corresponding AIEs is also attached.

425. Kuresoi North National Government Constituency Development Fund received nearly all its allocation during the year. It is only Ksh. 1,750,000 which was not released by NGCDF Board to the constituency during the year. Therefore, the underutilization of the funds mainly came from the funds which was received towards the close of 2015/2016 financial year on 09.06.2016 totalling Ksh. 30,869,897 but the balance was also spend during 2016/2017 financial year. This is confirmed by the Cash book bank balances at 30th June 2016 of Ksh.28,942,752.59 which form opening balances at 1st July 2016 for the year 2016/2017. Cash book bank balances at 30th June 2017 of Ksh. 1,116,849 is provided with relevant cash book page extract showing cash book balances at close of the year is attached.

426. over expenditure under transfers to other government units was due to the fact that some projects for 2015/2016 financial year was not approved by the NGCDF Board. Resubmission was done and approved in the year 2016/2017 for projects totaling Ksh. 3,000,000 and one project was approved with conditions totaling Ksh. 1,000,000. There is one road project for 2014/2015 which was not paid during that year totalling Ksh. 350,000. Reallocation of the project to a primary school was approved and paid during 2016/2017 financial year. The over expenditure under transfers to other government units totaling Ksh. 4,350,000 came from this resubmission, reallocation and conditionally approved projects from the previous financial years and paid during 2016/2017 financial year. The documentary evidence for the payments are as indicated in the attached additional codelists from NGCDF Board.

427. Over expenditure under acquisition of assets by Ksh. 85,607 came from purchase of office assets i.e.desktop,4 drawer cabinet and HP Laserjet pro P1102 totalling Ksh. 85,607. The purchase of these assets was charged on Administration (Purchase of Furniture /equipment) vote head for 2014/2015 financial year but declared under acquisition of

assets because this is an asset acquired for the office during the year. This is indicated by the attached Approved codelist.

Committee Observation

428. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Projects Implementation

429. The following projects worth 5,750,000 were implemented during the financial year 2016/2017 without the involvement of the public works officer:

Project	Amount	Activity
Mau Summit Police Station	1,000,000	construction of OCS office to completion
Sinendet Assistant Chief's office	750,000	construction of Assistant chief's office to completion
Chepkoburot Milk Cooler	1,000,000	construction of cold storage room
Chemare Primary School	500,000	Construction of collapsed classrooms
Set Kotes Primary School	500,000	Construction of one classroom
Kuresoi North Sub County Headquarters	1,000,000	Construction of staff offices
Mkulima Chief's office	1,000,000	plastering, ceiling and painting of chief's office

430. Bills of quantities, schedule of materials, and measurement of works and certificates of completion were not presented for audit indications that the services of the technical department were not sought as required by the law.

431. Under the circumstances, therefore, the quantity and quality of the works could not be ascertained casting doubt on the efficiency, economy and effectiveness of the project implementation.

Management Response

432. The project management committees (PMC) is used to implements the funded projects. During Audit, the PMC had not submitted copies of the bill of quantities to the office. We have been working with public works during project implementation for preparation of bill of quantities and supervision of projects. Copies of bill of quantities, completion certificates and project status is attached.

Committee Observation

433. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfer of Funds to Secondary Schools

434. Kipkewa Secondary was funded with Ksh. 600,000.00 for completion of three classrooms previously funded in 2015/2016 with Ksh. 1,200,000.00. The funds were disbursed to the project management committee vide payment voucher No. 594 of Ksh.600,000.00 dated 14/9/2016. However, due to what was verbally explained as influx of students resulting

from free education programme by National Government, the project management committee partly constructed an additional classroom. The school has, in total, four incomplete rooms which are in use. The rooms are, however, not conducive for learning since flooring has not been done apart from applying of the hardcore. In the circumstances therefore, the needs of the public was not properly assessed resulting to implementing of the project arbitraliy. As a result, the community did not get the intended benefit.

Management Response

435. The school project management committee constructed four incomplete classrooms. The project committee did external finishing i.e. putting key, fixing fissure board, fixing doors and windows. The internal wall plastering and floor concreting was not done because the funds was not enough. however, the project was completed in the subsequent year when additional funds was provided to school. Attached is completion certificate and project status.

Committee Observation

436. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Statement of Appropriation: Combined

437. The statement of appropriation: combined reflected receipts from the CDF Board of Ksh. 113,089.304 though the cash book reflected total receipts of Ksh. 84,146,552. In the circumstance, the cash book was not updated giving raise to the variance of Ksh.28,942,752 and no reason was given for the omission.

Management Response

438. The error has been noted in the statement of appropriation and the figures are hereby corrected. The adjusted figure is as indicated in the following corrected statement of appropriation; Table 4

Table 4
Summary Statement of Appropriation: Recurrent and Development Combined

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	81,896,552	32,942,953	114,839,305	84,146,552	30,692,753	73.3
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	-	-	-	-	
TOTAL	81,896,552	32,942,953	114,839,305	84,146,552	30,692,753	73,3
PAYMENTS						
Compensation of Employees	1,499,446	1,484,388	2,983,834	2,215,956	767,878	74.3
Use of goods and services	2,626,416	2,290,569	4,916,985	3,820,680	1,096,305	77.7

Transfers to Other Government Units	48,200,000	14,100,000	62,300,000	66,650,000	(4,350,000)	107
Other grants and transfers	28,570,690	15,067,796	43,638,486	38,200,211	5,439,275	87.5
Acquisition of Assets	1,000,000	-	1,000,000	1,085,608	(85,608)	108.6
TOTALS	112,869,897	32,766,753	114,839,305	111,972,455	2,866,850	97.5

Committee Observation

439. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Transfers to GOK entities-Non maintenance of project records

440. The financial statements under note 6 reported Transfer to Other Government Entities of Ksh.62,450,000 which includes Ksh.46,850,000 for Primary schools. Review of records reveal that Ksh.6,900,000 was disbursed to projects in primary schools without supporting designs drawings/ building plans for projects implemented. In the absence of the plans therefore, it was not possible to confirm the basis upon which bills of quantities were prepared and disbursements made.

Management Response

441. It is mandatory that all PMCs in Kuresoi North must obtain project designs and bill of quantities from public works before they embark on project implementation. The project management committees kept in their project files all the documents related to the project. The officer from public works usually visits the ongoing projects to ensure the PMC follow the bill of quantity issued to them. Find attached copies of bill of quantities, certificates of completion and project status for the primary school projects.

Committee Observation

442. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Budgetary Control and Performance

443. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh.127,285,684 and Ksh.127,285,684 respectively. Similarly, the statement reflects final payments budget and actual payments on a comparable basis of Ksh.127,285,683 and Ksh.111,704,615 respectively, resulting to an under absorption of Ksh.15,581,068 or 12% of the approved budget. No explanations have been provided for the under absorption. The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

444. The overall budget under performance of Ksh. 15,581,068 represents projects which were not implemented during the year. The projects were implemented in the subsequent year.

Committee Observation

445. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unresolved Prior Year Matters

446. In the audit report of the previous year, issues were raised. The Management has indicated the issues as resolved. However, Parliament has not discussed the report.

Management Response

447. As at the time of this response, all the previous year audit matters have been resolved since the relevant documents were presented to the auditors for verification.

448. However, the matter has not been resolved by the relevant committee of Parliament issues are yet to be concluded

Committee Observation

449. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Irregular Maintenance of Committee Bank Balances

450. Annex 5 to the financial statements discloses Project Management Committee (PMC) bank balance totalling to Ksh.47,707,973. Included in the balance are forty-five (45) PMC bank accounts with total balance of Ksh.15,887,852 whose project status is indicated as complete. However, the balances have not been returned into the Fund bank account contrary to National Government Constituencies Development Fund Act, 2015 Section 6 (5). Consequently, the Management is in breach of the law.

Management Response

451. The balance indicated for 45 PMCs of Ksh. 15,887,852 was the balance at 30.06.2019. The project implementation status report presented to the auditor was at 30.09.2019. This means the projects were completed by 30.09.2019. The PMC's balances as at 30.06.2019 was not returned to the main account because the 45 projects were still ongoing by end of the financial year.

Committee Observation

452. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Delay in Project Implementation

453. Review of the Project Implementation Status Report as at 30 June, 2019 indicated that one hundred and sixty (160) projects with funding allocation totalling to Ksh.147,547,287 were at different implementation statuses. The projects included one hundred and eleven

(111) projects with funding allocation amounting to Ksh.94,135,200 which were incomplete without satisfactory explanation.

454. In the circumstances, I am unable to confirm whether value for money will be realized from the incomplete projects with funding allocation amounting to Ksh.94,135,200 for the year ended 30 June, 2019.

Management Response

455. The 111 incomplete projects with funding allocation amounting to Ksh.94,135,200 were in different levels of completion at the time of audit however they were completed in the subsequent year and are currently in use.

Committee Observation

456. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsatisfactory Implemented Projects

457. Fifteen (15) projects with funding allocation amount of Ksh.16,800,000 were sampled for physical verification during the month of February, 2020. Several unsatisfactory observations were noted as shown in Appendix I. No satisfactory explanations were provided for the deficiencies in the projects sampled. Consequently, I am unable to confirm if the public will realize value for money from the projects valued at Ksh.16,800,000 for the year ended 30 June, 2019.Projects shown in Appendix 1.

No	Project	Purpose	Allocation Ksh.	Verification Remarks
1	Bygum primary school	Construction of administration block	1,500,000	The roofing was not gauge 28 as specified in the bills of quantity The wall had developed cracks and the paint was peeling off.
2	Silibwet Gaa Primary School	construction of 2 classrooms	1,200,000	The wall had developed cracks and the paint was peeling off. The fitted door was not double door as specified in the bills of quantity.
3	Mawingu Primary School	Construction of 2 classrooms@1,000,000 and Internal plastering and painting of administration block@200,000	1,200,000	Administration block was verified to be constructed in 2017/2018 and none was constructed in 2018/2019. The related bill of quantities was not provided The fitted doors for the two (2) classrooms were not double door as specified in the bills of quantity.
4	Silibonik Primary School	construction of 2 classrooms	1,200,000	The floor and wall had developed cracks. The roofing was not gauge 28 and there was no double door as specified in the bills of quantity.
5	Mkulima Primary School	Construction of 2 classrooms	1,000,000	The amount was explained to be approved in 2017/2018 but the respective code list was not provided. The bill of quantities was not provided and the floor, plastering, painting and labelling of the project were not done.

No	Project	Purpose	Allocation Ksh.	Verification Remarks
6	Roret Primary School	construction of one classroom	600,000	The project was cofounded by the Constituency and board of management without a memorandum of understanding detailing all aspects of funding and implementation. Painting was not done.
7	ELCK Kongoi girls' secondary school	construction of laboratory	1,000,000	The project cost as per the bill of quantities was Ksh.4,596,924 and with allocation of Ksh.1,000,000. It is therefore not clear how the difference of Ksh.3,596,924 would be funded and there was no memorandum of understanding detailing aspects of funding this difference. The contractor was not on site and the floor, painting, and window panes were not done.
8	Kiptenden Sirikwa Primary School	construction of 2 classrooms	1,000,000	The project bill of quantities was not provided. The walls had developed cracks and window panes were falling off.
9	Kamara Primary School	reroofing, floor concreting and painting of 4 classrooms	1,000,000	The project bill of quantities was not provided. Painting and flooring were not done.
10	Baringo Secondary School	Construction of laboratory @ Ksh.1,200,00 and construction of 2 class rooms @ Ksh.1,000,000	2,200,000	The project bill of quantities was not provided. The provided schedules supported only Ksh.300,000. At the laboratory, painting was peeling off and the ceiling, rain water harvesting gutters, down pipes were not done. The construction of two (2) class rooms the paint was peeling off and walls and developed cracks.
11	Mawingu Secondary School	floor concreting, plastering, fixing doors, windows, fascia boards and painting laboratory	200,000	The project bill of quantities was not provided. The window panes were fitted
12	Nyota Chiefs Office	Construction of chief's office	1,000,000	The toilet had not been constructed, the floor and walls had developed cracks while painting was peeling off
13	Kamara chief's office	Construction of chief's office	1,000,000	The floor had developed cracks while painting was peeling off.
14	Mau Summit Police Station	Completion of Mau Summit Police houses	200,000	Internal walls were not painted, facial board and external plastering were not done.
15	Construction of DO's residence	Construction of Dos residence at Sirikwa	2,500,000	The floor had developed cracks. Land ownership documents where the residence is constructed were not provided.
	Total		16,800,000	

Management Response

458. The management response on the 15 projects listed is in Table 5 below with supporting documents arranged in order of the projects listed. Find attached supporting documents for each project.

No	Project	Management Response
1	Bygum primary school	The report from the project management committee is that gauge 28 is not available in the local market. Remedial work done on painting and walling. completion cert, certificate of good defect and photo.
2	Silibwet Gaa Primary School	The project management committee fitted single door in the 2 classrooms which are wide and opening outside. Remedial work done on painting and walling. completion cert, certificate of good defect and photo.
3	Mawingu Primary School	The school was allocated Ksh. 1,000,000 in 2017/2018 financial year for construction of administration block. However, the project was not completed and another Ksh. 200,000 was allocated in 2018/2019 financial year for internal plastering and painting. Find attached BOQ, completion certificates and project status for administration block and approved codelist for 2017/2018 indicating the project was for 2017/2018.
4	Silibonik Primary School	The report from the project management committee is that gauge 28 is not available in the local market and defects has been corrected. completion cert, certificate of good defect and photo.
5	Mkulima Primary School	The school was allocated Ksh. 1,000,000 in 2017/2018 financial year (additional codelist) for construction of 2 classrooms. Find attached BOQ for construction of 2 classrooms and approved codelist for the project.
6	Roret Primary School	The school was allocated Ksh. 600,000 in 2018/2019 financial year for construction of one classroom. The project management committee constructed 2 classrooms upto finishing stage painting was later done, the other classroom was done upto roofing. The school had building blocks which was used in the second classroom. There was no signed agreement between NGCDF and the school on use of the building blocks. I will ensure in future there is formal agreement whenever the school wants to donate building materials to NGCDF project.
7	ELCK Kongoi girls' secondary school	The school was allocated Ksh. 1,000,000 in 2018/2019 financial year for construction of laboratory. The BOQ which was in the file for Ksh. 4,596,924 was for ELCK Kongoi Sec School for multipurpose hall, copy of the BOQ is attached for verification. BOQ for ELCK Kongoi Girl's is attached. The work has been completed and in use.
8	Kiptenden Sirikwa Primary School	The school was allocated Ksh. 1,000,000 in 2018/2019 financial year for construction of 2 classrooms. The defects has been corrected. Find attached BOQ, completion certificate, project status, certificate of good defects.
9	Kamara Primary School	The school was allocated Ksh. 1,000,000 in 2018/2019 financial year for renovation of 4 classrooms. - reroofing, floor concreting and painting of 4 classrooms. Find attached BOQ, completion certificates and project status for the renovation of Kamara primary school.
10	Baringo Secondary School	The school was allocated Ksh. 1,200,000 for laboratory construction and Ksh. 1,000,000 for construction of 2 classrooms in 2018/2019 financial year. The project management committee completed laboratory and 2 classrooms. Find attached BOQs, remedial work done on painting and cracks. completion certificates, certificate of good defects and project status for laboratory and the 2 classrooms. The schedules provided to the auditor had all the allocations to the school. Find attached schedule for transfer to other government entities which indicates the amount allocated to the school as highlighted.
11	Mawingu Secondary School	The school was allocated Ksh. 200,000 in 2018/2019 financial year for completion of laboratory-floor concreting, plastering, fixing doors, windows, fascia boards and painting laboratory. The project management committee did the indicated activities outlined below; Window panes have been fixed in all rooms. BOQ, completion certificate, certificate of good defect and project status attached.

No	Project	Management Response
12	Nyota Chiefs Office	The project was allocated Ksh. 1,000,000 in 2018/2019 financial year for construction of chief's office. There was no provision for toilet construction. Currently toilet has been built. Remedial work has been done on painting, walls and floors. Completion certificates, certificate of good defects, and project status is attached.
13	Kamara chief's office	The project was allocated Ksh. 1,000,000 in 2018/2019 financial year for construction of chief's office. The project was completed and currently in use. Remedial work has been done on painting and floors. Completion certificates, certificate of good defects, and project status is attached.
14	Mau Summit Police Station	The project was allocated Ksh. 200,000 in 2018/2019 financial year for completion of staff house. The project management committee did internal plastering and fixed doors. The project has been allocated Ksh. 200,000 in 2019/2020 financial year to complete the project. Internal painting has been done. Completion certificate and project status.
15	Construction of DO's residence	The project being constructed is DCC's residence and not Do's residence. The project was allocated Ksh. 2,500,000 in 2017/2018 financial year (additional funding) for construction of DCC's residence. The project was done to completion. Remedial work on the cracked floor has been done. Title deed for the land, Land purchase agreement, completion certificate, certificate of good defects and project status is attached.
	Total	

Committee Observation

459. The Committee observed that the matter was partially addressed.

Committee Recommendations

460. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including the DCC's residence at Sirikwa i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

6.0 Lack of Risk Management Policy

461. The Fund did not have a risk management policy in place. This is contrary to the provisions of Section 165(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations. Consequently, I am unable to confirm whether the measures in place are adequate to proactively identify risks and ensure that they are appropriately mitigated before they crystalize.

Management Response

462. The NG CDF Board has developed a policy that is used in the risk management of the organization. The risk management policy has been cascaded and is used across all the constituencies and reference on matters to do with risk management and internal controls at Constituency. Copy risk policy is attached.

Committee Observation

463. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Lack of Strategic Plan

464. The Fund did not have a Strategic Plan in place. This is contrary to the provision of Section 68(2)(g) of the Public Finance Management Act, 2012 that requires an Accounting Officer shall prepare a strategic Plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the National Government. Consequently, the Management is in breach of the law.

Management Response

465. Kuresoi North National Government Development Fund Committee developed the strategic plan in subsequent year. Currently the strategic plan is in place. Copy is attached.

Committee Observation

466. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Unconfirmed Rental Income

467. The Fund did not report any rental income in the year under review despite its office block being occupied by tenants. Further, the amount of rental income received or receivable could not be established as the tenancy agreements were not provided. Under the circumstances, internal control measures in regards to rental income, collection and accounting could not be confirmed.

Management Response

468. Kuresoi North NGCDF constructed its own office in 2012/2013 when the constituency was created from the larger Kuresoi Constituency. The office was also meant to house other government departments because the constituency was still new and had no functional infrastructure. Initially the arrangement put in place was that every head of department posted to the constituency was allocated an office without any written documentation. This is because they had no other place to work from. With advice from the auditor, I have already drawn an agreement to be signed with all the heads of department being housed in the CDF building. The agreement only spells conditions to be observed and adhered to by the respective occupants while using the offices. The officers are not paying any rent for use of the office. They will work from CDF office until the government build offices for its officers. An agreement is attached with list of government offices.

Committee Observation

469. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Unsupported Prior Year Adjustments

470. As disclosed in Note 14 to the financial statements, the statement of assets and liabilities and statement of cash flows reflect prior year adjustments totalling to Ksh.1,200,000 described as cashbook adjustment which was reversed in the cashbook in September, 2019. However, the presentation is not in line with IPSAS 3 which requires all prior year adjustments be effected in the previous years' balances and not in the current year.

471. Consequently, the accuracy, completeness and validity of prior year adjustments totalling to Ksh.1,200,000 for the year ended 30 June, 2020 could not be confirmed

Management Response

472. The adjustment of cash book by Ksh.1,200,00 in September 2020 was to ensure that funds was available for unpaid project. Nyongores primary school was erroneously paid twice by pv.no 1061 cheque. nos 004778 on 02.05.2019 and pv.no 1123 cheque. nos 004865 on 27/6/2019 as indicated in the cash book. Therefore, it was necessary to avail the funds in the cash book so that the correct project is paid. The reversal of cheque no 004865 was done on 12/9/2019.This transaction is indicated by the attached relevant cash book page extracts.

Committee Observation

473. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Use of Goods and Services

474. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services totalling to Ksh.4,731,019. Included in the balance is committee allowances totalling to Ksh.2,320,140 and an amount of Ksh.150,000 for office and general supplies services all totalling to Ksh.2,470,140. However, the supporting schedule indicated payee as the Fund Manager instead of the names of the Committee members. Further the Management did not provide details such as amount paid to each member, nature and venue of the events, items or services offered with details of date, item description, quantity, unit price.

475. Under the circumstances, the accuracy, completeness and validity of expenditure amounting to Ksh.2,470,140 for the year ended 30 June, 2020 could not be confirmed.

Management Response

476. The fund manager normally takes imprest to pay allowances for the NGCDFC members and that is why payee is indicated as fund manager. Ksh. 2,320,140 is for both routine monthly NGCDFC meetings and monitoring and evaluation. During NGCDFC meetings, members present shall sign attendance register and payment schedule which is normally attached to payment voucher when surrendering the imprest taken. Attendance register and payment schedule indicate name of the committee member, Designation, amount

paid, nature of activity, date of the meeting, purpose for the meeting and place of the meeting is indicated in the NGCDFC minutes generated from the meeting and usually attached to the payment voucher when surrender is being made. copies of payment voucher, schedules and NGCDFC used during routine meetings. Nature of the activity is indicated in the triplicate imprest warrant.

477. The same documents used for routine NGCDFC meetings is used during M&E exercise. when M&E exercise is done, reports are generated and one component of the report is a schedule which shows places/projects visited. Copy of the M&E report is provided.

478. Ksh. 150,000 was for office and general supplies. This comprises of goods purchased for office use such as stationeries, goods used in kitchen, detergents etc. This amount was taken as standing imprest. Copies of payment vouchers; pv.no 1170,1237,1275 and warrant for reimbursement is attached.

Committee Observation

479. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Bursaries

480. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totalling to Ksh.21,253,869. Included in the balance is bursary to secondary schools amounting to Ksh.8,333,869 and bursary to tertiary institutions amounting to Ksh.10,520,000, all totalling to Ksh.18,853,869. However, the schedules provided indicated that twenty-eight (28) secondary school students issued with bursaries totalling to Ksh.715,705 did not have admission or registration numbers while fifteen (15) students shared registration or admission numbers.

481. Under the circumstances, the accuracy, completeness and validity of bursaries totalling to Ksh.715,705 for the year ended 30 June, 2020 could not be confirmed.

Management Response

482. The 28 Students in the schedule were students who were supported under scholarship programme and were joining form one. The students had done well in KCPE and were coming from humble background. The committee discussed in their meetings and approved to be supported with bursary to enable them pursue their studies. The 15 students issued with bursary amounting to Ksh. 49,500 who had same admission numbers was actually an error committed by the students when they were applying for bursary.

483. The principals from the schools have confirmed the admission numbers for the students. Find attached Copies of NGCDFC minutes, list of students, admission letters and confirmation letters of admission numbers from the school's principals.

Committee Observation

484. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Inaccuracies in Bank Balances

485. As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Ksh.13,601,651. The bank reconciliation reflected unpresented cheques amounting to Ksh.2,225,321 which included stale cheques amounting to Ksh.201,345. However, the stale cheques were not reversed in the cashbook.
486. Under the circumstances, the accuracy, completeness and validity of bank balances totalling to Ksh.13,601,651 reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

Management Response

487. The management has acted and reversed stales cheques. Relevant cash book page extract when the cheques were reversed is attached.

Committee Observation

488. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Budgetary Control and Performance

489. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Ksh. 155,748,793 and Ksh. 86,381,069 respectively, resulting to an underfunding amounting to Ksh. 69,367,724 or 46% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Ksh. 155,748,793 and Ksh. 72,779,418 respectively, resulting to an underperformance amounting to Ksh. 82,969,375 or 53% of the budget.
490. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

491. The underperformance of Ksh. 82,969,375 or 53% refers to funds mainly being held by the Board. The constituency received Ksh. 69,600,000.00 during 2019/2020 financial year. It was during the year that corona virus pandemic had strike which affected government operations.
492. Funding was quite low compared to other years. Funds was received in the subsequent year and budgeted projects were implemented as required. Copy of AIEs is attached.

Committee Observation

493. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unresolved Prior Year Matters

494. In the audit report of the previous year, several issues were raised. However, the Management has not resolved all the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The

National Treasury and Planning Circular reference No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

Management Response

495. As at the time of this response, all the previous year audit matters have been resolved since the relevant documents were presented to the auditors for verification. However, the matter has not been resolved by the relevant committee of parliament. issues are yet to be concluded

Committee Observation

496. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Delay in Project Implementation

497. Review of the Project Implementation Status Report as at 30 June, 2020 indicated that one hundred and twenty-four (124) projects with a budget allocation totalling to Ksh.109,148,241 were at different implementation stages. Seventy-three (73) projects with a budget allocation totalling to Ksh.53,800,000 were complete and in use, forty-one (41) projects with a budget allocation totalling to Ksh.43,048,241 were incomplete and ten (10) projects with a budget allocation totalling to Ksh.12,300,000 were not started.
498. No satisfactory explanation was provided for the delays in completing the projects.
499. In the circumstances, I am unable to confirm whether the public will obtain value for money for the delayed projects for the year ended 30 June, 2020.

Management Response

500. The 41 projects have been completed after being allocated more funds for completion. The projects are complete and in use.

Committee Observation

501. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Projects Implementation

502. Unsatisfactory Implementation of Projects Twenty-one (21) projects with a budget allocation totalling to Ksh.21,300,000 were sampled for physical verification in the month of February, 2021. However, unsatisfactory observations were made against the projects as shown in **Appendix I**.

No	Project Beneficiary and Details	Allocation (Ksh.)	Observations
1	Murinduko Primary School - construction of administration block with capacity of 3 rooms to completion	1,400,000	The project is complete and in use but the bill of quantities was not provided to confirm material categorization, details and quantities and other cost items including labour cost.
2	Mkulima Primary School - construction of 3 classrooms	1,800,000	The project is complete and in use but the bill of quantities was not provided to confirm material

No	Project Beneficiary and Details	Allocation (Ksh.)	Observations
	to completion each at Ksh.600,000		categorization, details and quantities and other cost items including labour cost.
3	Kaptich-Kongoi Mixed Secondary School - Construction of 4 door pupil's toilets, main gate and perimeter fence in 5-acre piece of land	500,000	Main gate-complete and in use but perimeter fence is only half-way done and the contractor is not on site. The four-door toilet is not labelled and painted but it is in use. Also, toilet door bolts were loose and the doors were falling off and facia board is not fixed while the urinal drainage is too shallow.
4	Tiloa Mixed Secondary School- construction of administration block to completion	1,300,000	The project was changed to construction of library at cost of Ksh.600,000 and improvement of laboratory at Ksh.700,000. However, these changes were not supported with request for reallocation or bill of quantities and both were verified to be incomplete.
5	Aerial Primary School - 2 classrooms; internal plastering and painting	300,000	Paint is peeling off and bill of quantities was availed for audit to confirm material categorization, details and quantities and other cost items including labour cost.
6	Set Kotes Primary School construction of one classroom at Ksh.600,000 and construction of main gate and perimeter fence on 3.25 acres land using barbed wire at Ksh.200,000 to completion.	800,000	The construction of 1 classroom was done to completion and barbed wire fence erected. However, there was no bill of quantities to confirm material categorization, details and quantities and other cost items including labour cost.
7	Set Kotes Secondary School reroofing and painting of 2 classroomsat Ksh.200,000 and construction of main gate and putting up perimeter fence on 3 acres land using barbed wire at Ksh.200,000	400,000	The project is complete and in use but the renovated floor had developed cracks, the project is not labelled. The bill of quantities was not provided for audit to confirm material categorization, details and quantities and other cost items including labour cost.
8	Nyota Primary School extension of administration with capacity of 3 rooms at Ksh.600,000 and reroofing, floor concreting, painting of old offices at Ksh.700,000	1,300,000	The project is complete and in use but the paint is peeling of and no bill of quantities was availed for audit to confirm material categorization, details and quantities and other cost items including labour cost.
9	Terekana Primary School construction of one classroom at Ksh.600,000 and reroofing, floor concreting, painting of 2 classrooms at Ksh.400,000	1,000,000	The two classrooms were not reroofed as per the code list and only undercoat painting was done. The bill of quantities was not provided for audit to confirm material categorization, details and quantities and other cost items including labour cost.
10	Masaita Primary School construction of administration block with capacity of 3 rooms to completion	1,400,000	Project is incomplete and the contractor is not on site. The project was redesigned without approval of NG-CDF Committee. Three rooms were constructed but the staffroom floor, ceiling and painting are not done. The bill of quantities was not availed for audit to confirm material categorization, details and quantities and other cost items including labour cost.
11	Kondamet primary school completion of 2 classrooms: flooring, plastering, painting, installation of doors and windows at Ksh.200,000 and construction of a 3-door pit	400,000	The classrooms are complete and in use but painting was not done and the labeled latrine is incomplete. In addition, the bill of quantities for the two projects were not availed for audit to confirm material categorization, details and

No	Project Beneficiary and Details	Allocation (Ksh.)	Observations
	latrine with a urinal to completion at Ksh.200,000		quantities and other cost items including labour cost.
12	Muchorwe Primary School completion of 4 classrooms; internal plastering, floor concreting, fixing fissure board and painting	600,000	Plastering and painting works are incomplete and bill of quantities was availed for audit to confirm material categorization, details and quantities and other cost items including labour cost.
13	Pele Primary School construction of dormitory with capacity of 24 double beds with 2 cubicles Ksh.800,000 and Construction of 2 classrooms at Ksh.1,200,000 to completion	2,000,000	Classrooms are complete and in use but the floors are cracking, wall paint peeling off and they are not labelled. However, the dormitory is incomplete with pending works of plastering, flooring and fitting windows glasses.
14	Total Technical Training Institute construction of 6 door student's toilets at Ksh.500,000, main gate and perimeter fence on 5 acres land Ksh.300,000.	800,000	The perimeter fence is incomplete since only two hundred meters are done and the gate is not fixed. The toilets outer wall is not painted but verified to be in use and bill of quantities were not availed for audit review
15	Kamara Primary School - reroofing, floor concreting, painting of 4 classrooms at Ksh.650,000 and erecting perimeter fence on 4 acres land at Ksh.100,000 and construction of 4 door girl's toilets Ksh.250,000.	1,000,000	The project is in use however painting of four classrooms was not done and the floors were developing cracks. The bill of quantities was not availed for audit to confirm material categorization, details and quantities and other cost items including labour cost.
16	Chesubeno Primary School construction of one (1) classroom	600,000	The project is complete and in use but the floor has developed cracks
17	Mau Primary School - Plastering and painting four (4) classrooms	400,000	Only three classrooms were floored, plastered and painted. The fourth classroom remained without flooring, plastering and painting. The bill of quantities was provided for audit to confirm material categorization, details and quantities and other cost items including labour cost.
18	Maraba Primary School - construction of two classrooms	1,100,000	The project is complete and in use but floor and the walls had developed cracks. Only one classroom is painted. Also, the school is not registered with Ministry of Education and does not own a title deed for the land it seats on. The bill of quantities was provided for audit to confirm material categorization, details and quantities and other cost items including labour cost.
19	Dagoretti Nyakinyua Sec School -construction of administration block with capacity of 3 rooms to roofing stage at Ksh.800,000 and construction of 2 classrooms at Ksh.1,200,000.	2,000,000	Administration is constructed up to the roof level. The two classrooms are complete and in use but the paint is peeling off. The administration block and classrooms were not supported by bill of quantities to confirm material categorization, details and quantities and other cost items including labour cost.
20	Kiletien Primary School - administration office reroofing, plastering, painting at Ksh.500,000 and	1,000,000	There is no evidence that roofing (no replacement of iron sheet) was redone and the bill of quantities was not provided to verify the elements that were

No	Project Beneficiary and Details	Allocation (Ksh.)	Observations
	construction of main gate and perimeter fence on one acre land using chain link Ksh.300,000 and construction of 4 door pupils toilet at Ksh.200,000		to be implemented. One room in the administration block is not painted.
21	Baringo Valley Primary School - renovation of four (4) classrooms; reroofing, floor concreting and painting to completion	1,200,000	The bill of quantities was not provided for audit to confirm material categorization, details and quantities and other cost items including labour cost.
	Total	**21,300,000**	

503. Consequently, it was not possible to confirm whether the public will realize value for money from the projects valued at Ksh.21,300,000 for the year ended 30 June, 2020.

Management Response

504. Kuresoi North NGCDFC normally disburse funds to project management committees (PMC) through a minuted resolution during their monthly meetings. The PMCs implements projects through labour-based contract and thereafter files returns for every withdrawal before going for subsequent withdrawals. Based on the above observations from the auditor. Response to each project as they appear in appendix 1 is indicated in table below. Documentary evidence for each response is attached. Order of projects as indicated in the following Table 6.

No	Response
1	Find attached BOQ for construction of administration block.
2	Find attached BOQ for construction of 2 classrooms.
3	The project has been labelled and remedial done on urinal, fissure board fixed, painting done and doors fixed properly. certificate of good defects, completion certificate and project status attached.
4	The school board of management requested to change the project from construction of administration block to construction of library with capacity of 100 students, Ksh. 700,000 and completion of laboratory with capacity of 48 students-plastering both internal and external walls, partitioning, cementing floors and painting, Ksh. 600,000. Find attached an authority letter from the NGCDF Board approving the changes.
5	Remedial work on painting done and BOQ, certificate of good defects attached.
6	Find attached BOQ for construction of 1 classroom.
7	Find attached BOQ for renovation of 1 classroom.
8	Remedial work on painting done on the administration offices. certificate of good defect attached and project status.
9	Find attached BOQ for renovation of 2 classrooms.
10	Find attached BOQ for construction of administration block.
11	Painting has been done and project is complete. Find attached BOQ and certificate of good defects.
12	The project has been completed. BOQ and certificate of good defects attached.
13	The project has been completed and BOQ and certificate of good defects attached.
14	The project is complete. Find attached BOQ, completion certificate and project status for construction of 6 door student's toilets.
15	The project has been painted. certificate of good defects attached.
16	remedial work on the cracked floors done. certificate of good defects attached.
17	The project has been completed. completion certificate attached.

No	Response
18	Remedial work done on the cracked floors and walls. registration of the school with ministry of education is ongoing. Land title deed has not been processed.
19	The project has been painted. Find attached BOQ, completion certificate and project status for construction of administration block and 2 classrooms.
20	Reroofing of the administration office has been completed. completion certificate attached.
21	The project is complete. Find attached completion certificates and project status.

Committee Observation

505. The Committee observed that the matter was partially addressed.

Committee Recommendations

506. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Maraba Primary School i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

9.0 Irregular Emergency Projects

507. The Management spent amount of Ksh.1,100,000 on projects that did not meet emergency criteria set under Section 8(3) of the National Government Constituencies Development Fund Act, 2015 as detailed below;

Project	Activity	Amount (Ksh.)
Sachangwan Ndoinet Secondary School	Completion of two (2) classrooms at risky stage	400,000
Kowany Primary School	Completion of two (2) classrooms at risky stage	300,000
Rwangondu Primary School	Completion of two (2) classrooms at risky stage	400,000
Total		**1,100,000**

508. Consequently, the Management is in breach of the law.

Management Response

509. NGCDFC resolved to fund the above projects under emergency due to risky nature of the current state of the projects which could have rendered the projects wasted. The respective PMCs requested for the funds as indicated by the attached request letters and public health report.

Committee Observation

510. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Irregular Staff Recruitment

511. The Management made payments totalling to Ksh.326,160 to an officer who was employed as accounts assistant but deployed to the position of clerk of works. However, the officer lacked qualifications of clerk of works as per the National Government Constituencies Development Fund Board Secretariat Circular Ref: CDF BOARD/CIRCULAR/VOL.1.1/166 which indicates the minimum to be diploma in building and construction, engineering and quantity survey and two years' work experience in the same. In addition, there was no evidence of work done by the officer through project inspection reports, technical drawings, site minutes, projects certifications among other duties assigned.
512. Consequently, the Management is in breach of the Circular.

Management Response

513. The management in their meeting on 19th February 2021 discussed and resolved to recruit a person with relevant training in the position of clerk of work. Find attached copies of NGCDFC minutes on the matter and contract letter for the staff. Staff with relevant training has been recruited.

Committee Observation

514. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Inaccurate Cash and Cash Equivalents

515. The statement of assets and liabilities reflects a bank balance of Ksh.29,221,200 and as disclosed in Note 10A to the financial statements, included in this amount is Ksh.13,601,651 relating to the financial year 2019/2020. The bank reconciliation reflected unpresented cheques amounting to Ksh.5,816,991 which included stale cheques amounting to Ksh.229,149. However, the stale cheques were not reversed in the cashbook.
516. In the circumstances, the accuracy and completeness of bank balance of Ksh.29,221,200 could not be confirmed.

Management Response

517. The cheques were reversed in the cash book on 25/8/2023, Copy of relevant cash book extract when cheques were reversed, reconciliation and Breakdown of the stale cheques is attached.

Committee Observation

518. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budgetary Control and Performance

519. The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Ksh.220,058,254 and Ksh.187,969,375 respectively, resulting to an underfunding amounting to Ksh.32,088,879 (or 15%) of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Ksh.220,058,254 and Ksh.158,748,175 respectively, resulting to an underperformance amounting to Ksh.61,310,079 (or 28%) of the budget.

520. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

521. The underfunding amounting to Ksh.32,088,879 or 15% of the budget constitute mainly funds which was still being held by the NGCDF Board. This was received in the subsequent year and budgeted projects were implemented. Find attached AIE and bank statement.

522. The underperformance amounting to Ksh.61,310,079 or 28% of the budget. The underperformance of Ksh. 61,310,079 comprise of the unimplemented projects, which were carried forward to 2021/2022 financial year. The projects were implemented in the subsequent year.

Committee Observation

523. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Project Implementation Status

524. Review of the Project Implementation Status Report indicated that one hundred and twenty-three (123) projects with a budget allocation totalling to Ksh. 95,642,206 were at different implementation stages. One hundred and thirteen (113) projects with a budget allocation totalling to Ksh. 85,400,000 were complete and in use, ten (10) projects with a budget allocation totalling to Ksh. 9,742,206 were incomplete and ten (10) projects with a budget allocation totalling to Ksh. 500,000 were not started. No explanation was provided for the delay in completing the projects.

525. Further, six (6) projects with a budget allocation totalling to Ksh. 18,500,000 were sampled for physical verification in the month of April, 2022. However, unsatisfactory observations were made against the projects as shown in **Appendix I**.

Project Name	Approved Activity	Allocation Amount (Ksh.)	Implementation Status	Audit Remarks
Sirikwa Primary School	Field levelling, destamping and planting grass	400,000	Ongoing	Uncompleted track. Grass planted unevenly. Not backfilled on the lower side
Sirikwa Primary School	levelling of play field, construction of running track and seating stand with shade to completion	4,000,000	Ongoing	
Sirikwa Primary School Stadium	Completion of stadium construction	1,500,000	Complete	

Project Name	Approved Activity	Allocation Amount (Ksh.)	Implementation Status	Audit Remarks
	seating stand/shade			
Nyota Primary School	Construction of 2 classrooms to completion	1,200,000	Complete	School has no title deed. Missing window panes. Facial board falling off. Water-soaked wall with paint falling off
Nyota primary school	construction of one classroom to completion	600,000	Complete	
Tiloa Primary School	Additional funds for purchase of 33seater school bus	100,000	Complete	Irregular procurement. Evaluation report and supplier names differs. tender awarded before bids were submitted
Tiloa Primary School	one off purchase of 33-seater school bus	5,200,000	Bus Purchased	
Sirikwa Ward Assistant County Commissioner's Residence	Constructio of Assistant County Commissioner's Residence- 2-bedroom house to completion	1,500,000	Complete	Poor workmanship. Leaking roof. Paint on wet walls falling off. Land ownership not confirmed
Kuresoi Division Do's office	Construction of Do's office	2,000,000	Ongoing	Land ownership is private. No power connection. Cracks on the floor. Peeling paint. Building sinking as imported soil settles.
Kamwaura Police Post	Construction of office block comprising of 4 rooms to completion	2,000,000		Leaking roof. Celling falling off. Contracting curved doors. Cell roof has no slab.
Total		**18,500,000**		

526. In the circumstances, value for money on the Ksh.18,500.000 incurred on the projects could not be confirmed.

Management Response

527. The one hundred and twenty-three (123) projects with a budget allocation totaling to Ksh. 95,642,206 have been completed and currently in use

528. The ten (10) projects with a budget allocation totaling to Ksh.9,742,206 have been completed. The ten (10) projects with a budget allocation totaling to Ksh.500,000 which had not started were the environment projects. Ten public schools were each allocated Kenya shillings fifty thousand (Ksh.50,000.00) to purchase and plant trees seedlings in the school to boost environmental conservation. The projects have been implemented except 2 projects which requested for reallocation of funds to purchase water tank. The table on **appendix 2** gives the current status of the projects under environment. **Table 7** below is management explanation on unsatisfactory Implementation of Projects on Appendix 1. The documentary evidence on the explanation on each project is arranged per order of projects in the table.

Appendix 2-Status of Environment Projects

No	Name of school	Amount Allocated	Payment Status	Cheque. No	Pv No	Amount Paid	Seedlings Purchased	Remarks
1	Taachasis Primary School	50,000.00	Paid	7298	108	50,000.00	2000	Seedlings purchased and planted
2	Baringo Sec School	50,000.00	Not yet paid			-	-	Requested for change of activity
3	Baringo Valley Primary School	50,000.00	Paid	7266	98	50,000.00	2000	Seedlings purchased and planted
4	Dagoretti Nyakinyua Sec School	50,000.00	Paid	7234	78	50,000.00	2000	Seedlings purchased and planted
5	Githiriga Primary School	50,000.00	Paid	7249	79	50,000.00	2000	Seedlings purchased and planted
6	Kibaraa Sec School	50,000.00	Paid	7248	85	50,000.00	2000	Seedlings purchased and planted
7	Kiptororo Primary School	50,000.00	Paid	7337	1744	50,000.00	2000	Seedlings purchased and planted
8	Koige Sec School	50,000.00	Paid	7377	1767	50,000.00	2000	Seedlings purchased and planted
9	Masaita Sec School	50,000.00	Not yet paid			-	-	Requested for change of activity
10	Mau Summit Sec School	50,000.00	Paid	7268	1703	50,000.00	2000	Seedlings purchased and planted
	TOTAL	**500,000.00**				**500,000.00**	**12,000**	

Table 7 - Response on unsatisfactory implementation of projects

Project name	Approved activity	Allocation Amount (Ksh.)	Implementation Status	Audit Remarks	Response on audit remarks
Sirikwa Primary School	Field levelling, destamping and planting grass	400,000	ongoing	Uncompleted track. Grass planted unevenly. Not backfilled on the lower side	Additional funds allocated to complete back filling the lower side of the field. code list attached.
Sirikwa Primary School	levelling of play field, construction of running track and seating stand with shade to completion	4,000,000	ongoing		
Sirikwa Primary School Stadium	Completion of stadium - construction of seating stand/shade	1,500,000	complete		
Nyota Primary School	Construction of 2 classrooms to completion	1,200,000	Complete	School has no title deed. Missing window panes. Facial board falling off. Water-soaked wall with paint falling off	The school has no title deed but registered with the ministry of education with registration number; **Nyota Primary School...32s12000185**. It is a public primary school built on public land. remedial work done on facia boars, windows panes and painting. Attached completion certificate and certificate of good defects.
Nyota primary school	construction of one classroom to completion	600,000	complete		
Tiloa Primary School	Additional funds for purchase of 33-seater school bus	100,000	complete	Irregular procurement. Evaluation report and supplier names differs. tender awarded before bids were submitted	The auditor treated the awarding of tender to a different supplier from the one who had been identified in the first meeting TMD Kenya having quoted Ksh. 4,986,793. The supplier who was awarded tender opted to sell the bus to a different client because Tiloa primary school delayed in paying for the bus. The school had not received disbursement from the NGCDF office because approval from the NGCDF Board for resubmission to top up the amount allocated to Tiloa primary school bus from 4,500,000 delayed. Find attached approval letter for resubmission, TMD Kenya wrote to the school informing them that they have sold the bus to another client, The school BOM met and discussed the issue. They decided to award the tender to the second lowest bidder, ACMG Ltd which had quoted Ksh. 5,200,000.00. BOM minutes available, The auditor observed that tender was awarded before bids were submitted. The bids was submitted through email and later originals was delivered to
Tiloa Primary School	one off purchase of 33-seater school bus	5,200,000	bus purchased		

					school. copies of quotations, BOM minutes available.
Sirikwa Ward Assistant County Commissioner's Residence	Construction of Assistant County Commissioner's Residence-	1,500,000	Complete	Poor workmanship. Leaking roof. Paint on wet walls falling off. Land ownership not ascertained	The defects were corrected. The land where the ACC's residence is built was purchased by the community. Copy of mother title deed and Land purchase agreement is attached.
Kuresoi Division Do's office	construction of Do's office	2,000,000	Ongoing	Land ownership is private. No power connection. Cracks on the floor. Peeling paint. Building sinking as imported soil settles.	The land where Kuresoi Division Do's office is built was purchased by the community. The cracks on the floor has been repaired and loose soil has been compacted. It is now stable. Electricity is not yet connected. Copy of land purchase agreement is attached. Processing of title deed for Kuresoi Division Do's office has not been done.
Kamwaura Police Post	Construction of office block comprising of 4 rooms to completion	2,000,000		Leaking roof. Celling falling off. Contracting curved doors. Cell roof has no slab.	Correction on leaking roof, curved doors and ceiling has been done. The design for the project had only provision for concrete slab on the strong room. completion certificates and certificate of good defects is attached.
Total		**18,500,000**			

Committee Observation

529. The Committee observed that the matter was partially addressed.

Committee Recommendations

530. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Sirikwa Ward Assistant County Commissioner's Residence i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

3.3.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Inaccuracy in Cash and Cash Equivalents

531. The statement of assets and liabilities reflects bank balance of Ksh.30,700,726. However, the bank reconciliation statement reflects payments in cash book not in bank statement (unpresented cheques) of Ksh.1,217,571 out of which Ksh.559,622 were stale cheques that had not been reversed in the cash book. In the circumstances, the accuracy and fair statement of the bank balance of Ksh.30,700,726 could not be confirmed.

Management Response

532. The cheques were reversed in the cash book on 25/8/2023, Copy of relevant cash book page extract when cheques were reversed, reconciliation and Breakdown of the stale cheques is attached.

Committee Observation

533. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budgetary Control and Performance

534. The summary statement of appropriation reflects final receipts budget and actual amount received on comparable basis of Ksh.198,398,958 and Ksh.196,598,958 respectively resulting to underfunding of Ksh.1,800,000 or 1% of the budget. Similarly, the Fund expended Ksh.165,898,232 against an approved budget of Ksh.198,398,958 resulting to an under-expenditure of Ksh.32,500,726 or 16%. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

550. The difference of 34,118,374 was an AIE Number 750291 which was misplaced and not presented to the auditors for review during the period of the audit.

551. A copy of the AIE is attached to this response for your kind consideration.

Committee Observation

552. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Bank Reconciliation Statement

553. The bank reconciliation statement as at 30 June, 2014 reflected an amount of Ksh. 866,548 as unpresented cheques of this amount, cheques totalling Ksh. 826,548 were dated between 20.12.2013 and 31.01.2011. it was not clear why these stale cheques have not been reversed in the cashbook in accordance with section 10.13.2 of the Government Financial Regulations and procedure which requires that outstanding items be cleared as they become due and the necessary adjustments made promptly in the cash book.

Management Response

554. The stale cheques were for bursary that remained uncollected. All the stale cheques have since been written back to the cashbook and all stale cheques reversed and replaced.

Committee Observation

555. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Construction of Elburgon Slaughter House

556. In the financial year 2013/2014, Molo CDF remitted Ksh. 1,000,000 for the construction of Elburgon Slaughter House through direct procurement contrary to the Public Procurement Disposal Act, 2005. Further, the land on which the slaughter house is constructed has no ownership document. In the circumstance, Molo CDF may be predisposed to ownership wrangles and a possible legal battle.

Management Response

557. The project was done through labour base. All the material and labour schedules has been provided. The land on which the slaughter house was constructed had a sale agreement. the agreement was between Elburgon slaughter house community and Elizabeth Njeri, the seller. The slaughter house project was started by the community who wanted to bring a slaughter house near Elburgon since the nearest was at Molo town. The community and the management of Molo cdf tried to acquire the title for the slaughter house but due for to an existing succession dispute, it was not possible.

Committee Observation

558. The Committee observed that the Office of the Auditor General reviewed the photos and physically verified the projects. The matter was partially addressed.

Committee Recommendations

559. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Elburgon Slaughter house i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

5.0 Construction of a Classroom at PCEA Elburgon Secondary School

560. An amount of Ksh. 1,000,000 was remitted to PCEA Elburgon Secondary School for the construction of one (1 No.) classroom. However, perusal of the project file did not show evidence that competitive bidding was used to identify the contractor. Physical verification of the project revealed that two (2 Nos.) storeyed classrooms had been constructed. It was not clear where authority had been obtained to modify the initial plan as approved by the CDFC.

561. Further, no certificate of completion was presented for the building which was noted to have large cracks on the wall and on the floor. Under the circumstances, the CDF may not have obtained value for the money used.

Management Response

562. The project was competitively procured through labor base. The tender evaluation report/minutes and other important procurement documents for the project is attached for verification.

563. Due to limited construction space in the school, the school proposed to construct a classroom that would have a provision to go upwards. The change of activity was approved on June 14 2014.

564. The construction of the classroom was completed and completion certificate issued together with a certificate of defect free for the project. It is a proof that the project was completed and all cracks rectified.

Committee Observation

565. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Delay in Project Implementation

566. The Project Implementation Status report as at 30 June, 2014 indicated that a total of thirty-six (36) projects funded to a total amount of Ksh. 18,700,000 had not been implemented. Some of the projects received their funding in the year 2011/2012 and no reason has been provided as to why there was delay in the implementation of the

projects. Further, no bank statements were availed for audit to confirm that the funds were still held in the respective project accounts. Therefore, there is a risk that funds allocated for the benefit of local community may be diverted to other use.

Management Response

567. The delay in implementation of projects was as a result of;
568. Elections of the year 2013
569. Boundary reviews that affected the larger Molo constituency that was split in to Molo and Njoro.
570. At the time of audit, the projects were not funded due to election, all project were later completed and in use.
571. Most of the projects were environment projects. Attached See the updated PIS for the 36projects for the financial year under review.

Committee Observation

572. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 The Summary Statement of Appropriation

The summary statement of appropriation does not agree with the statements of receipts and payments reports total expenditure of Ksh. 82,831,821.50 and Ksh. 80,854,769.20 respectively, the statement of appropriation reflects total payment of Ksh. 161,709,538.40. the statement is therefore inaccurate and misleading.

Management Response

573. The management made anomalies in the financial statements preparation which have been noted and through capacity building improved in the next financial year.

Committee Observation

574. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalents

575. It was observed that bank account No. 1122194781 maintained at the Kenya Commercial Bank, Njoro Branch which had a balance of Ksh. 22,895,239.90 as at 30 June 2015 was not disclosed in the financial statements. Consequently, the cash and cash equivalents balance was under stated by an equivalent amount. Further, examination of the bank statements for the undisclosed account revealed an expenditure of Ksh. 32,822,632.60 had been incurred during the year ended 30 June 2015 against the opening balance of Ksh. 50,417,872.50 on 1 July 2014. However, the expenditure was also not captured in the financial statements and records were not produced for audit examination to confirm the nature and the propriety of the expenditure.

576. Although it has been explained the account was operated for both Njoro and Molo Constituencies, bank statements produced for audit indicated that the account was for Molo Constituency. It was also doubtful how the two constituencies were sharing a bank account.
577. In the circumstances, the expenditure of Ksh. 32,822,632.60 could not be confirmed as a proper charge to public funds and the security of the balance of Ksh. 22,895,239.90 in the account was not guaranteed.

Management Response

578. It is true as observed by the audit team account No 1122194781 maintained at Kenya Commercial Bank, Njoro Branch was not disclosed in the financial statements. That account was operated by Molo CDFC prior to the split of molo constituency into Njoro and Molo constituencies. As directed by the CDF Board (circular dated 17th July, 2013 Ref: CDF BOARD/ CIRC ULARS/VOL.1.1/167 attached, the account was to be operated jointly and when the funds are exhausted, proper closure of the account was to follow. The money in the account was for both the two constituencies since Njoro was split from Molo. Therefore, two sets of financial statements were prepared and presented to the O.A.G through CDF Board during the end of the financial year. In that case the audit team ignored the financial statements of the old account (1122194781) which contained the queried 22,895,239.90 and concentrated on the new account.
579. The expenditure of Ksh. 32,822,632.60 as analyzed as expensed from the account was for the financial statement that was not audited. The security of the balance is guaranteed as the statement is availed to show that the balance was still in the account as shown by the attached. The balance of 22,895,239.90 was divided between the two constituencies vide a minute.

Committee Observation

580. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Non-Remittances of NSSF Deductions

581. Examination of payroll for the year ended 30 June 2015 disclosed that employer's contributions to NSSF for the period July to December 2014 totalling to Ksh. 7,200 was not remitted to the NSSF.
582. The CDF did not produce any evidence for audit verification to confirm the remittance of the amount as indicated in their response to the management letter.

Management Response

583. As observed by the audit team Ksh 7,200 had not been remitted to the NSSF despite being deducted by the employer. The reason was that the employees had not registered with the NSSF and the CDFC Molo and no account with the NSSF. However, this has been formalized and the remittances done monthly as required. The NSSF deductions were remitted to NSSF. All outstanding payment for NSSF were paid by Molo NGCDF. See the payment voucher to NSSF, invoice attached for your kind consideration.

Committee Observation

584. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Stale cheques

585. Examination of the bank reconciliation statement as at 30 June 2015 disclosed unpresented cheques of Ksh. 14,201,717. Out of this amount, cheques totalling Ksh. 1,198,040 were dated between 14 May 2014 and 5th December 2014 and were therefore stale. It was not clear why the stale cheques had not been reversed to the cash book as at 30 June 2015.

Management Response

586. All the stale cheques have since been reversed and replaced.

Committee Observation

587. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Irregular Procurement of Land

588. Examination of expenditure records produces for audit disclosed that a payment of Ksh. 2,000,000 was made to Mwangi Michuki Dispensary project vide payment voucher number 123 for procurement of land and construction of a dispensary.

589. Although the land was bought at a cost of Ksh. 900,000 and construction of the dispensary commenced, no expenditure returns and title deed or transfer documents were produced for audit verification.

590. As at the time of audit, the construction works was in progress, but in the absence of land ownership documents, the ownership of the land could not be confirmed.

Management Response

591. The land was bought through sale agreement. The management of cdf has tried to follow up on the title deed and the land was valued by the ministry of land housing and development department of lands Nakuru via letter ref. no NKU/VAL.GEN. /11/104 dated 21st may 2015 attached.

592. However, no title deed was obtained up to date due to land dispute affecting the piece of land.

Committee Observation

593. The Committee observed that the matter was partially addressed.

Committee Recommendations

594. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the**

transfer, documentation relating to the transfer and all pending land matters in the constituency, including Mwangi Michuki Dispensary i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

6.0 Budget Appraisal Performance

6.1 Revenue Analysis

595. The Molo CDF had a shortfall of Ksh. 57,988,959.50 since the budgeted amount was 140,820,781.00 and only Ksh. 82,831,821.50 was received from the Board. This meant the Constituency Development Fund Committee (CDFC) was not is a position to implement all the projects earmarked for implementation for the financial period under review.

Budgeted Amount Ksh.	Actual Receipts Ksh.	Variance/Difference Ksh.
140,820,781.00	82,831,821.50	57,988,959.50

Management Response

596. The shortfall of the budget was a result of delayed disbursement of the fund by national treasury of 46,713,448 and unapproved amount of 11,275,511.50.

Committee Observation

597. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.2 Expenditure Analysis

598. The Molo Constituency Development Fund incurred an over expenditure of Ksh. 12,744,882 on nine projects and there was no evidence of a supplementary estimate to cater for the unbudgeted expenditure

599. The fund implemented ten excess projects which were not budgeted for since the approved projects for implementation were seventy-two (72) yet a total of eighty-two (82) projects were implemented during the period under review.

Sector	No. of Projects Budgeted	Budgeted Amount Ksh.	No. of projects implemented	Actual Expenditure Ksh.	Absorption Rate	Over expenditure Ksh.
Environment	4	600,000	1	1,000,000	166%	400,000.00
Education Primary & Secondary	32	19,437,931	29	20,454,466	105%	1,016,535.00
Education Tertiary	2	1,400,000	0	0	0	0
Health	2	2,500,000	5	5,400,000	216%	2,900,000.00
Water	9	35,000,000	3	3,400,000	9.7%	(31,600,000.00)
Road	4	10,800,000	10	7,699,942.20	71%	(3,100,058.00)
Security	5	1,700,000	5	2,700,000	158%	1,000,000.00

Emergency	0	5,400,259	6	2,010,000	37%	(3,390,259.00)
Agriculture	0	0	3	600,000	0	600,000.00
Sports	1	1,000,000	1	1,000,000	100%	0
Bursary	4	10,500,000	4	11,492,710	109%	992,710.00
Administration	5	3,875,614	5	4,548,492.08	117%	672,878.00
M&E	3	2,713,091	3	2,368,400	87%	(9344,691.00)
Constituency Audit	1	500,000	0	0	0	(500,000)
Shoe Shiners Sheds	0	0	3	680,000	0	680,000.00
House for health workers	0	0	4	4,482,759	0	4,482,759.00
Total	**72**	**95,426,895**	**82**	**67,836,769.28**	**71%**	**12,744,882.00**

Management Response

600. It is true we implemented more projects as noted. But it should be noted that the 10 projects were a roll over from the financial year 2013/2014 which were captured in the financial year 2014/2015 under review.

Committee Observation

601. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Cash and Cash Equivalent

1.1 Bank Reconciliation

602. The statement of financial assets as at 30 June 2016 reflects a bank balance of Ksh. 34,600,910.30. Bank reconciliation statement provided for audit in support of the balance reported payments in cash books not yet recorded in bank statements of Ksh. 7,944,102 and payments in bank statement not recorded in cash book of Ksh. 47,263.95. Included in payments in cash books not recorded in bank statement are cheques totaling Ksh. 340,740 which have not presented to the bank dating back to 30 June 2014 thereby, becoming stale. Similarly, there are bank charges totaling Ksh. 47,263.95 and dating back to 1 February 2014 which have not been recorded in the cash book. The stale cheques have not been cancelled and reversed in the cash book while the entries in the cash book and not in the bank statements have not been explained.

Management Response

603. Payment in bank statement not recorded in cashbook of Ksh. 47,263.95 was for bank charges. The bank charges were captured together with other bank charges incurred via a voucher the following year on 26/05/2017. all the stale cheques for the year have been written back to the cashbook and cleared.

Committee Observation

604. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

1.2 Omitted Bank Account

605. In the previous year, a qualification paragraph was raised in respect of a bank account number 1122194781 maintained at Kenya Commercial Bank Njoro branch that had a balance of Ksh.22,895,239.90 as at 30 June 2015 which was not disclosed in the financial statements. The account has not been disclosed in this year's financial statements and the bank statements produced for audit showed the bank balance is still standing in the bank. In the circumstance, the accuracy of cash and cash Equivalent balance of Ksh.34,600,910.30 as at 30 June 2016 could not be confirmed.

Management Response

606. It is true that balance was not disclosed in the financial statement. However as directed by the CDF Board and the Njoro/ Molo committees the account was cleared of the balances. The account was closed and the balances transferred to their respective account for disbursement to the PMCs. Attached for your further action are: Projects approval of the projects to be funded as per the board letter dated July 18th, 2017 Reference NG-CDF BOARD/ MOLO/ VOL 1 /62

Committee Observation

607. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 OTHER MATTERS

2.1 Under Absorption of Funds

608. The summary statement of appropriation indicates that the National Government Constituency Development Fund Molo had in their final budget expected to receive an income of Ksh. 165,412,624 from the Constituency Development Fund Board. However, actual receipts were Ksh. 97,713,448 an indication that Molo Constituency was under funded by Ksh. 67,699,176. However, out of the total receipt of Ksh. 97,713,448, the fund was only able to absorb Ksh. 87,365,102 implying that even with the underfunding the CDF could not absorb 12% of the released fund. In the circumstance, the resident of the constituency was denied the full services due to under absorption and under funding.

Management Response

609. The underfunding is as a result of late receipt of funds from treasury which is 52,160,060 and 15,539,116 of funds reallocated during the cause of the year, subsequently affecting the constituencies.

610. The under absorption of 12% is as a result of late receipt of funds coupled with issues of administration funds such as staff's salaries that cannot be absorbed 100%

Committee Observation

611. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2 Other Grants and Transfers

612. The approved budget for other grants and transfers was Ksh.48, 867,647 against an actual of Ksh. 54,631,032 resulting to over expenditure on bursaries to secondary schools and water projects of Ksh. 1,871,000 and Ksh. 6,974,773 respectively. The over expenditure has not been explained and supported. In the circumstance, the expenditure of Ksh. 54,631,032 could not be confirmed as properly chargeable to public funds.

Management Response

613. The over expenditure is as a result of opening balance of 9,275,512 from the previous years. See the extract of the cash flow statement for the year under review

Committee Observation

614. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Statement of Assets

615. The statement of assets as at 30 June 2017 reflects bank balances as per cash book of Ksh. 8,057.95 Bank reconciliation statement presented for audit reflects payments in cash book not yet recorded in bank statement of Ksh. 446,127 which includes unpresented cheques dating back to 21 October 2014. No explanation has been made for their non-reversal in the cash book. In the circumstance, the accuracy and validity of the bank balance of Ksh.8,057.95 could not be confirmed.

Management Response

616. The cheques were majorly for VAT and bursary. By then, equity bank was not an agent hence cheques failed to go through. However, the committee reversed and reissued all stale cheques to the beneficiaries in the cashbook and the extract of the same transaction presented to the auditor. Attached is an extract from the cashbook and reconciliation showing the reversal and payment of the cheques in the cashbook.

Committee Observation

617. The Committee observed that the query was adequately addressed.

2.0 Use of Goods and Services

618. Statement of receipt and payments shows an expenditure of Ksh.5,969,428.95 spent on use of goods and services during the year under review. Out of this amount expenditure totalling Ksh.3,066,983.95 was not supported by relevant documentation. Verified payments revealed that expenditure on monitoring and evaluation was not supported by reports while expenditure on office general supplies were made using cash advances for which no support documents were produced to confirm that the advances were applied for and approved as required by Section 71 Public Finance Management Act, 2012

Regulations. In the circumstance, the use of goods and services expenditure of Ksh.5,969,429 could not be confirmed as fairly stated.

Management Response

619. Attached to this response, please find the relevant documentations i.e. the breakdown of the vouchers totalling 3,066,983.95 and Monitoring and evaluation reports for the financial year under review for the expenditure of 3,066,983.95. the relevant vouchers with the supporting documents were availed to the auditors for review. The cash advances were applied for and approved as shown by the attached minutes.

Committee Observation

620. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Compensation of Employees

621. During financial year 2016/2017, Molo Constituency had an approved budget of Ksh. 1,459,595 for compensation of employee expense. However, statement of receipt and payment shows an expenditure of Ksh. 2,176,543 resulting to an over expenditure of Ksh. 716,947 which has not been explained or reconciled. In the circumstance, the reported figure of Ksh. 2,176,543 is not fairly stated.

Management Response

622. The over expenditure was as a result of funds for 2015/16 that was carried forward into the year under review. In this year, staffs were paid 13 months including late payment of June 2016 salary. There was also payment of gratuity in the same year. this led to the over expenditure of 716,947.

Committee Observation

623. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Delayed Projects Implementation

Annexure 4 of the financial statements details un-spent project balances amounting to Ksh. 27,448,854. Included in the balances are bank balances for twelve (12) projects which have either been on-going or not started. Fund balances for some of the projects are for the financial year 2015/16. Further, funds for Elburgon Gravity water project which were for 2015/16 and later re-allocated to Orthodox Primary School Ksh. 12,000,000 have not been utilized. As per the certificate of bank balance of 31 May 2018 at the time of the audit, Ksh. 11,756,884 was lying in the bank account un-utilized. It is therefore uncertain when the projects will be started and completed for their intended benefit.

Management Response

624. At the time of the audit, most of the projects were ongoing. However, the projects in question were implemented in the subsequent year and were completed Attached shows an updated PIS of all projects for the financial year under review.

625. At the time of audit, the Ksh. 11,756,884 was unutilized due to slow tendering process the project was undertaken in the subsequent year and completed. Attached is a picture and completion certificate of the project.

Committee Observation

626. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Bank Balance

627. The statement of assets and liabilities as at 30 June 2018 reflects bank balances of Ksh. 29,553,650.05 held at Equity bank, Molo branch. Examination of bank reconciliation statement in support of this balance however, revealed unpresented cheques totalling Ksh. 497,220 dating back to 2014 which are now stale. No explanation has been made as to why these cheques could not be validated or written back to the cash book. In the circumstances, it was not possible to confirm the accuracy of the reported bank balance of Ksh.29,553,650.05 as at 30 June 2018.

Management Response

628. The cheques of Ksh. 497,220 could not be replaced immediately because these were majorly for VAT and by then, equity bank was not an agent hence cheques failed to go through. However, the committee in the subsequent year reversed and replaced all the cheques. The cheques were written back to the cashbook as shown by the extract of the cashbook attached to this response.

Committee Observation

629. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Bursary

630. The statement of receipts and payments for the year ended 30 June 2018 shows other grants and other payments of Ksh. 28,150,315 as supported by note 7. The amount includes bursary to secondary schools and tertiary institutions of Ksh. 14,248,500 and Ksh. 8,590,050 totalling Ksh. 22,838,550 with a budget of Ksh. 25,685,344 resulting to an under expenditure of Ksh. 2,846,794 which has not been explained. In addition, verified bursary disbursements were Ksh. 18,437,000 against the reported amount of Ksh. 22,838,550 resulting to an overstatement of Ksh. 4,401,550. Further, out of Ksh. 22,838,550 disbursed only Ksh. 8,773,000 (secondary schools Ksh. 7,086,000 and tertiary institutions Ksh. 1,687,000) receipts had been acknowledged by the beneficiary intuitions leaving unacknowledged bursaries amounting to Ksh. 14,065,550. In the circumstance,

the reported other grants and other payments of Ksh.28,150,315 could not be confirmed as fairly stated.

Management Response

631. The under expenditure is as a result of the slow pace of the bursary application process. At the end, funds amounting to 2,846,344 was not spent. However, in the subsequent years, through experience we improved and hastened our application processes. The overstatement of 4,401,550. Was as a result of bursary funds carried forward from the previous year. The file marked bursary acknowledgment shows the acknowledgments receipts for the bursaries dispersed under the financial year under-review.

Committee Observation

632. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

3.0 Budget and Budgetary Control

3.1 Revenue Analysis

633. During the year under review, the approved budget for receipts was Ksh. 138,545,988.20 against an actual on comparable basis of Ksh. 77,753,447 resulting to an underfunding of Ksh. 60,792,541. The underfunding represents forty-three (43%) percent.

Management Response

634. During the preparation of the financial statement, the underfunding was as a result of late disbursement of funds from treasury of 54,784,483.15 and re-submitted fund of 6,008,057.85 totalling to underfunding of 60,792,541.

Committee Observation

635. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 Expenditure Analysis

636. The budgeted payments were Ksh. 138,545,988.20 against an actual of Ksh. 48,207,855. Casting for final budget for payments revealed a total of Ksh. 137,045,988 resulting to difference of Ksh. 1,500,000. However, comparison of the approved budget and the actual expenditure disclosed unexplained over and under expenditures of more than 10%. No explanation has been provided in support of the variances as required by section 137 (1) and 2 (c) of the Public Finance Management Act, Regulation 2015.In the circumstance, the fund did not comply with the law on disclosure of variances.

Management Response

637. During the time of audit, the under-expenditure was a result of late receipts of funds for the financial year under review. Being an election year on funds of 48,207,855 were received and utilized. The difference of 1,500,000 were funds not approved by the end of the financial year.

Committee Observation

638. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3 Transfer to Secondary School – Chandera Secondary School

639. The statement of receipts and payments reflects transfers to other Government units of Ksh.12,350,000 as detailed in note 6 to the financial statements. This amount includes transfers to Chandera secondary schools of Ksh.2,000,000 for construction of administrations block cum library. Physical verification conducted on 26 March 2019 revealed that the project was not complete as roofing, doors, windows, finishes and provisional sum totalling Ksh.1,531,470 had not been done and accounted for. In addition, no certificate of measurement for works done was availed for audit verification yet the entire amount had been fully paid. Further, to date the project has been funded for three (3) years yet it is still incomplete and has received total of Ksh.5,600,000 though done in phases. However, the phases were not clearly defined as per the provisions of section 25 (1) of the National Government Constituency Development Fund Act, 2015. In the circumstance, the intended objective has not been achieved.

Management Response

640. In the financial years 2014/2015 Chandera was allocated 600,000 to lay foundation for the administration block, and 2000,000 for putting up first floor slap walling and roofing of an administration block cum library, in 2016/17 it was allocated 1500,000 And 0n 17/18 the committee allocated 1,500,000 totalling to Ksh., 5,600,000 in three years. As at the time of the audit, the project was ongoing. However, the project was completed in the subsequent years and is now in use.

Committee Observation

641. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4 Non-Implementation of Approved Projects

642. Examination of the Project GFS Code list (Approved Budget) revealed that projects totalling Ksh. 53,395,992 had not been implemented as at 30 June 2018, and no explanation was given for failure to implement them. In the circumstance, the intended objective has not been achieved.

Management Response

643. The management received the funds from the exchequer towards the end of financial year and due to the normal tendering processes, at time of audit the projects were not implemented. The projects were implemented in the subsequent year and were completed and files presented to the auditors for verification.

Committee Observation

644. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5 Turi Sulgwita Primary School

645. A payment of Ksh. 1,000,000 was made to Turi Sulgwita Primary School through cheque number 002494 dated 26 February 2018 being payment for renovation of five (5) classrooms plastering, flooring, windows, doors and painting of roof. Examination of the bill of quantities attached to the payment voucher revealed that the works which were to be done were only painting and decorations which include prime back of timber surfaces not exceeding 100mm girth, ditto on ceiling lining, ditto 100-200mm girth internally totalling to Ksh. 1,192,350 for five (5) classrooms. Examination of project returns availed for audit verification revealed that Elephant Hardware supplied hardware materials like cement, red oxide, iron doors, windows panes, iron sheets contrary to what is described in the bill of quantities and therefore it is not clear the kind of job that was done with the materials resulting to doubtful expenditure. In the circumstance, the intended objective has not been achieved.

Management Response

646. At the time of audit, the auditors were presented with a wrong BQ for the project for verification. However, Turi sulgwita primary school was funded 1000,000 for renovation works. The work has been completed and the five classes are in use. See the attached as the completion certificate and pictures of the project for your kind considerations.

Committee Observation

647. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6 Risk Management Policy and Internal Audit Findings

648. Molo National Government Constituency Development Fund did not have in place a customized risk management policy and risk register during the year under review. Therefore, there were no approved processes and guidelines on how to mitigate operational, legal and financial risks. Therefore, management could not identify significance of business risks and likelihood of their occurrence. Further, the management may have failed to decide on actions on how to address those risks. Although, the National Government Constituency Development Fund of Molo had an internal auditor from the National Treasury, no audit findings were provided during the year under review.

Management Response

649. The constituency has a risk management site where all risk issues are monitored and mitigated as a measure of internal control policy. It also has a risk register updated on quarterly basis.

Committee Observation

650. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Presentation Anomalies and Misstatements in the Financial Statements

651. The annual report and financial statements submitted for audit had the following presentation anomalies:

652. 1.1 The reporting currency is not shown on the statement of cashflows, summary statement of appropriation - recurrent and development combined and the annexures containing the analysis of pending accounts payable and project management committee bank balances;

653. 1.2 Annex 4 - Summary of Fixed Assets Register at page 35 reflects a historical cost assets balance of Ksh. 19,991,938 for financial year 2017/2018 instead of 2018/2019 and a comparative balance of Ksh. 5,093,938 for the financial year 2016/2017 instead of 2017/2018;

654. 1.3 Pages 19 to 31 do not contain the header showing the name of the constituency and the reporting period as required by the Public Sector Accounting Standards Board;

655. 1.4 The page numbers shown under the table of contents do not correspond to the respective page numbering for the various reports, financial statements, significant accounting policies, Notes to the financial statements and other important disclosures;

656. 1.5 The summary statement of appropriation – recurrent and development combined reflects nil expenditure under acquisition of assets while the statement of receipts and payments reflects Ksh. 14,898,000.

657. 1.6 The statement of assets and liabilities reflects a comparative balance of Ksh. 29,553,650 for net financial assets represented by a fund balance (appearing as net liabilities) of Ksh. 29,569,329 resulting into a difference of Ksh. 15,679 which has not been explained or reconciled.

658. 1.7 The statement of assets and liabilities reflects a comparative balance of Ksh. 29,553,650 for cash and cash equivalents which differs with the cash and cash equivalents balance of Ksh. 29,569,329 at the beginning of the year reflected in the statement of cashflows. The resultant difference of Ksh.15,579 has not been explained or reconciled.

659. 1.8 The statement of assets and liabilities reflects a balance of Ksh.19,554,596 for net financial assets represented by an equivalent fund balance which has been described as net liabilities.

660. 1.9 The summary statement of appropriation – recurrent and development combined and Note 15.3 to the financial statements reflect unutilized funds of Ksh.74,579,793. However, the details of the unutilized funds have not been provided under Annex 3 as required.

661. Consequently, the accuracy of the financial statements could not be confirmed. In addition, the annual report and financial statements are not prepared and presented in accordance with the financial reporting guidelines prescribed by the Public Sector Accounting Standards Board.

Management Response

662. The errors in the financial statement, were noted to be technical errors that erroneously occurred undetected during the preparation of the financial statement. However, through training and monitoring and evaluation, the errors were improved on the subsequent years. The management admits that the errors did not happen the following year and other

years. The 15,679 were unpresented NSSF and NHIF cheques written back to the cashbook.

Committee Observation

663. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Variances Between Financial Statements and Supporting Schedules Balances

664. The balances for some expenditure items reflected in the financial statements differed with the balances reflected in the supporting schedules as shown in the table below:

Item	Note to the Financial Statements	Financial Statements Balances (Ksh.)	Supporting Schedule Balance (Ksh.)	Variance (Ksh.)
Committee Allowance	5	842,000	2,188,000	[1,346,000]
Office and General Supplies	5	2,985,182	2,117,832	867,350
Training Expenses	5	999,000	1,468,000	[469,000]
Other Committee Expenses		1,346,000	1,227,350	118,650
Bursary Secondary	7	18,318,000	18,223,000	95,000

665. The variances have not been explained or reconciled. In the circumstances, the accuracy of the financial statements could not be confirmed

Management Response

666. The variances were as a result of erroneous posting of the supporting schedules of the financial statement. The variances have been reconciled in the supporting schedules. The attached supporting schedules were presented to the auditor for verification, and through continuous training, the errors that lead to the above variances never occurred in the following years.

Committee Observation

667. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Prior Year Adjustments

668. The statement of assets and liabilities reflects comparative prior year adjustments amount of Ksh.15,679 relating to the bank account as disclosed under Note 14 to the financial statements. However, details of what the adjustment relates to have not been disclosed. This is contrary to Paragraph 54 (a) and (b) of International Public Sector Accounting Standard (IPSAS) No.3 - Accounting Policies, Changes in Accounting Estimates and Errors - which requires an entity to disclose the nature of prior period errors.

Management Response

669. The 15,679 was for a prior year adjustment that related to the previous year transactions and were for unpresented NSSF and NHIF cheques written back to the cashbook.

Committee Observation

670. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Accuracy of Bank Balances

671. The statement of assets and liabilities reflects a bank balance of Ksh. 19,554,596. However, the June, 2019 bank reconciliation statement reflected unpresented cheques amounting to Ksh. 23,004,789 of which cheques amounting to Ksh. 159,061 were stale and had not been written back into the cashbook. The reconciliation statement also reflected payments into the bank but not recorded in the cash book amounting to Ksh. 16,425 for which supporting documents were not provided. In the circumstances, the accuracy of the bank balance of Ksh.19,554,596 as at 30 June, 2019, could not be confirmed.

Management Response

672. The unpresented/stale cheques were all written back to the cashbook as evidenced by the attached of the financial year 19/20 which is an extract of the updated cashbook balances. 16,425 are bank charges that were cleared in the following year.

Committee Observation

673. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Expenditure on Use of Goods and Services

674. The statement of receipts and payments reflects Ksh. 6,732,182 being payments on use of goods and services. However, payments totalling to Ksh.5,173,182 were not adequately supported as detailed below:

Item	Observations	Amount (Ksh.)
Office and General Supplies and Services	Name of payee and details of items procured and proof of delivery missing.	2,985,182
Other Committee Allowances	The schedule presented not analysed by individuals who received the allowances. It was not possible to confirm whether the recipients were genuine committee members.	1,346,000
Committee Allowances		842,000
Total		**5,173,182**

675. In the circumstances, the accuracy and regularity of the reported expenditure of Ksh. 6,732,182 on use of goods and services could not be confirmed.

Management Response

676. All payments in the use of goods and services which include the payment of office use goods and services and committee allowances were all supported by details of items procured and proof of delivery and schedules. The vouchers of committee allowances (name of payee) and goods and services (items procured and proof of deliveries) were availed to the auditor for considerations. Attached kindly consider the breakdown analysis of all individuals who received the allowances, gazette notice, and breakdown of all items procured under use of goods and services vote for the financial year under review

Committee Observation

677. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

6.0 Budget Control and Performance

678. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Ksh. 199,379,009 and Ksh. 114,784,483 respectively, resulting into an under-funding of Ksh. 84,594,526 or 42% of the budget. Further, the summary statement shows that the Fund had a budgeted total expenditure of Ksh. 199,379,009 while the actual expenditure was Ksh. 124,799,216 thus giving rise to an under expenditure of Ksh. 74,579,793 or 37%. The under-funding and under-expenditure affected the planned activities and projects of the Fund which may have impacted negatively on service delivery to the residents of Molo Constituency

Management Response

679. The under absorption is as a result of the underfunding/late funding. Aies totalling to 55,040,875.50 were approved and received while 29,553,650.5 was not approved. This resulted from late funding/no funding from treasury at the point of closing the financial year, which subsequently affected the constituency' operations. Further, because the fund was received at the close of the financial year, and due to the nature of procurement processes, the fund was not fully utilized.

Committee Observation

680. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Unresolved Prior Year Audit Matters

681. The prior years' audit matters have been disclosed under the progress on follow up of auditor recommendations section of the financial statements. Management has indicated that the matters have been resolved since the relevant documents were presented to the auditors for verification. However, it was not clear whether the matters had been resolved by the relevant committee of Parliament.

Management Response

682. As at the time of this response, all the previous year audit matters have been resolved since the relevant documents were presented to the auditors for verification. However, the matter had not been resolved by the relevant committee of parliament

Committee Observation

683. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Projects Implementation

684. Incomplete Projects and Other Project Implementation Anomalies Audit inspection on 30 to 31 January, 2020 on five (5) projects with a combined budget of Ksh.23,150,000 revealed the following:

Project Name	Project Details	Observations	Cost (Ksh.)
Tayari Secondary School	Construction of Laboratory	The project was incomplete but the contractor was not on site. Windows, floor, ceiling, fittings and wiring had not been done and yet full project amount had been paid.	2,000,000
KMTC Molo	Construction of Ablution block	Project is a storey building with 8 classrooms. 4 classrooms were incomplete - floor, painting, fittings and wiring was outstanding.	4,050,000
NG-CDF offices	Construction of NGCDF Offices	The Project had started and the ground floor slab complete. The contractor had however, introduced a ramp which was not in the original plan.	14,500,000
Kiambiriria Secondary School	Construction of Laboratory	The construction of the laboratory was incomplete - ceiling board, basins, painting, fittings and wiring were not done though the contractor had been paid in full.	1,800,000
Michatha Primary School	Construction of a Classroom	The Project was complete but the floor had developed cracks and some window glasses were not fixed.	800,000
Total			**23,150,000**

685. No satisfactory explanations were rendered for the delays in completion of the Projects especially given that the payments had been made in full. Consequently, the constituents did not get value for money from the incomplete projects

Management Response

686. Tayari secondary school laboratory was ongoing at the time of audit. The payment was done in phases and full project amount had not been paid. However, the project was completed in the subsequent year. See attached payment certificate, completion certificate and photo attached. ANNEX 31

687. KMTC was ongoing at the time of the audit. However, by the following year, the project was completed and in use. See the attached which shows a current photo of the project. ANNEX 32

688. The NG-CDF offices are now complete and in use. The ramp was a result of variation and was too incorporated in the BQ, funded and completed. ANNEX 33

689. Kiambiriria secondary was ongoing at the time of the audit. However, the project was completed by the subsequent year and is currently in use. ANNEX 34

690. Michatha primary school classroom was ongoing and at its final stage at the time of the audit. However, the anomalies at the floor and windows were corrected using retention fees of the project. See the attached which is the completion certificates, certificate of defect free of the project for your consideration. ANNEX 35

Committee Observation

691. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Completion of Administration Block and Library at Chandera Secondary School

692. The statement of receipts and payments reflects transfers to other government units of Ksh. 52,050,000 which as disclosed under Note 6 to the financial statements, included an amount of Ksh. 23,950,000 for transfers to secondary schools of which an amount of Ksh. 1,500,000 was transferred to Chandera Secondary School for the completion of administration block and library. Available information indicated that the contract was signed during the 2014/2015 financial year at a contract sum of Ksh. 13,675,122 with Ksh. 6,300,000 having been paid to date. However, audit inspection on 31 January, 2020 revealed that the roofing, doors, windows, fittings and floor had not been done while the upper floor slab was leaking. The Project was incomplete and works had stalled. Ksh. 800,177 had already been paid out in the financial year 2018/2019 since the Project Management Committee bank account had a balance of Ksh. 699,823 as at 30 June, 2019.

693. In the circumstances, the propriety and value for money from the transfer of Ksh.1,500,000 to Chandera Secondary School for the completion of administration block and library could not be confirmed.

Management Response

694. In the financial years 2014/2015 Chandera was allocated 600,000 to lay foundation for the administration block, and 2000,000 for putting up first floor slap walling and roofing of an administration block cum library, in 2016/17 it was allocated 1500,000 And 0n 17/18 the committee allocated 1,500,000 totalling to Ksh., 5,600,000 in three years.

695. As at the time of the audit, the project was ongoing. However, the project was completed in the subsequent year and is now in use. Attached, see the current pictures of the project and the completion certificate for your considerations.

Committee Observation

696. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Security Projects

697. Note 7 to the financial statements reflects security payments of Ksh. 9,450,000 relating to construction of Chief's Offices and Administration Police Houses for which contracts for projects with contract sums totaling to Ksh. 8,350,000 were awarded. However, tender evaluation reports showing how the firms awarded the contracts were identified and evaluated for capability were not made available for audit. In the circumstances, it has not been possible to confirm that public resources were effectively utilized.

Management Response

698. During the time of audit, the PMC had not submitted the project return file for auditing purpose, because most of the files were delayed by the PMCs. the PMC file was later availed to the auditor. Attached please find the tender evaluation reports for all the security projects for the year under review.

Committee Observation

699. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Bank Balances

700. The statement of assets and liabilities and Note 10A to the financial statements reflect a bank balance of Ksh. 8,121,841 as at 30 June, 2020. However, the bank reconciliation statement for the month of June, 2020 reflected unpresented cheques amounting to Ksh. 1,376,795 of which cheques amounting to Ksh. 447,818 were already stale and had not been written back into the cashbook. In the circumstances, the accuracy of the reported bank balance of Ksh.8,121,841 as at 30 June, 2020 could not be confirmed.

Management Response

701. The cheques were majorly for VAT. By then, equity bank was not an agent hence cheques failed to go through. However, all, the stale cheques were written back in to the cashbook and paid at a later date as shown by the extract of the cashbook attached to this response.

Committee Observation

702. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

2.0 Budgetary Control and Performance

703. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Ksh. 211,963,196 and Ksh. 123,040,876 respectively, resulting to an under-funding of Ksh. 88,922,320 or 42%. Further, the Fund incurred expenditure amounting to Ksh. 134,473,631 against a total budgeted expenditure of Ksh. 211,963,196 resulting into an under-expenditure of Ksh. 77,489,565 or 37%. The underfunding and under-expenditure affected the planned activities and projects which may have impacted negatively on service delivery to the constituents of Molo.

Management Response

704. The under absorption is as a result of the underfunding/late funding. This resulted from late funding of 73,367,724.1, late approval of projects totalling to 15,554,595.9. this affected the financial statement at the point of closing the financial year, which subsequently affected the constituency. When funds are received late, it takes time for procurement processes hence affecting the absorption of the fund leading to under expenditure.

Committee Observation

705. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unresolved Prior Year Audit Matters

706. As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided satisfactory reasons for the delay in resolving the issues.

Management Response

707. As at the time of this response, all the previous year audit matters have been resolved since the relevant documents were presented to the auditors for verification. However, the matter had not been resolved by the relevant committee of parliament.

Committee Observation

708. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Bursary to Private Tertiary Institutions

709. The statement of receipts and payments reflects other grants and transfers of Ksh. 22,424,775 which as disclosed in Note 7 to the financial statements, included bursary of Ksh. 5,668,000 to tertiary institutions. Ksh. 5,000,000 was paid to a private institution for two-hundred and sixteen (216) students enrolled for short courses ranging from six (6) to nine (9) months. The payment to a private institution denied deserving students in Government institutions the needed funds to pursue their education and therefore the funds may not have been used in an economical way.

Management Response

710. The students in the private institution were needy students of molo constituency who applied for the said bursary and who were genuinely awarded by molo Ng-cdf committee. Ng-cdf awards bursaries based on the need basis of students and not whether they are in private or public learning institutions. Also, there is no legal requirement that requires us to award bursaries to strictly, students who are at public institution only.

Committee Observation

711. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Delayed Implementation of Projects

According to the project implementation status report as at 30 June, 2020, implementation of nine (9) projects for which a total of Ksh. 14,720,000 was disbursed had not commenced. Delayed implementation of projects denied the residents of the Molo Constituency the intended benefits and is contrary to the values and principles of public service as provided for under Article 232 (1)(c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

Management Response

712. The delayed implementation of the projects was as a result of delayed fund disbursement from treasury. The projects were implemented in the subsequent year, at the time of closure of the next financial year, all projects (including the 9) were undertaken and are complete and in use. See the attached which is the completion certificates and pictures, and updated projects PIS.

Committee Observation

713. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Lack of a Risk Management Policy

714. During the year under review, the Fund did not have a risk management policy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. In the circumstances, the Fund was not in compliance with Regulation 165 (1)(b) of Public Finance Management (National Government) Regulations, 2016 which provides for a system of risk management and internal control that builds robust business operations.

Management Response

715. The constituency has a risk management site where all risk issues are monitored and mitigated as a measure of internal control policy. It also has a risk register updated on quarterly basis. See the attached which is a copy of risk register for the financial year under review.

Committee Observation

716. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Project Management Committee Bank Balances

717. The financial statements at Annex 5 reflects thirty-eight (38) project management committee bank balances totalling to Ksh. 60,765,013. However, the balances were not supported with expenditure returns, cashbooks, and bank reconciliation statements. In the circumstances, the accuracy and completeness of the bank balance for the Project Management Committees could not be confirmed.

Management Response

718. It is true that at the time of the audit, cashbooks and bank reconciliation statement were not presented for audit because the statement were with the respective PMCS. However, in few months' time, all the respective cashbooks and bank reconciliations were presented to the office. In future all PMCs have been advised to bring all the cashbooks and bank reconciliations to the office for smooth presentation to the auditors. Attached to this

response are the expenditure returns, cashbooks and bank reconciliation statements for the 38-project management committee bank accounts.

Committee Observation

719. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

2.0 Budgetary Control and Performance

720. The Fund had an approved final revenue budget of Ksh. 214,578,444 against actual receipts of Ksh. 161,367,724 resulting to an underfunding of Ksh. 53,210,720 or 25%. Further, the Fund had an approved final expenditure budget of Ksh. 214,578,444 against actual on comparable basis of Ksh. 146,935,52 resulting to under absorption of Ksh. 67,642,925 or 32% of the total budget. Failure by the Board to disburse funds as per the budget, may adversely affect delivery of services to the residents of Molo Constituency.

Management Response

721. The under absorption is as a result of the underfunding/late funding. The underfunding of 53,210,720 were funds for AIES received late and 8,210,720 of funds approved late. This resulted to late funding/no funding from treasury at the point of closing the financial year, which subsequently affected the constituency's operations. It also lead to the resulting under absorption observed.

Committee Observation

722. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Poor Implementation of Projects

723. Audit inspection of ten (10) projects with a total of Ksh. 21,210,000 in May, 2022 revealed that three (3) projects costing Ksh. 3,400,000 which were complete had various defects. Two (2) projects costing Ksh. 3,510,000 were incomplete and had been abandoned while two (2) projects costing Ksh. 3,200,000 were not labelled. One (1) project costing Ksh. 4,600,000 was complete but not in use while implementation of one (1) project costing Ksh. 5,000,000 was ongoing. In the circumstances, value for money on projects implemented costing Ksh.21,210,000 could not be confirmed.

Management Response

724. At the time of the audits, projects were ongoing and most of them not done to 50% completion level. But, as at the time of this response, all projects for the financial year under review are complete and well-done as shown by the Pis, the completion cert, defect free certificates and picture attached. All projects for the financial year under review have been labelled properly since they could not be labelled at the point of this audit since most of them were ongoing.

Committee Observation

725. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unsupported Project Management Committee (PMC) Account Balances

726. Note 17.4 to the financial statements on other important disclosures reflects Project Management Committee (PMC) account balances totalling to Ksh. 41,880,186. However, cash books, bank balance confirmation certificates and bank reconciliation statements for PMC bank accounts were not provided for audit. Further, the balance does not include Project Management Committee (PMC) bank account balances for projects approved and funded since inception of the Fund. It was also not confirmed whether the bank balances for completed projects were surrendered to the main Constituency Fund bank account in compliance with Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the Constituency account. In the circumstances, the accuracy, completeness and existence of Project Management Committee (PMC) bank balances of Ksh.41,880,186 could not be confirmed.

Management Response

727. It is true that at the time of the audit, cashbooks and bank reconciliation statement were not presented for audit because the statement were with the respective PMCS. However, at the time of this response, all the respective cashbooks and bank reconciliations are in the office. In future all PMCs have been advised to bring all the cashbooks and bank reconciliations to the office for smooth presentation to the auditors. Attached to this response are cashbooks, bank balance confirmation certificates and bank reconciliation statements for the PMCs totalling to 41,880,186.

728. The PMCS balances cannot include balances for projects approved and funded since inception of the fund because projects are funded on yearly basis and accounts closed at the end of the project as required by the law.

729. Practically budgets/proposals are made based on BQs and once a project is funded, there remains no unutilized funds in the PMCs at the end of the projects, to be returned to the main accounts. In the circumstances it happens, the return was made. See the Attached extract of the cash book for PMCs balances returned to the main account in the financial year 2022/2023.

Committee Observation

730. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Summary of Fixed Assets Register

731. Annex 4 to the financial statements reflects summary of fixed assets register balance of Ksh. 32,226,938. The balance includes buildings and structures, and transport equipment

of Ksh. 26,383,000 and Ksh. 4,500,000 respectively. However, ownership records for buildings and structures, and transport equipment were not provided for audit review. Further, the value of land on which the buildings and structures are constructed has not been disclosed. In addition, the assets have not been insured. This is contrary to Section 36(3) of the National Government Constituencies Development Fund Act, 2015 which states that all fixed and movable assets, including equipment bought under this Act for use by the Constituency Committee shall be the property of the Board and shall be insured in the name of the Board. In the circumstances, the accuracy, completeness, ownership and valuation status of fixed assets balance of Ksh.32,226,938 could not be confirmed.

Management Response

732. The declared value of the assets of 32,226,938 does not include land, since the constituency office is located in public land and was donated to Molo ng-cdf by the DCC. Attached as is a letter by Molo deputy county commissioner donating the piece of land, to molo Ng-cdf, as a proof of ownership.
733. The building and structures were fully funded by Molo ngcdf as shown by the attached copy of code list, further proofing the ownership.
734. The vehicle was insured as shown by the sticker and proof of payment of insurance attached.

Committee Observation

735. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

3.0 Budgetary Control and Performance

736. The summary statement of appropriation reflects a final expenditure budget of Ksh. 204,731,802 against actual on a comparable expenditure of Ksh. 174,289,797 resulting to budget under expenditure of Ksh.30,442,005 or 15% of the budget. The under expenditure affected the planned activities and impacted negatively on service delivery to the public.

Management Response

737. The under expenditure is due to delayed disbursement of fund by treasury which subsequently affected the board and the constituencies. At the end of the year an AIE of 12,088,879.30 was not received and due to procurement process of the funds received late another 18,353,125.7 remained unspent during the closure of the financial year. Attached are the AIES received late.

Committee Observation

738. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Stalled Secondary Schools' Projects

739. The statement of receipts and payments reflects transfer to other Government units amount of Ksh. 97,200,000 as disclosed in Note 6 to the financial statements. The amount includes transfers to secondary schools amounting to Ksh. 37,100,000, which further

includes construction works of Ksh. 21,100,000. However, review of records and physical verification of the construction of a dining hall in Michinda Secondary School revealed that the project was approved in 2016/2017 financial year but had not been completed, five years after approval. This is contrary to Regulation 11(1)(j) of the National Government Constituencies Development Fund Regulations, 2016 which requires the National Government Constituency Development Fund Committee to ensure that projects are completed within three years. Further, the construction of a laboratory at St. James Secondary School incepted in 2019/2020 financial year had not been completed. In the circumstances, the Management was in breach of the law and value for money on the delayed projects had not been achieved.

Management Response

740. The dining hall at michinda secondary school was funded in the year 2017/2018 to the tune of 1,500,000 to complete the dining hall, and not 2016/2017. In the 2019/2020, it was allocated 3,000,000 to complete the 800-capacity dining hall since the 1,500,000 allocated 2017/2018 could not complete it as envisaged at the time of the allocation.
741. However, the project is complete as at the time of this response and no public fund was lost and value for money achieved. Attached is a picture and completion certificate of the complete project.
742. St. James was funded the financial year 2020/2021 to the tune of 5000,000 for the construction of double laboratory and not 2019/2020 as shown by the copy of the code list attached. Further it was allocated extra funds of 1,711,600 in the financial year 2022/2023 to equip it to completion. The initial allocation of 5,000,000 could not have completed and equipped double laboratory to the required standards as shown by the attached. However, at the time of this response the project is complete and in use as shown by the completion certificate and the picture attached to this response.

Committee Observation

743. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Irregular Emergency Projects Expenditure

744. The statement of receipts and payments reflects other grants and other transfers totaling to Ksh.62,936,828. The amount includes emergency projects expenditure of Ksh.11,700,000 as reflected in Note 7 to the financial statements. However, the expenditure had not been reported to the Board. This is contrary to Regulation 20(2) of the National Government Constituencies Development Regulations, 2016 which stipulates that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board. Further, the expenditure is 8.5% of the total original approved budget of Ksh.137,088,879 for the year under review. This is contrary to Section 8(1) of the National Government Constituencies Development Fund Act ,2015 which provides that an equivalent to five per centum of the Fund shall remain unallocated and shall be

available for emergencies that may occur within the Constituency. In the circumstances, the Management was in breach of the law.

Management Response

745. The expenditure of 11,700,000 was reported to the board vide the attached letter dated 3rd April 2024. The budget of the constituency in the year 2021/2022 was 137,088,879. The expenditure of the 11,700,000 was funds for emergency for the year under review and the previous years of Ksh. 7,192,206.9 and 4,507,793.1 respectively.

Committee Observation

746. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Irregular Acquisition of Assets

747. The Statement of receipts and payments reflects acquisition of assets amounting to Ksh. 1,375,000. The amount includes expenditure incurred on refurbishment of buildings and purchase of office furniture and general equipment for Ksh. 625,000 and Ksh. 750,000 respectively as disclosed in Note 8 to the financial statements. However, the expenditure was not budgeted for contrary to Regulation 25 (2) of the National Government Constituencies Development Regulations, 2016 which states that a Constituency Committee shall not incur expenditure unless such expenditure is supported by an approved work plan, a procurement plan and a budget. Further, the expenditure was not supported with procurement records such as user requisition and stores records. In the circumstances, the Management was in breach of the law.

Management Response

748. The acquisition of assets amounting to 1,375,000 (refurbishment of the building which include installation of cabros at the office gate at 625,000 and purchase of office furniture's for the new office at 750,000 was funded from the office administration fund/budget for that year. However, it was wrongly classified under note 8 instead of note 5. it was also under the constituency's approved work and procurement plan as shown in the attached.

Committee Observation

749. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Project Implementation Status Report

750. The statement of receipts and payments reflects transfers to other Government units of Ksh. 97,200,000 and other grants and other transfers of Ksh. 62,936,828 as disclosed under Notes 6 and 7 respectively to the financial statements. Review of the project's implementation status report revealed that twenty-one (21) projects with an allocation of Ksh. 43,200,000 had been completed, five (5) projects with an allocation of Ksh. 11,700,000 had not been started and ten (10) projects with an allocation of Ksh.

38,800,001 were at different levels of completion. In addition, project implementation status for all projects since inception of the Fund was not provided for audit.

751. In the circumstances, value for money for the ongoing and not started projects could not be confirmed.

Management Response

752. At the time of the Audit, most projects were ongoing. As at the time of this response all the projects were completed. Attached as ANNEX 52 is an updated PIS for the year under review, PIS from 2013-2023, the List, the completion certificates and pictures of the 15 queried projects.

Committee Observation

753. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5 NAIVASHA CONSTITUENCY

755. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Naivasha Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.5.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Presentation and Accuracy of Financial Statement

756. The financial statements were not supported with a trial balance as at June 2014 or a ledger for the month of June 2014. Further statement of financial assets and liabilities reflects a prior year adjustment of Ksh. 203,738 which has not been supported or explained.

757. Consequently, the source, accuracy and completeness of the financial statements could not be ascertained.

Management Response

758. NG-CDFC Prepared an annual expenditure returns based on various payment vouchers and schedules. However, these were the first years of preparations of financial statements which led to omission error in preparation of the trial balance and a prior year adjustment of Ksh. 203,738 in the statement of financial assets and liabilities. The Ksh. 203,738.00 was funds brought forward as at 1st July 2013 supported by the attached cash book as at 30th June 2013. Through capacity building in the subsequent years, there has been improvement in the financial statement on preparation and accuracy.

Committee Observation

759. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Receipts

760. The statement of receipts and payments for the year ended 30 June 2014 reflects transfers from CDF Board of Ksh. 39,857,298 while records from the Boards reflects disbursements to the Naivasha CDF of Ksh. 128,886,753. The different of Ksh. 89,029,455 has not been reconciled or explained.

Management Response

761. The total allocation to the constituency in the financial year 2013/14 was Ksh. 73,731,837. As at 30 June 2014, NG-CDFC Naivasha had received Ksh. 39,857,298 giving a difference of Ksh. 33,874,539. Ksh. 89,029,455 was balance brought forward from financial year 2012/2013 and financial year 2013/14 balances

Committee Observation

762. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Budgetary Control

763. The summary statement of Appropriation indicates the final budget as Ksh. 21,373,845 and an overall variance on budget utilization as nil (0%). However, the approved budget was Ksh. 73,731,837. The statement of Appropriation is therefore inaccurate.

Management Response

764. During the preparation of the financial statement, the management made an error and recorded actual expenditures of Ksh. 21,373,845 as final budget on the financial statement instead of Ksh. 73,731,837 which is the budget of the Fyr 2013/2014. The management corrected the error in the subsequent year

Committee Observation

765. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Cash and cash Equivalent

766. The statement of financial assets and liabilities as at 30th June 2014 reflects a cash and cash equivalent of Ksh. 18,687,191 comprising of outstanding imp rest of Ksh. 590,000 and a bank balance of Ksh. 18,097,191 held in the Equity Bank Bank Account No. 0200261809700. However, the bank balance differs with the balance reflects in the cash book of Ksh. 17,780,132. The difference of Ksh. 317,058 has not been reconciled.

767. Records available indicate that the Naivasha CDF operate another bank account held in the Co-operative Bank Account No. 01120115152600 which had a cash balance of Ksh. 22,665,827 as at 30 June 2014. The balance is not been reflected in the financial statement. Further, the payments made from this account are not included in the financial statement.

768. The bank reconciliation statement for the Naivasha CDF Co-operative Bank No. 01120115152600 as at 30 June 2014 showed un-presented cheques of Ksh. 13,602,190. Out of this amount, there were stale cheques amounting to Ksh. 4,563,891.60. No reason has been provided why the stales cheques have not been reversed in the cashbook.

769. Under the circumstances, the accuracy of the cash and cash equivalent balance Ksh. 18,687,191 as at 30 June 2014 could not be confirmed.

Management Response

770. The bank balance of Ksh. 18,097,191 held in equity bank Account No. 0200261809700 differed with the cash book balance of Ksh. 17,780,132 giving a difference of Ksh. 317,058. The cash book balance as at 30th May 2014 was Ksh. 18,097,191 and payments made in the month of June was Ksh. 317,058. The error was corrected in the subsequent years

771. It is true that account number 01120115152600 maintained at Co-operative Bank, was not disclosed in the financial statements. That account was operated by larger Naivasha CDFC prior to the split of Naivasha constituency into New Naivasha and Gilgil constituencies. As directed by the CDF Board (circular dated 17th July, 2013 Ref: CDF BOARD/ CIRC ULARS/VOL.1.1/167 attached, the account was to be operated jointly

and when the funds are exhausted, proper closure of the account was to follow. The money in the account was for both the two constituencies since new Naivasha was split from larger Naivasha. The money was spent by the committee as per the attached cash book copies and bank statement.

772. The stale cheques amounting to Ksh. 4,563,891.60 were for beneficiaries which had not been deposited by the beneficiaries as at close of the financial years. However, the stale cheques were reversed and paid to out to beneficiaries in the subsequent financial year.

Committee Observation

773. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Mwiciringiri Water Project

774. In 2007/2008 and 2008/2009 financial years, Ksh. 1,250,000 and Ksh. 900,000 respectively was paid by the CDF for drilling boreholes at two sites in respect of Mwiciringiri Water Project. However, the boreholes drilled did not yield any water. In the 2009/10 the CDF allocated Ksh. 3,000,000 for the purchase and installation of water pipes for the project.

775. Documents in the project file indicates that the pipes had been procured had installed. However, audit verification of the project on 9 September 2014 revealed that the pipes were still kept in a store belonging to a member of the project committee. Apparently, no value for money has been realized from the funds totaling to Ksh. 5,150,000 spent on the project.

Management Response

776. Mwiciringiri water project was allocated a total of Ksh. 5,150,000 in the 3 financial years. The project management committee undertook the implementation of the project. The borehole drilling had not yielded water during the time of audit but later water was realized and the pipes were installed.

Committee Observation

777. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Mununga Water Project

778. The Mununga Water Project received funds totaling Ksh. 3,900,000 to sink a borehole, install a 100m3 water tank and lay pipes to supply the water in the locality. According to the project implementation status report, the funds were received as follow;
Financial year 2007/08..... Ksh. 1,200,000 Sinking of borehole
Financial year 2009/10.....Ksh. 1,000,000 Piping
Financial year 200910.....Ksh. 1,000,000 100m3 water tank
Financial year 2011/12.....Ksh. 700,000 Piping

779. However, there was no evidence that the borehole had been sunk and a tank constructed or purchased using CDF funds. The project committee explained that the borehole and

the tank were constructed by the Catholic Church, with CDF only contributing funds for piping. Audit verification done on 9 September 2014 revealed that the borehole was not operational due to a faulty pump. In the absence of documentary evidence, it was not clear how the funds allocated for sinking the borehole and construction of water tank were utilized.

Management Response

780. The committee allocated Ksh. 3,900,000.00 for Mununga water project during the stated financial years. The project management committee reported to have approached the catholic church to assist them in constructing the borehole and the tank on realizing that the funds was not sufficient to do all the activities including piping to the intended homesteads. The faulty pump was later repaired.

Committee Observation

781. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Bank Reconciliation

782. The bank reconciliation statement as at 30 June 2015 reflects payments in the cashbook not recorded in the bank statement (Unpresented cheques) totaling Ksh. 1,925,491.60. Out of Ksh. 351,500.60 was in respect of stale cheques. No explanation was given for failure to write back the stale cheques in the cashbook.

783. Further, it was observed that the bank reconciliation statement reflected payments in bank not yet recorded in cash book totaling Ksh. 97,057.50 made in respect of bank charges. Out of this amount, Ksh. 67,697.50 related to entries posted in early 2014 and it was not clear why the amount had not been regularized in the cashbook.

Management Response

784. Ksh. 351,500.60 were stale cheques that had not been presented by the various institutions beneficiaries as at close of the financial year which were later paid back to the cash book. The Ksh. 97,057.50 was in respect to bank charges which was later regularized in the cash book.

Committee Observation

785. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Outstanding Imprest

786. Note 12 C to the financial statement reflects outstanding imprest totaling to Ksh. 512,000 issued to an officer on 28th June 2015. However, it was not explained why the officer failed to surrender or account for the imp rest at the closure of the financial year.

Management Response

787. The outstanding imprest of Ksh. 512,000 as at 30th June 2015 was surrendered by the officer in the subsequent year on 15/10/2015 vie payment voucher No. 253 and was accounted fully and cleared

Committee Observation

788. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Other Grants and Transfers

789. The fund paid out a total of Ksh. 16,080,050 during the year as grant and transfers mainly bursary to secondary schools and tertiary institutions.

790. However, the copies of the application forms for bursaries, minutes of the committee that awarded the bursaries and acknowledgement letters/ receipts from the institutions that receive the bursaries on behalf of the students were not presented for audit examination. In the circumstances, the propriety of the expenditure could not be confirmed.

Management Response

791. Ksh. 16,080,050 was bursary allocation to secondary schools and tertiary Institutions. At the time of audit, the minutes, and acknowledgment receipts were not availed for audit. However, they have been availed for audit verification.

Committee Observation

792. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

1.0

793. The Naivasha CDF was under-funded by Ksh. 5,481,885.50 which represented approximately 5% of the approved annual budget for the year. As a result, Fund could not implement all the projects it had envisaged for the period under review.

Budgeted amount (Ksh.)	Actual receipts (Ksh.)	Variance(Ksh.)
119,265,365.50	113,783,480.00	5,481,885.50

Management Response

794. Ksh. 5,481,885.50 were funds not yet disbursed by the board as at close of financial year. However, the funds were later received in the subsequent year and utilized on the intended activities and projects as per the attached projects status.

Committee Observation

795. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

1.1 Expenditure Analysis

Sector	No. of projects Budgeted	No. of projects implemented	Budgeted Amount (Ksh.)	Actual Expenditure (Ksh.)	Absorption Rate%	Over/ under expenditure(Ksh.)
Emergency	1	0	5,400,259	nil	0%	(5,400,259)
Bursary	3	2	33,808,204	16,080,050	47.56%	(17,727,154)
Sports	1	2	1,000,000	1,500,000	150.0%	500,000
Environment	1	2	1,000,000	2,500,000.00	250.0%	1,500,000
Primary schools	23	40	13,057,931	20,680,000	158.37%	7,622,069
Secondary school	12	27	24,000,000	34,460,000	143.58%	10,460,000
Health	1	7	1,000,000	4,982,759	498.2	3,982,759
Water	5	12	4,300,000	8,142,517	189.36	3,842,517
Roads	11	4	11,000,000.00	778,000.00	7.07%	(10,222,000.00)
Security	9	12	3,350,000	3,637,250	108.57%	287,250
Tertiary	0	2	0	5,500,000		5,500,000
Market	1	1	3000,000	300,000	100%	0
Total	68	111	98,216,394	98,560,576		344,182

796. The following issues were in relation to the expenditures

797. The management of the Fund violated section 23 (1) the provision of the CDF Act, 2013, which advocate for the implementation of a minimum of five projects and a maximum of twenty-five projects in any particular financial period. That the Fund implemented a total of one hundred and eleven (111) projects which were above the recommended number of twenty-five projects.

798. The Fund realized an over-expenditure of Ksh. 29,712,078 on eight projects relating to sports, environment, primary and secondary schools, health, water, security and tertiary institutions. Approval for the over expenditure was not presented for audit verification.

799. It was observed that the CDFC budgeted Ksh. 11,000,000 for roads but only utilized Ksh. 778,000 which represented only 7% rate of absorption. No explanation was provided for underutilization of funds in the roads sector.

Management Response

800. The management of the fund implemented 111 projects instead of 25 maximum projects as stipulated by CDFAct,2013. The committee. This was attributed to brought forward projects from previous financial year which had not been funded.

801. The management utilized only 7% of the allocation to roads in the current financial and utilized and utilized the balance in the subsequent year and also re-allocated some of the funds.

Committee Observation

802. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Irregular Expenditure

803. The CDFC disbursed Ksh. 1,000,000 to Mirera Primary School (vide payment voucher No. 0130 and cheque and cheque No. 847 and 848 respectively, both dated 9 March 2015) for renovation

804. ten (10) classrooms. However, bills of quantities (BQS) and expenditure returns were not presented for audit examination and it was therefore not possible to ascertain how the disbursed amount was spent. Physical verifications carried out on 21 April 2016 at the school did not show any evidence of any renovation having been done in the year under review.

Management Response

805. Mirera primary school was allocated Ksh. 1,000,000 for plastering of 10 No. classrooms. The bill of quantities and expenditure returns were with the project management committees at the time of audit. However, the bill of quantities, minutes of tender evaluation of award and request of payment by the contractor have been availed to the auditors for verifications.

Committee Observation

806. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unaccounted for Expenditure

3.1 Gituru Water Project

807. Gituru Water Project was allocated Ksh. 1,000,000 for drilling of a borehole but for unexplained reasons, the Project Management Committee (PMC) constructed a water kiosk, two metal stands for placing the water tanks and in addition bought two water tanks and installed them on top of the metal stands. However, expenditure returns and the CDFC minutes that approved the reallocation of funds were not presented for audit verification.

808. In the absence of the evidence of reallocation approved and expenditure returns, it was not possible to confirm the expenditure as a proper charge to public funds.

Management Response

809. Gituru Water Project Committee was allocated Ksh. 1,000,000.00 for drilling of a borehole. By the time of audit, the project management committees had not submitted the projects returns to the office. However, the project management committees submitted the returns to the office and have been availed to the auditors for verification. The project management committee made an error in changing the activities of the project to kiosk and water tanks stands without the approval of the CDFC and CDF Board. The CDFC later undertook capacity building of projects management committees on the requirements of seeking any re-allocation approval through CDFC to avoid recurrence of the such mistake.

Committee Observation

810. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 Construction of a laboratory- Mununga Secondary School

811. Mununga secondary school was allocated Ksh. 1,000,000 for construction of a laboratory

812. But for unexplained reason and without the approval of the CDFC, two classrooms were constructed instead. However, no expenditure returns or minutes of CDFC meeting that approved the construction of the classrooms were presented for audit review.
813. In the circumstance, the expenditure could not be confirmed as a proper charge to public funds.

Management Response

814. Ksh. 1,000,000 was allocated to Mununga Secondary school for construction of laboratory. The project management committees made an error in changing the project activities from a laboratory to construction of 2 classrooms without seeking the approval of the CDFC and CDF Board. However, the committee did capacity building to avoid the recurrence of the same mistake. At the time of audit, the project management committee had not submitted the returns file to the office. However, the project management committees submitted the returns to the office and have been submitted to the auditor for review.

Committee Observation

815. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3 Construction of Tuition Block at – Kenya Medical Training College

816. The Kenya Medical Training College, Naivasha was allocated Ksh. 5,000,000 for construction of a tuition block and toilets. However, physical verification of project on 21 April 2016 disclose that the project was not implemented. Further, no bank statement was produced for audit to confirm existence of the cash. In addition, Rutere Secondary School was allocated Ksh. 1,500,000 for purchase of 2.5 acres of land. However, physical verification carried out on 21 April 2016 revealed that no land was purchased and no expenditure records or bank statement were presented for audit examination.
817. In the absence of bank statement and expenditure returns, and evidence of executed works, it was not possible to confirm the propriety of the expenditure totaling to Ksh. 6,500,000.

Management Response

818. The committee allocated Ksh. 5,000,000 towards construction of KMCTC-Naivasha administration block. The Committee requested for re-allocation of the funds to various projects due to non-availability of land and got Boards approval, vide Board approval letter dated 21st March 2019. The approved re-allocation letter and bank statement are attached.
819. Rutere Secondary school land purchase at Ksh. 1,500,000.00. The land valuation was done on 20/06/2016, land sale agreement done on 27/07/2016 and title issued on 9/02/2017

Committee Observation

820. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4 Construction of four (4) Classrooms at- Governor Secondary School

821. Governor Secondary school was allocated Ksh. 2,600,000 for construction of four classrooms and the funds were disbursed through PV no. 121. However, it was not possible to confirm how the allocation was spent in absence of expenditure returns.

822. In the circumstance, the propriety and value –for-money for expenditure amounting to Ksh. 2,600,000 could not be confirmed.

Management Response

823. Ksh. 2,600,000 was allocated to Governor Secondary school for the construction of classrooms. However, by the time of audit the project management committee had not submitted the project returns file but later submitted and has been provided to the auditors for review.

Committee Observation

824. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Preparation and Presentation of the Financial Statements

825. The statement of financial assets reflects total assets of Ksh. 88,420,411 and net liabilities of Ksh. (4,340,010) leading to unexplained difference of 92,760,421. In view of this difference, the statement of financial assets does not present a fair financial position of the constituency.

826. The cash and cash equivalent balance of Ksh. 88,420,411 as at 30 June 2016 was at variance with the cash book balance of Ksh. 9,415,122.60 that is made up of cash at bank of Ksh. 9,168,122.60 and outstanding imprest of Ksh. 247,000. Further, the management did not prepare and submit to the CDF Board new proposals for the unspent balance amounting to Ksh. 9,168,122.60 as at 30 June 2016.

827. In the circumstances, the accuracy of the financial statement cannot be confirmed.

Management Response

828. The difference of Ksh. 92,760,421 was due to an error in recording 2015-2016 closing balances as 88,420,411 instead of Ksh. 9,168,122.60 and outstanding imprest 247,000 total Ksh. 9,415,122.60. The transfer from cdf board indicates Ksh. 118,708,067 against final budget of 112,716,720. The officer surrendered the imprest of Ksh. 247,000. The management did not prepare and submit to CDF board new proposals for the unspent funds for the funds were spend on the approved activities as per 2015/16 code list approve by the board

Committee Observation

829. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unaccounted for Transfer Funds

830. The management made a transfer of Ksh. 10,000,000 on 23/09/2015 vide RTGS: RTOO20349060 to Kabete Technical Training institute. However, the respective payment voucher detailing the payee, authorization by the CDF acknowledgement of receipt of the funds by the Institute were not provided for audit. In addition, there was no budget provision for the transfer. The management did not explain the purpose of the transfer or present the respective CDFC minutes

831. that discussed and approved the disbursement. Further, there was no agreement between Naivasha CDF and Kabete technical Training Institute spelling out the terms and specific activities to be undertaken including detailed work plans. Under the circumstances, it has not been possible to confirm that the funds were utilized for the benefit of Naivasha constituency residents.

Management Response

832. The NG-CDFC Naivasha constituency transferred Ksh. 10,000,000.00 to Kabete Technical Institute which was the implementing institution on 23/09/2015 vide RTGS: RT0020349060 for Naivasha Technical Training College. The funds transfer was supported by the following attached documents. Naivasha technical Institute was constructed at Longonot.

Committee Observation

833. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unaccounted for Kinamba Primary School Expenditure

834. In financial year 2015/2016 Kinamba Primary school was allocated Ksh. 11,000,000 but Ksh. 13,000,000 was disbursed leading to Physical verification revealed that construction of the classrooms and offices was on going but were not being certified at different stages of construction to confirm that the works done met technical standards. The school had so far admitted 324 pupils from class one to six paying fees at a rate of Ksh. 700 per pupil per month and teachers service commission. This implies that the school is being run as a private institution. Further, the CDFC disbursed Ksh. 7,000,000 to the school for purchase of land but no evidence was provided to indicate that the purchased land was sourced competitively.

Management Response

835. Kinamba primary school was allocated Ksh. 11,000,000, Ksh. 4,000,000 for storey building and Ksh. 7,000,000 for purchase of land in the financial year 2015/16., However, the committee allocated the school Ksh. 2,000,000 for purchase of land via minutes 181/2015 financial year 2014/15 allocation. The school committee eventually paid for 2 parcels of land as per the attached title deeds.

836. The construction of classrooms and offices through labour based are complete and were being supervised by clerk of works. The school is registered with the ministry of Education as a public school.

Committee Observation

837. The Committee observed that the matter was partially addressed.

838. The Committee recommends that within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Kinamba Primary School i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.

839. The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

4.0 In the unsupported Bursary Expenditure

840. The bursaries for secondary schools, tertiary institutions, examinations and driving schools approved in 2015/2016 amounted to Ksh. 13,000,000, Ksh. 7,000,000, Ksh. 2,000,000 and Ksh. 1,000,000 respectively totaling Ksh. 23,000,000. Records examined indicate that expenditure of Ksh. 18,921,889 was incurred but were not supported by official acknowledgement. Besides, schedules of the beneficiaries, the criteria that was used to identify the respective students were not stated and the bursary application register was not maintained. It was therefore not possible to ascertain if the bursary funds were indeed issued to needy students and received by the institutions cited in the disbursement documents.

Management Response

841. Ksh. 18,921,889 was incurred on bursary to students in various institutions. During the time of audit, the schedules were not availed, however the schedules have been availed for audit verification.

Committee Observation

842. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unaccounted for Environmental Expenditure

843. Naivasha constituency Development Fund Committee allocated Ksh. 1,000,000 towards environment projects. Records examined indicated cash amounting to Ksh. 250,000 and Ksh. 150,000 were withdrawn on January 5 and 8 2016 respectively but were not documented or accounted for in expenditure returns. Although, the management explained that the expenditure was incurred on planting of trees around Naivasha Constituency, no details were given in respect to the number, cost and nature of tree seedling purchased, and the location they were planted. Further, the environment project management committee file presented for audit was not relevant to 2015/2016 transactions but those for 2014/2015 and prior years.

Management Response

844. Ksh. 1,000,000 was utilized in planting of trees was done at Naivasha escarpment. However, at the time of audit the management had not obtained the documents in respect to the number, cost and nature of trees seedlings from the project management committee. The cash withdrawn was to assist in the purchase of trees seedlings that were distributed to various planting points.

Committee Observation

845. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Emergency Expenditure

846. A sum of Ksh. 5,767,647 was set aside in the year under review to cater for emergency activities but only Ksh. 3,238,482 was spent. Of the expenditure incurred, Ksh. 1,750,000 was in regard to various projects services but the payment vouchers were not supported with work plans/program, monitoring and evaluation reports, CDFC approved minutes and project files. Include in Ksh. 1,750,000 expenditure was Ksh. 150,000 disburses to Karai Police Post which however has never been in operation.

847. Enquires revealed that the initial construction did not meet the specifications of a Police Post. A further Ksh. 582,482 was paid vide PV nos. 276 and 277 dated 15/12/15 to M/S Josmart Auto Garage for repair of two Land Rovers vehicle namely, GK A4383N and GK P864. However, no work tickets, repairs log books and inspection reports before and after the repairs were attached for the payment vouchers, or provided for audit verification. In addition, the expenditures did not meet the emergency threshold set by the National Government Constituencies Development Fund Act no. 30 0f 2015.

848. In the circumstance, the emergency expenditure did not appear as proper charge to the public funds.

Management Response

849. In the year 2016, the constituency experience increased rate of crime and the committee approved the use of Ksh.1,750,000 of the emergency funds to construct Karai police post (Ksh. 150,000.00) and Ksh. 582,482 paid to Josmart Auto Garage for urgent repair of vehicles GKA438N and GKP864 to be used by security officers to combat crime within the constituency. Karai police post is in operation.

Committee Observation

850. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Weaknesses in Accounting and Internal Control Systems

851. During the period under review, payment vouchers for expenditure totaling Ksh. 20,000,000 were not presented for audit therefore the propriety of the expenditures could not be confirmed. In addition, replacement cheques value at Ksh. 2,559,000 were made but the corresponding cancelled cheques were not taken- on –charge in the register and

further some of the replacements were not made to the original payees. In addition, control over insurance, accountability and surrender of imp rests remained weak and as a result, Ksh. 100,800 paid in respect of night –outs to Mr. Arthur K Karogi (former Fund Manager) and Mr. Joseph Magu Kahra at Ksh. 50,400 each was not accounted for properly.

Management Response

852. Ksh. 20,000,000 was payments for projects whose returns had not been submitted by project management committees during the time of audit. However, they have been submitted and presented to auditors for review

853. The committee noted on the error made on the cancelled cheques not being taken on-charge in the register and correction was made in the subsequent year. The committee made payments to new payees since the original payees had completed studies

854. The imprest of Ksh. 100,800 paid in respect of night of Mr. Arthur Karogi and Mr. Magu Kahra was misplaced at the time of audit, however the surrender has been retrieved and forwarded to the auditors for review (payment voucher no 330 and 331)

Committee Observation

855. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Weakness in project Implementation

856. Budgetary allocation to projects increased from Ksh. 57,507,931 in 2014/2015 to Ksh. 76,800,000 in 2015/2016. However, the respective project management Committee did not submit expenditure returns to account for funds disbursed to them and further there was no evidence to show that procurement procedures were followed in awarding contracts. In addition, the projects were not certified as having met the required standards and further payments were made to contractors without withholding retention funds as required.

Management Response

857. The project management committees had not submitted the expenditure returns by the time of audit, however the returns, completion certificates were obtained later. The clerk of works trained the project management committees on withholding of contractor's retention.

Committee Observation

858. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Unclear basis for Bursary Fund Allocation

859. During the year under review, Naivasha CDF disbursed Ksh. 22,248,885 to various schools as bursary to student in secondary, university and other Tertiary institutions. It

was observed that on average, secondary school students received between Ksh. 3,000 and Ksh. 4,000 while students in the universities and other tertiary institution received on average Ksh. 7,000 amounts too little to needy students. This was as a result of the bursary committee failure to accurately identify needy, bright and deserving students. No minutes were provided to confirm committee sitting while identifying needy and deserving cases.

Management Response

860. Naivasha CDF disbursed Ksh. 22,248,885 to various schools as bursary to students. The bursary committee identified the needy beneficiaries through applications forms from the students. However, because of the many applicants and needy cases the committee was only able to award the students Ksh. 3,000 and Ksh. 4,000 in secondary schools and Ksh. 7,000 in tertiary institutions. However, the committee increased the allocation amount to an individual student the subsequent years when the total bursary allocation was increased due to increase in the constituency allocation.

Committee Observation

861. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Projects without practical completion certificate

862. During the year under, NG-CDF several projects CDF of Naivasha implemented various projects worth Ksh. 67,600,000 compared to projects amounting to Ksh. 82,563,600 in the 2015/2016. According to project implementation status, several projects were marked as "completed and in use". Physical verification revealed that some of the projects such as classrooms in primary schools were in use. However, it was noted that these completed projects were not issued with practical completion certificates by qualified building professionals as proof that they meet technical standards. Value for money objective may not be achieved where the projects amount Ksh. 67,600,000 were not to professional certified to meet technical standards.

Management Response

863. The various projects amounting to Ksh. 67,600,000 were at various stages of completion. At the time of audit, the projects had not been issued with practical completion certificates. However, the projects were later certified to meet technical standards by the clerk of works.

Committee Observation

864. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Budget and Budgetary Control

865. During the year review Naivasha CDF expected Ksh. 143,501,868.70 transfer from the National Government Constituencies Development Fund. The transfer comprised Ksh. 81,896,55.70 in respect to 2016/2017 as approved budget while and Ksh. 61,632,317 was receipts for prior years which had not been received. It was however noted that only Ksh. 102,181,154 was received leading to a budget difference of Ksh. 40,921,275. The

different implies that budgeted projects are not and denies residents benefits associated with them.

Management Response

866. Naivasha CDF expected Ksh. 143,501,868.70 from the board in the fyr 2016/17 and prior year balance of Ksh. 61,632,317. However, the committee received Ksh. 102,181,154 at the close of the year leading to a difference of Ksh. 40,921,275 which was received in the year 2017/18 and was utilized on the budgeted activities.

Committee Observation

867. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0

868. The statement of assets and liabilities reflects bank balance of Ksh. 10,459,869; (2017 Ksh. 1,889,262) and disclose under Note 10 A to the financial statement. The bank balance excludes stale cheques amounting to Ksh. which were not reversed as the year end. In the circumstance, the accuracy of the reported bank balance of Ksh. 10,459,869 could not be confirmed.

Management Response

869. Ksh. 1,752,517 were stale cheques which were later reversed and paid to the needy beneficiaries in the subsequent years. Maryland police post project account and Maraighusu Secondary school accounts were later activated by the project management committees and funds utilized on projects activities.

Committee Observation

870. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budget Analysis and Performance

871. The summary budget statement of appropriation: recurrent and development combined reflects final approved budget receipts for the year of Ksh. 105,878,587 comprising of transfers from the CDF Board and other receipts of Ksh. 98,189,655 and Ksh. 7,688,932 respectively. Of the CDF Board approved receipts, only Khs. 75,253,447 was received resulting in a variance of Ksh. 22,936,208 or 31.73%. Consequently, the budgeted expenditure was adversely impacted by the underfunding which effect the planned projects and effective service delivery to the residents.

Management Response

872. Ksh. 22,936,208 were funds disbursed to the constituency by the Board after the close of the financial. However, the funds were received and utilized on the approved activities.

Committee Observation

873. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Improperly Approved Projects

874. Included in the transfer to other government units' payments of Ksh.26,100,000 are payments to projects for which were made without the Board approval contrary to the requirements of the NGCDF Act, 2015. These are namely: -

875. Transfer of Ksh. 2,400,000.00 to St Paul primary school for construction of 3 classrooms against a bill of quantity of Ksh.2,552,400. No procurement records were made available for audit review. Consequently, I cannot confirm whether due process was followed in identifying the contractor. Verifications on the works on the ground revealed notable pending works and poor workmanship. The classes under construction could not be confirmed as newly constructed or renovated.

876. Transfer of Ksh.2,500,000 to Nyonjoro primary school for administration block against a bill of quantities amount of Ksh.3,758,264. There was notable discrepancy between the purpose for the allocation - completion of administration block and the bill of quantities in support was for construction of storey classrooms. Further the bill of quantities was unsupported by structural drawing contrary to section AA 11.2 of the Planning and Building Regulations 2009. Physical verification on site revealed significant pending works and poor workmanships and contractor absence. There is likelihood the project may have stalled despite having spent Ksh.2,500,000.

877. Transfers of Ksh.2,400,000 to Ndabibi Secondary School for completion three (3) classrooms. Project documents, procurement records and expenditure returns were not made available for audit verification. Although the Fund Management explained that Ksh. 2,400,000 was on account of 2015/2016 works, available information indicate it had received a request in the year to the tune Ksh. 4,000,000.

878. The Fund transferred funds to Nyakairu Senior, Maiella Central Mixed and Rubiri secondary schools for the completion of construction of three (3) classrooms in each of the schools at a total cost of Ksh.7,900,000. Site verification confirmed them as incomplete.

Management Response

879. Ksh. 2,400,000 was disbursed to St Paul Primary school for construction of 3 classrooms. The bill of quantity prepared by the public works was for estimate cost of Ksh. 2,552,400. During the procurement process, the evaluators restricted themselves to the available funds of Ksh. 2,400,000.00

880. Ksh. 2,500,000.00 was disbursed to Nyonjoro primary school for administration block. The bill of quantity of Ksh. 3,758,264 was public works engineers estimate for completion of the project. However, the procurement process restricted itself to the available funds of Ksh. 2,500,000

881. Ksh. 2,400,000 was disbursed to Ndabibi secondary school for completion of 3 classrooms. Project management committee had not submitted to the office the returns at the time of audit.

882. Nyakairu senior, Mailla Central Mixed and Rubiri Secondary school were all completed and are in use. Practical completion certificates were issued.

Committee Observation

883. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Irregular Reallocation of Project Funds

884. The statement of receipts and payments reflects payments on account of other grants and transfers of Ksh.36,653,606; (2017 – Ksh. 32,098,885) and as disclosed under Note 7 to the financial statements. Included in this balance is Ksh. 2,000,000 and Ksh. 1,000,000 for completion of eight (8) rooms police houses at Maiella Police Station and construction of chief's office at Naivasha town location respectively. However, the funds were irregularly reallocated to other unapproved activities by the project management committees.

Management Response

885. The allocation of Ksh. 2,000,000 to Maella police station was for completion of 8 rooms and Ksh. 1,000,000 to Naivasha town Location was for construction of chief's office to completion. The project management committees re-allocated the funds to other activities without the approval of CDFC and CDF Board. The CDF took remedial measures on capacity building of the project management committees to avoid the same mistakes in future.

Committee Observation

886. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Land Ownership Documents.

887. The following projects funded by the Fund were lacking in ownership documents and agreements: -

888. The Fund disbursed Ksh. 600,000 for construction of five (5) Administration Police houses at Mountain View Police. The land in question Naivasha/Mwiciringiri block 2/621 where the project is being undertaken is registered in the name of other persons. Further, there is notable conflict on the access route.

889. The Fund disbursed Ksh. 2,000,000 towards the construction of chief's office for Kirima location on a donated parcel of land.

890. In the circumstances, the ownership of the parcels land could be a source of dispute in the future.

Management Response

891. Mountain view police project management committee has an agreement on occupation of Nyamati Mountain View Water Project land date 29th January 2019 and Kirima location chiefs' office has an agreement dated 30th August 2018.

892. The project management committees are pursuing the acquisition of the titles from the lands office

Committee Observation

893. The Committee observed that the matter was partially addressed.

Committee Recommendations

894. The Committee recommends that: -

i) **Within three (3) months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including five (5) administration police houses at Mountain View Police and the chief's office constructed at Kirima location on a donated parcel of land i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.**

ii) **The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.**

3.5.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Errors in the Annual Report and the Financial Statements

895. 1.1 The financial statement has "revised template 30 June, 2019" reflect on the cover page.

896. 1.2 The statement of Management responsibilities at page 7 reflects the word "Entity instead of NGCDF-Naivasha Constituency; and

897. 1.3 The statement of cash flows omits cash and equivalent at the end of the year balance.

Management Response

898. The management made corrections on the errors that were identified by the auditors in the financial statement and presented to the auditor for review

Committee Observation

899. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccurate in the Financial Statements

900. The financial statements prepared and presented for audit had the following inconsistences: -

2.1 The statement of receipts and payments reflects Nil expenditure on acquisition of assets while the summary of fixed assets registers in annex 4 reflects addition of Ksh. 2,000,000 during the year;

2.2 the summary statement of appropriation- recurrent and development combine reflects budget adjustment of Ksh. 75,944,352 which is not supported by approved code list from NGDCF Board;

2.3 The summary statement of appropriation –recurrent and development combine reflects final budget amount of Ksh. 184,985,228 that differs with the approve code list amount of Ksh. 128,158,177 resulting to an unexplained variance of Ksh.56,827,111.

2.4 Note 15.4 to the financial statement reflect project management bank account opening balance of Ksh. 31,654,840 which differs from the detailed listing at Annex 5 amounting to Ksh. 25,636,364 resulting to unreconciled variance of Ksh. 5,998,476.

901. Consequently, the accuracy and completeness of the financial statement as prepared and presented could not be confirmed.

Management Response

902. 2.1 The Ksh. 2,000,000 for acquisition of assets was recorded erroneously as other payments. However, the management updated the assets register to reflect the Ksh. 2,000,000 as acquisition of assets cost in the financial year
903. 2.2 The Ksh. 75,944,352 which reflected budget adjustment was unutilized funds from the previous financial year
904. 2.3 The approved code list of the financial year 2018/19 was Ksh. 109,040,876 and final budget was Ksh. 184,985,228 giving a difference of Ksh. 75,944,352 which was the adjustments balance from previous financial
905. 2.4 The error on pmc bank balance of Ksh. 5,998,476 was a typing error. Actual pmc balance was Ksh. 31,654,840 instead of Ksh. 25,636,364.

Committee Observation

906. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Bursary Payments

907. The statement of receipts and payments reflects other grants and transfers of Ksh. 61,600,400; (2018- Ksh. 36,653,606) and as disclose in note 7 to the financial statement. Include in the transfers are bursaries to secondary and tertiary institutions of Ksh. 37,299,860 out of which bursary payments amounting to Ksh. 18,648,020 were not supported by schedules.
908. Consequently, the accuracy and validity of bursary payments included in other grants and transfers amounting to Ksh. 61,600,400 could not be confirmed.

Management Response

909. Ksh. 18,648,020 was payment as bursary to needy students in the constituency. The committee prepared bursary payment vouchers using approved minutes and beneficiaries' schedules according to the application forms

Committee Observation

910. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Anomalies in the Bank Reconciliation Statements

911. The statement of assets and liabilities reflects bank balances of Ksh. 5,331,571;(2018- Ksh. 10,459,869) and as disclosed in Note 10A to the financial statements. However, the

bank reconciliation statement in support reflects payments in cash book but not in bank amounting to Ksh. 3,068,726 out of which, cheques totaling Ksh. 1,371,000 were stale, but had not been written back into the cash book. Further, receipts and payments of Ksh. 5,001 and Ksh. 74,256 respectively in the bank statement had not been recorded in the cash book.

Management Response

912. The stale cheques of Ksh. 1,371,000 could not be replaced immediately because the sub-county accountant was awaiting approval from the committee to reverse and issue the cheques to new beneficiaries. The cheques were reversed and replaced in the subsequent financial years and the extract of the same transactions presented to the auditor for review
913. The receipts of Ksh. 5,000 related to Uwezo funds erroneously banked in the was written back to the cash book. Payments of Ksh. 74,256 related to bank charges in the bank statement was recorded in the cash book and paid.

Committee Observation

914. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Compensation of Employees

915. The statement of receipts and payments reflects compensation of employees of Ksh. 2,223,131;(2018- Ksh. 2,407,853) and as disclosed under Note 4 to the financial statements. However, the expenditure was not supported by a schedule of employees' remuneration for each month in the year. This is in breach of section 120(3) of the public finance management (National Government) Regulations 2015 that requires the accounting officer to certify the correctness of the payroll at least once in every month.
916. Consequently, the accuracy and validity and of compensation of employee's expenditure of Ksh. 2,223,131 for the year ended 30 June, 2019 could not be confirmed.

Management Response

917. The management prepared payroll for employees' wages and salaries every month supported by the schedules of employees renumerations.

Committee Observation

918. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Committee Expenditure

919. The statement of receipts and payments reflects use of goods and services of Ksh. 9,615,864; (2018- Ksh. 6,923,955) and as disclosed in Note 5 to the financial statement. However, committee expense of Ksh. 2,932,400 was not adequately supported by a schedule of meetings, list of attendees and allowances paid to individual member.
920. Consequently, the accuracy and validity of goods and services of Ksh. 9,615,864 for the year ended 30 June, 2019 could not be confirmed.

Management Response

921. The committee of Ksh. 2,932,400 supporting documents in terms of schedules of meetings, list of attendees and allowances paid to individual member had been misplaced during the time of audit. However, the support documents had been retrieved and forwarded to auditors for review

Committee Observation

922. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Budgetary Control and Performance

923. The summary statement of appropriation- recurrent and development combine reflects final receipts budget and actual on comparable basis of Ksh. 184,985,228 and Ksh. 108,784,483 respectively resulting to an under-funding of Ksh. 76,200,745 or 41% of the budget. Similarly, the Fund spent Ksh. 113,912,781 against an approved budget of Ksh. 184,985,228 resulting to an under – expenditure of Ksh. 71,072,447 or 38% of the budget. The underfunding and underperformance affected by the planned activities and may have impacted negatively on service delivery to the residence of Naivasha Constituency.

Management Response

924. The constituency was underfunded by Ksh. 76,200,745 due to late disbursement of funds from the board. However, the funds were later received and utilized on the intended activities

Committee Observation

925. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Basis for Conclusion

8.0 Status of project Implementation

8.1 Incomplete projects

926. Fifty-seven (57) projects with funding allocation of Ksh. 82,025,863 were incomplete due to slow tendering processes and delay in receipt of funds from the Board.

927. Consequently, it was not possible to confirm if and when value for money will be realized from the incomplete projects.

8.2 Unsatisfactorily implemented Projects

928. Eighteen (18) projects with funding allocation of Ksh. 41,752,550 were sampled for verification during the month of February,2020. Fourteen (14) projects with funding allocation of Ksh. 36,252,550 were not satisfactory implemented. Below are the individual observation made against the projects: -

Project Beneficiary and Details	Cost (Ksh.)	Observations
1. Maryland police post-completion of a police post; (roofing, plastering, windows and doors, painting	1,500,000	Roofing, windows, doors cells and armory

Project Beneficiary and Details	Cost (Ksh.)	Observations
and branding (Ksh. 700,000) construction of three (3) holding cells and armory (Ksh. 800,000)		done. Painting and branding were not done.
2. Mountain View AP post- construction of three (3) holding cells and armory (Ksh. 800,000); construction of ablution (Ksh. 800,000); purchase and installation of 10,000 liters water tank and guttering (Ksh. 200,000) and construction of two (2) door toilets (Ksh. 200,000)	2,000,000	Cells, armory, ablution and toilets done. Water tank and guttering worth Ksh. 200,000 was not done.
3. Sision AP post- construction of four (4) offices to completion (Ksh. 1,000,000)	1,000,000	Not started, land ownership documents being awaited.
4. Lake Naivasha Girls Secondary school- construction of a one storey with two (2) classrooms to completion.	2,000,000	Not started, procurement of contractor services in process.
5. Milimani secondary school- construction of five (5) offices to completion (Ksh. 4,000,000)	4,000,000	Not started, procurement of contractor services in process. Not started, procurement of contractor services in process.
6. Gathima primary school- construction of four (4) classrooms and branding.	4,614,550	No title deed
7. Naivasha Deb primary school- construction of one special unit class with shelves, toilet and cupboards (Ksh. 1,600,000)	1,338,000	Project not branded
8. St Paul primary school- construction of classrooms (Ksh. 4,000,000)	2,400,000	Incomplete
9. Nyonjoro Primary school- construction of class rooms	2,500,000	Incomplete
10. Ndabibi primary school-construction of class rooms	2,400,000	Incomplete
11. Nyakairu Senior, Maeilla Central Mixed and Rubiri Secondary – construction of class rooms	7,900,000	Funds reallocated to other projects without the requisite approval.
12. Maeilla police station	2,000,000	Funds reallocated to other projects without the requisite approval
13. Mountain view police station	600,000	No title deed
14. Chiefs' office Karima location	2,000,000	No title deed
Total	36,252,550	

929. No satisfactory explanation has been rendered for the deficiency's projects implementation.

930. consequently, it was not possible to confirm if and when the constituents of Naivasha will realize value for money from the projects value at Ksh. 36,252,550 for the year ended 30 June,2019.

Management Response

931. The incomplete projects which were incomplete at the time of audit due to slow tendering, delay in receipts of funds from the Board were completed and handed over for use

Project Beneficiary and Details	Cost (Ksh.)	Observations	Response
1. Maryland police post- completion of a police post; (roofing, plastering, windows and doors, painting and branding (Ksh. 700,000) construction of three (3) holding cells and armory (Ksh. 800,000)	1,500,000	Roofing, windows, doors cells and armory done. Painting and branding were not done.	The project was completed and in use
2. Mountain View AP post- construction of three (3) holding cells and armory (Ksh. 800,000); construction of ablution (Ksh. 800,000); purchase and installation of 10,000 liters water tank and guttering (Ksh. 200,000) and construction of two (2) door toilets (Ksh. 200,000)	2,000,000	Cells, armory, ablution and toilets done. Water tank and guttering worth Ksh. 200,000 was not done.	The project was completed and in use
3. Sision AP post- construction of four (4) offices to completion (Ksh. 1,000,000)	1,000,000	Not started, land ownership documents being awaited.	The project was completed and in use
4. Lake Naivasha Girls Secondary school- construction of a one storey with two (2) classrooms to completion.	2,000,000	Not started, procurement of contractor services in process.	Project was completed and in use
5. Milimani secondary school- construction of five (5) offices to completion (Ksh. 4,000,000)	4,000,000	Not started, procurement of contractor services in process. Not started, procurement of contractor services in process.	Project was completed and in use
6. Gathima primary school- construction of four (4) classrooms and branding.	4,614,550	No title deed	The title deed was obtained by the school
7. Naivasha Deb primary school- construction of one special unit class with shelves, toilet and cupboards (Ksh. 1,600,000)	1,338,000	Project not branded	Project was branded photo)
8. St Paul primary school- construction of classrooms (Ksh. 4,000,000)	2,400,000	Incomplete	Project was completed and in use

Project Beneficiary and Details	Cost (Ksh.)	Observations	Response
9. Nyonjoro Primary school- construction of class rooms	2,500,000	Incomplete	Project was completed and in use
10. Ndabibi primary school- construction of class rooms	2,400,000	Incomplete	Project was completed and in use
11. Nyakairu Senior, Maeilla Central Mixed and Rubiri Secondary – construction of class rooms	7,900,000	Funds reallocated to other projects without the requisite approval.	Projects were completed and in use
12. Maeilla police station	2,000,000	Funds reallocated to other projects without the requisite approval	Project was completed and in use
13. Mountain view police station	600,000	No title deed	The project management committee is pursuing the acquisition of title deed
14. Chiefs' office Karima location	2,000,000	No title deed	The project management committee is pursuing the acquisition of the title deed.
Total	36,252,550		

Committee Observation

932. The Committee observed that the matter was partially addressed.

933. The Committee recommends that within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Sision AP Post, Gathima Primary School, Mountain View Police Station and Chiefs' office Karima location i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.

934. The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

9.0 Project Management Bank Accounts

935. Note 15.4 PMC account balances reflect project bank account balances of Ksh. 30,184,489; (2018-Ksh. 31,654,840). As previously reported, the balances Maryland Police Post and Maraigushu secondary School projects bank account balances of Ksh. 993,950 and Ksh. 616,986 respectively that are dormant and deactivated. Management has not provided explanations as to why the balances have not been refunded into the main Fund account.

936. Further, thirty –seven (37) projects which were on going, were not supported by project implementation status report contrary to section 2(2)(g) of the National Government Development Fund Regulations, 2015, that requires the chairperson of a constituency Committee to coordinate the compilation of project status reports every six months.
937. Consequently, the Management is in breach of the law.

Management Response

938. The project management committees of Maryland Police Post and Maraigushu secondary school bank balances as at the time of audit were for contractors' retentions and project management administration fees. The committees later activated the accounts and made respective payments to the contractors and administration fees. The projects which were ongoing were completed and are in use
939. However, the management has noted on the omission of the Chairperson requirement of coordinate the compilation of the project's status report every six months and the chairperson reported the subsequent financial years.

Committee Observation

940. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Inaccuracies in the Financial Statements

941. The financial statements prepared and presented for audit had the following inconsistencies:
942. The summary statement of appropriation - recurrent and developments combined reflects final receipts budget utilization difference amount of Ksh. 74,699, 295 that differs with the re-casted balance of Ksh. 69,367,724 resulting to a variance of Ksh. 5,331,571 that has not been reconciled.
943. The statement of receipts and payments and as disclosed in Note 1 to the financial statements reflects transfers from other government entities amounting to Ksh. 132,140,876 whereas the summary statement of appropriation reflects actual receipts on comparable basis of Ksh. 137,472,447 resulting to a variance of Ksh. 5,331,571 that has not been explained.
944. Note 1 to the financial statements reflects transfers from other government entities comparative balance of Ksh. 108,784,483 that is at variance with the re-casted amount of Ksh. 95,784,483 resulting to a difference of Ksh. 13,000,000 that has not been reconciled.
945. Consequently, the accuracy and completeness of the above balances included in the financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

946. The balance of Ksh. 5,331,571 being difference of receipts and utilization differences of Ksh. 74,699,295 and recasted balance of Ksh. 69,367,724 is cash and cash equivalent at the beginning of the year (brought forward balance from financial year 2018/19)
947. The variance of Ksh. 5,331,571 between Ksh. 132,140,876 and actual receipts of Ksh. 137,472,447 is still the brought forward balance from fyr 2018/19
948. The comparative balance of Ksh. 108,784,483 being receipts of 2018/19 normal allocations being total transfer from other Government entities

Committee Observation

949. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Expenditures

2.1 Use of Goods and Services

950. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services balance of Ksh. 7,828,412. Included in the amount is Ksh. 1,360,000 which was not supported.
951. Consequently, the accuracy and completeness of use of goods and services balance of Ksh. 1,360,000 could not be confirmed.

Management Response

952. The support documents for Ksh. 1,360,000.00 use of goods were not presented to the auditors during the time of audit. However, the documents have been availed to auditors for review

Committee Observation

953. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2 Committee Allowances

954. The statement of receipts and payments reflects use of goods and services balance of Ksh. 7,828,412 of which Ksh. 5,724,000 was incurred on committee allowances and expenses. However, the amount was not supported by way of names of committee members who received the allowances, allowance rates and dates of meeting. Further, the balance includes Ksh. 944,200 paid to ungazetted persons. This is in breach of Section 43(4) of the National Government Constituencies Development Fund Act, 2015 that requires names of selected constituency committee members to be submitted to National Assembly for approval before appointment and gazettement by the Board.
955. Consequently, the accuracy, completeness and validity of the committee allowances amounting to Ksh. 5,724,000 could not be confirmed.

Management Response

956. The support documents related to committee allowances were not availed to the auditors during the time of audit. However, the document in terms of names of committees, rate and dates of meeting have been availed to the auditors for review. Ksh. 944,200 paid to

ungazetted persons were payments made to staff members, chiefs, bursary ward representatives during the project's identification public participation and bursary beneficiaries' identification programme as lunch allowances.

Committee Observation

957. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.3 Bursary Payments

958. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers balance of Ksh. 51,887,751. Included in this amount is Ksh. 17,716,934 and Ksh. 6,860,000 is in respect to payment of bursaries to students in secondary schools and tertiary institutions, respectively. However, included in Ksh. 17,716,934 is an amount of Ksh. 5,370,934 paid in respect of full and partial scholarships without an approved policy framework from the Board. Further, bursary amounting to Ksh. 6,267,102 granted to nine hundred and seventy-two (972) students was not supported by way of admission numbers or letters.

959. Consequently, it was not possible to confirm whether bursary payments amounting to Ksh. 11,638,036 were issued to deserving recipients.

Management Response

960. Naivasha Constituency committee developed its policy on bursary awards to students depending on the needs through minutes resolutions. Ksh. 6,267,102 granted to 972 students that had no admission numbers or letters is that at the time of bursary applications, the stated beneficiaries had just been admitted to respective institutions and were awaiting their admission letters which they later presented to the management for verification and recording.

Committee Observation

961. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unreconciled Cash and Cash Equivalents

962. The statement of financial assets and liabilities reflects bank balances of Ksh. 12,292,474. The bank reconciliation statement reflects payments in cash book not in bank statement in form of un-presented cheques amounting to Ksh. 6,345,738.

963. However, the amount includes stale cheques totaling to Ksh. 1,100,000 which had not been reversed in the cash book as at 30 June, 2020.

964. In addition, the bank reconciliation statement reflects payments in bank not in cash book of Ksh. 1,440 relating to bank charges which ought to have been expensed. Further, the reconciliation includes receipt in bank not recorded in cash book of Ksh. 5,001. The Management has not explained why the stale cheques were not reserved and why bank charges and receipt in bank were not recorded in cash book.

965. Consequently, the accuracy and completeness of cash and equivalents balance of Ksh. 12,292,474 could not be confirmed.

Management Response

966. The Ksh. 1,100,000 which had not been reversed in the cash book as at 30, June 2020 was later reversed and replaced. The bank charges of Ksh. 1,440 were later expensed

967. The receipts of Ksh. 5,000 not recorded in the cash book related to Uwezo funds deposited in the NG-CDF Account was recorded in the cash book and paid to Uwezo fund.

Committee Observation

968. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Budgetary Control and Performance

969. The summary statement of appropriation – recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh. 206,840,171 and Ksh. 132,140,876, respectively, resulting to an under-funding of Ksh. 74,699,295 or 36% of the budget. Similarly, the Fund expended Ksh. 125,279,973 against an approved budget of Ksh. 206,840,170 resulting to an under-expenditure of Ksh. 81,560,197 or 39% of the budget.

970. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

971. The final receipts budget and actual on comparable basis of Ksh. 206,840,171 and actual comparable basis results in a difference of Ksh. 74,699,295 being funds which had not been received from the board as at 30, June 2020. The funds were later received by the committee and spend on the intended planned activities resulting in projects status being complete and in use. Ksh. 81,506,197 was under-expenditure in the financial year due to late disbursement of Ksh. 74,699,295 and carry forward expenditures of administration and monitoring and evaluation activities of Ksh. 6,806,902

Committee Observation

972. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Project Implementation Status

973. Review of the project implementation status report as of June 30, 2020 revealed that sixty-six (66) projects with an allocation of Ksh. 141,569,409 were at different implementation statuses. The report revealed three (3) ongoing projects with an allocation of Ksh. 14,250,000 and projects amounting Ksh. 58,400,000 were incomplete due to the slow tendering processes and delays in receipt of funds from the Board.

Management Response

974. Ksh. 58,400,000 were funds for the projects which were ongoing as at 30, June 2020. Projects were completed as per the project's implementation status

Committee Observation

975. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Lack of Project Implementation Status Report

976. Note 17.4 Project Management Committee (PMC) bank account balances disclosed a balance amounting to Ksh. 31,552,601. However, thirty-six (36) projects which were on going were not supported by project implementation status report. Further, as previously reported, fifty –seven (57) projects with an allocation of Ksh. 82,025,863 brought forward from 2018/2019 were also not supported by a project implementation report or project completion certificates during the year under review. This is contrary to Section 8(2) (h) of the National Government Constituencies Development Fund Regulations, 2015, that requires the chairperson of a constituency committee to coordinate the compilation of project status reports every six months.

977. Consequently, the Management is in breach of the law.

Management Response

978. The 57 projects with an allocation of Ksh. 82,025.863 brought forward from 2018/19 were completed and in use as evidenced by projects implementation status, projects photos and certificates of completion. The management noted on the omission of coordinating the compilation of projects status reports every six months and had already complied.

Committee Observation

979. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Unlabeled Projects

980. Physical verification of projects undertaken in the year under review revealed that four (4) projects amounting to Ksh. 7,800,000 and which were complete, were not labeled contrary to Regulation 15(1)(f) of the National Government Constituencies Development Fund Regulations, 2016 which states that the Project Management Committee shall undertake project closure, labeling and handover upon completion.

981. In the circumstances, the Project Management Committees were in breach of the Regulations.

Management Response

982. At the time of audit, the 4 projects of Kshs 7,800,000 were not yet labeled by the project management committees. The projects were later labelled.

Committee Observation

983. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Maintenance of a Fixed Asset Register

984. As previously reported, Annex 4 summary of fixed disclosed historical cost balance of assets of Ksh. 12,047,091. However, the Management has not provided a detailed fixed asset register in support of the balance. This is contrary to provision of Section 139(1) (b) of the Public Finance Management (National Government) Regulations, 2015 that requires an accounting officer to ensure that proper control systems exist for assets and that of their movement and condition in order to be tracked.

985. Consequently, it has not been possible to confirm whether Management has in place mechanisms for effective management of the fixed assets to safeguard them against pilferage.

Management Response

986. The management had a assets historical cost of Kshs 12,047,091 at the close of the financial year. However, the assets register was not presented for audit verification during the time of audit but has been availed to the auditor for verification

Committee Observation

987. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Inaccuracies in the Statement of Receipts and Payments

988. The statement of receipts and payments reflects an amount of Ksh. 108,198,818 in respect to transfer to other Government units whereas Note 6 to the financial statement reflects an amount of Ksh. 106,010,066 resulting to an unexplained variance of Ksh. 2,188,752.

989. Further, the statement of receipts and payments reflects a total of Ksh. 9,656,411 in respect of use of goods and services and as disclosed in Note 5 to the financial statements. The amount includes committee expenses of Ksh. 2,399,000 which includes Ksh. 1,062,000 for training expenses which was erroneously classified as committee expenses. Further, supporting schedules reflected an amount of Ksh. 2,940,000 resulting to an unexplained variance of Ksh. 541,000.

990. In addition, included in Note 5 to the financial statements is other committee allowance expenditure of Ksh. 4,035,000 while the supporting schedule provided for audit reflected an amount of Ksh. 3,594,000 resulting to an unexplained variance of Ksh. 441,000.

991. In the circumstances, the accuracy of the statement of receipts and payments could not be confirmed

Management Response

992. The difference of Ksh. 2,188,752 is in respect of environment projects (Narasha secondary school Ksh. 400,000 and Narasha primary school Ksh. 1,788,752. In receipts and payments of Ksh. 108,198,818 Ksh. 2,188,752 should been recorded as other grants

and other payments. The misapplications and posting have been corrected in the subsequent years.

Committee Observation

993. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Compensation of Employees

994. The statement of receipts and payments reflects compensation of employees' amount of Ksh. 3,870,416 and as disclosed in Note 4 to the financial statements. The amount includes Ksh. 2,662,788 in respect of basic salaries; however, the gross payroll reflected an amount of Ksh. 2,572,068 resulting to an unreconciled variance of Ksh.

995. Further, included in the balance is gratuity payments of Ksh. 1,207,628 that have not been supported by the staff names, contract period, rate and amounts paid.

996. In the circumstances, the accuracy and completeness of compensation of employees' expenditure of Ksh. 3,870,416 could not be confirmed.

Management Response

997. The total gross monthly pay was Ksh. 221,899 translating to Ksh. 2,662,788 for the whole year. The gratuity of the employees of Ksh. 1,207,628 has been supported by the staff name, contract periods, rates and amount paid.

Committee Observation

998. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Other Grants and Payments.

999. The statement of receipts and payments reflects other grants and transfers amount of Ksh. 36,965,363. However, Note 7 to the financial statements reflects Ksh. 39,154,115 resulting to an payments to secondary schools and tertiary institutions of Ksh. 12,831,000 and Ksh. 607,000 respectively, all totaling to Ksh. 13,438,000. However, these amounts have not been supported with student details, admission numbers, learning institutions, cheque numbers, amounts awarded and ward of resident

1000. In the circumstances, the accuracy and completeness of other grants and payments balance of Ksh. 15,626,752 could not be confirmed.

Management Response

1001. The difference of Ksh. 2,188,752 was erroneously recorded to transfer to other Government units instead of other grants and transfers

1002. Bursary schedules totaling Ksh. 13,438,000 which had not been supported with students' details, admission numbers, learning institution, cheques numbers, amounts awarded have been fully supported

Committee Observation

1003. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Transfers to Other Government Units

1004. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government units of Ksh. 108,198,818 relating to funds disbursed to various Project Management Committees. However, actual expenditure returns and acknowledgement letters from the institutions that received the funds were not provided for audit.

1005. In the circumstances, the completeness and accuracy of the transfers to other Government units of Ksh. 108,198,818 could not be confirmed.

Management Response

1006. By the time of audit, the projects related to the Ksh. 108,198,818 transfer to other Government units were at procurement stages or ongoing. However, the expenditure returns have been obtained and presented to auditors for review

Committee Observation

1007. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Inaccuracies in Cash and Cash Equivalents

1008. The statement of assets and liabilities reflects cash and cash equivalents balance of Ksh. 15,064,190. The bank reconciliation statement reflected payments in cashbook not yet recorded in bank statement balance of Ksh. 8,749,868 out of which stale cheques totaling to Ksh. 1,093,800 had not been reversed in the cash book.

1009. In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh. 15,064,190 could not be confirmed.

Management Response

1010. Ksh. 1,093,800 were stale cheques that had not been presented by various beneficiaries to respective institutions which were later reversed and replaced

Committee Observation

1011. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Budgetary Control and Performance

1012. The summary statement of appropriation reflects final receipts and actual on a comparable basis of Ksh.; 220,444,076 and Ksh., 161, 462,724 respectively resulting to an under- funding of Ksh. 58,981,352 or 27% of the budget. Similarly, the Fund expended Ksh. 158, 691,008 against an approved budget of Ksh.220,444,076 resulting to an under-expenditure of Ksh. 61,753,068 0r 28% of the budget.

1013. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1014. The constituency had a deficit budget of Ksh. 61,753,068 due to late disbursement from the board. However, the funds were received in the subsequent year and utilized for the intended activities)

Committee Observation

1015. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Irregular Budgeting of Bursary Grants

1016. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers expenditure of Ksh. 36,965,363. Included in the expenditure is an amount of Ksh. 13,438,000 incurred on bursaries to secondary schools and tertiary institutions.

1017. However, the bursary payments constituted six percent (6%) of the Fund's total budget of Ksh. 220,444,076. This was contrary to the Regulation 21(5) of the National Government Constituencies Development Fund Regulations, 2016 which requires bursaries to be allocated not less than twenty-five (25%) of the funds allocated to the Fund.

1018. In the circumstance, Management was in breach of the law.

Management Response

1019. The total allocation to the constituency in the financial year 2020/2021 was Kshs 137,088,879 Total allocation of bursary is Kshs 31,600,000 translating to 23 % of the total allocation. The committee noted on the error and allocation of a minimum of 25% to bursary was done in the subsequent financial years.

Committee Observation

1020. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Unsupported Project Management Committee Bank Balances.

1021. Note 17.4 to the financial statements reflects Project Management Committee bank balances balance of Ksh. 54,052,264. However, the balance has not been supported with cashbooks, bank reconciliation statements, expenditure returns and Projects Implementation Status Reports contrary to Section 10 of the National Government Constituencies Development Fund Act, 2015 which requires project management committees to keep proper books of accounts and make returns to the Constituency committee on how the sum has been used.

1022. In the circumstance, Management was in breach of the law

Management Response

1023. Ksh. 54,052,264 was project management committee's balances which were ongoing as at close of financial year. The projects later utilized the funds for the project's activities. The project management committees failed to support the balances with cash books and bank reconciliations. The management has trained the projects management committees through several capacity building to address the anomaly in future.

1024. ANNEX-57(Attached: NG-CDFC training minutes)

Committee Observation

1025. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Inaccuracy of transfers from National government Constituencies Development Fund (CDF) Board

1026. The statement of receipts and payments reflects transfers from CDF Board

1027. Balances of Ksh. 183,777,758 which differs with the summary statement of appropriation balance of Ksh. 198,841,948 resulting to an unreconciled variance of Ksh. 15,064,190.

1028. In the circumstances, the accuracy and completeness of transfers from CDF board amounting to Ksh. 183,777,758 could not be confirmed.

Management Response

1029. The transfer from the board was Kshs 183,777,758 while the summary statement of appropriation balance

1030. Ksh. 198,841,948 resulting to a balance of Kshs 15,064,190. The difference was opening balance from the previous financial year 2020/2021

Committee Observation

1031. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported use of Goods and Services Expenditure

1032. The statement of receipts and payments reflects use of goods and services of Ksh. 11,032,735 which, as disclosed in note 5 to the financial statement includes committee expenses balance of Ksh. 2,305,000 and committee allowances of Ksh., 5,513,000 all totaling to Ksh. 7,818,000. However, the schedule indicating the committee members paid and expenditure returns were not provided for audit

1033. In the circumstances, the accuracy and completeness of use of goods and services expenditure of Ksh. 7,818,000 could not be confirmed

Management Response

1034. The schedules indicating the committee members paid and expenditure returns were not availed during the time of audit. However, the schedules have been availed to the auditors for review

Committee Observation

1035. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Transfer to other Government Units

1036. The statement of receipts and payments reflects transfers to the government units of Ksh., 73,307,106 as disclosed in Note 6 to the financial statement, expenditure returns and Project Management Committee bank statements, expenditure returns and projects implementation status report in support of the amount were not provided for audit. Further, transfer of amount of Ksh. 1,600,000 to Shermoi primary is omitted from the amount.

1037. In the circumstances, the accuracy and completeness of transfers to other Government units of Ksh.73,307,106 could not be confirmed.

Management Response

1038. The projects totaling Ksh. 73,307,106 relating to the transfer to government units which were at procurement stages or ongoing at the time of audit were completed and are in use.

1039. Shermoi primary school project of Ksh. 1,600,000 was implemented and complete in the financial year 2022/2023

Committee Observation

1040. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Bursary Payments

1041. The statement of receipts and payments reflects other grants and transfers balances of Khs.76,289,000 as disclosed in Note 7 to the financial statements. The amount includes bursary to secondary schools amounting to Ksh. 46,928,763 which differs with the amount of Ksh. 26,289,763 disclosed in the schedule resulting to an unexplained variance of Ksh. 20,639,000. Further, the amount of Ksh. 46,928,763 also includes unpresented cheques amounting to Ksh. 19,472,513 whose subsequent payment were not supported by bank statements. In addition, the amount includes bursary to tertiary institution balance of Ksh. 17,360,237 which is not supported by a scheduled showing student name, admission number, name of institution, amount of bursary awarded and cheque number.

1042. In the circumstances, the accuracy, completeness and regularity of bursary payments of Ksh. 64,289,000 could not be confirmed.

Management Response

1043. Bursary of Ksh. 20,693,763 to secondary school's schedules were not presented to audit during the time of audit however they have been presented for review.

1044. Ksh. 17,360,237 were related to students who were joining the institutions for the first time. However, the schedules have been updated and provided to the auditors for review.

Committee Observation

1045. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported cash and Cash Equivalent Balance

1046. The statement of assets and liabilities reflects bank balances of Ksh. 24,896,279. However, the bank reconciliation statement reflects unpresented cheques balance of Ksh. 40,380, 485 out of which cheques amounting to Ksh. 1,058,000 were stale and had not been reversed in the cashbook. Further, the bank reconciliation statement reflects receipts in bank statement not yet recorded in cashbook of Ksh. 5,000 dating back to 25 November, 2017.

1047. In the circumstances, the accuracy and completeness of the cash and equivalents balance of Ksh. 1,063,000 could not be confirmed.

Management Response

1048. Ksh. 1,058,000 were stale cheques that had not been presented by the beneficiaries which were later reversed and replaced

1049. Ksh. 5,000 was related to Uwezo funds erroneously deposited to NG-CDF Account but the money was recorded in the cash book on 1/11/2022 and paid out to Uwezo via cheque number 1921 Ksh. 5,000

Committee Observation

1050. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Project Committee Bank Balances

1051. Note 17.4 to the finance statement reflects Project Management Committee (PMC) bank balances of Ksh. 18,392,834 was supported with bank statement leaving an unsupported balance of Ksh. 14,387,834. Further, the balance brought forward of Ksh. 50,628,304 has not been supported by project implementation status report.

1052. In the circumstances, the accuracy and completeness of the project Management Committee (PMC) bank balances of Ksh. 32,780,810 could not be confirmed.

Management Response

1053. The balance of Ksh. 50,628,304 brought forward had not been supported by project status report during the time of audit. However, the status has been prepared and submitted for audit review.

1054. The project management committees with balances of Ksh. 32,780,810 had not submitted the bank statements balances to the committee. However, the balances have been provided for audits review

Committee Observation

1055. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Budgetary Control and Performance

1056. The summary statement of appropriation reflects a final receipts budget of Ksh. 198,841,948 against actual expenditure of Ksh. 173,945,669 resulting to under expenditure of Ksh. 24,896,279or 12.5% of the budget.

1057. The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1058. The difference of Ksh. 24,896,278 is budget utilization differences as at the end of the year. The funds were utilized in the financial year 2022/2023

Committee Observation

1059. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Non –submission of the Emergency Reserve Utilization Reports to the Board

1060. Included in other grants and transfer of Ksh. 76,289,000 is Ksh. 4,500,000 incurred on emergency projects. However, no evidence was provided for audit to confirm that the Fund filed reports on the utilization of the emergency reserves to the NG-CDF Board Constituencies Development Fund Regulations,2016.

1061. In the circumstances, Management was in breach of the law.

Management Response

1062. Ksh. 4,500,000.00 was incurred on emergency case on 5 projects that occurred in the constituency in the financial year. At the time of audit, the letters reporting on the occurrences of the emergencies had been misplace. However, the letters were retrieved and presented to the auditors for review.

Committee Observation

1063. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Project Implementation status

1064. Review of sampled project with a budget of Ksh. 80,558,039 and funding allocation of Ksh. 57,558,039 revealed that the projects were either ongoing and under procurement while others are pending and not started.

1065. In the circumstances, value for money has not been achieved and the public have not benefited from the projects.

Management Response

1066. The projects which were sampled during the time of audit were ongoing. However, the projects have been completed and are in use as per the attached Project Implementation status 2021/2022

Committee Observation

1067. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6 NAKURU TOWN EAST CONSTITUENCY

1068. The Fund Account Manager, appeared before the Committee and responded to the audit matters raised in the report of the Auditor General for Nakuru Town East Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.6.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Budgetary Control

1069. During the audit of the FY 2013/2014 financial year the summary of appropriation indicated that the approved budget for transfers to other government units was Ksh. 31,728,699. However, the actual transfer was Ksh. 10,636,485, representing an under expenditure of Ksh. 21,092,214 or 66.5%. The low fund absorption capacity is likely to affect the implementation of numerous projects.

Management Response

1070. The under expenditure was as a result of delay in receiving part of the disbursements for 2013/2014 financial year. There was also delay in opening bank accounts to some of the PMCs. However, the amounts were transferred to the intended government entities in the following financial year. This is further explained by the increase of transfers to other government units in the 2014/2015 financial year amounting to Kshs. 43,430,145.

Committee Observation

1071. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Non -Acknowledgement of Bursary Expenditure

1072. During the period under review the CDF committee disbursed Ksh 5,741,071 as bursary to assist needy students in various learning institutions. However, no acknowledgement letters were availed for audit to confirm that the funds reached the intended beneficiaries. It was therefore not possible to confirm that the bursary funds were utilised for the intended purpose.

Management Response

1073. This has always been a challenge because bursary is awarded to students in institutions widely spread all over the country. This required a lot of time and resources in the form of sending officers to pick up acknowledgement receipts. The acknowledgement receipts have since been presented.

Committee Observation

1074. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Construction of Biafra Hawkers Community Kiosks

1075. Documents availed for audit indicate that the CDF committee in a meeting held on 23 October 2013 allocated Ksh 5,036,489 for construction of kiosks for the Biafra Hawkers community. The resolution was included in the budget that was approved by the CDF Board. However, the committee disbursed Kshs 7,136,489 for the project using funds re-allocated from the emergency vote. No evidence was availed to show that authority was sought and obtained for the re-allocation.

1076. Further, the construction works of the kiosks was awarded to a firm, M/s Capital Construction Co. Ltd. Audit verification done on 5 September 2014 confirmed that one hundred and forty-nine (149) kiosks were constructed and are already occupied. However, there was no evidence that an open tendering was used when awarding the contract as required by section 29 of the Public Procurement and Disposal Act 2005. Therefore, the CDF may not have received value for money on the construction.

Management Response

1077. The use of emergency funds was as a result of increase in the scope of work due to the high demand for stalls by hawkers. This made it necessary to change the design and number of stalls.

1078. In line with the CDF Act Sec.8(2&3), the high demand for stalls necessitated the use of emergency funds. The NG-CDF committee meeting MIN.102/NTEC/21/05/2014 approved the allocation of an additional Kshs. 2,100,000 from emergency vote for 2013/2014 financial year towards the hawkers' kiosk project.

1079. The PMC used open notices within the constituency. This were placed in various strategic government offices like the chief's office.

Committee Observation

1080. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Construction of Schools

1081. Records available indicate that the CDF disbursed Ksh 11,072,970 to two schools: Kivumbini Secondary School and Kimathi Secondary School with each school getting Ksh. 5,536,485 for construction of four (4 No.) classrooms, three (3 No.) toilet blocks and for purchase of furniture for each school. The contract for Kivumbini Secondary School project was awarded to M/s Roads and Allied Co. ltd while the one for Kimathi was awarded to M/s Pakenda Supplies and Building Co. Ltd. Audit verification done on 4th September 2014 confirmed that construction works of two schools was on-going and the contractors were on site.

1082. However, there was no evidence that the projects were awarded through open tendering as required by section 32 of the CDF act 2013 and sections 29(1) of the Public Procurement and Disposal Act, 2005. Further, there was no evidence that the contractors were prequalified under the civil works category as required by section 32 of the Public Procurement and Disposal Act.

Management Response

1083. The PMC used open notices within the constituency. These were placed in strategic government notice boards like in the chief's office, NGCDF office, school notice board among others.

Committee Observation

1084. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Bank balance

1085. The statement of assets and liabilities as at 30th June 2015 reported a bank balance of Ksh 21,411,987.70 for bank account no.018000049926 held at Family Bank. The bank reconciliation statement presented for audit reflected unpresented cheques totalling Ksh 3,683,110.40 out of which Kshs 428,507 were stale cheques which had not been reversed by the closure of the financial year. In the circumstances, the accuracy and validity of the bank balance of Ksh 2,411,987.70 as at 30th June 2015 could not be confirmed.

Management Response

1086. These stale cheques have since been reversed and replaced as confirmed by cash book extracts.

Committee Observation

1087. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Acquisition of Assets

1088. The statement of receipts and payments for the year ended 30th June 2015 reported acquisition of assets valued at 6,500,000. However, the summary of fixed assets register at ANNEX 4 to the financial statements reported a nil balance in spite of the expenditure incurred. In the circumstances, the accuracy and validity of the fixed asset register could not be confirmed

Management Response

1089. This was erroneously omitted in the fixed assets register annex of the Financial Statements. The error was corrected in the financial statements for the year 2021/2022.

Committee Observation

1090. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Bank Balance

1091. The statement of assets as at 30 June 2016 reported bank balance of Ksh.4,490,928.70 for bank account No. 018 000 049 926 held at Family Bank. The bank reconciliation

statement presented for audit reflected unpresented cheques totaling to Ksh.6,705,909.40 out of which Ksh.871,201 were stale cheques which had not been reversed by the closure of the financial year. Further, receipts totaling to Ksh.21,200 had been received in the bank but had not been debited in the cash book. In the circumstance, the accuracy and validity of the bank balance of Ksh.4,490,928.70 could not be confirmed.

Management Response

1092. These stale cheques have since been reversed and replaced as confirmed by cash book extracts.

1093. The receipt of Kshs. 21,200 was made up direct credits of Kshs. 300 and Ksh.1 which were posted in the cash book on 31st August 2016, while the balance of Kshs. 15,899 was a bank credit error which was reversed by the bank on 9th September 2016 as per the bank statement. This was therefore settled.

Committee Observation

1094. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Cash and Cash Equivalents

1095. The statement of assets reflects cash and cash equivalents balance of Ksh.248,135.70, which is the amount held in the cashbook for Family Bank Account No. 18000049926 as at 30 June 2017. The bank reconciliation statement for the account as at that date reflected unpresented cheques totaling to Ksh.4,876,566.20. However, out of this amount, Ksh.2,547,193.80 were stale cheques, some dating as far back as January 2014. It was observed that approximately 95% of the stale cheques were bursary cheques. A perusal of the outwards cheques register/delivery book revealed that the cheques were not recorded in the register nor in the delivery book. It is not clear why these anomalies have not been addressed as required by the Public Finance Management (National Government) Regulations, 2015. Therefore, the cash and cash equivalents balance ofKsh.248,135.70 in the statement of assets is not fairly stated.

Management Response

1096. There was delay in replacing stale cheques, however this was corrected in the succeeding years as confirmed by cash book extracts for the month of May 2022, bank reconciliation statements for April 2022 and May 2022.

1097. Presently these anomalies have been addressed. The cheque issuance registers have always been in place. It may have been an error of omission on the part of the constituency to provide the delivery book at the time of the audit.

Committee Observation

1098. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Cash and Cash Equivalents

1099. The statement of assets reflects cash and cash equivalents balance of Ksh.6,489,945 which is the amount held at family bank as at 30 June 2018. The supporting bank reconciliation statement reflected unpresented cheques totaling to Ksh.8,148,530.20 out of which Ksh.818,700.20 were stale cheques, some dating as far back as October 2014. It was observed that approximately 75% of the stale cheques were statutory remittances.

1100. further, payments in bank statement not recorded in the cashbook of Ksh.223,747 represented bank charges dating back to January 2016. it is not clear why these anomalies have not been addressed as required by the public finance management (national government) regulations, 2015. therefore, the cash and cash equivalents balance of Ksh.6,489,945 in the statement of assets is not fairly stated.

Management Response

1101. All stale cheques were replaced in the succeeding years as confirmed by cash book extracts.

1102. In the financial year 2016/2017, the figure of stale cheques was Ksh.2,547,193.80, while in the succeeding year, the figure reduced to Ksh.818,700.20. This is a confirmation that stale cheques were being replaced.

1103. Payments in the bank statements not recorded in the cash book (bank charges) were later captured in the cash book as confirmed by extracts of the cash book and succeeding years' bank reconciliations.

Committee Observation

1104. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Errors in the Annual Reports and the Financial Statements

1105. The annual reports and the financial statements prepared and presented for audit had the following errors:

1106. Blank page for the insertion of the Auditor-General's report has been omitted;

1107. Disclosure Note 15.4 Project Management Committee (PMC) bank balances and detailed listing at Annex 5 are blank;

1108. Annex 4 -summary of fixed assets register at page 35 is blank despite evidence of expenditure on fixed assets including building and structures, office equipment, furniture and fittings as at 30 June, 2018; an

1109. The progress on follow up of auditor recommendations at page 36 is blank despite unresolved issues which appeared in 2017/2018 report.

1110. This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with section 194(1) (d) of the Public Finance Management Act, 2012.

Management Response

1111. The error was later noted and our subsequent financial statements have adhered to the approved IPSAS template.

Committee Observation

1112. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in Financial Statements

1113. The financial statements as prepared and presented for audit had the following inaccuracies: -

1114. The summary statement of appropriation- recurrent and development combined reflects unexplained unapproved projects of Ksh.34,131,036.

1115. The statement of receipts and payments reflects transfers from National Government Constituencies Development Fund Board of Ksh.67,748,274 while the summary statement of appropriation: recurrent and development combined reflects Ksh.74,238,220 resulting to an unexplained variance of Ksh.6,489,946.

Management Response

1116. These were projects that were yet to be approved by the board as at the financial year end. This was made up of Kshs. 26,000,000 for the year under review and Kshs. 8,131,036 for prior years. The NGCDFC later requested for re-allocation of the funds to other projects

1117. The difference of Kshs. 6,489,946 represented the unutilized funds from the preceding financial year 2017/2018. This was also the opening bank balance of the year under.

Committee Observation

1118. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Variances in Comparative Balances

1119. The comparative balances in Note 15.3 differ with the audited figures for the prior year and as detailed below: -

Item	Comparative Balances (Ksh.)	Audited Balance (Ksh.)	Variance (Ksh.)
Unutilized funds			
Compensation	943	-	943
Use of Goods	3,623,195	4,849,718	(1,226,523)
Amounts due to other Government Entities	7,700,000	7,900,000	(200,000)
Amounts due to Grants and other Transfers	6,714,082	12,919,538	(6,205,456)
Unapproved Projects	8,131,036	-	8,131,036
Sub Total	**26,169,256**	**25,669,256**	**500,000**
Other Variances			

Item	Comparative Balances (Ksh.)	Audited Balance (Ksh.)	Variance (Ksh.)
Project Management Committee Account Balances	-	6,476,425	(6,476,425)
Annex 4 summary of Fixed Assets	-	4,853,700	(4,853,700)

1120. No explanations or disclosures by Notes to the financial statements have been provided.

Management Response

1121. The error was noted. In the subsequent years, we have ensured that comparative figures are captured correctly. We are now in compliance.

Committee Observation

1122. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Payments

4.1. Use of Goods and Services

1123. The statement of receipts and payments reflects use of goods and services of Ksh.7,578,338;(2018-Ksh.3,424,767) and as disclosed in Note 5 to the financial statements. Included in the payment is an amount of Ksh.1,144,078 relating to various items as detailed below, which have not been adequately supported by way of; schedules, ledgers, cashbook and payment vouchers.

Item	Amount (Ksh.)
Utilities, Supplies and Services	540,239
Communication, Supplies and Services	252,000
Office, General Supplies and Services	100,000
Routine Maintenance - Other Assets	251,839
Total	**1,144,078**

1124. Consequently, the accuracy and validity of the use of goods and services amount of Ksh.,7,578,338 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1125. The payments totaling Kshs. 1,144,078 were utilized as provided in the annexed breakdown.

Committee Observation

1126. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2. Unsupported Bursary Payments

1127. The statement of receipts and payments reflects other grants and other payments of Ksh.44,006,512;(2018-Ksh.42,271,057) and as disclosed in Note 7 to the financial statements. Included in the bursaries to secondary and tertiary institutions of

Ksh.33,432,012 are bursary payments amounting to Ksh.4,869,393 which were not supported by detailed beneficiaries listing. Further, Fund's bursary policy and criteria used to identify 162 full scholarships for students amounting to Ksh.4,100,000 was not made available for audit review.

Management Response

1128. The bursary payment of Ksh. 4,869,393 were supported by using a summary of payments to institutions and a beneficiary list. We have availed the list to the auditors.

Committee Observation

1129. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2.1. Unsupported Environmental Expenditure

1130. Included in the environmental activities is Ksh.1,902,000 for purchase of tree seedlings that was not supported with distribution listings and acknowledgement by the beneficiary schools and institutions.

1131. Under the circumstances, the accuracy and validity of other grants and transfers expenditure of Ksh.44,006,512 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1132. The distribution listing and acknowledgement by beneficiary institutions for the environmental activities have been provided.

Committee Observation

1133. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Misclassification of Expenditure

1134. The statement of receipts and payments reflects other payments amount of Ksh.2,900,000;(2018-Ksh.3,000,000) and as disclosed in Note 9 to the financial statements. Included in this expenditure is Ksh.700,000 for construction of constituency offices which should have been classified under acquisition of assets.

1135. No adjustment was made to the financial statements to correct the misclassification. Consequently, accuracy and presentation of other payments cost of Ksh.2,900,000 for the year ended 30 June 2019 could not be confirmed.

Management Response

1136. The error was noted and corrected in subsequent years as per the financial statement template for 2019/2020 financial year.

Committee Observation

1137. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Inaccuracies in Bank Balances

1138. The statement of assets and liabilities reflects bank balances of Ksh.596,320;(2018-Ksh. 6,489,946) and as disclosed in Note 10A to the financial statements. A review of the bank reconciliation statement in support of the bank balance revealed unpresented cheques out of which stale cheques totalling to Ksh.270,553 with some dating far back to year 2014 have not been written back into the cash book. Bank charges in the bank statement but not in the cash book amounting to Ksh.336,309 and dating far back to the year 2016 have also not been expensed in the cashbook. Under the circumstances, the accuracy and completeness of the bank balances of Ksh.596,320 as at 30 June, 2019 could not be confirmed.

Management Response

1139. All stale cheques were replaced in the succeeding years as confirmed by cash book extracts for the month of May 2022, bank reconciliation statements for April 2022 and May 2022.

1140. Payments in the bank statements not recorded in the cash book (bank charges) were later captured in the cash book as confirmed by extracts of the cash book and succeeding years' bank reconciliations.

Committee Observation

1141. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

7.0 Budgetary Control and Performance

1142. The summary statement of appropriation recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh. 137,410,132 and Ksh. 74,238,220 respectively resulting to underfunding of Ksh. 63,171,912 or 46% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Nakuru Town East Constituency.

Management Response

1143. This was due to late disbursements from the board. However, the board has always ensured that all undisbursed funds are availed in subsequent years so as to benefit intended residents.

Committee Observation

1144. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Report on lawfulness and effectiveness in use of public resources

8.1. Failure to respond to management letter

1145. Contrary to the provisions of the Public Audit act 2015 section (4) which states that the accounting officer shall within fourteen days from the date of the receipt of the draft management letter submit a response to the Auditor- general including remedial actions that have been undertaken to address any qualifications in the draft management letter. The management did not respond to the 2018/19 financial management letter issues on 21 February ,2020.

1146. To the extent, the management is in breach of the law.

Management Response

1147. During the audit period, I was unwell and was hospitalized. I was not able to respond to the management letter within the required timeline. It was therefore not intentional as I have always abided by this provision of the Public Audit Act whenever audit exercise is conducted.

Committee Observation

1148. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.2. Incomplete Projects

1149. The project implementation status report as at 30 June 2019 indicates that eighty (80) projects with funding allocation of Ksh. 43,504,923 out of which sixty-nine (69) were complete and eleven (11) were ongoing and at various implementation status.

1150. This is indicative of slow progress in the completion of the projects and may impact negatively on service delivery for the residents of Nakuru Town East Constituency.

Management Response

1151. The slow funding contributed to the failure to complete the projects in time. However, we are doing our best to ensure all projects are always completed within the required timelines.

Committee Observation

1152. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.3. Unsatifactory Implemented Projects

1153. Five (5) projects with funding allocation of Ksh. 10,700,000 were sampled for verification during the month of February, 2020 and the following observations were made:

NAME OF THE PROJECT	PROJECT DETAILS	PROJECT COST (KSH.)	VERIFICATION REMARKS
Kiratina Chief's camp	Construction of Drainage painting of office and construction of four (4) single house units for AP police	2,200,000	The project was in complete and was at the roofing stage, despite the entire allocation being disbursed to the project Management Committee

Rhino Police Post	Fixing doors and painting of five (5) houses, construction of Sanitary Block and Connection of Electricity	600,000	Painting of the police post including the houses and connection of electricity has been done. However, construction of the sanitary block is yet to be done. The entire allocation had been disbursed to the Project Management Committee
Purchased of two hundred and twenty (220) desks	Purchase of desks and lockers at Ksh. 5,000 per set	1,100,000	The list of the beneficiary school with recipient signature or the acknowledgment receipt was not provided for the audit verification. The entire allocation had been disbursed to the Project Management Committee
Maria Veronica	Roofing of Multipurpose Hall. Construction of three hundred (300) student capacity. Dormitory to completion	5,800,000	The roofing was complete and the hall was in use. However, the dormitory was incomplete despite the entire allocation being disbursed to the Project Management Committee
Kiratina secondary school	Construction of Administration Block	1,000,000	Projecting ongoing
		10,700,000	

1154. Consequently, value for money from the projects valued at Ksh. 10,700,000 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1155. Occasionally we have had cases of slow progress in project implementation arising from contractors having financial challenges. These have always been dealt handled within the contract terms.

Committee Observation

1156. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Lack of Risk Management Policy

1157. The Fund does not have a risk management policy that guides on assessment and evaluation of risk and to develop strategies to mitigate them. This is contrary to regulation 165(1) of the Public Finance Management Act (National Government) Regulations, 2015 which require the Accounting Officer to ensure that the National Government entity develops risk management strategies which include fraud prevention mechanism; and a system of risk management and internal control that build robust business operations.

1158. Consequently, it was not possible to confirm whether the risk faced have been identified and properly mitigated

Management Response

1159. The Enterprise Risk Management policy document is here attached to confirm its existence.

Committee Observation

1160. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Inaccuracies in the Financial Statements

1161. The financial statements prepared and presented for audit had the following inaccuracies:

1162. The statement of appropriation: recurrent and development combined for the year ended 30 June, 2020 reflects transfers from the CDF board budget utilization difference of Ksh.100,753,724 while a recast revealed an amount of Ksh.101,407,044 resulting to an unreconciled and an explained variance of Ksh.653,320;

1163. Note 14 to the financial statements reflects outstanding imprest of Ksh.1,690,000 for the year under review and a comparative balance of Ksh.2,000,000. However, these balances are not reflected in the statement of assets and liabilities.

1164. Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

1165. From the reported variance, Ksh. 596,320 represented the unutilized funds (opening bank balance) from the preceding financial year 2018/2019 while an additional Ksh. 57,000 were receipts from sale of tender documents as provided in note 2 of the 2019/2020 financial statements

1166. These were not outstanding imprests but were the total amount of imprests issued during the financial year and which were all surrendered within the year. However, in note 14 of the financial statement, we erroneously failed to indicate that the imprests had been surrendered. This is further confirmed by note 10 of the financial statement.

Committee Observation

1167. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Variance Between the Financial Statements and Supporting Schedules

1168. A review of the statement of receipts and payments for the year ended 30 June, 2020 revealed various expenditure items were at variance with the supporting schedules/ledgers provided for audit amounting to Ksh.6,152,283 as detailed below.;

Component	Note	Financial Statements Ksh.	Schedules Figures Ksh.	Variance Ksh.
Compensation of Employees	3	2,946,300	2,972,800	(26,500)
Committee Allowances	4	3,213,000	3,797,000	(584,000)
Utilities, Supplies and Services	4	151,730	0	151,730
Communication, Supplies and Services	4	701,630	684,150	17,480
Domestic Travel	4	287,600	257,600	30,000
Printing, Advertising & Information, Supplies & Services	4	1,162,796	1,121,246	41,550

Training Expenses	4	465,000	0	465,000
Hospitality Supplies and Services	4	259,229	240,249	18,980
Office and General Supplies and Services	4	786,885	723,225	63,660
Other Operating Expenses	4	1,499,430	1,492,430	7,000
Bursary to Secondary Schools and Tertiary Institutions	6	21,082,496	15,115,112	5,967,384
Total		**32,556,096**	**26,403,812**	**6,152,283**

1169. Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

1170. These were mispostings in our payment returns which have been re-aligned to the correct votes and have been provided for verification. For instance, the payment vouchers and schedules for bursary to secondary and tertiary institutions amounting to Ksh. 21,082,496 are hereby attached to confirm compliance.

Committee Observation

1171. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Use of Goods and Services

1172. The statement of receipts and payments for the year ended 30 June, 2020 reflects use of goods and services expenditure of Ksh.9,782,900 and as disclosed under Note 5 to the financial statements. A review of the expenditure related records revealed the following unsatisfactory matters;

3.1. Unsupported Expenditure

1173. Included in the use of goods and services amount are utilities, supplies and services expenses of Ksh.151,730 and committee expenses of Ksh.1,255,600 which includes Ksh.660,000 totaling to Ksh.811,730 that were not supported with expenditure records including payment schedules, vouchers and related supporting documents.

1174. Under the circumstances, the accuracy and completeness of expenses totaling Ksh.811,730 included under use of goods and services could not be confirmed.

Management Response

1175. This was as a result of mix up in payment voucher filing as explained above. The payment vouchers and related supporting documents totaling Ksh 811,730 have been availed for audit verification.

Committee Observation

1176. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2. Unsupported Other Operating Expenses

1177. Included under use of goods and services expenditure of Ksh.9,782,900 is other operating expenses amount of Ksh.1,499,430 out of which Ksh.300,000 is described as bank charges but which could not be traced in the bank statements.

1178. Further, the nature of these charges was not explained, Payment vouchers and detailed schedules were also not provided for audit review.

1179. Under the circumstances, the accuracy and completeness of other operating expenses of Ksh.1,499,430 for the year ended 30 June, 2020 could not be confirmed.

Management Response

1180. The bank charges payment of Kshs. 300,000 relates to cumulative deductions done by the bank as captured in the bank statements and summarized in the bank reconciliations. The bank charge deductions covered several financial years.

Committee Observation

1181. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Transfers to Other Government Units

1182. The statement of receipts and payments reflects transfers to other government units of Ksh.53,300,000 as disclosed under Note 5 to the financial statements. Included in the expenditure is Ksh.15,850,000 in respect to transfers to secondary schools.

1183. However, transfers amounting to Ksh.10,400,000 to seven (7) secondary schools was not supported with project files and project management committee bank statements.

Management Response

1184. The documents contained in the project files have been provided to confirm their existence.

Committee Observation

1185. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Other Grants and Transfers

1186. The statement of receipts and payments for the year ended 30 June, 2020, reflects other grants and transfers of Ksh.34,071,885 as disclosed under Note 6 to the financial statements. A review of the expenditure records revealed the following unsatisfactory matters;

5.1. Unsupported Grants on Sports and Environment Projects

1187. Included in other grants and transfers amount of Ksh.34,071,885 are sports and environment projects expenditure of Ksh.2,659,389 and Ksh.500,000 respectively.

1188. However, the expenditure was not accounted for by way of delivery notes and acknowledgements of receipt of the sports items and environmental related supplies by the recipients.

1189. Under the circumstance, the validity, accuracy and completeness of sports projects expenditure of Ksh.2,659,389 and environment projects expenditure of Ksh.500,000 for the year ended 30 June, 2020 could not be confirmed.

Management Response

1190. The acknowledgements were not available as at the time of the audit. We have since followed up with the beneficiary institutions and availed them.

Committee Observation

1191. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.2. Unsupported Covid-19 Expenses

1192. Other grants and transfers expenditure of Ksh. 34,071,885 includes payments in respect to emergency projects of Ksh.8,830,000 out of which Ksh.2,400,000 was spent on COVID-19 related expenses. However, the expenditure was not supported with procurement records, stores records and records to show their distribution and usage.

1193. Under the circumstance, the validity, accuracy and completeness of COVID-19 related expenses of Ksh.2,400,000 for the year ended 30 June, 2020 could not be confirmed.

Management Response

1194. During Covid-19 period all government offices except those offering essential services were closed as a measure to reduce the spread of the virus. It was therefore not possible to call officers back to the offices due to movement restrictions.

1195. It was equally necessary to avoid physical interaction with documents originating from various sources. This made some of the processes to be overlooked. However documentary evidence is attached to show the distribution and usage

Committee Observation

1196. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Inaccuracy of Cash and Cash Equivalents

1197. As disclosed under Note 10A to the financial statements, the statement of assets and liabilities reflects cash and cash equivalents balance of Ksh.224,147. A review of the bank reconciliation statement for the month of June, 2020 revealed that the statement reflects unpresented cheques totaling to Ksh.4,554,623 out of which cheques worth Ksh.1,243,038 were stale with some dating far back to the year 2014 and which had not been reversed in the cashbook.

1198. Further, the unpresented cheques also include employee pay as you earn (PAYE) deductions totalling Ksh.370,495 some dating back to the year 2014 that has remained unremitted to Kenya Revenue Authority. No explanation was provided for failure to replace these cheques.

1199. In addition, the statement reflects payments in the bank statement not recorded in the cash book totalling Ksh.90,916 with some dating back to the year 2016. No explanation was provided by Management for the failure make these adjustments in the cashbook.

1200. Consequently, the accuracy and completeness of the cash and cash equivalents balance of Ksh.224,147 as at 30 June, 2020 could not be ascertained.

Management Response

1201. All stale cheques were replaced in the succeeding years as confirmed by cash book extracts, bank reconciliation statements for April 2022 and May 2022. These included statutory cheques and bursary cheques.

1202. Payments in the bank statements not recorded in the cash book (bank charges) were later captured in the cash book as confirmed by extracts of the cash book and succeeding years' bank reconciliations.

Committee Observation

1203. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

7.0 Budgetary Control and Performance

1204. The summary statement of appropriation; recurrent and development combined reflects final receipts budget Ksh. 201,135,956 and actual receipts on comparable basis of Ksh. 99, 728,912 resulting to an under-funding of Ksh. 101,407,044 or 50% of the budget. similarly, the fund expended Ksh. 100,101,085 against an approved budget of Ksh. 201,135,956 resulting to an under-expenditure of Ksh. 101,034,871 or 50% of the budget. The underfunding affected the planned activities and may have impacted negatively on service delivery for the constituents of Nakuru Town East Constituency.

Management Response

1205. This was due to late disbursements from the board. However, the board has always ensured that all undisbursed funds are availed in subsequent years so as to benefit intended residents.

Committee Observation

1206. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Projects Implementation

8.1. Delay in Project Implementation

1207. The project implementation status report for the year ended 30 June, 2020 indicates that thirty-nine (39) projects budgeted for implementation with funding allocation of Ksh. 49,749,000, were at various implementation status out of which three (3) with a funding allocation of Ksh. 6,600,000 were not started and thirty-six (36) with allocated funding of Ksh. 43,149,000 were ongoing. The fund management attributed the delay in

completing the projects to slow tendering processes and delayed disbursements from the NGCDF Board.

1208. Delay in the project implementation denies the residents of the Nakuru Town East Constituency the intended benefits.

Management Response

1209. The projects were completed and are now in use.

Committee Observation

1210. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.2. Project Verification

1211. Twenty (20) projects with a funding allocation of Ksh. 34,450,000 were sampled for verification during the month of February 2021 and the status of the specific projects is outlined in Appendix1. No satisfactory explanation has been rendered for the anomalies noted and delays in completing the projects.

1212. Under the circumstances, the delivery of services to the constituents is affected and the constituents are not receiving the intended benefits from the projects.

Management Response

1213. Refer photos in 8.1 above

Committee Observation

1214. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Inaccuracies in the Financial Statements

1215. The statement of receipts and payments and statement of cash flows reflects transfers to other Government units amount of Ksh.61,586,000. However, Note 6 to the financial statements reflects a balance of Ksh.61,535,500 resulting to an unexplained variance of Ksh.50,500.

1216. Further, the summary of fixed assets register reflects Nil historical cost opening balance. However, the prior year closing balance as per the audited financial statements reflected a balance of Ksh.22,091,393 resulting to an unexplained variance of Ksh.22,091,393. In addition, the financial statements reflect comparative balances for three items that differed with prior year balances as detailed below:

Component	Note	Financial Statements (Ksh.)	Prior Year Audited Financial Statements (Ksh.)	Variance (Ksh.)
National Hospital Insurance Fund	4	168,522		114,522
Pay As You Earn	4	54,000		54,000
Unutilized Funds	17.3	74,817,724	101,034,871	(26,217,147)

1217. Similarly, the financial statements reflect balances for nine (9) items that are at variance with the supporting schedules as detailed below:

Details	Financial Statements (Ksh.)	Supporting Schedule (Ksh.)	Variance (Ksh.)
Compensation of Employees	2,540,100	2,535,750	(4,350)
Insurance Cost	556,037	359,720	196,317
Emergency Project Grants	10,850,000	10,150,000	700,000
Transfer to Primary Schools	24,285,500	25,136,000	(850,500)
Other Operating Expenses	393,210	0	393,210
Specialized Material	354,088	0	354,088
Other Committee Allowances	375,807	0	375,807
Committee Allowances	8,715,500	1,546,000	7,169,500
Routine Maintenance - Vehicles	195,910	0	195,910

1218. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

1219. The unexplained variance was a result of typological errors. However, the transfer to other government units figure as captured in the statement of receipts & payments and statement of cash flows were correct. The comparable balances in the succeeding financial year were correctly stated. The supporting schedules have been matched with financial statement figures.

Committee Observation

1220. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Expenditure on Use of Goods and Services

1221. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects use of goods and services amount of Ksh.15,537,518. Review of records provided for audit indicates bank withdrawals on diverse dates totalling to Ksh.11,257,949 for various expenditure items. However, supporting documents such as the imprest warrants, surrender vouchers and detailed schedules were not provided for audit.

1222. In the circumstances, the regularity, accuracy and completeness of the use of goods and services balance of Ksh.15,537,518 could not be confirmed.

Management Response

1223. The imprest warrants, surrender vouchers and detailed schedules were available. We have provided the same for audit review.

Committee Observation

1224. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Other Grants and Other Payments

3.1. Unsupported Bursary Payments

1225. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and payments amount of Ksh.62,135,953 which includes bursary payments totaling to Ksh.38,092,176. However, bursary payments amounting to Ksh.19,248,277 was paid to student beneficiaries whose names, admission numbers and respective learning institutions were not provided for audit.

1226. In the circumstances, the accuracy and completeness of bursary payments amount of Ksh.19,248,277 could not be confirmed.

Management Response

1227. Bursary allocation in the constituency is always awarded on the basis of applications from needy students, and who must belong to learning institutions. However, in this case, the voluminous nature of attachments led us to attach a summary of payments per institution. We have provided the names, admission numbers and respective learning institutions for confirmation.

Committee Observation

1228. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2. Unsupported Expenditure on Social Security Programmes

1229. Note 7 to the financial statements reflects Social Security programmes expenditure amount of Ksh.2,452,000 in respect of National Hospital Insurance Fund contributions for the vulnerable persons. However, the policy document, vetting committee reports, beneficiary's applications, approved list of beneficiaries and advertisement or notices to the public were not provided for audit.

1230. In the circumstances, the accuracy and completeness of the social security programmes amount of Ksh.2,452,000 could not be confirmed.

Management Response

1231. The approved list of beneficiaries and the minutes from the Ng-cdf committee discussing the criteria of identifying the beneficiaries are attached.

Committee Observation

1232. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3. Unaccounted for Security Projects Expenditure

1233. Note 7 to the financial statements reflects security projects expenditure amount of Ksh.5,500,000. However, the expenditure returns, Project Management Committee minutes and bank statements in support of the expenditure were not provided for audit.

1234. Further, the expenditure also includes amount of Ksh.1,000,000 reallocated from Nakuru East Primary School to Nakuru Central Police Station without relevant approvals from the Board. In addition, the expenditure includes an amount of Ksh.1,500,000 incurred on rehabilitation of a borehole in Muguga which is outside the Fund's mandate and is contrary to Section 24(a) of the National Government Constituencies Development

Fund Act, 2015, which states that a project under the Act shall only be in respect of works and services falling within the functions of the National Government under the Constitution.

1235. In the circumstances, the regularity, accuracy and completeness of security projects expenditure balance of Ksh.5,500,000 could not be confirmed.

Management Response

1236. The respective security project pmc files were later availed. The allocation to Nakuru Central Police Station was approved by the NGCDF board as per attached codelist.

1237. The rehabilitation of the borehole was done within the premises of a National government facility; the chief's office, hence in our view it was not against sec.24(a) of the NGCDF Act, 2015.

Committee Observation

1238. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4. Unaccounted Sports Projects Expenditure

1239. Note 7 to the financial statements reflects sports projects expenditure of Ksh.2,741,777. However, the expenditure returns, calendar of tournaments and procurement records in support of the expenditure were not provided for audit. In the circumstances, the regularity, accuracy and completeness of sports projects expenditure balance of Ksh.2,741,777 could not be confirmed.

Management Response

1240. The file containing the necessary expenditure returns, calendar of tournaments and procurement records in support of the expenditure have since been provided.

Committee Observation

1241. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Inaccuracies in Cash and Cash Equivalents

1242. The statement of assets and liabilities reflects cash and cash equivalents balance of Ksh. 20,139,852. However, bank reconciliation statement for the bank account reflect stale cheques totalling to Ksh. 323,522 and had not been written back in the cash book or replaced.

1243. In the circumstances, the accuracy and completeness of bank balance of Ksh. 20,139,852 could not be confirmed.

Management Response

1244. The stale cheques totalling to Ksh.323,522 were reversed and replaced. Presently efforts have been made to ensure all cheques are replaced immediately become stale. We have attached our most current bank reconciliation to confirm this.

Committee Observation

1245. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unaccounted Project Management Committees Account balances

1246. Note 17.4 to the financial statements reflects Project Management Committee balances of Ksh.4,527,189 as detailed in Annex 5. However, the project status implementation report on the prior year balance of Ksh.5,789,926 was not provided for audit.

1247. In the circumstances, accuracy and completeness of the Project Management Committees bank account balances of Ksh.4,527,189 could not be confirmed.

1248. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Nakuru Town East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Management Response

1249. Balances that remained in the PMC bank accounts were minimal except that for Flamingo Secondary. This allocation amounting to Ksh. 3,638,880 was part of a transfer that had just been wired to the PMC towards construction of sitting terraces. All the projects have since been implemented.

Committee Observation

1250. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Non-Compliance with Public Sector Accounting Standards and Board Template

1251. The table of contents to the financial statements exclude page numbers for annexes and progress on follow up of audit recommendations and the budget execution by sectors and projects is not paginate. In addition, the progress on follow-up of auditor recommendations at page 55 is not signed by the Accounting Officer and the issues or observations reported therein do not relate to the prior year's audit report

1252. In the circumstances, the financial statements are not prepared and presented in the format prescribed by the Public Sector Accounting Standards Board.

Management Response

1253. The error was noted and our subsequent financial statements have complied to the public sector accounting standards and board templates.

Committee Observation

1254. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Irregular Expenditure on Emergency projects

1255. The statement of receipts and payments reflect payments grants and other transfers amount of Ksh.61, 135,953 which include amount of ash 10,850,000 incurred on emergency projects out of which Ksh.3, 800,000 spent on 3 projects for renovation of offices. However, no justification was provided to confirm then renovations wedge emergencies.

1256. This is contrary to section 8(3) of National Government Constituencies Development Fund act 2015 which state that emergencies shall be construed to mean an urgent unforeseen need for which it is in the opinion of the committee that it cannot be delayed until in the next financial year without harming the public interest of the constituents.

1257. In the circumstance the fund manager is in breach of contract.

Management Response

1258. The renovation of the ACC's house was because the house had been partly fallen on by a tree due to heavy rainfalls with strong winds. A request was made to the NGCDF and was approved. Renovation of the office was due to broken window panes and grills as well as dilapidated floor. The committee felt that the office needed to be habitable and to ensure safety of office items. The committee also approved renovation of the ACC's office which is in the same compound with the NGCDF office building.

Committee Observation

1259. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Anomalies in project implementation

1260. Twenty-four (24) projects with a funding allocation totaling to Ksh.34, 841,500 were sampled for audit inspection in the month of May 2022. However, project implementation records for projects costing Ksh.18, 297,000 were not provided for audit.

1261. Further, the inspection revealed that projects costing a total of Ksh.7,792,000 were not branded and could not be positively identified and attributed to the current year's expenditure. In addition, there were instances of poor workmanships or delayed completion in ten (10) out of twenty-four (24) projects inspected.

Management Response

1262. The projects were implemented to completion. Photos confirmation their completion submitted.

Committee Observation

1263. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unsupported Other Grants and Transfers - Bursary

1264. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amounting to Ksh.102,842,390. The amount includes bursary to secondary schools of Ksh.62,218,908 and tertiary institutions of Ksh.18,928,400 all totalling to Ksh.81,147,308. However, financial returns acknowledging receipts of the funds and confirming that the amounts have been credited to the beneficiaries' fees accounts and the criteria for vetting the bursary application, vetting committee minutes and names of beneficiaries were not provided for audit verification.

1265. Further, no documentary evidence was provided to confirm that the beneficiaries were residents of the constituency. This is contrary to Regulation 21(1) and (2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that a Constituency Committee may support social security programmes in accordance with the provisions of Section 48 of the Act and the programmes shall support constituents living within a Constituency.

1266. In addition, the total bursary amount of Ksh.81,147,308 differs with the supporting schedule amount of Ksh.26,438,000 resulting to unreconciled variance of Ksh.54,709,308.

1267. In the circumstances, the accuracy, completeness and validity of the bursary expenditure of Ksh.81,147,308 could not be ascertained.

Management Response

1268. The acknowledgement receipts have since been provided. A sample of the acknowledgement documents are attached for confirmation. The criteria used was as per the constituency bursary policy which has been provided.

1269. The benefiary names were not provided separately, instead they were attached on the payment vouchers. The cheques to institutions were generated from summarized schedules because a number of students were coming from the same institution hence payment done using a single cheque. This can be verified from copies of the attached payment vouchers.

1270. In the bursary application form for Nakuru East NGCDF, it was and remains a requirement that applicants must attach copies of their voters' cards. A sample of duly filled bursary application forms are attached to confirm this. We have provided all support schedules for bursary payments totaling Ksh.81,147,308.

Committee Observation

1271. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unconfirmed Compensation of Employees Expenditure

1272. The statement of receipts and payments reflects compensation of employees amounting to Ksh.3,767,225. However, the supporting schedule reflects an amount of Ksh.3,839,203 resulting to unexplained and unreconciled variance of Ksh.71,978.

1273. In the circumstances, the accuracy and completeness of compensation of employees' amount of Ksh.3,767,225 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1274. This was a result of posting errors arising from mixup of the schedules. Presently efforts have been put on proof-reading the financial statements to avoid such errors from recurring.

Committee Observation

1275. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Training Expenses

1276. The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects use of goods and services amounting to Ksh.12,691,426 which includes training expenses of Ksh.1,200,000. The expenditure was incurred on staff allowances, facilitation fees and refreshments for Constituency staff members attending a 5-day benchmarking exercise in Njoro Constituency. However, the expenditure was not supported with invitation letter, signed attendance list and training needs assessment report.

1277. In the circumstances, the accuracy, completeness and propriety of training expenses amounting to Ksh.1,200,000 could not be confirmed.

Management Response

1278. The invitation letter from Njoro NGCDF was in the form of an acceptance letter dated 9th December, 2021 This was in response to Nakuru East NGCDF letter dated 23rd November, 2021 requesting for a bench marking exercise in their constituency.

1279. The attendance lists for the exercise were attached on the payment voucher. Copies have all been provided.

1280. The training needs for the bench marking came from a discussion held at an NGCDFC meeting held on 3rd Dec, 2021. It was on this basis that the committee resolved to benchmark in a neighboring constituency.

Committee Observation

1281. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Transfers to Other Government Units

1282. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government Units amount of Ksh.81,502,625.

1283. However, the expenditure was not supported with relevant documents as described below.

4.1. Construction of Perimeter Walls

1284. Note 6 to the financial statements reflects transfers to primary schools' amount of Ksh.56,805,625. The amount includes an expenditure amounting to Ksh.49,805,625 incurred on the construction of perimeter walls for various primary schools. However, the

expenditure was not supported with procurement records such as bills of quantities from qualified quantity surveyor, advertisements, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, interim or completion certificates, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure return and evidence that the projects were implemented in consultation with relevant Government departments.

Management Response

1285. The PMC records for the respective schools have been availed.

Committee Observation

1286. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2. Construction and Renovation of Classrooms

1287. Note 6 to the financial statements reflects transfers to secondary schools' amount of Ksh.24,697,000. The amount includes an expenditure amounting to Ksh.17,697,000 incurred on construction and renovation of classrooms in various secondary schools.

1288. However, the expenditure was not supported with procurement records such as bills of quantities from qualified quantity surveyor, advertisements, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, interim or completion certificates, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns and evidence that the projects were implemented in consultation with relevant Government departments.

Management Response

1289. The PMC records for the respective schools have been availed.

Committee Observation

1290. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.3. Purchase of School Buses

1291. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfer to other Government units amounting to Ksh.81,502,625.

1292. The amount includes an expenditure amounting to Ksh.14,000,000 incurred on the purchase of two school buses for Race Track Primary School and St. Maria Veronica Secondary School. However, the expenditure was not supported with procurement records such as tender advertisements, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns and evidence that the projects were implemented in consultation with relevant Government departments. In the circumstances, the accuracy, completeness and propriety of transfers to other Government units amounting to Ksh.81,502,625 could not be confirmed.

Management Response

1293. All documents relating to the acquisition of the school buses for Race Track Primary and St. Maria Veronica Secondary have been provided for review.

Committee Observation

1294. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Sports Projects Expenditure

1295. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers amounting to Ksh.102,842,390. The amount includes sports projects expenditure amounting to Ksh.2,741,777 in respect of Nakuru Town East Constituency sports activity. However, procurement records such as user requisitions, request for quotations, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns were not provided for audit review.

1296. In the circumstances, the accuracy, completeness and propriety of sports projects expenditure amounting to Ksh.2,741,777 could not be confirmed

Management Response

1297. The PMC file with the relevant supporting details have since been availed.

Committee Observation

1298. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Acquisition of Assets Expenditure

1299. The statement of receipts and payments and as disclosed in Note 8 to the financial statements reflects acquisition of assets amounting to Ksh.6,000,000. The amount includes purchase of computers, printers and other IT equipment of Ksh.1,800,000 and purchase of office furniture and general equipment of Ksh.4,200,000. However, the expenditure was not supported with procurement records such as list of prequalified suppliers, tender evaluation minutes, signed contracts, inspection and acceptance committee reports and inventory records.

1300. In the circumstances, the accuracy, completeness and propriety of acquisition of assets expenditure amounting to Ksh.6,000,000 could not be confirmed.

Management Response

1301. The relevant supporting details have since been availed and copies of documents provided in the annex.

Committee Observation

1302. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Unconfirmed Project Management Committee (PMC) Account Balances

1303. Note 17.4 to the financial statements on Other Important Disclosures reflects Nil Project Management Committee (PMC) account balances. The balance is a decrease of Ksh.4,527,189 from the previous year's balance of Ksh.4,527,189. However, cashbooks, bank statements and bank balance confirmation certificates were not provided for audit review.

1304. In the circumstances, the accuracy and completeness of the Nil PMC account balances could not be confirmed.

Management Response

1305. The PMC bank account balances have been availed for review as per annex.

Committee Observation

1306. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Irregular Social Security Programme NHIF Expenditure

1307. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflect other grants and transfers amounting to Ksh. 102,842,390. The amount includes social security programmes NHIF amounting to Ksh.1,804,000. Review of documents revealed that the expenditure relates to NHIF payments for eight hundred and twenty-one (821) beneficiaries. However, the criteria for identifying the beneficiaries was not provided in the audit review. Further, no documentary evidence was provided to confirm the residence of the beneficiaries. This is contrary to the regulation 21 of the National Government Constituencies Development Fund Regulations,2016 which state that a constituency committee shall support constituents living within a constituency and vet all persons proposed to receive support under social security programmes in accordance with guidelines issued by then board

1308. In addition, then NHIF numbers of the beneficiaries and the by- product from NHIF were not provided for audit review.

Management Response

1309. The members are always identified by use of ID numbers whenever payments are made, and NHIF cards with serial numbers issued to them individually. The approved list of beneficiaries and the minutes from the NG-CDF committee discussion, and the criteria of identifying the beneficiaries are attached.

Committee Observation

1310. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Irregular Emergency projects Expenditure

1311. The statement of receipts and payments as disclosed in note 7 of the financial statement reflect other grant and transfers totaling to Ksh.102,842,390. The amount includes emergency projects expenditure of Ksh.6,965,750. However, review of records provided

for audit reviewed that the expenditure was not of emergency in nature. Further, the expenditure was not reported to the National Government Constituencies Development Fund Board. This is contrary to the regulation 20 (2) of the National Government Constituencies Development Regulation, 2016 which stipulates that the utilization of the emergency shall be reported to the board within 30 days of the occurrence of the emergency.

1312. In addition, the procurement was not supported with procurement records such as list of pre-qualified suppliers, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, interim or completion certificates, project management committee (PMC) expenditure returns and evidence that the projects were implemented in consultation with relevant Government departments

Management Response

1313. The emergency expenditure relating to these projects were discussed by the NGCDFC and approved. The minutes were forwarded to the board as required.

1314. The pre-qualification list that was in use was for 2020 financial year as communicated by the head of supply chain management.

Committee Observation

1315. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Projects Verification report

1316. Physical verification of ten (10) projects with funding amounting to Ksh.15,551,250 revealed unsatisfactory issues including failure to brand the projects, stalled project and failure to provided project files for audit review

1317. In the circumstances, value for money on the expenditure for Ksh.15, 551,250 incurred on the above projects may not be realized.

Management Response

1318. The projects were later branded. The stalled for Naka Primary was because it was being implemented in phases subject to funding from the board. The project is still on-going to date.

Committee Observation

1319. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7 NAKURU TOWN WEST CONSTITUENCY

1320. The Fund Account Manager, appeared before the Committee and responded to the audit matters raised in the report of the Auditor General for Nakuru Town West

Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.7.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1321. The Constituency received an **unqualified audit report** and there were no issues raised during the audit of the FY 2015/2016

3.7.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Budget Performance

1322. The statement of receipts and payments for the year ended 30 June 2015 reported receipts of Ksh. 89,704,944 compared to Ksh. 63,139,839 received in the previous year. This was an increase of Ksh. 26,565,105 or 42%. However, according to the statement of appropriation, the budgeted receipts for the year amounted to Ksh. 95,705,184 indicating the constituency was under funded by Ksh. 6,000,240. Further, the expenditure for the year amounted to Ksh. 62,812,843 out of the total receipt of Ksh. 89,704,944 or 70% absorption rate. The low absorption capacity is likely to affect implementation of projects.

Management Response

1323. The amount of Ksh. 6,000,240.80 was balance carried forward from the previous financial year, which was available for use in FY2014/15. The under absorption was due to delay in exchequer financing.

1324. However, the projects are complete and in use. Bank certificate of balance, AIE, Bank statement, Project list, completion certificates and branded photos were availed for audit verification.

Committee Observation

1325. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Summary Statement of Appropriation

1326. The summary statement of appropriation reported compensation of employees reflected a final budget of Ksh. 2,654,000 against actual expenditure of Ksh. 1,922,775 resulting in over expenditure of Ksh. 882,025. Further, re-tallying of the figures resulting in a difference of Ksh. 731,225. Similarly, the actual payments on comparable basis show a total of Ksh. 89,704,944 while recasting confirms a figure of Ksh. 62,812,843.20, resulting in unexplained difference of Ksh. 26,892,210.

1327. In addition, the budget for use of goods and services was Ksh. 1,575,369.40, while the actual expenditure for the year was Ksh. 2,277,498.20 resulting in-over expenditure of Ksh. 702,129.20 which has not been explained.

1328. Similarly, the budget for committee expenses total to Ksh. 3,778,785.80, while the actual expenditure was Ksh. 5,326,235 resulting in unexplained over-expenditure of Ksh. 1,547,449.20. In the circumstances, the accuracy of the statement of appropriation could not be confirmed.

Management Response

1329. The issues of expenditure were noted and amended in the next financial year. The difference due to miss classification of expenditure which was corrected. Statement of receipt and payment for current year were availed for audit review

Committee Observation

1330. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Cash and Bank balances

1331. The bank reconciliation statement for the month of June 2015 reflects payments in cashbook not reflected in bank statement of Ksh. 383,612.20, which included unpresented stale cheques totaling Ksh. 145,000.00. No reason has been provided to explain why these cheques were not presented to the bank and further no entry has been made in cashbook to reverse the cheques. Similarly, the bank reconciliation statement reflects unexplained payments totaling to Ksh. 75,577.40 in bank statement not yet recorded in cashbook. In the circumstance, the accuracy and validity of the bank balance of Ksh. 32,807,342 could not be confirmed.

Management Response

1332. The payments in bank statement not in cashbook were bank charges which was expensed in the cashbook in FY 2015/16. The stale cheques were reversed in the subsequent year. Cashbook extracts, list of stale bursaries was provided for audit verification

Committee Observation

1333. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Bursaries

4.1. Bursary to schools and institutions

1334. The statement of receipts and payments for the year ended 30th June 2015 reflects other grants and transfer of 41,610,440. The constituency Development Fund disbursed Ksh. 6,762,100 being bursaries granted to various schools and institution during the year under review. However, there were no acknowledgement letters to confirm that the bursary funds were received by various schools and benefited the intended students.

Management Response

1335. The acknowledgement letters were received in slow pace since bursaries were distributed to the beneficiary directly. However, the system has improved where the NGCDF committee are using post office to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary. The acknowledgement and postal contract agreement were provided to the auditor for review.

Committee Observation

1336. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2. Driving school Expenditure

1337. The Constituency Development Fund contracted Phoenix Driving School to provide driving school training for 352 students for class BCE at a cost of Ksh. 13,500 per students thus totaling Ksh. 4,739,400. However, clear criteria showing how the 352 students were identified and selected was not presented for audit. Further, no documents or proof that the training took place was presented for audit verification.

Management Response

1338. The beneficiary were identified during a public forum as listed in the list of beneficiary. The training was done and beneficiary issued with driving licenses. List of beneficiary, copies of driving licenses and other proof of training documents were availed for audit verification.

Committee Observation

1339. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Bursaries

1340. The statement of receipt and payments for the year ended 30th June 2016 reflects other grants and other payments totaling Ksh.67,571,442. included in this amount are bursaries of Ksh. 10,536,465 and Ksh. 9,660,045 remitted to secondary and tertiary institutions respectively. However, bursaries amounting to Ksh.4,295,459 were not acknowledged by letters confirming receipt by the institutions and individual beneficiaries. In the circumstances, the expenditure on bursaries totaling Ksh.20,196,510 for the year ended 30 June 2016 could not be confirmed as fairly stated.

Management Response

1341. The acknowledgement letters were received in slow pace since bursaries were distributed to the beneficiary directly. However, the system has improved where the NGCDF committee has contracted post office to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary. The acknowledgement were provided to the auditor for review.

Committee Observation

1342. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Statement of Assets

1343. The Statement of asset as at 30 June 2016 reflects bank balance as per the cash book of Ksh.10,191,076.The reconciliation statement in support of this balance reflects

payments in cash book not recorded in bank statement of Ksh.3,377,572.Included in this amount are cheque s totaling Ksh.190,746 dating back to 17 July 2015 and which were thus stale as at 30 June 2016.No explanation has been made for non-reversal of the cheque s as at the time of audit in February 2017.In the circumstances, the accuracy and validity of the bank balance of Ksh.10,191,076 as at 30 June 2016 cannot be confirmed.

Management Response

1344. The stale cheques were reversed in the subsequent year. List of stale bursary and cashbook extracts were provided for audit verification

Committee Observation

1345. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Inaccuracy in Comparative Figures

1346. The certified surplus for the year ended 30 June 2015 was Ksh. 26,892,200. However, the comparative figure in the statement of receipts and payments for the year ended 30 June 2016 showed a balance of Ksh.26,841,422 resulting to all unreconciled difference of Ksh.50,678. No plausible explanation has been provided by management for the discrepancy.

Management Response

1347. The comparative figures which were wrongly carried forward from the surplus for the year under review is Ksh. 26,892,100. Statement of receipts and payments for financial year ended June 30th 2015 was provided for audit verification.

Committee Observation

1348. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Statement of Assets

1349. The statement of asset as at 30 June 2017 reflects bank balance as per cash book of Ksh.441,011. The reconciliation statement in support of this balance reflects payments in cash book not recorded in bank statement of Ksh. 546,591. Included in this amount are cheques totaling Ksh.72,020 dating back to 13 November 2015 and which were thus stale as at 30 June 2017.No explanation has been made for non-reversal of the cheques as at the time of audit in May 2018.In the circumstance, the accuracy and validity of the bank balance of Ksh.441,011 as at 30 June2017 could not be confirmed.

Management Response

1350. The stale cheques were reversed in the subsequent financial year. List of stale bursary & cashbook extracts were provided for audit verification

Committee Observation

1351. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Bursaries

1352. The statement of receipt and payments reflects other payments of Ksh. 52,241,466. Included in this amount are bursaries of Ksh. 8,243,203 and Ksh. 4,771,637 for secondary and tertiary institutions respectively as indicated in note 7. However, bursaries amounting Ksh. 5,120,000 were not acknowledged by letters confirming receipt by institutions and individual beneficiaries. In the circumstance, the expenditure on bursaries totaling Ksh. 21,007,340 for the year ended 30 June 2017 could not be confirmed as fairly stated.

Management Response

1353. The acknowledgement letters were received in slow pace since bursaries were distributed to the beneficiary directly. However, the system has improved where the NGCDF committee are using post office to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary awarded. The acknowledgement was provided to the auditor for review.

Committee Observation

1354. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfer to other government entities

3.1. Tumaini House School Dormitory

1355. The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other Government entities of Ksh.31,900,000. Included in this amount are transfers to primary schools of Ksh.15,700,000 which includes an amount of Ksh.2,500,000 disbursed to Tumaini house school for construction of a dormitory. A visit to the school on 24 May,2018 revealed that the project had stalled at fifty (50%) percent completion level and no funds were allocated for completion of the project in 2017/2018 financial year. In the circumstance, the completion of the dormitory remains unknown and value for money may not be achieved.

Management Response

1356. The project was funded in FY 2015/2016; funds disbursement was done in FY 2016/2017. During audit, on 24th May 2018, the 1st phase of the project was being implemented. The 2nd phase of the project was to be funded again in FY 2018/2019 to completion. At the time of audit, the proposal preparation was underway.

1357. The project was allocated Ksh. 2,000,000 and was done to completion. Completion certificate, Photos, assessment report from state department of public works and Codelist was provided for audit verification

Committee Observation

1358. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2. Inadequate Funding for Nakuru Hill Special School Perimeter Wall

1359. During the year under review, the budget for Nakuru Hill Special was Ksh.2,000,000 and this amount was disbursed for construction of a perimeter wall around the school. A visit to the school on 25 May 2018 revealed that the funds disbursed were only able to complete the perimeter wall for one side of the school compound and not around the school as intended. This did not solve the need of fencing the whole school compound due to the school hosting students with disability challenges which makes most of them to sneak out of the compound. In the circumstance, the intended objective has not been achieved.

Management Response

1360. The construction of perimeter was implemented in 2 phases. At the time of audit, the 1st phase was implemented. The 2nd phase of perimeter wall was done in the subsequent year at Ksh.3,000,000 to completion. Completion certificate, branded photo and codelist was availed for audit review.

Committee Observation

1361. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Statement of Appropriation

1362. The summary statement of appropriation reported receipts budget of Ksh. 98,630,666 against actual of Ksh. 87,251,355. However, the actual of Ksh. 87,251,355 differs with the transfers from the Board of Ksh. 86,810,345 resulting to unexplained difference of Ksh. 441,010.

1363. In addition, the appropriation statement reported total receipts of Ksh. 71,464,036 against an actual of Ksh. 86,810,345 resulting to unexplained difference of Ksh. 15,346,309 Further, the reported adjustment column for receipts was supported by a code list of Ksh. 9,379,310.34 which was approved on 8 August 2018 after the end of the financial year and therefore the adjustment should be Ksh. 9,379,310.34 and not Ksh. 11,820,321.

1364. In the circumstances. the completeness and accuracy of the summary statement of appropriation could not be confirmed

Management Response

1365. The Ksh. 87,251,355 was inclusive of Ksh. 441,010 which was the balance brought forward from financial year 2016/2017. Ksh. 15,346,309 was received in the cash bank at the time of audit but not utilized. The adjustment column presents owing from the board Ksh. 11,379,310 and cashbook balance of Ksh. 441,010 totaling to Ksh. 11,820,321.

1366. However, additional budget of Ksh. 11,379,310.34 had not yet been received at the NG-CDFC account at the time of audit. Funds were approved, disbursed and project implemented, complete and in use. Project list, completion certificate, photos, codelist and cashbook extract were availed for audit review.

Committee Observation

1367. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budget and Budgetary Control

2.1. Revenue Analysis

1368. During the year under review, the approved budget for receipts was Ksh. 98,630,66 against an actual on comparable basis of Ksh. 87,252,355 resulting to an under funding of Ksh. 11,379,311. The underfunding represents twelve (12%) percent.

Management Response

1369. Underfunding of Ksh. 11,379,311 was caused by delayed disbursement of funds from the Board, however the funds were disbursed in the subsequent year and projects/programs are complete and in use. Project list, completion certificate and codelist were presented for audit verification.

Committee Observation

1370. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2. Expenditure Analysis

1371. The budgeted payments were Ksh. 98,630,666 against an actual of Ksh. 71,464,036. However, comparison of the approved budget and the actual expenditure disclosed unexplained over and under expenditure of more than ten (10%) percent with an overall absorption of funds was seventy- two (72%) percent. No explanation has been provided in support of the variances.

Management Response

1372. The under expenditure of Ksh. 27,166,630 have been attributed by delayed disbursement of funds from the Board. However, the funds were disbursed from the Board towards the end of financial year. The projects have also been implemented and all of them are in use. We had forwarded to the Auditors copies of AIE's, cashbook extract showing closing balance, bursary breakdown, completion certificate and photos for unfunded projects for Audit verification.

Committee Observation

1373. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.3. Transfers to other Government Entities

1374. Note 6 to the financial statements reflects transfers to other Government entities of Ksh. 21,100,701 which includes transfers to primary schools of Ksh. 16,100,701 and Ksh.5,000,000 for construction of perimeter walls and labeling. However, perimeter walls for Barut, Mogoon, Eileen primary schools at a cost of Ksh. 3,000,000 each and Moi

primary school at a cost of Ksh. 2,000,000 all totaling Ksh. 11,000,000 for primary schools were incomplete.

1375. In addition, perimeter walls for crater secondary school Ksh. 3,000,000 and Moi secondary school Ksh. 2,000,000 totaling Ksh. 5,000,000 were also incomplete. Physical verification conducted on 13 March 2019 revealed that the projects were not complete as the perimeter walls had not been erected all-round the compound. No certificate of measurement for works done was availed for audit verification yet the entire amounts had been fully utilized. Also, no title deeds were availed to confirm whether the length of the perimeter was was within the school land. In the circumstances, the intended objectives has not been achieved.

Management Response

1376. The perimeter walls were done in 2 phases

PROJECT NAME	AMOUNT (Ksh.) [phase1-2017/18	AMOUNT (Ksh.) [phase 2-2018/19
Barut Pry	3,000,000	3,000,000
Mogoon Pry	3,000,000	3,600,000
Moi Pry	2,000,000	1,240,000
Eileen Ngochoch Pry	3,000,000	3,400,000
Crater view secondary	3,000,000	
Moi secondary	2,000,000	3,400,000
	16,000.000	**14,640,000**

1377. Certificate of completion, branded photo, title deed, and certificate of measurement for works done was availed for audit review.

Committee Observation

1378. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.4. Bursaries

1379. During the year under review, Nakuru Town West Constituency spent Ksh. 21,596,375 as bursaries to needy cases in secondary schools and tertiary institution. The Constituency Development Fund Committee (CDFC) did not produce a bursary allocation policy, minutes approving the list of beneficiaries and therefore the basis for the award could not be confirmed in the absences of a set criteria. In addition, the amounts allocated to students were not consisted to a particular group and therefore in the circumstance there could be possible biasness in allocating the amounts to needy students. It was also observed that there were no acknowledgments for bursary disbursed to tertiary institutions totaling to Ksh. 12,049,400. In the circumstances, it is not possible to ascertain if the students actually benefited from the bursary.

Management Response

1380. Needy students from public pry school admitted to different levels of government secondary schools are funded fully for term one admission hence amount depend on school level. The acknowledgement letters were received in slow pace However the

system has improved where the NGCDF committee are using postal services to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary.

1381. The acknowledgement report, beneficiary report, bursary allocation policy, minutes were provided to the auditor for review.

Committee Observation

1382. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Inaccuracies in the Statement of Assets and Liabilities

1383. As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects a bank balance amount of Ksh. 1,673,193. However, the bank reconciliation statements presented in support reflected unpresented cheques amounting to Ksh. 990,793 out of which cheques totaling to Ksh. 233,594 were stale and had not been written back into the cash book. In the circumstance, the accuracy, completeness and validity of the reported bank balance of Ksh. 1,673,193 reflected in the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response

1384. The stale cheques were reversed in the subsequent financial year. List of stale bursary & cashbook extracts, were provided for audit verification

Committee Observation

1385. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

2.0 Unresolved Prior Year Matters

1386. In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

Management Response

1387. As at the time of this response, all the previous year audit matters have been resolved since the relevant documents were presented to the auditors for verification. However, the matter had not been resolved by the relevant committee of parliament.

Committee Observation

1388. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Partially Funded Projects

1389. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects transfers to other government units totaling to Ksh.48,747,167. The balance includes, under transfers to secondary schools, an amount of Ksh.4,200,000 towards projects that have been on-going for the last three (3) years but remain incomplete due to limited funding. Further, unsatisfactory observations relating to the projects were made as shown in Appendix I. The projects have not been prioritized as per Section 46(2) of National Government Constituencies Development Fund Act, 2015. In the circumstances, I am unable to confirm whether the public will obtain value for money on the incomplete and unsatisfactory implemented projects.

Project name and details	Estimated cost (Ksh.)	Total disbursement as at 30 June 2019 (Ksh.)	Observations
Crater View Sec School- completion of girls storey dormitory ground floor; flooring, Sinks, plastering, plumbing, wiring, painting and labeling	20,441,473	6,200,000	. The project was started in 2013/2014/financial year but has not yet been completed., . There was no certificate of measurements for the works priced out of the master plan bills of quantities; . Amounts paid could not be verified to the value of work done; . The quantities and priced value of the remaining works to completion could not be verified and the three-storey dormitory is at ground floor with flooring, windowpanes, sink plastering, plumbing, wiring and painting not done.
Tumaini house school- completion of girls dormitory; roofing, flooring, window frames and windowpanes fixing, plastering wiring, painting, drainage and labeling	6,849,970	4,500,000	. The project was started in 2015/2016 financial year but has not been completed; . There was no certificate of measurements for the completed works priced out of the master plan bills of quantities; Amounts paid could not be verified to the value of works done . The quantities and priced value of the remaining works to completion could not be verified; . The project roofing, flooring, window frames and windowpanes fixing, walling and plastering, wiring, painting and drainage were not done.
Total	**257,291,443**	**10,700,000**	

Management Response

1390. The master plan is still an issue on progress with stakeholders since the volcanic fault line passes nearby. The dormitory ground floor is complete and in use, fully furnished with a capacity of 75 girls. completion certificate, photos, and certificate of measurements for the works were availed for audit verification.

1391. The dormitory, toilets and bathrooms are complete and in use with a capacity of 150 girls. Completion certificate, branded photos and certificate of measurements for the works were availed for audit verification

Committee Observation

1392. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Irregular Operation of Committees Bank Accounts

1393. Annex 5 to the financial statements discloses thirty-one (31) Project Management Committee (PMC) bank accounts holding balances totaling to Ksh. 35,090,119. According to the status report, twelve (12) projects were completed and in use, however, the related PMC bank accounts with a total of Ksh. 3,042,476.00 as at 30 June, 2019 had not been closed. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, 'All unutilized funds of the Project Management Committee shall be returned to the constituency account'. In the circumstances, the Management is in breach of the law.

Management Response

1394. The (12) projects were complete but had not been paid fully hence the active accounts. The remaining (19) projects are complete and in use. List of projects, Completion certificate and photos were availed for audit purposes.

Committee Observation

1395. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Other Grants and Transfers

1396. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totaling to Ksh.60,928,530. The following observations were made:

1.1. Unsupported Construction of Roads and Bridges

1397. Included in the balance is an expenditure totaling to Ksh.13,000,000 for maintenance of roads and bridges and an amount of Ksh.3,600,000 for emergency fund. The expenditure on emergency fund included an amount of Ksh.2,150,000 on roads incurred on heavy grading, culvert cleaning, fill in hardcore material and compact, gravel patching with watering and compaction of access roads but the nature of the emergency was not disclosed. Further, these expenditures were not supported with evidence of conditions of the roads. In addition, the drawing/sketch map did not indicate the details of the maintained roads to ease physical verification. In the circumstances, the accuracy, completeness and validity of expenditure totaling to Ksh.15,150,000 on other grants and payments for the year ended 30 June, 2020 could not be confirmed.

Management Response

1398. The emergency was due to the condition of the road connecting Lalwet primary school. Roads projects are complete and in use.

1399. Project list, completion certificate, photos, bill of quantities, sketch maps and KERRA work plan were provided for audit verification.

Committee Observation

1400. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

1.2. Unsupported Bursaries

1401. The balance included bursary to secondary schools amount of Ksh.29,694,740 and bursary to tertiary Institutions amount of Ksh.1,833,790. However, acknowledgments for bursary disbursed, list of bursary applications, list of rejected applications and Bursary Committee recommendations, vetting minutes and detail out the cheque numbers and student admission numbers for one thousand and ninety-eight (1,098) students were not provided. In the circumstances the accuracy, completeness and validity of bursaries totaling to Ksh.31,528,530 for the year ended 30 June, 2020 could not be confirmed.

Management Response

1402. The acknowledgement letters due to bulk/volume of bursary are receive in bits. The NGCDF committee use postal services to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary. Bursary applicants, acknowledgments letters/receipts, list of rejected applications, minutes, and list of missing details were provided for audit review

Committee Observation

1403. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Committee Bank Balances

1404. Annex 5 to the financial statements discloses thirty-two (32) Project Management Committee bank balances totaling to Ksh.24,537,316. However, the balances were not supported with bank reconciliation statements and certificate of bank balance. Out of the thirty-two (32) projects, four (4) projects had their status marked as complete and in use yet the related bank balances continued to be active with a balance amount of Ksh.4,970,954 as at 30 June, 2020 in the accounts. In the circumstances the accuracy, completeness and validity of Committee bank balances totaling to Ksh.24,537,316 as at 30 June, 2020 could not be confirmed.

Management Response

1405. The projects were complete but had not been paid fully hence the active accounts. The project list, bank reconciliation statements, certificate of bank balance, completion and photos were provided for audit verification.

Committee Observation

1406. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

3.0 Budgetary Control and Performance

1407. The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totaling to Ksh.141,040,917 and Ksh.103,637,193 respectively, resulting to an underfunding amounting to Ksh.37,403,724 or 27 % of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling to Ksh.141,040,917 and Ksh.100,210,703 respectively, resulting to an under expenditure amounting to Ksh.40,830,214 or 29% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1408. The under expenditure was due to delay of funding from the exchequer. The funds were disbursed in the subsequent year and the projects/ programmes that were not implemented were done and completed. Project lists AIE, completion certificate and photos were provided for verification.

Committee Observation

1409. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Delay in Project Implementation

1410. The Project Implementation Status Report for the year under review indicated that thirty six (36) projects with an allocation totaling to Ksh.77,764,456 were ongoing due to delayed disbursements from the NGCDF- Board while three (3) projects with an allocation totaling to Ksh.7,441,389 were devolved to the County Government and therefore not funded to completion but there was no evidence they were handed over to the County Government.

1411. In the circumstances, I am unable to confirm whether the public will obtain value for money for the above delayed projects with an allocation totaling to Ksh.85,295,845, for the year ended 30 June, 2020.

Management Response

1412. All the project that fall under national government were implemented and completed as per the current PIS status. Three (3) devolved projects were handed over to the count government. PIS report, completion certificates and branded photos of ongoing project were provided for audit verification.

Committee Observation

1413. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsatisfactory Project Implementation

1414. Physical verification of five (5) projects with an allocation totaling to Ksh.19,000,000 in the month of January, 2021 revealed that they were not satisfactory implemented as detailed in Appendix I. In the circumstances, I am unable to confirm whether the public

will obtain value for money for the above unsatisfactory implemented projects with an allocation totaling to Ksh.19,000,000 for the year ended 30 June, 2020.

	Payee	Description	Amount (Ksh.)	Observation
1.	Mwariki Primary School	Construction of toilet block, septic pit, wall construction from bottom and reinforcement of corners and construction of three (3) classrooms to completion and labeling	4,800,000	- Payments made at various level of completion were not supported with progress report or certificate of work done.
2.	Mwariki Primary School	Construction of three (3) classrooms to completion and labeling	3,600,000	- Payments made at various level of completion were not supported with progress report or certificate of work done.
3.	Milimani Primary School	Construction of two (2) classrooms to completion and labeling	2,400,000	- Complete but not in use, -Poor workmanship, cracked floors and walls, the ceiling was sagging, the painting was poorly done
4	Kaptembwo Police Station	Construction of Sub-County Police Commander (SCPC)Headquarter office to completion and labeling 17 offices; - Sub- County Police Commander SCPC office, Deputy Sub- County Police Commander (DSCPC) office, Traffic base commander office, Criminal investigation department (CID)office and other offices, toilets, septic public toilet and urinal.	10,000,000	Complete but most of the offices had not been utilized -Awaiting furniture.
5	St. Luke Mwariki Police Post	Completion and finishing works of St Luke Mwariki Police station; - Armory, OCS office, Deputy OCS office, report office, juvenile cells, male and female cells, store and other offices, and construction of septic public toilet to completion.	1,800,000	-Complete but not in use -Awaiting furniture.
		Total	**19,000,000**	

Management Response

1415. Mwariki pry school - Progress report and certificate of work done was provided for audit review

1416. Mwariki pry school - Progress report and certificate of work done was provided for audit review

1417. Milimani pry sch - At the time of audit the project was within the liability period. The contractor made good all the defects. A certificate of making good defects, completion certificate and photos were provided for audit verification.

1418. Kaptembwo police station - The project is furnished and in use. Furniture Photos were availed for audit verification.

1419. St. Luke Mwariki Police Post - The project is furnished and in use. Furniture Photos were availed for audit verification.

Committee Observation

1420. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Unsupported Project Management Committee (PMC) Bank Balances

1421. Annex 5 to the financial statements reflects thirty-three (33) PMC bank balances totaling to Ksh.12,307,257. However, the balances were not supported with expenditure returns, cash books and bank reconciliation statements. In the circumstances the accuracy and completeness of the PMC bank balances totaling to Ksh.12,307,257 could not be confirmed.

Management Response

1422. The bank certificates for the PMC balances for Ksh. 12,307,257 had been provide for audit certificate, we have resubmitted the bank statements to the Auditors for Audit verification. The projects are complete and in use. The project list, expenditure returns, cash books and bank reconciliation statements were provided for audit verification.

Committee Observation

1423. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unacknowledged Bursary Payments

1424. The statement of receipts and payments reflects other grants and transfers amount of Ksh.85,894,188 which, as disclosed in Note 7 to the financial statements, includes bursary disbursements to secondary schools amount of Ksh.24,040,100. However, the bursary listing indicated that some beneficiary students from some institutions had unusual registration numbers for amounts totaling to Ksh.1,349,000. Further, out of the total bursary disbursements amount of Ksh.24,040,100, only bursaries amounting to Ksh.7,525,000 were acknowledged by the receiving institutions leaving an amount of Ksh.16,515,100 as unacknowledged. In the circumstances, the accuracy and regularity of the bursary payments to secondary schools amount of Ksh.24,040,100 could not be confirmed

Management Response

1425. The bursary listing indicated that some beneficiary students from some institutions had unusual registration numbers was as a result of applications from form 1s admission who at the moment of application did not have admission number. However, NG-CDFC are using index numbers.

1426. The acknowledgement letters due to bulk/volume of bursary is receive in bits. The NGCDF committee use postal services to distribute the bursary cheques to schools and institutions and help in getting the receipts for bursary.

1427. List of bursary applicants and acknowledgments were provided for audit review.

Committee Observation

1428. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Expenditure

1429. The statement of receipts and payments reflects transfers to other Government entities amount of Ksh.27,010,898 relating to funds disbursed to various PMCs. However, actual expenditure returns and acknowledgement letters from institutions that received the funds were not provided for audit verification. This is contrary to Regulation 15(1)(d) of the National Government Constituencies Development Fund Regulations, 2016, which states that the Project Management Committees shall prepare returns and file them with a Constituency Committee. In the circumstances, it was not possible to confirm whether the funds totaling to Ksh.27,010,898 were received and utilized for the budgeted projects in the year under review.

Management Response

1430. As at the time of audit, some of the PMCs had not submitted the project returns to the office, However the projects are complete and in use. List of project, expenditure returns, prove of funds acknowledged, photos & completion certificate, were availed for audit verification.

Committee Observation

1431. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Transfer to Primary Schools

1432. The statement of receipts and payments reflects transfers to other Government units amounting to Ksh.27,010,898 which, as disclosed in Note 6 to the financial statements, includes transfers to primary schools amounting to Ksh.20,410,898. Out of this balance, an amount of Ksh.2,400,000 was transferred to Muslim Primary School for the construction of two (2) classrooms, labeling and furnishing with 80 lockers. However, audit verification revealed that no construction of classrooms was carried out. Instead the amount was utilized for the construction of twelve (12) door toilets. No contract documents for the construction of either the classrooms or toilets was provided for audit verification. In the circumstances, the validity and value for money for transfer to primary schools' amount of Ksh.2,400,00 could not be confirmed.

Management Response

1433. During the FY2020/2021, the construction of the 2 classrooms was budgeted for and funded, there was also funding for the construction of 12 door toilet block funded under emergency. These were two different projects and they were constructed to completion.

However, the two classrooms had not been labeled at the time of audit and was later labeled. Project list, codelist, NG-CDFC minutes, PMC Bank, statement, contract documents, completion certificate and Branded photos, was availed for audit verification.

Committee Observation

1434. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Budgetary Control and Performance

1435. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Ksh.177,919,093 and Ksh.132,830,214 respectively resulting to an under-funding of Ksh.45,088,879 (or 25%) of the budget. The underfunding affected the planned activities and projects worth Ksh.45,088,879 and may have impacted negatively on service delivery for the constituents. No satisfactory explanations have been rendered contrary to the values and principles of public service as provided for under Article 232(1)(c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

Management Response

1436. The under expenditure was due to delay of funding from the exchequer. The projects/ programmes that were not implemented were done in the subsequent year. AIE, Project lists, minute, completion certificate and photos were provided for audit verification.

Committee Observation

1437. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Project Implementation Status

1438. During the year under review, the Constituency had an approved budget of Ksh.177,919,093 to be spent on forty-two (42) projects out of which an amount of Ksh.16,503,984 was disbursed to six (6) projects which were completed, twelve projects with a budget of Ksh.72,527,617 were ongoing while twenty-four (24) projects with a budget of Ksh.52,627,277 had not started as at 30 June, 2021. Due to non-completion of a total of the thirty-six (36) projects, the residents of Nakuru Town West Constituency failed to receive the benefits accruing from planned programs and activities for the year ended 30 June, 2021.

Management Response

1439. The 12 ongoing projects is as a result of late funding from the exchequer. The fund awaiting from the exchequer was to complete 24 projects not started as at 30th June 2021. However, the 36 projects are complete and in use. Current PIS report, AIE, Project list, minutes, completion certificates and branded photos were availed for audit verification

Committee Observation

1440. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Stalled Projects

1441. The project implementation report revealed three devolved projects with total funding amount of Ksh.14,482,759 were still ongoing since the financial year 2013/2014 and 2014/2015. The projects were never funded to completion or handed over to the County Government. The three incomplete projects are attributed to non-prioritizing of ongoing projects by National Government Constituencies Development Fund Board. This is contrary to Section 46(2) of the National Government Constituencies Development Fund Act, 2015 that requires ongoing projects to be given priority.

1442. In addition, the following anomalies were noted: PIS, CIRCULAR ON DEVOLDED PROJECT.

1443. The Project implementation status report indicated that Full Gospel Church-Merissa Academy-Lalwet Borehole Access Roads which was allocated Ksh. 3,837,500 for heavy grading and compact of 4km access road had not started. However, Annex 5 on PMC bank balances indicated that the Project had a bank balance of Ksh.1,885,812 as at 30 June, 2021. This therefore means an amount of Ksh.1,951,688 had already been spent on the Project.

1444. Kaptembwo chief/assistant chief's office project for the construction of 2 door male and female public septic toilet block at a budget of Ksh.500,000 was indicated as not started. However, Annex 5 to the financial statements on PMC bank balances indicated the project had a balance of Ksh.1,138,836. It could not be established the reason for not starting and completing the project yet the funds were available.

1445. Kapkures Health Centre Soymet Access Road project for the rehabilitation of the road with an allocation of Ksh.1,500,000 was indicated as complete. However, Annex 5 to financial statements on PMC bank balances indicated the project had a balance of Ksh.3,748,348 which is a clear indication that the project was over budgeted.

Management Response

1446. The devolved project as per PIS:

	Project name	Approved activity	Estimated cost	Amount allocated
	Barut/mwariki Dispensary	Construction of a dispensary	5,000,000	3,000,000
	Pre-fabricated staff houses	Staff houses at Rhonda and Nakuru west clinic	4,482,759	4,482,759
	Barut/mwariki Dispensary	Construction of a dispensary	5,000,000	2,000,000
	TOTALS		**14,482,759**	**9,482,759**

1447. The projects were forwarded to the NG-CDFB for further guidance. See report on status of incomplete projects falling under county government functions. Full-Gospell Church-merisa Academy-lalwet Borehole Access roads project procurement was done and project started However, the status of the project in the PIS had not been updated, the project is completed and in use.

1448. The bank balance was for construction of Chief office which had stated at the time of audit. The disbursement of Funds to construct Toilet had not been disbursed at the time of audit. The 2-door male/female toilet is complete and in use.

1449. Kapkures Health Centre Soymet access Road project for rehabilitation of the road had an allocation of Ksh. 3,750,000 the project is complete and in use. PIS, Devolved project report, Completion certificates, branded photo, Bank statement, AIE and minutes were availed for audit review.

Committee Observation

1450. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Variances between the Financial Statements and Ledgers Balances

1451. The financial statements presented for audit had variances of Ksh.1,005,098 between the components shown below and the supporting ledger balances.

S/No.	Details	Note to the Financial Statements	Financial Statements Amount	Ledger Amount	Variance
			Ksh.	Ksh.	Ksh.
1	NG-CDF Basic Staff Salaries	4	2,130,060	2,113,368	16,692
2	House Allowance	4	292,802	290,312	2,490
3	Transport Allowances	4	275,389	273,819	1,570
4	Other Personal Allowance	4	295,748	293,000	2,748
5	Gratuity to contractual Employees	4	792,098	0	792,098
6	Other grants and Other Transfers Bursary	6	63,915,4	63,725,900	189,500
	Total		**67,701,497**	**66,696,399**	1,005,098

1452. In the circumstances, the accuracy and validity of the financial statement balances could not be confirmed.

Management Response

1453. NG-CDFC staff salary - It was paid but omitted from the ledger.

1454. Gratuity to contractual employees - Gratuity for financial years (2020/2021 and 2021/2022) was not captured in the ledger. However, it was paid during the year. copies of payment vouchers were provided to auditors for audit verification.

1455. Other grants and other transfer - Other grants and Other Transfers bursary of Ksh. 189,500 was omitted from the ledger. Payment voucher was availed for audit verification.

Committee Observation

1456. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Training Expenses

1457. The statement of receipts and payments reflects use of goods and services totaling to Ksh.8,199,855. The amount includes training expenses amounting to Ksh.1,500,000 as disclosed in Note 5 to the financial statements. However, the training expenses relates to allowances paid to participants who attended various training's which were not supported with the list of participants, need assessment, appointment/invitation letter, training programmes, signed attendance register and justification for the allowance.

1458. In the circumstances, the accuracy and completeness of the training expenditure of Ksh.1,500,000 as at 30 June, 2022 could not be confirmed.

Management Response

1459. List of participants, need assessment, appointment/invitation letter, training programmes and signed attendance register, and justification for the allowance in support of training expenses were provided for audit verification.

Committee Observation

1460. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Office and General Supplies and Services

1461. The statement of receipts and payments reflects use of goods and services amounting to Ksh.8,199,855. The amount includes office and general supplies and services expenditure of Ksh.2,230,055 as disclosed in Note 5 to the financial statements. However, the office and general supplies and services expenditure was not supported with delivery notes/ counter receipt vouchers, issue vouchers and stores ledger were not provided for audit verification.

1462. In the circumstances, the accuracy and completeness of the expenditure of Ksh.2,230,055 for office general supplies and services for the year ended 30 June, 2022 could not be confirmed.

Management Response

1463. Delivery notes/ counter receipt vouchers, issue vouchers and stores ledger in support of Office and General Supplies and Services expenditure were provided for audit verification.

Committee Observation

1464. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Transfers to Other Government Units

1465. The statement of receipts and payments reflects transfer to other government units amounting to Ksh.62,831,010 as disclosed in Note 6 to the financial statements. However, the tender advertisement, list of prequalified suppliers, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, Project Management Committee (PMC) accounting records

including cashbooks, bank statements and expenditure return and evidence that the projects were implemented in consultation with relevant the Government Departments were not provided for audit.

1466. In the circumstances, the accuracy and completeness of the transfer to other Government entities balance of Ksh.62,831,010 for the year ending 30 June, 2022 could not be confirmed

Management Response

1467. All the projects totaling to Ksh. 62,831,010 are complete and in use. The contractors were identified through open tenders however this does not require prequalified of suppliers. Protect list, tender advertisement, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, cashbooks, bank statements and expenditure return, completion certificate, photos and evidence that the projects were implemented in consultation with relevant the Government Departments were provided for audit verification.

Committee Observation

1468. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Bursary Awards

1469. The statement of receipts and payments reflects other grants and transfers totaling to Ksh.100,390,638. The amount includes bursary to Secondary Schools amounting to Ksh.63,414,900, and to Tertiary Institutions amounting to Ksh.500,500 all totaling to Ksh.63,915,400 as disclosed in Note 7 to the financial statements. However, financial returns acknowledging receipts of the funds and confirming that the amounts have been credited to the beneficiaries' fees account were not provided for audit verification. Further, the criteria for vetting the bursary application, vetting committee minutes and names of beneficiaries were not provided for audit verification.

1470. In the circumstances, the validity and transfer of the transfer to other Government entities balance of Ksh.63,915,400 for the year ending 30 June, 2022 could not be confirmed.

Management Response

1471. The office has been experiencing delays in returning acknowledgement receipts due to weak internal controls on acknowledgement of cheques by schools. The NG-CDFC have contracted Postal Services attached a copy to ensure all cheques are delivered to schools and institutions and receipts and acknowledgment are delivered to the office.

1472. bursary policy Postal contract, financial returns /acknowledging receipts, vetting committee minutes and names of beneficiaries were availed for audit verification.

Committee Observation

1473. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Security Projects Expenditure

1474. The statement of receipts and payments reflects other grants and transfers amounting to Ksh.100,390,638. The amount includes security projects expenditure of Ksh.21,056,895 as disclosed in Note 7 to the financial statements However, the tender advertisement, list of prequalified suppliers, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, Project Management Committee (PMC) accounting records including cashbooks, bank statements and expenditure return and evidence that the projects were implemented in consultation with relevant Government Departments were not provided for audit verification. Further, the security projects expenditure included provisional sums of Ksh.1,410,000 which had not been accounted for by the Fund.

1475. In the circumstance, the accuracy and completeness of the security project expenditure of Ksh.21,056,895 for the year ending 30 June, 2022 could not be confirmed.

Management Response

1476. At the time of the audit, the PMCs had not submitted project documents to the office, all the project are complete and in use. The contractors were identified through open tenders however this does not require prequalified of suppliers. Project list, tender advertisement, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, PMC cashbooks, bank statements, expenditure return, completion certificate and pictures were provided for audit verification.

Committee Observation

1477. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Unsupported Sports Projects Expenditure

1478. The statement of receipts and payments reflects other grants and transfers amounting to Ksh.100,390,638. The amount includes sport projects expenditure of Ksh.2,741,778 as disclosed in Note 7 to the financial statements which was incurred on the purchase of sports equipment for self-help groups which was not supported. Further, no explanation was provided for purchasing sport equipment for self-help groups which do not fall under sporting activities. The criteria for identifying the beneficiaries was also not provided for audit verification.

1479. In the circumstances, the validity and accuracy of the environment projects expenditure of Ksh.2,741,778 could not be confirmed

Management Response

1480. The self-help group is registered as Nakuru town west sport group which deals with various football teams. The management transferred funds to PMC account, however at the time of audit PMC had not submitted the expenditure return file which was later submitted and availed to the auditor for audit verification.

Committee Observation

1481. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Unsupported Environment Expenditure

1482. The statement of receipts and payments reflects other grants and transfers amounting to Ksh.100,390,638. The amount includes environment projects expenditure of Ksh.5,483,555 as disclosed in Note 7 to the financial statements. However, the tender advertisement, list of prequalified suppliers, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, Project Management Committee (PMC) accounting records including cashbooks, bank statements and expenditure return and evidence that the projects were implemented in consultation with relevant Government Departments were not provided for audit verification. Further, the environment projects expenditure included provisional sums totaling to Ksh.725,000 which were not accounted for.

1483. In the circumstances, the accuracy and completeness of the environmental expenditure amounting to Ksh.5,483,555 for the year ending 30 June, 2022 could not be confirmed.

Management Response

1484. The projects are complete and in use. Tender advertisement, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, (PMC) cashbooks, bank statements and expenditure return were availed for audit verification.

1485. Project list, completion certificates, branded photos and other documents, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, cashbooks, bank statements and expenditure return were availed for audit verification.

Committee Observation

1486. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Unsupported Emergency Expenditure

1487. Included in other grants and transfers figure of Ksh.100,390,638 reflected in the statement of receipts and payments is emergency expenditure of Ksh.7,193,010 as shown below and as disclosed in Note 7 to the financial statements:

	1	2	3	
project	Emergency	Pry sch projects	Pry sch projects	
payee	Ingobor Primary School	Muslim Primary School	Muslim Primary School	
Project Activity	Renovation of 8 classroom- roofing, plastering, fixing windows and panes	Re-roofing and renovation of 4 classrooms	Construction of 10 door boys toilet block	TOTAL
date	11-01-2022	21-03-2022	21-03-2022	

PV.NO	49	65	67	
Chq no.	12032	12110	12112	
Amount (Ksh.)	3,600,000	1,996,870	1,596,140	**7,193,010**

1488. However, the expenditure was not supported. Further, the amount includes Ksh.3,600,000 incurred on the renovation of 8 classrooms at Ingobor Primary School which was not supported with, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, and expenditure returns were not provided for audit verification.

1489. In the circumstance, the validity and accuracy of the emergency expenditure of Ksh.7,193,010 for the year ended 30 June, 2022 could not be confirmed.

Management Response

1490. The projects were implemented, complete and in use. The project documents including, letters requesting for funding, project photos, inspection and acceptance reports, joint measurements and interim/ completion certificates issued by the inspection and acceptance committee, and expenditure returns documents and the NG-CDFC meeting approving the funding of the said projects were availed for audit verification.

Committee Observation

1491. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Unsupported Cash and Cash Equivalents

1492. The statement of assets and liabilities reflects cash and cash equivalents amounting to Ksh.1,957,139 as disclosed in Note 10A to the financial statements. However, review of bank reconciliation revealed that there were payments in bank statement and not in cashbook amounting to Ksh.165,053 which are not supported. Further, the payments of Ksh.165,053 have not been allocated to the vote heads.

1493. In the circumstance, the accuracy and completeness of the cash and cash equivalent balance of Ksh.1,957,139 as at 30 June, 2022 could not be confirmed.

Management Response

1494. This payment was erroneously paid by the bank to cheques which were altered. There is a case in court on this matter. copies of the police report on the state of the issue, amount Ksh. 165,053 breakdown, payee, cheque, amount in the cashbook, amount paid was availed for audit verification.

Committee Observation

1495. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

11.0 Unsupported Project Management Committee (PMC) Bank Balances

1496. The financial statements under Other important disclosures Note 17.4 reflects PMC account balances amounting to Ksh.5,791,277 as further disclosed in Annex 5 to the financial statements. However, PMC bank account cash books, bank statements, bank

reconciliations statements, certificate of bank balances and quarterly reports of the Constituency Committee on the status of the project were not provided for audit verification. Further, Annex 5 to the financial statements reflects The PMC account with balances totaling to Ksh.5,541,899 for completed projects which have not been transferred back to the constituency account.

1497. In the circumstance the validity and accuracy of the PMC Bank balances amount of Ksh.5,791,277 could not be confirmed.

Management Response

1498. At the time of preparation of financial statement as at 30th June 2022, the projects were on going, whoever at the time of audit the project was complete and funds utilized.

1499. Project list, completion certificates, photos, PMC bank account cash books, bank statements, bank reconciliations statements, certificate of bank balances were availed for audit verification.

Committee Observation

1500. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

12.0 Unsupported Fixed Assets Balances

1501. The financial statements reflected fixed assets balance of Ksh.2,696,979 as at 30 June, 2022, as per Annex 4. However, the amount differs with the asset register figure of Ksh.2,542,479 resulting in unreconciled and unexplained variance of Ksh.154,500. Further, police report on stolen assets valued at Ksh.408,639 was not provided for audit verification.

1502. In the circumstances, the validity, accuracy, existence and completeness of the fixed assets balance of Ksh.2,542,479 as at 30 June, 2022 could not be confirmed.

Management Response

1503. Ksh.154,500 was amount for purchase of canon camera was emitted in asset register however the amount has been corrected and captured in the updated register

1504. During the period under audit, the office was broken into and assets were stolen. While preparing end year financial statement, an error was committed while transferring asset register balances which has since been rectified. The police OB and the minutes on reported stolen items were availed for audit verification

Committee Observation

1505. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

13.0 Inaccuracies in The Financial Statements

1506. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Ksh.197,242,346 and Ksh.197,242,346 respectively, indicating a 100% funding. However, the actual receipts on a comparable basis was Ksh.182,177,758 resulting to an unexplained and unreconciled variance of Ksh.15,064,588. In the

circumstances, the validity and accuracy of the summary statement of appropriation amounts could not be confirmed.

Management Response

1507. Ksh.15,064,588 variance is the opening balance at the start of the financial year which is included in the current year budget. Cashbook extract was provided for audit verification.

Committee Observation

1508. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

14.0 Implementation of Prior Year Auditor's Recommendation

1509. The previous year's audit issues remain unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior audit issues. Further, the unresolved prior year issues were not disclosed under the progress on follow up of auditor's recommendation section of the financial statements as required by the Public Sector Accounting Standards Board.

Management Response

1510. The management has submitted the responses to the office of auditor general for audit verification. It was omission on the posting and disclosing of the unresolved prior years audit issues. The issue was noted in the subsequent audit year.

Committee Observation

1511. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

15.0 Project Verification

1512. During the audit twenty-three (23) projects were verified out of which eleven (11) projects with a total budget of Ksh.28,141,778 had the following anomalies; In the circumstance, the value for money on the Ksh.28,141,778 spent on the eleven projects could not be confirmed.

1513. The table is in Note 1.

Management Response

1514. During the audit twenty-three (23) projects were verified out of which eleven (11) projects with a total budget of Ksh.28,141,778 had the following anomalies; In the circumstance, the value for money on the Ksh.28,141,778 spent on the eleven projects could not be confirmed.

1515. The table is in Note 1.

Committee Observation

1516. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Note 1

No.	Expenditure Item	Payee	Amount (Ksh.)	Project details	Findings	Management response
1	Security	Deputy County Commissioner Headquarters	5,000,000	Purchase of office chairs at DCC'S office.	Furniture estimated at a cost Ksh.1,704,918 was not delivered though paid for.	Delivery note, counter receipt vouchers, inspection and acceptance, photos were provided for audit verification.
2	Environment	Deputy Sub County Headquarters	1,250,000	Purchase and installation of 3 10,000ltrs water tank. Construction of 6 hand wash points for Ksh. 300,000, purchase and installation of water pump Ksh.50, 000.	The water tanks were all installed. However, 4 hand wash points were not constructed at a cost of Ksh.200, 000.	The hand was note constructed as at the date of audit, the project is complete and in use. Photos were availed for audit verification
3	Environment	Deputy Sub-County Headquarters	1,491,778	Construction of 10 doors female, 1 door PWD and male septic toilet block with urinal.	Construction of 10 door toilets was complete and in use. However, 1 door for PWD is not customized for people with disability.	At the time of audit the project was not labeled PWD, however its labeled, complete and in use. Photos availed for audit verification.
4	Transfer to other Government Entities	Ingobor Primary School	3,600,000	Renovation of 8 classrooms-roofing, Plastering, fixing windows & panes.	The Classrooms is in place and in use. However, there was no ceiling board at a cost of Ksh.336, 000.	The provision for ceiling was not provided for as per the bill of quantity provided for audit verification.
5	Transfer to other Government Entities	Mogoon Primary School	2,400,000	Construction of two classrooms to completion, Labelling purchases 80 desks& chairs.	The two classrooms are in place and in use. However, classrooms ceiling was not done Ksh.336, 000 and 20 lockers and desks costing Ksh. 75,000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification.
6	Transfer to other Government Entities	Ingobor Primary School	2,400,000	Construction of 2 classrooms to completion, labelling and furnishing with 80 lockers.	The two classrooms are constructed and in use. However, the classrooms ceiling was not done at a cost of Ksh.336, 000 and 20 lockers and desks costing Ksh.75, 000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification
7	Transfer to other Government Entities	Lalwet Primary School	2,400,000	Construction of 2 classrooms to completion, labeling and furnishing with 80 lockers.	The classrooms ceiling was not done, at a cost of Ksh.336, 000 and 20 lockers and desks costing Ksh.75, 000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification
8	Transfer to other Government Entities	Tumaini House Secondary	2,400,000	Construction of 2 classrooms to completion, labeling and furnishing with 80 lockers.	The audit did not identify any work done by the NGCDF since the existing class was labelled MOE 2023. The Lockers and Desks in store were also not labeled.	NG-CDF Nakuru town west funded the construction of two, however the school funded the 1st floor though the ministry Correct labelling has been done, lockers and chairs equipped. The completion certificate, and photos were provided for audit verification. It should be noted that during the financial year 2021/2022, prices of

No.	Expenditure Item	Payee	Amount (Ksh.)	Project details	Findings	Management response
						commodities went high due to inflation. This affected projects which were funded since the proposal was prepared and approved for funding before the inflation.
9	Transfer to other Government Entities	Eileen Ngochoch Primary School	2,400,000	Construction of 2 classrooms, labelling and furnishing with 80 lockers.	The two classrooms are constructed and in use, however the ceiling was not done at a cost of Ksh.336, 000 and 20 lockers and desks costing Ksh.75,000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification
10	Transfer to other Government Entities	Mwariki Primary School	2,400,000	Construction of 2 classrooms to completion, labelling and furnishing with 80 lockers.	The two classrooms are in place and in use, however the ceiling was not done at a cost of Ksh.336, 000 and 20 lockers and desks costing Ksh.75, 000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification
11	Transfer to other Government Entities	Kibowen Komen Primary School	2,400,000	Construction of 2 classrooms to completion, labelling and furnishing with 80 lockers.	The two classrooms are in place and in use, however the ceiling was not done at a cost of Ksh.336, 000 and 20 lockers and desks costing Ksh.75, 000 were not delivered.	The price variations, the prices escalated due to inflation. This led to the activities stated by the audit team remaining undone. Variation report was availed for audit verification
		Total	**28,141,778**			

3.8 NJORO CONSTITUENCY

1517. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Njoro Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.8.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Cash and Cash Equivalents

1518. The statement of financial position as at 30 June 2014 reflected cash and cash equivalents balance of Ksh.29,491,512.50. However, the balance of cash in hand of Ksh.1,127,000 as at the same date was not included in the financial statements. Consequently, the cash and cash equivalent balance of Ksh.29,491,512.50 as at 30 June 2014 could not be confirmed.

Management Response

1519. During the visit by the auditors, payment vouchers of Ksh. 1,127,000 was erroneously omitted in the cashbook in the FY 2013/2014. However, it was posted in financial year 2014/2015 as evidenced in Cash book extracts and vouchers

Committee Observation

1520. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Summary Statement of Appropriation

1521. The Summary Statement of Appropriation reflected an approved budget of Ksh. 79,218,665 while the budget approved by the Constituencies Development Fund Board indicated an amount of Ksh. 74,735,906. Further, Njoro Constituencies Development Fund received Ksh. 39,609,332.50 resulting in a difference between the receipts and approved budget of Ksh. 35,126,573 or 47% of the budget. In addition, the Constituencies Development Fund spent only Ksh. 10,117,820 or 26% of the receipts of Ksh. 39,609,332.50. Failure to utilize budgeted funds during the financial year negatively affects projects implementation.

Management Response

1522. The summary statement of appropriation reflected an approved budget of Ksh. 79,218,665, while the budget approved by the Constituency was Ksh. 74,735,906. The variance of Ksh. 4,482,759.00 was approved in the following year -2014/2015 as evidenced.

1523. Out of Ksh. 39,609,332.50 received the Constituency spent Ksh.10,117,820. This was caused by delay in procurement process and transitional challenges as evidenced by attached NG-CDFC Minutes.

Committee Observation

1524. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Misallocation of Emergency Funds

1525. During the year under review, Njoro Constituencies Development Fund incurred expenditure totaling Ksh.1,050,000 budgeted for emergency vote for sponsoring schools music and cultural festival and electrical installation in schools. However, these expenditures did not meet the emergency threshold of the Constituencies Development Fund Act, 2013 Part II, (12) subsection (2) which states that an emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the Committee, cannot be delayed until the next financial year. Therefore, the Constituencies Development Fund was in breach of the provision regulating the Emergency Fund.

Management Response

1526. During the Financial year 2013/2014 an expenditure of Ksh.250,000- was erroneously misclassified as emergency instead of sports and cultural activities as referenced. An expenditure of Ksh.500,000 from emergency Fund was spent to replace a blown off roof of Mugumo Secondary School as evidenced. An expenditure Ksh. 300,000 from emergency fund was spent to pay the Contractor that had written a demand notice of taking the school to Court evidenced.

Committee Observation

1527. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Non-Acknowledgement of Bursary Expenditure

1528. During financial year under review, the Constituencies Development Fund disbursed bursaries totaling Ksh.8,581,960.00 to support needy students in various learning institutions. However, out of this amount, Ksh.6,715,460 was supported by acknowledgement documents while the receipts of the balance of Ksh.1,866,500 remained unacknowledged. In the absence of acknowledgement documents and/or correspondences, it was not possible to establish whether funds were received by the respective institutions and utilized for the intended purpose.

Management Response

1529. During the Financial year 2013/2014 the bursary disbursed was Ksh. 8,041,320. However, during the time of visit by the auditors bursary acknowledgement letters amounting to Ksh. 1,866,500 had not been submitted to the office by beneficiaries institutions. See attached acknowledgement letters amounting to Ksh. 1,200,500 as evidence.

Committee Observation

1530. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Incorrect Comparative Figures

1531. The statement of receipts and payments for the year 2014/2015 reflect a net surplus of Ksh.69,100,845 as the comparative figure for the year 2013/2014. However, the statement of receipts and payments for the year 2013/2014 reflect a balance of Ksh.29,491,512.50. The balance brought forward of Ksh.69,100,845 therefore overstated by Ksh.39,609,332.50. Consequently, the accuracy of the statement of receipts and payments could not be confirmed: -

Management Response

1532. The error of comparative figure was noted and the management committed to avoid such errors in future.

Committee Observation

1533. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalents

1534. The statement of assets as at 30 June 2015 reflect cash and cash equivalents balance ofKsh.30,205,882.50. However, examination of folio 57 of the cashbook disclosed cash in hand balance of Ksh.368,000 which was not disclosed in the financial statements. Consequently, the accuracy of Cash and Cash Equivalents balance of Ksh. 30,205,882.50 as at 30 June 2015 could not be confirmed

Management Response

1535. During the visit by the auditors, vouchers amount to Ksh. 368,000 was erroneously not posted in the cashbook However, it was posted in the following year 2015/2016 as evidenced by Cashbook extract and payment vouchers attached.

Committee Observation

1536. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Stale Cheques

1537. The bank reconciliation statement as at 30 June, 2015 reflect payments in cashbook not yet recorded in the bank statement totaling Ksh. 2,704,924 which include stale cheques of Ksh. 271,093 with some dating as far back as 13 October 2013. No explanation was given for failure to write the amount of the stale cheques back to cash book as required.

Management Response

1538. During the year under review bank reconciliation statement had unpresented cheques of Ksh. 2,704,924. In the subsequent years all the unpresented were presented and stale

cheques were reversed in the cashbook as evidenced by cashbook reversal extracts and Bank reconciliation statement for 30th June, 2023

Committee Observation

1539. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

4.0 Budget Appraisal Performance

4.1 Revenue Analysis

1540. The following was noted:-

1541. The Njoro C.D.F was under funded to the tune of Ksh.58,675,047.10 which represents a 32%. The fund was therefore unable to implement all the projects which it had envisaged for the period under review and consequently, the constituents were denied the much-needed services

Budgeted Amount	Actual Receipts available Ksh.	Variance /Difference Ksh.
183,165,631	124,490,583.90	58,675,047.10

Management Response

1542. During the year under review the Njoro NG-CDFC was under funded by Ksh. 58,675,047.10. This was caused by delayed disbursement by the Board. However, the balance of Ksh. 58,675,047.10 was disbursed as evidenced by NG-CDF Board A.I.E No A796143 dated 02/07/2015 amount 28,516,195.10 as evidenced

Committee Observation

1543. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2 Expenditure analysis

1544. The following was noted: -

1545. The management of the Fund violated the provisions of CDF Act, 2013, section 23 (1) which advocates for implementation of a minimum of five projects and a maximum of twenty-five projects in any particular financial period. It was observed that the fund implemented a total of ninety-three (93) projects which was above the recommended number of twenty-five projects.

Sector	Number of projects	Number of projects implemented	Budgeted amount Ksh.	Actual Expenditure Ksh.	Absorption Rate %	Over expenditure Ksh.
Environment	1	30	100,000	1,350,000	1.2	1,250,000
Education Pri &	58	80	42,587,931	56,287,931	49	13,700,000
Health	0	8	-	7,400,000	6.5	7,400,000
Water	2	4	5,500,000	5,141,816	4.5	(358,184)
Roads	5	5	20,510,765	20,437,977	17.9	(72,788)

Sector	Number of projects	Number of projects implemented	Budgeted amount Ksh.	Actual Expenditure Ksh.	Absorption Rate %	Over expenditure Ksh.
Security	7	4	5,000,000	2,100,000	1.8	(2,900,000)
Emergency	0	9	5,400,259	4,032,800	3.5	(1,367,459)
Sports	6	0	1,200,000	-		(1,200,000)
Bursary	3	2	15,000,000	15,910,000	13.9	910,000
Administration	6	6	6,843,887	6,577,793	5.7	(266,094.16)
M&E	3	3	3,421,944	3,767,100	3.3	345,156
Njoro CDF Office	1	-	8,000,000	-		(8,000,000)
Constituency	1	-	500,000	-		(500,000)
Total	**93**	**93**	**114,064,786**	**123,005,417**		**23,605,156**

Management Response

1546. The management of Njoro did not violate any part of CDF Act 2013 since it implemented only 13 projects out of 25 projects as shown in schedule one of the project proposals. 93 projects are sub-projects within the main projects The amount indicated as over expenditure is not accurate since actual expenditure indicated was part of the fund approved in 2013-2014 but implemented in 2014-2015.

1547. The actual budget that was presented and approved by the CDF Board is hereby attached and all the expenditures were within the budget.

1548. The risk mentioned regarding some projects not implemented is not there since all projects for 2014/2015 are complete and put into the intended use. See attached statement of budget and appropriation for FY 2013/2014, 2014/2015 and project proposal for FY 2014/2015.

Committee Observation

1549. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Irregular Expenditure

1550. An expenditure of Ksh.4,032,800 was incurred on emergency projects during the period under review. However, it was observed that out of this amount Ksh.900,000 was spent irregularly on projects which did not meet the threshold spelt out in the CDF Act, 2013.In addition, the projects were not approved by the CDFC Governing body which is charged with the responsibility of determining whether a project is of an emergency nature or not. The details of the projects are as follows: -

Project Name	Amount
Naishi Pwani Kwa Uji Road	400,000
Njoro Sub County Administration Project	500,000
Total	**900,000**

1551. Consequently, it was not possible to ascertain the basis of determining the projects as of emergency nature.

Management Response

1552. During the FY 2014/2015 under emergency vote Ksh. 400,000 was spent grading and murraming of Pwani Kwa Uji Road that was cut off by heavy rain and the public could not access Pwani Dispensary, Market and Schools. Futher Njoro NG-CDFC approved Ksh.500,000 to undertake a sunken toilet in Njoro Sub- County offices. This was informed by NG-CDF Act 2015 Section 8(b) "States that emergency shall be construed to mean an 'urgent' unforeseen need for expenditure for which it is the OPINION of the committee that it cannot be delayed until the next financial year without harming the public interest of the Constituents" as evidenced by Pwani Kwa Uji and Njoro Sub-County toilet emergency records as evidenced

Committee Observation

1553. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Inaccuracies in the Financial Statements

1554. The statement of receipts and payments disclosed total payments balance of Ksh.112,362,203.40 for the year ended 30 June 2016. However, the sum of the individual expenditure items under payments give a balance of Ksh.113,185,033 as analyzed below: -

Expenditure item	Amount (Ksh.)
Compensation of Employees	1,056,723.00
Use of goods and services	5,874,039.50
Transfers to Other Government Units	49,600,000.00
Other Grants and Transfers	41,720,063.50
Acquisition of Assets	14,777,500.00
Other Payments	156,707.00
	113,185,033.00

1555. Therefore, anomaly in total payments gives a variance of Ksh.822,829.60 which has not been explained. Further, the statement of receipts and payments reflects Other grants and transfers balance of Ksh.41,720,063 out of which Ksh.12,196,866 represents bursary expenditure for secondary and tertiary institutions. However, examination of the cash book and cheque counterfoils revealed that payments of Ksh.979,500 to these institutions were omitted from the bursary expenditure. This implies that the books of account were not properly maintained.

1556. In the circumstance, therefore, the accuracy of the total payments balance of Ksh.112,362,203.40 and the deficit of Ksh.24,668,837 in the statement of receipts and payments for the financial year ended 2015/2016 could not be confirmed.

Management Response

1557. The error was noted as a casting error that has no effect on the net surplus. During the year other grants and transfer was Ksh. 41,720,063.50. bursary to secondary schools and

tertiary was Ksh.12,196.866. The bursary vouchers that included Ksh. 979,500have been availed for review as evidenced attached

Committee Observation

1558. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Construction of the CDF Offices

1559. The statement of receipts and payments reflects a balance of Ksh.14,777,500 in respect of acquisition of assets out of which Ksh.14,500,000 was utilized for the construction of the CDF offices at Njoro. The CDF offices project which is complete and already in use, was implemented by the project management committee (PMC) who procured building materials through the use of quotations. The labour used for construction was also hired on casual basis by the PMC. Section 37 of the CDF Act 2015 states that all works and services relating to projects shall be procured in accordance with the provisions of the Public Procurement and Assets Disposal Act,2015. However, the procurement method used was above the provisions of the threshold matrix in the first schedule to the Public Procurement and Disposal Regulations 2006 which stipulates that the maximum expenditure for request for quotation is Ksh.500,000. In consequence, it is not possible to confirm if the procurement process in the construction of the CDF offices was economical.

Management Response

1560. Njoro NG-CDF implemented an office through PMC. The plan/design and the bill of quantity was prepared by Nakuru County Public Works as evidenced here below. Based on the Public Works Estimate the Construction was estimated at Ksh. 22,111,125.40

1561. However, through the PMC the cost was Ksh. 14,500,000. The NG-CDFC used the quotations method since the disbursement of the fund was done in several phases. Attached is evidence of Bill of quantity with engineers estimate, picture of the completed office and request for quotation documents

Committee Observation

1562. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Anomalies in the Funding of Mock Examination

1563. The statement of receipts and payments reflects an amount of Ksh.41,720,063.50 in respect of other grants and transfers. Out of this amount Ksh.1,000,000 was remitted to Njoro Sub County CDF Education and Standard Committee for funding of mock examination. However, it was noted that there was no letter from the Education Office requesting Njoro CDF to provide financial support for the examination exercise. Further, a local firm, was awarded the contract to supply examination papers for both secondary and primary schools at a cost of Ksh.851,000. However, the payment was made to two individuals in separate amounts of Ksh.600,000 and Ksh.400,000. It is not clear why the

money was not paid to the contracted firm. In addition, extra payment of Ksh.149,000 above contract price was not explained.

1564. Under the circumstance, the process of financing the mock examination was not transparent and it is doubtful if the funds were utilized for the intended purpose.

Management Response

1565. During the FY 2015/2016 Njoro NG-CDF had allocated Ksh. 1,000,000. The project was implemented by PMC Njoro Sub-County education office: The activity involved was printing, packaging and delivering of examination material at Ksh. 851,000. The balance of Ksh.149,000 was to be spent on allowances for setting exams, reviewing, invigilating, supervision and marking of exams. The exam was successfully done in the entire Constituency and there was no evidence of loss of public fund as evidenced through the attached NG-CDFC Minutes, PMC Minutes, PMC work plan & the program report

Committee Observation

1566. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Bank and Cash Balance

4.1 KCB Account

1567. The statement of assets as at 30 June 2016 reported bank balance of Ksh.5,599,774 for Kenya Commercial Bank Account No. 114 898 2442. The bank reconciliation statement presented for audit reflected unpresented cheques totalling to Ksh.2,653,872 out of which Ksh.304,886 were stale cheques that had not been reversed to the cashbook by the closure of the financial year. In the circumstance, the accuracy and validity of the bank balance of Ksh. 5,599,774 could not be confirmed.

Management Response

1568. During the FY 2015/2016 there were unpresented cheques amounting to Ksh.2,653,872 out of which cheques amounting to Ksh.304,886 were stale. All these unpresented cheques amounting to Ksh. 2,653,872 and the stale cheques of Ksh. 304,886 were reversed in the cash book and cleared as evidenced by cashbook extract & Bank reconciliation statements

Committee Observation

1569. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2 Operation of an Irregular Bank Account

1570. In the financial year under review, Njoro CDFC operated two bank accounts at Kenya Commercial Bank namely, Njoro Constituency Development Fund Account No. 1148982442 and Molo Constituency Development Fund Account No. 1122 1947 81, both at the Njoro branch. The funding for projects of Njoro CDF was paid into Account No. 1148982442.

1571. However, the purpose of the second bank account, No.1122 194781 was not clear. It was operated by two signatories, namely the fund account managers of Njoro and Molo constituencies. The bank statements of the account show that on 1 July, 2015, there was an opening balance of Ksh.22,895,239.90 and a closing balance of Ksh.11,681,996 at 30 June, 2016, giving a movement of Ksh.11,213,243 in payments. Out of these payments, vouchers for only Ksh.4,520,141 were provided for audit verification, leaving unsupported payments of Ksh.6,693,102. However, the payments from the account were not supported by an approved code list from the CDF Board. This implies that the management of Njoro CDF operated two bank accounts for the Constituency contrary to Section 12 of the CDF Act, 2015.

1572. At the time of audit, an additional amount of Ksh.28,876,909 was credited into the account vide A.I.E No. A8395453 of 31 October 2016 without a clear documentation of purpose for the banking. In the circumstance, there exists uncertainties over the operation of the other bank account.

1573. Further review of the records maintained revealed the details of Ksh. 4,520,141 as shown below:

Date	PV No	Payee	Details	Amount (Ksh.)
14.08.15	207	Samuel Kimani	M&E	580,000
24.09.15	210	Mauche Taita Dispensary	Health	400,000
24.11.15	211	Samuel Kimani	M&E	142,200
22.01.16	213	Mwigitho Sec. School	Education	600,000
22.01.16	214	Nessuit Chiefs Office	Emergency	300,000
22.01.16	215	Kianjoya Sec. School	Education	300,000
10.03.16	216	Njoro Constituency Road	Emergency	600,000
27.04.16	218	Piava Water Project	Water Project	1,297,941
27.04.16	-	Kilimo High School	Education	300,000
				4,520,141

1574. However, these payments were made from the Molo Constituency Development Fund Account No. 1122 1947 81, at KCB which is not the constituency account for Njoro CDF contrary to section 5(2) of the CDF Act, 2015 which states that for disbursement of funds under this Act, there shall be opened and maintained a constituency account for every constituency known by the name of the constituency and approved by the National Treasury. No evidence such as a code list, has been provided to show that the funds in that account were meant for these projects and activities. There is a possibility that double payments could be made for the same project/activity if a CDF operates two separate accounts.

Management Response

1575. The Njoro NG-CDF did not operate an irregular Bank account as alleged. This is supported by a Board circular; Ref; BOARD/CIRCULARS/VOL1.1/165 dated 16TH April, 2013. The purpose of the account was to hold money for the larger Molo Constituency-Account number 1122194781. The account was later closed through a joint meeting of Molo & Njoro NG-CDFC. The signatories in the mentioned account was FAM

Molo, FAM Njoro District Accountant, One NG-CDFC member from Molo and one NG-CDFC member from Njoro.

1576. During the visit some of the vouchers for Molo Constituency amounting to Ksh. 6,693,102 and code list had not been availed for audit, but is now availed as evidenced. An amount of Ksh. 28,876,909 had been credited to the account Vide A.I.E A8395453 on 31st October, 2016. This amount was the outstanding fund from the Board that related to projects based in Molo and Njoro Constituency as evidenced.

Committee Observation

1577. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unremitted Statutory Deductions

1578. During the year under review, the management of Njoro CDF made statutory deductions in respect of National Social Security Fund (NSSF), Pay as You Earn (PAYE) and Withholding taxes totaling Ksh.991,453.60. However, the amount deducted was not remitted to the relevant authorities as required by the respective regulations. The amounts deducted were as follows:

Details	Amount (Ksh.)
NSSF	22,800.00
PAYE	97,877.00
Withholding Taxes	876,776.60
	991,453.60

1579. It was not explained why the CDF did not remit the deduction yet cash was available. This may lead to unnecessary cost in form of interest and penalty.

Management Response

1580. During the year under review, the Management of Njoro NG-CDFC made statutory deductions in respect to NSSF, PAYE and withholding taxes amounting to Ksh. 991,453.60. All the unremitted statutory deductions have now been remitted accordingly as evidenced in cashbook extracts and Bank reconciliation statements

Committee Observation

1581. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Irregular Implementation of Water Projects

1582. The statement of receipts and payments reflects a balance of Ksh.41,720,063.50 in respect of other grants and transfers. Out of this amount Ksh.11,031,197 was utilized for water projects and was paid to five firms to undertake activities in the implementation of three water projects as follows:

Payee	Project	Activity	Amount (Ksh.)
Beaken Enterprises Ltd	Kihingo-Water Project	Construction of 100m3 tank	3,638,000
Lancet Construction Ltd	Piave Water Project	Supply and laying water pipes	1,898,490
Tewa Investment	Kihingo-Water Project	Supply and laying water pipes	2,612,676
Kenyash Interbusiness Ent	Metta Water Project	Construct control panel house and water kiosk	1,499,169
Trackline Ventures	Kihingo-Water Project	Supply and laying water pipes	1,382,842
Total			**11,031,197**

1583. However, the implementation of projects was undertaken by the CDFC instead of Project Management Committees (PMCs) as required by Section 36 of the CDF Act 2015. The Njoro CDFC was therefore in breach of the law.

1584. Included in other grants and transfers of Ksh. 11,031,197 was Ksh. 2,612,676 paid to a local firm which was awarded a contract for the supply, delivery and laying of water pipes for the Kihingo Mutiume water project. The pipes were to be laid over a distance of three hundred meters from a borehole to the main storage tank. The firm was to supply 90 Nos. 3" Gl pipes at a unit cost of Ksh. 17,120. However, physical verification done on 28 March 2017, revealed that the firm supplied 3" PVC pipes instead of the quoted GI pipes.According to the approved price in the prequalified list for the year 2015/2016, the cost of a 3" PVC pipe is Ksh. 1,750. This implies that the supplier overcharged Njoro CDF by Ksh. 15,370 per pipe or Ksh. 1,383,300 for the 90 Nos pipes. Under the circumstance, the procurement of pipes for the project was not economical and transparent as required by section 68(1) of the Public Finance Management Act 2012.

Management Response

1585. During the Financial year 2015/2016 Njoro NG-CDFC implemented projects that were approved by the Board vide Codelist attached. The listed projects were done to completion and are in use to date. The implementation was done in collaboration with the PMC due to various conflict of interest, infighting and capacity of the members of the public.

1586. The PMCs were involved in submission of project proposal, provision of land for construction of water kiosk, provision of land for construction of 100m3 tank in public land, involved on issuance of wayleaves for water reticulations, and were eventually handed over all the water projects for sustainability purpose as evidenced by PMC Minutes file, List of PMC Members, Pictures of the completed project in ANNEX below.

1587. The auditor erroneously reported PVC pipes as GI pipes. In the Bill of quantity attached it reflects the 3" 102 PVC pipes and not GI pipes. The project is complete and in use serving a population of over 4,000 households in Kihingo and Lare Ward.

Committee Observation

1588. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1589. The Constituency received an **unqualified audit report** and there were no issues raised during the audit of the FY 2016/2017

3.8.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1590. The Constituency received an **unqualified audit report** and there were no issues raised during the audit of the FY 2017/2018

3.8.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Inaccuracy in Statement of Assets and Liabilities

1591. The statement of assets and liabilities reflects net financial position of Ksh.2,775,851. However, total financial assets amount is missing. Consequently, the accuracy, completeness and validity of the statement of assets and liabilities as at 30 June, 2019 could not be confirmed.

Management Response

1592. The error was regrettably noted as an omission. However, the inclusion was done in the following year FS-2019-2020 as evidenced

Committee Observation

1593. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Bursaries

1594. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totalling to Ksh.53,245,972. Included in the bursary secondary schools are bursaries amounting to Ksh.121,400, disbursed for twenty-six (26) students whose admission numbers were not provided.

1595. Consequently, the accuracy, completeness and validity of bursaries amount of Ksh.121,400 for the year ended 30 June, 2019 could not be confirmed.

Management Response

1596. During the review and examination by auditors on bursary vouchers 26 students of those joining form one had no admission numbers. However, the list of 26 students admission numbers is hereby attached.

Committee Observation

1597. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

3.0 Budgetary Control and Performance

1598. The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh.167,066,244 and Ksh.106,425,368 respectively, resulting to an under-funding of Ksh.60,640,876 or 36%of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Ksh.167,066,244 and Ksh.103,649,517 respectively, resulting to an under expenditure of Ksh.63,416,727 or 38% of the budget.

1599. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery for the public.

Management Response

1600. This was as a result of late disbursement of funds from the National government to the funds board on time. However, the fund has been disbursed to tune of vide A.I.Es evidenced

Committee Observation

1601. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Non-compliance with Public Sector Accounting Standards Board Requirements

1602. Review of annual reports and financial statements for the year ended 30 June, 2019 revealed the following errors; page 8, reads the 'entity' instead of NGCDF – Njoro. Constituency and page 22 refers to the financial year ended 30 June, 2018 instead of 30 June, 2019.This is contrary to the template Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019. Consequently, the Management is in breach of the law.

Management Response

1603. The error was regrettably noted and have been corrected in the following year financial statement- 2019-2020.

Committee Observation

1604. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Non-compliance with Law on Gratuity Payments

1605. Management paid out gratuity amounting to Ksh. 868,502. However, evidence was not provided showing that tax was deducted and remitted to Kenya Revenue Authority. This was contrary to Section 3(1) of the Income Tax Act, 2010 requires income tax to be charged for each year of income upon all the income of a person, whether resident or non-resident, which accrued in or was derived from Kenya. Consequently, the Management is in breach of the law.

Management Response

1606. The management has looked into the issue and has noted the error and has resolved to deduct and remit income tax when making the payment for gratuity in the subsequent financial years. Attached is approve that the necessary deduction in the sub sequent year was done and remitted as evidenced.

Committee Observation

1607. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Irregular Transfer of Funds to Health Institutions

1608. As disclosed under Note 6 to the financial statements, the statement of receipts and payments reflects transfer to other Government Entities totalling to Ksh. 30,035,584. The balance includes an amount of Ksh.4,482,759 that was transferred to health institutions contrary to the provisions of the Fourth Schedule to the Constitution, 2010 which provides that health services is the mandate of the County Government. Consequently, the Management is in breach of the law.

Management Response

1609. The Njoro NG-CDFC implemented projects that were fully approved by the Board vide codelist attached as evidenced. The funds for the Health Institutions was budgeted and approved in financial year 2013/2014 hence upon receipt of funds it was disbursed for implementation. The Health projects are complete and in use as evidenced by photos attached.

Committee Observation

1610. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Incomplete Project

1611. During the year, the Management paid an amount of Ksh.4,677,027 towards the supply, installation, testing and commissioning of internet in four (4) wards of Njoro, Lare, Mau Narok and Mauche. The objective being to provide internet services to the local community targeting the youth. However, field inspection on 29 January, 2020 revealed that no installations had been undertaken at Mauche Ward. Further, installations had been undertaken at the Fund offices in Njoro Ward but there was no internet connectivity in the neighborhood as planned. Consequently, I am unable to confirm whether the constituents will receive value for money from the expenditure on unavailable internet connectivity.

Management Response

1612. During the visit by the auditor the installation of Constituency innovation Hub (CIH) had not been installed in Mauche Ward. This was necessitated by change of location by the community in Mauche Ward. The Njoro NG-CDF considered their request and

considered to fund the CIH in Mauche Centre which is now complete. We have written to Telkom Kenya to come and do the installation as per our letter dated 12th February, 2024.

1613. The issue of the internet in Njoro Ward CIH I can report that the connectivity is available and reliable as evidenced by the attached letter from Ajira Centre Manager.

Committee Observation

1614. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Inaccuracies in the Statement of Cash Flows

1615. The statement of cash flows reflects increase/decrease in accounts payable nil balance. However, the corresponding Note 16 reflects an amount of Ksh. 2,922,117 resulting to an unreconciled amount of Ksh. 2,922,117.

1616. Consequently, the accuracy, completeness and validity of increase/decrease in accounts payable of nil balance reflected in the statement of cash flows for the year ended 30 June, 2020 could not be confirmed.

Management Response

1617. The error of omission was regrettably noted and was corrected in the financial year-2020/2021 as evidenced

Committee Observation

1618. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in Prior Year Adjustments

1619. As disclosed in Note 14 to the financial statements, the statement of cash flows and the statement of assets and liabilities reflect prior year adjustments totalling to Ksh. 2,922,117. The amount was a payment that was rejected by a contractor in the previous financial year. However, the balance should have been reflected in the opening balances in the comparative figures and not the current year column in accordance with IPSAS 3.

1620. Consequently, the accuracy, completeness and validity of prior year adjustments totalling to Ksh. 2,922,117 reflected in the financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

1621. The error off omission was regrettably noted and was corrected in the Financial year-2020/2021 as evidenced.

Committee Observation

1622. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Committee Allowances

1623. As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services totalling to Ksh.6,445,072. The balance includes committee allowances amounting to Ksh.3,716,200 out of which an amount of Ksh.2,306,000 was spent on payment for monitoring and evaluation exercises, locational Committee meetings and bursary vetting meetings. However, the schedules did not indicate the specific dates when the activities were held. In addition, Committee sitting allowance amounting to Ksh.225,000 was paid to four (4) non-committee members.

1624. Consequently, the accuracy, completeness and validity of committee allowances totalling to Ksh.3,716,200 for the year ended 30 June, 2020 could not be confirmed.

Management Response

1625. During the year under review- 2019/2020 the actual committee allowances was Ksh. 3,716,200. Further Ksh.2,306,000 was spent on payment of monitoring and evaluation, locational committee meetings and bursary vetting meetings. Some of the payment and attendance schedules were missing dates but have been updated accordingly as per the schedule. The four (4) committee members paid allowances were the Njoro NG-CDF casual team who were taking reports and other secretarial activities in that enormous program as evidenced by the attached locational bursary report.

Committee Observation

1626. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Bursaries

1627. As detailed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totalling to Ksh.23,978,411. Included in the balance is bursary to secondary schools totalling to Ksh.10,519,024. However, the schedule for the beneficiary students reflected a total of Ksh.9,594,824, resulting in an unreconciled variance amounting to Ksh.924,200.

1628. Consequently, the accuracy, completeness and validity of bursaries totalling to Ksh.10,519,024 the year ended 30 June, 2020 could not be confirmed.

Management Response

1629. During the visit by the auditor some of the vouchers had been misfiled. However, the unreconciled variance of Ksh.924,200 have been attached.

Committee Observation

1630. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Inaccuracies in Bank Balances

1631. As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Ksh.5,392,901. The bank reconciliation

statement for June, 2020 reflected payments in the cashbook not in bank statements totalling to Ksh.1,769,932 which included stale cheques amounting to Ksh.63,563. However, the stale cheques were not reversed in the cashbook.

1632. Consequently, the accuracy, completeness and validity of the bank balances totalling to Ksh.5,392,901 as at 30 June, 2020 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-Njoro 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.

Management Response

1633. During the year under review and examination there were Ksh. 1,769,932 out of which Ksh. 63,563 were stale cheques. The Management of Njoro NG-CDFC have since reversed and replaced the stale cheques as guided. This is evidenced by attached Cashbook extracts and Bank reconciliation statements.

Committee Observation

1634. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

6.0 Budgetary Control and Performance

1635. The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Ksh.200,784,451 and Ksh.131,416,727 respectively, resulting to an underfunding amounting to Ksh.69,367,724 or 35% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Ksh.200,784,451 and Ksh.128,945,943 respectively, resulting to an under expenditure amounting to Ksh.71,838,508 or 36% of the budget.

1636. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1637. During the year under review there was delay of Fund disbursement amounting to Ksh.69,367,724. The fund was disbursed by the Board Vide AIE No B104662 -Ksh. 20,00,000 B096996- Ksh. 15,000,000, A823705- Ksh. 34,367,724.10 .and Bank statements in ANNEX 28

1638. Further, the absorption of disbursed fund was low since the Funds were released towards the close of the financial year as evidenced in bank statement.

Committee Observation

1639. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Delay in Project Implementation

1640. The Project Implementation Status Report indicated that a total of Ksh.74,927,684 was allocated for eighty-six (86) projects during the financial year ended 30 June, 2020. Scrutiny of the Report revealed that nine (9) projects totalling to Ksh.5,054,007 were ongoing and seventy-seven (77) projects totalling to Ksh.69,873,677 were not started awaiting funds from the National Government Constituency Development Fund Board.

1641. In the circumstances, I am unable to confirm whether the public will obtain value for money for the above delayed projects for the year ended 30 June,2020.

Management Response

1642. During the visit by auditors there were 86 projects listed in the PIS. 77 projects had not started while 9 projects totalling to Ksh.5,054,007 were on going. I wish to report that the gap was necessitated by the delay of disbursement by the Board. However, the Funds was disbursed in the following year- 2020/2021 and all the projects are now complete and in use as evidenced by County Public Works completion reports Photos of the projects.

Committee Observation

1643. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Unsatisfactory Implementation of Projects

1644. During the year under review, five (5) projects with a budget allocation totalling to Ksh.5,900,000 were physically verified in the month of February, 2021 and the unsatisfactory observations made as shown in Appendix I.

1645. In the circumstances, I am unable to confirm whether the public will obtain value for money for the above unsatisfactory implemented projects with a budget allocation totalling to Ksh.5,900,000.

Management Response

1646. During the visit by auditors there were 86 projects listed in the PIS. 77 projects had not started while 9 projects totalling to Ksh.5,054,007 were on going. I wish to report that the gap was necessitated by the delay of disbursement by the Board. However, the Funds was disbursed in the following year- 2020/2021 and all the projects are now complete and in use as evidenced by County Public Works completion reports Photos of the projects.

Committee Observation

1647. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Errors in Presentation and Disclosure in the Financial Statement

1648. The financial statements submitted for audit had the following inconsistencies:

1649. The statement of cash flows is not titled.

1650. In the statement of cash flows, the current year is indicated as 2019/2020 and the comparative year 2018/2019 instead of 2020/2021 and the comparative 2019/2020.

1651. In the circumstances, the presentation and disclosure of the financial statements did not comply with the prescribed format by the Public Sector Accounting Standards Board.

Management Response

1652. The error was regrettably noted and corrected in FY-2021/2022 as evidenced

Committee Observation

1653. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Understatement of Sports Projects

1654. The statement of receipts and payments reflects Ksh.51,662,633 in respect of other grants and transfers as detailed in Note 7 to the financial statements. Included in the amount is Ksh.1,373,677 in respect of sports projects which was paid to Njoro Sports Welfare for purchase of sports kits amounting to Ksh.1,969,740. However, the Fund only recognized an expenditure of Ksh.1,373,677 leading to understatement of Ksh.596,063.

1655. In the circumstances, the accuracy and completeness of the other grants and transfers expenditure of Ksh.596,063 could not be confirmed.

Management Response

1656. During the financial year 2020/2021 under review, NG CDF Njoro made a transfer of Ksh. 1,373,677 to the Njoro sports welfare vide cheque no: 2120 dated 25th Nov, 2020 Out of which the Njoro Sports welfare made a payment of Ksh. 1,969,740 vide cheque no:016 dated 22nd Dec 2020, payee Sawily Holdings Limited towards purchase of sports kits as per invoice no 001 dated 15/12/2020.

1657. Therefore, the understatement of Kes 596,063 captured in the audit report is not the true position and thus our Financial statement captured the funds wired during the financial year under review to avoid double accounting as we acted within the budget. As per attached voucher copy, codelist and cdfc minutes.

Committee Observation

1658. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Transfer of Funds to Projects

1659. The statement of receipts and payments reflects an expenditure of Ksh. 68,900,000 and Ksh. 51,662,633 in respect of transfers to other government units and other grants and transfers respectively. Out of this amount, Ksh. 77,342,050 was transferred to various projects as detailed in the table below

No.	Description	Amount Transferred (Ksh.)
1	Transfers to Primary Schools	44,200,000
2	Transfers to Secondary Schools	24,700,000

3	Security Projects	300,000
4	Environment Projects	2,700,000
5	Emergency Projects	5,442,050
	Total	**77,342,050**

1660. However, review of the approval and disbursement process revealed that the conditions for disbursement of funds to the Project Management Committee bank accounts were not met before the funds were released contrary to Regulation 15 of the National Government Constituencies Development Fund Regulations, 2016. The unfulfilled conditions include: appointment of Project Management Committee (PMC), preparation of the requisite budgets and bills of quantities for approval by the Constituency committee, approval to open PMC bank account and properly prepared project work plan.

1661. In the circumstances, accuracy and completeness of the transfers of Ksh.77,342,050 could not be confirmed.

Management Response

1662. During the audit time most of the PMC files was at the project level, however, we have so far retrieved most of the files and attached please find copies of bills of Quantities, Fund Manager bank opening approval letters, letters to PMC Chairs and Secretaries on the formation of PMCs, Work plans as evidenced

Committee Observation

1663. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Bursaries

1664. The statement of receipts and payments reflects other grants and transfers of Ksh.51,622,633 as disclosed in Note 7 to the financial statements. However, bursary payments amounting to Ksh.28,588,324 were not supported by a list of applicants, approved list of beneficiaries per school, student's name and admission numbers, amounts disbursed, Constituency Development Fund Committee minutes stating the process of identification and selection of the beneficiaries.

1665. In the circumstances, the accuracy, completeness and validity of the other grants and transfers of Ksh.28,588,324 could not be confirmed

Management Response

1666. During the year under review bursary beneficiaries of the Ksh. 28,588,324 had filled the bursary application forms as guided by Njoro Bursary policy. find attached documents copies of bursary application forms and Bursary policy.

Committee Observation

1667. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unsupported Cash and Cash Equivalents

1668. The statement of assets and liabilities reflects cash and cash equivalents balance of Ksh. 35,542,250 while the cash book reflects a balance of Ksh. 252,000 resulting to unreconciled difference of Ksh. 35,290,250. In addition, a board of survey certificate reflected the cash book balance as Ksh. 22,542,249 whereas the bank certificate reflects a balance of Ksh. 57,636,028 resulting to unreconciled difference of Ksh. 35,093,779.

1669. In the circumstances, the accuracy, completeness and existence of the cash and cash equivalents balance of Ksh. 35,542,250 could not be confirmed.

Management Response

1670. The cash book balance as at 30th June 2021 as represented by the board of survey conducted in 01st July,2021 (Attached copy) of Kes 22,542,249.56 differs with Cashbook balance in the Financial Statements as at 30th June 2021, because of the reconciling item in the Bank Reconciliation Statement of 30th June, 2021 of Kes 13,000,000.00.

Committee Observation

1671. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Land and Office Buildings without Title Documents

1672. The summary of fixed assets register in Annex 4 to the financial statements reflects fixed assets balance of Ksh.25,239,000 as at 30 June, 2021. However, buildings and structures owned by the Fund with a carrying value of Ksh.17,500,000 were excluded in the balance. Further, a parcel of land on which the building is located is not owned by the National Government Constituencies Development Fund- Njoro Constituency. Further, no trust deed documents or memorandum confirming the ownership arrangement were provided for audit review.

1673. In the circumstances, the accuracy and completeness of fixed assets balance of Ksh.25,239,000 could not be confirmed.

Management Response

1674. During the visit by the auditors buildings and structure amounting to Ksh. 17,500,000 were erroneously omitted in the asset balance. However, it was corrected in the subsequent year 2021/ 2022.

1675. Further, it is worth to report that the parcel of Land where Njoro NG-CDFC has built its office belongs to the Ministry of Interior and National Security as provided by request and grant for construction space attached

Committee Observation

1676. The Committee observed that the matter was partially addressed.

1677. The Committee recommends that within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund

Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Njoro NGCDF Office i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.

1678. The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

Other Matter

7.0 Budgetary Control and Performance

1679. The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Ksh.212,081,504 and Ksh.166,992,625 respectively resulting to an underfunding amounting to Ksh. 45,088,879 (or 21%) of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling Ksh.212,081,504 and Ksh.131,450,376 respectively resulting to an under expenditure amounting to Ksh.80,631,129 (or 38%o) of the budget.

1680. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

1681. During the visit by the auditors the Board had delayed in the disbursement of Fund. However, the fund was disbursed in the subsequent FY-2021/2022 as evidenced in AIE No B105248 (33,000,000), B 089071 (12,088,879.30) Bank statement hereby attached in ANNEX 36.

1682. In the same year the Constituency delayed in transferring fund to PMC thus resulting to under expenditure. This was necessitated by a disbursement that came late in the year just before the closure of the financial year. However, all the fund were expensed in the following year

Committee Observation

1683. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unsupported Transfers to Other Government Units

1684. The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfer to other government units amount of Ksh.79,050,000 comprised of Ksh.43,050,000 and Ksh.36,000,000 for transfers to primary and secondary schools respectively relating to construction and renovation works of classrooms and laboratories, and purchase of school buses. However, the construction and renovation works were not supported with procurement records including bills of quantities, tender advertisements, tender evaluation minutes, signed contract, inspection and acceptance committee reports, interim and completion certificates. Further, Project Management

Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns and evidence that the projects were implemented in consultation with relevant Government Departments and bus logbooks were not provided for audit.In addition, contractors for works in the schools' projects were awarded tenders without National Construction Authority (NCA) registration certificates, tax compliance certificates and three years audited financial statements and the project activity was not reflected in the supporting documents availed for audit.

1685. In the circumstances, the accuracy and propriety of transfers to other Government units of Ksh.79,050,000 could not be confirmed.

Management Response

1686. Attached are copies of all the supporting documents pertaining to the audit queries. On the Labor based, where the projects were not based of full tendering: the following documents were availed to the auditor and again they have been revealed as requested; advertisements, tender evaluation minutes, signed contract, inspection and acceptance committee reports. But attached are documents that were in the PMC file.

Committee Observation

1687. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Bursaries

1688. The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and other transfers amount of Ksh.119,453,190. This amount includes bursary to secondary schools of Ksh.19,993,214, tertiary institutions of Ksh.57,825,400 and special schools of Ksh.459,576 all totalling to Ksh.78,278,190. However, acknowledgement receipts of the funds were not provided for audit. Further, the criteria for vetting the bursary application, vetting committee minutes, long lists and successful beneficiaries were not provided for audit.

1689. In the circumstances, the accuracy and propriety of bursary expenditure of Ksh.78,278,190 could not be confirmed.

Management Response

1690. During the visit by the auditors some of the bursary acknowledgement receipts had not been submitted to the office, the criteria/bursary policy was misfiled. However, acknowledgement receipts, criterial for vetting, committee minutes, long lists and successful beneficiaries are hereby attached.

Committee Observation

1691. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Security Projects Expenditure

1692. The statement of receipts and expenditure reflects other grants and other transfers amounting to Ksh.119,453,190. The amount includes security projects expenditure of

Ksh.22,200,000 as reflected in Note 7 to the financial statements. The expenditure was incurred on construction and equipping of police stations. However, supporting documents including signed contracts, inspection and acceptance committee reports, interim and completion certificates, cashbooks, bank statements and authority to open project bank account were not provided for audit.

1693. In the circumstances, the accuracy and propriety of security projects expenditure of Ksh.22,200,000 could not be confirmed.

Management Response

1694. During the visit by auditors all the documents for the security projects were presented to the auditors. However, the following copies have been availed for your examination; Signed Contracts, photos of complete projects as evidenced

Committee Observation

1695. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Sports Projects Expenditure

1696. The statement of receipts and expenditure reflects other grants and other transfers amounting to Ksh.119,43,190. The amount includes sports projects expenditure of Ksh.4,000,000 as reflected in Note 7 to the financial statements. The expenditure was incurred to organize and purchase sports equipment and materials for the constituency sports tournament. However, supporting documents including user requisitions, request for quotations forms, tender evaluation minutes, signed contract, inspection and acceptance committee reports, delivery notes and stores records and Project Management Committee (PMC) expenditure returns were not provided for audit. Further, no documentary evidence was provided to support the execution of the constituency tournament and whether one hundred and seven (107) Jerseys, ninety (90) soccer balls, six (6) volley balls, twelve (12) track suits, seven (7) football nets and six (6) volleyball nets were procured at a cost of Ksh.1,900,860.

1697. In the circumstances, the validity, accuracy and propriety of sports projects expenditure Ksh.4,000,000 could not be confirmed.

Management Response

1698. Attached are supporting documents to show how the expenses were incurred from the procurement of the items as per the evidence availed

Committee Observation

1699. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unconfirmed Project Management Committee (PMC) Account Balances

1700. Note 17.4 to the financial statements reflects Project Management Committee (PMC)account balance of Ksh.76,190,071 relating to one hundred and forty-seven (147) projects implemented during the year under review. However, cash books and bank

confirmation certificates were not provided for audit. Further, the Project Management Committee (PMC) bank account balances for projects implemented have not been disclosed. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the Constituency account.

1701. In the circumstances, the accuracy and completeness and validity of the PMC account balance of Ksh.76,190,071 could not be confirmed.

Management Response

1702. The financial statements reflected a PMC bank account balances of Ksh. 76,190,071 held in one hundred and forty-seven (147) PMC bank accounts not supported with bank reconciliation statements, Cashbooks, Board of survey, certificate of bank balances. Of which as the office we do keep the updates of the accounts on bank statement balances per the end of the financial year. As the office bank reconciliation statements, Cashbooks, Board of survey, certificate of bank balances are maintained and kept with the PMC. Hence, we provided the bank statements that were at our disposal. However, we have provided copies of bank statements for the projects

Committee Observation

1703. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Emergency Project Expenditure

1704. The statement of receipts and payments reflects other grants and transfers totalling to Ksh.119,453,190. The amount includes emergency projects expenditure of Ksh.12,675,000 as reflected in Note 7 to the financial statements. However, the expenditure was incurred on construction of toilets which was not of emergency in nature and not reported to the National Government Constituencies Development Fund Board. This is contrary to Regulation 20(2) of the National Government Constituencies Development Regulations, 2016 which stipulates that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency.

1705. In the circumstances, Management was in breach of the law.

Management Response

1706. Provided below are the supporting documents to support the emergency projects in the constituency. All the projects were done as the requirements and supporting documents in the respective PMC files. (Request for emergency funding, letter from PHO, Picture photos and emergency submission report to the Board)

Committee Observation

1707. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Projects Implementation Status

1708. Review of the projects implementation status report provided for audit revealed that one hundred forty-one (141) projects worth Ksh.160,280,000 were budgeted to be implemented during the year under review. However, only eighty-seven (87) projects worth Ksh.40,400,000 were completed, forty-two (42) projects worth Ksh.56,050,000 were on going and twelve (12) projects worth Ksh.63,830,000 had not started as at 30 June, 2022.

1709. In the circumstances, value for money for the ongoing and not started projects was not achieved.

Management Response

1710. During the visit by the auditors 42 projects worth Ksh.56,050,000 were on going while 12 projects had not started. This was necessitated by the fact that the Board had not released the Fund. However, the Board released the fund as evidenced by AIE No B155532 (24,088,879) and bank statement. The current status of the ongoing projects and projects not started it that they are all complete and in use as evidenced by handing over certificates, Photos

Committee Observation

1711. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9 RONGAI CONSTITUENCY

1712. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Rongai Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.9.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Cash and Cash equivalents

1713. Included in the Cash and Cash equivalent balance of Ksh. 39,439,520 as at 30th June 2014 are stale cheques amounting Ksh. 1,790,321.95 which had not been written back in the cashbook has been provided for audit.

1714. In the circumstances, it has not been possible to ascertain the accuracy and completeness of the cash and cash equivalents balance of Ksh. 39,439,520 as at 30th June 2014

Management Response

1715. The Stale cheques of Ksh. 1,790,520 could not be replaced immediately because the sub county treasury was awaiting approval from the committee to reverse and issue the cheques to the new beneficiaries. The cheques were reversed and replaced in the subsequent financial years and the extract of the same transactions has now been presented to the auditors for review.

Committee Observation

1716. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unaccounted for expenditure

1717. An expenditure of Ksh. 4,482,759 was incurred by the Constituency Development Fund Committee (CDFC) in construction of prefabricated staff houses under health Sector. However, no expenditure returns were produced for audit verification and it was therefore not possible to confirm implementation of the project. Further, It was not explained why the projects were implemented by the CDFC instead of the Project Management Committee contrary to Section 31(1) of the CDF Act 2013 which requires project to be implemented by the PMCs.

1718. In the circumstances, the propriety of the expenditure of Ksh. 4,482,759, could not be confirmed

Management Response

1719. Rongai NG-CDF implemented Ksh. 4,482,759 on prefabricated houses under Health Sector. The projects allocated were: Banita Dispensary 1,492,253, Mangu Dispensary 1,492,253 and Ogilgei Dispensary 1,492,253.

1720. All three projects were fully implemented. The invoices, payment certificates by the technical officers and completion certificates were kept by the project management

committee who were requested to avail the documents. The projects ware not implemented by CDFC Committee but was implemented by Projects Managements Committees of the three committee.

Committee Observation

1721. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Failure to prepare a Trial Balance

1722. No trial balance was presented for audit verification to confirm whether the balances reflected in the financial statements agreed with the books of account. In the circumstance the validity and accuracy of the balances in the financial statements could not be ascertained.

Management Response

1723. The Omission of the Trial Balance in the financial statements have been acknowledged and was provided to confirms accuracy and incompleteness of financial statements.

Committee Observation

1724. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Statement of Assets

1725. The statement of assets as at 30 June 2015 reports financial assets totaled to Ksh. 33,290,739.70 represented by the fund balance brought forward of Ksh. 40,274,460.30 and a deficit of Ksh. 6,983,721.60. The fund balance brought forward balance of Ksh. 40,274,460.30 differs from the audited balance of Ksh. 39,440,000 for the year ended 30 June 2014 by Ksh. 834,460.30. In the circumstance, the reported bank balance of Ksh. 33,290,738.70 is not fairly stated.

Management Response

1726. The errors in the financial statements have been acknowledged, however through capacity building championed by CDF Board, Rongai Constituency has ensured that the financial statements follow the standards free of errors and omissions. The improvement has been noted in the subsequent years. Refer to Annex 2 NGCDF Board circular on the preparation of the financial statements.

Committee Observation

1727. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Stale Cheques

1728. Bank reconciliation statement for the month of June 2015 reported un-presented cheques totaling to Ksh. 25,734,899.55. Included in the balance are stale cheques worth Ksh. 2,859,978.55 which have not been presented to the bank for over six (6 months. No reason has been given to explain why the cheques were not presented to the bank for clearance. In the circumstance, the reported bank balance of Ksh. 33,290,738.70 is not fairly stated.

Management Response

1729. The stale cheques of Ksh. 2,859,978.55 remained in the reconciliation and the sub county treasury was awaiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee.

Committee Observation

1730. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Committee Expenses

1731. The statement of receipts and payments reports committee expense of Ksh. 3,732,226. However, Note 6 to the financial statements reported committee expenses of Ksh. 1,117,226 and committee allowances of Ksh. 15,000 both totaling Ksh. 1,132,226 resulting to an unexplained difference of Ksh. 2,600,000 from the balance of Ksh. 3,732,226 shown in the statement.

1732. In addition, schedules presented for audit in support of committee expenses revealed payments totaling Ksh. 2,855,550 against Ksh. 3,732 226 reflected in the statement thus resulting in a further difference of Ksh. 876,676 which has not been explained or supported.

Management Response

1733. The errors in the financial statement have been acknowledged; however, this was corrected in subsequent years and through capacity building of the NGCDF Board, Rongai has ensured that the financial statements are in compliance with the standards free of errors and omissions.

Committee Observation

1734. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Use of Goods and Services

1735. The statement of receipts and payments reflects use of goods and services balance of Ksh. 2,719,150. Schedules presented in support of the expenditure revealed a total of Ksh. 2,466,504 resulting in an unexplained difference of Ksh. 252,640.

Management Response

1736. It is true that the financial statements had a variance of Ksh. 252,460 between the figure reflected in the financial statements of Ksh. 2,719,150 and the schedule amount of Ksh. 2,466,504 as indicated by the auditor. The variance relates to the payment voucher that was never presented nor captured during the preparation of the financial statements. However, there has been improvement over the years in data capturing and presentation of the financial statements.

Committee Observation

1737. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Summary of Fixed Asset Register

1738. The summary of fixed asset registers as at 30 June 2015 as reported in Annexure 4 reflects total assets of Ksh. 27,800,000 which is the same balance as at 30 June 2014 However, the statement of receipts and payments and Note 10 reported acquisition of assets valued at Ksh. 121,400.

Management Response

1739. The omissions of Ksh. 121,400 were acknowledged and annexure 4 was amended in subsequent years to reflect the true State of the financial statements.

Committee Observation

1740. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Transfer to Other Government Units

1741. The statement of receipts and payments also reported transfers to other government units of Ksh. 53,052,133 as supported by Note 7 to the financial statements. However, there is no Note 7 in the financial statements and therefore it was not possible to establish the composition of transfers to other Government Units. In addition, schedules and other supporting documents for the said expenditure were not presented for audit verification.

Management Response

1742. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1743. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Compensation to Employees

1744. The statement of receipts and payments for the year ended 30 June 2015 reported compensation of employee's balance of Ksh. 1,641,060. Payrolls presented for audit

revealed total expenditure of Ksh. 1,118,028 leading to unreconciled and unexplained difference of Ksh. 523,032.

Management Response

1745. The difference of Ksh. 523,032 between the payroll and the financial statements relates to Monitoring and evaluation that was misclassified as salaries and wages. The errors in the financial statements have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1746. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Inaccuracies in the Comparative Figures - Receipts

1747. Inaccuracies in the Comparative Figures – Receipts The statement of receipts and payments reports differences in comparative figures as shown below -

Item	Financial statement 2013/2014 (Ksh.)	Comparative Figure Ksh.	Difference Ksh.
Total Receipts	121,885.000	122,705 000	820,000
Compensation of employees	2,157,000	2.158 000	1,000
Use of goods and services	2,509,000	2 294 000	215,000
Comparative surplus	38,836,000	39,440,	604,000
Bank balance	40,274.460	39440,0000	834,460

1748. In the circumstance, comparative balances reflected in the financial statements for the year were not fairly stated.

Management Response

1749. The errors in the financial statement have been acknowledged and they were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1750. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

10.0 Budget Performance Analysis - Under-Absorption of Funds

1751. The summary statement of appropriation for the year ended 30 June 2015 shows total budgeted expenditure of Ksh. 144,799,736.30 comprised of Ksh. 104,525,276 for the financial year 2014/2015 and Ksh. 40,274,460 rolled over from the financial year 2013/2014. However, only Ksh. 112,741,997 or seventy-eight percent (78%) of the budget was actually spent in spite of all budgeted the funds having been received.

1752. Although, the absorption rate improved from sixty-eight percent (68%) in the financial year 2013//2014 to seventy-eight percent (78%), in the year under review the under-absorption implies delay in implementation of projects which may lead to escalation of costs and denial of services to the constituents.

Management Response

1753. The amount of Ksh. 104,525,276 was balance carried forward from the previous financial year, which was available for use in FY2013/2014. The under absorption of Ksh. 52,262,638 was due to delay in exchequer financing.

Committee Observation

1754. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

11.0 Bursaries

1755. Rongai Constituency Development Fund disbursed bursaries totaling Ksh. 28,235,400. During the year under review, examination of the list of bursary beneficiaries attached to the payment vouchers revealed huge disparities in award of the bursaries. While most secondary school's students were allocated between Ksh. 2,000 and Ksh. 3,000, some students were allocated Ksh. 10,000. Review of bursary committee minutes revealed that Rongai Constituency Development Fund Bursary committee has not established criteria for allocation of bursaries and students are not categorized before award of bursaries as required by Constituency Development Fund Board Circular No. Vol. 1 /III dated 13 September 2010. In the circumstance, the payment of bursaries amounting to Ksh. 28,235,400 could not be confirmed as having followed any established criteria.

Management Response

1756. The constituency invites the applicants to apply through distribution of bursary forms to various wards after the information has been shared on the respective dates the forms will be distributed and where to collect the forms from is also communicated to the public.

1757. The forms have the filling instructions on the bursary form. Once the forms are returned to the constituency the NG CDF Rongai committee create a subcommittee of bursary to undertake the vetting and awarding of the bursaries to the needy and deserving beneficiaries. The subcommittee then tables the report to the full committee for deliberation, approval of the list of beneficiaries and authorization of the payment of bursaries.

Committee Observation

1758. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Inaccurate Trial Balance

1759. The trial balance presented for audit did not balance. Debit balances totalled to Ksh. 145,359,255 while the credit totalled to Ksh. 145,365,679.70 and therefore, the credit balances exceeded the debit balances by Ksh. 6,424.70. In the circumstance, the financial statements were not drawn from a balanced general ledgers and trial balance.

Management Response

1760. The errors in trial balances have been acknowledged and amended to give a true status of the ledger balances subsequent financial years to reflect the correct balances.

Committee Observation

1761. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in the Comparative Balances

2.1 Balances Brought Forward

1762. Examination of the financial statements revealed that some comparative balances differed with respective ones audited in the previous year as shown below:

S/No	Description	Audited Balances 2014/2015 Ksh.	Opening Balances 2015/2016 Ksh.
1	Other Receipts	1,233,000	-
2	Use of Goods and Services	2,719,150	2,466,504
3	Transfer to Other Government	53,052,133	51,508,956
4	Fund Balance b/fwd. 1 July	49,274,460.20	39,440,000
5	Deficit/Surplus for the year	(6,983,721.60)	(5,544,262)
6	Cash and Cash Equivalents at beginning of the year	40,274,460.30	39,440,000

1763. No plausible explanation has been provided by management for the discrepancy.

Management Response

1764. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1765. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.2 Statement of Receipts and Payments

1766. Further, inaccuracies were noted in the financial statements as indicated below

1767. Some expenditure reported in the statement of receipts and payments were not supported by detailed notes even though reference note numbers were shown against the balances. These were Note 5, 9, 11 and 14. The fund manager did not explain the reasons for the omission. The financial statements are therefore incomplete.

1768. In addition, the statements of receipts and payments reflect a balance of Ksh. 2,815,946 on use of goods and services. However, the note in support of the balance is not included in the notes to financial statements.

Management Response

1769. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1770. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.3 Statement of Assets

1771. The statement of assets reflects a bank balance of Ksh. 56,367,478 as per the cashbook. However, the bank reconciliation statement as at 30 June 2016 reflects a reconciled bank balance of Ksh. 56,075,669.70 and therefore the cash balance reflected in the statement of assets was misstated by Ksh. 291,808.30.

Management Response

1772. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1773. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.4 Statement of Cash flows

1774. The statement of cash flow indicates net cash flow from operating activities as Ksh. 89,021,377, this being the actual payments for the year. However, casting of the cash flow statement revealed that net cash flow from operating expenses activities should have been shown as Ksh. 21,558,865. Further, prior year adjustment of Ksh. 1,955,692 shown in the statement of assets was not included the statement of cash flow and consequently, the statement was understated by an equivalent amount. In the circumstances, the statement of cash flow is not fairly stated.

Management Response

1775. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1776. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Stale Cheques

1777. Examination of the bank reconciliation statement as at 30 June 2016 disclosed payments in cash book not recorded in the bank statement (unpresented cheques) of Ksh. 6,649,348.55. Out of this balance, Ksh. 2,433,066 was in form of stale cheques. However, it was not explained why the stale cheques had not been written back to cashbook as at 30 June 2016.

Management Response

1778. The stale cheques of Ksh. 2,433,066 remained in the reconciliation and the sub county treasury was awaiting for the approval of the NG CDFC members, however they were

reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee

Committee Observation

1779. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Undisclosed Assets

1780. Examination of the statement of receipts and payments disclosed that assets worth Ksh. 437,819 were acquired during the period ended 30 June 2016. However, the summary of fixed assets register shown under Annex 4 does not reflect the acquired assets. In the circumstance, the full disclosure requirement has not been observed.

Management Response

1781. The omissions of asset worth Ksh. 437,819 in assets register has been acknowledged and assets register has been amended to reflect the true State of the financial statements.

Committee Observation

1782. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unaccounted for Expenditure

5.1 Drilling of Borehole

1783. An expenditure of Ksh. 1,000,000 was incurred in respect of drilling of a borehole at Nyamamithi. Information available indicated that the Constituency Development Fund Committee through minutes ref; MIN /4/23/11/2015 approved and disbursed the amount to the Project Management Committee's bank account No. 1101849169 maintained at the Kenya Commercial Bank, Nakuru branch. However, no project expenditure returns or bank statement was made available for audit verification and it was therefore not possible to confirm how the amount was spent.

1784. Further, physical verification of the project on 17 May 2017 revealed that no drilling works had been executed at the proposed site. In the circumstances, the propriety of the expenditure of Ksh. 1,000,000 could not be confirmed.

Management Response

1785. NG-CDF Rongai in the Financial year 2015/2016 Funded Nyamamithi Water Projects was funded and was to be done in Nyamamithi Primary School at a total cost of Ksh. 3,000,000.This was be implemented in two phases 2015/2016 and 2016/2017.After hydrological survey report from Ministry of water, it was confirmed that the projects was not viable thereby prompting Rongai-CDF through a minutes dated 7th July 2017 to re allocate the funds to A.I.C Kabarnet Primary School for Construction of Borehole which was approved by NG-CDF Board through re-allocation approval dated NG-CDF BOARD/RONGAI/VOL 1/53.

1786. However, the borehole was drilled by the county Government. Going by that development, the fund sought further re-allocation which was approved vide ng-cdf Board-Rongai/VOL 2/17 to complete an administrative block at Mamangina Secondary School which was subsequently approved.

1787. Documents such as the two re-allocation approvals, hydrological survey report, certificate of practical completion and photo of the completed project provided.

Committee Observation

1788. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.2 Mahinga Water Project

1789. The Constituency Development Fund Committee through minute no. ref; MIN/5/16/12/2015 approved and disbursed Ksh. 700,000 to Mahinga water project PMC. The funds were in respect of buying water pipes and fittings for the project. However, the following records were not presented for audit review:

1790. Procurement documents to confirm that the pipes and fittings were procured competitively.

1791. Store records to confirm the pipes and fittings were actually supplied and delivered to the project.

1792. Contract agreements to confirm the contract sum and the commencement and completion date.

1793. Expenditure returns.

1794. In the absence of the above documents, it was not possible to confirm the propriety of the expenditure of Ksh. 700,000.

Management Response

1795. Rongai CDF implemented the Mahinga water projects Through Project Management committee,

1796. The records reviewed by the auditor for Mahiga Water project file was not well documented because of the literacy level of some of the members in the Project Management Committee. Trainings for PMCs were scheduled to train them on book keeping and project management by NG-CDFC. Expenditure returns are hereby availed

Committee Observation

1797. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Stale Cheques

1798. Examination of the bank reconciliation statement as at 30 June 2017 disclosed unpresented cheques of Ksh.8,200,090.85. Out of this amount, cheques worth Ksh. 2,103,722.55 drawn in favor of various payees were stale. It was not clear why the stale cheques were not written back to cash book or validated

1799. In the circumstances, it was not possible to confirm the accuracy of the reported cash and cash equivalents balance of Ksh.9,002,364 in the statement of assets.

Management Response

1800. The stale cheques of Ksh. 2,103,722.55 remained in the reconciliation and the sub county treasury was awaiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year.

Committee Observation

1801. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Non acknowledgment of Bursary

1802. An expenditure of Ksh. 64,077,147 was incurred on other grants and other payments during the period under review. Out of this amount, an expenditure of Ksh. 44,144,147 was incurred on bursary to Secondary Schools, Tertiary Institutions and Special Schools. However, no acknowledged letters/receipts were produced for audit for audit examination and it therefore not possible to ascertain whether the funds reached the intended beneficiaries.

1803. In the circumstances, it was not possible to confirm the expenditure as a proper charge to public funds.

Management Response

1804. During the time under review, Rongai NG-CDF issued bursary amounting to Ksh. 44,144,147 to needy student. As noted not all bursaries were acknowledged by the institutions by the time of audit. However, through capacity building of the bursary subcommittees we have improved on acknowledgments and this has been through engaging courier services.

Committee Observation

1805. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Expenditure

1806. An expenditure of Ksh.4,301,096 was incurred on committee expenses during the period under review. However, no attendance register was produced for audit examination and it was therefore not possible to confirm the attendance of the committee and its Subcommittee members in all the meetings held during the year.

1807. In view of the above, the propriety of the expenditure could not be confirmed.

Management Response

1808. The failure to attach the attendance schedules of the CDFC meetings in the payment vouchers was an oversight by the managements. However, the list of committee expenses,

payment voucher together with signed list of attendance register provided for audit verification.

Committee Observation

1809. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

4.0 Over Expenditure

1810. The statement of receipts and payments for the year ended 30 June 2017 reported an expenditure on use of goods and services of Ksh.8,881,592 against a budget of Ksh.8,552,007. The Rongai National Government Constituencies Development Fund Committee (NG-CDFC) therefore exceeded the budget amount by Ksh.328,993 without approval. No explanation was given for the over expenditure

Management Response

1811. The over expenditure of goods and services observed by the auditor of Ksh. 328,993 relates to brought forward balance from the previous years as indicated

Committee Observation

1812. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Lack of Risk Management Policy

1813. During the period under review, the Rongai NG-CDFC did not have in place a customized Risk Management Policy as required by Treasury circular No. 3/2009 of 23 February 2009 and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks such as:

1814. Assessing the likelihood or occurrence of risks.

1815. Estimating the significance of risks.

1816. Identifying business risks relevant to financial reporting objectives.

1817. Deciding about actions to address those risks.

Management Response

1818. At the time of audit, we did not have risk management policy. However, we have since been provided with National Government Constituency Development Fund-Operational Risk Management Polity dated July 2019 by the Board. We are currently using the same, and will be customized when need arises.

Committee Observation

1819. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Stale Cheques

1820. Examination of the bank reconciliation statement as at 30 June 2018 disclosed unpresented cheques of Ksh.1,612,110. Out of this amount, cheques worth Ksh.713,956.55 were stale as at the closure of the year. Some of these cheques date back to 5 February 2014 and most of them were in respect of statutory deductions payable to various institutions and it was not clear why they were not remitted.

1821. In the circumstances, it was not possible to confirm the accuracy of the reported cash and cash equivalents balance of Ksh.5,972,891 in the statement of assets and liabilities.

Management Response

1822. The stale cheques of Ksh. 713,956.55 remained in the reconciliation and the sub county treasury was awaiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee. Ksh. 14,695,321 as indicated in the statement of receipts and payments is the cash and cash equivalent for the year. The variance of Ksh. 652,886 was amended in the subsequent financial year to reflect the correct balance.

Committee Observation

1823. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Overstated Bursary

1824. Note 7 to the financial statements reflects bursary to secondary schools of Ksh.1,425,399 for the year ended 30 June 2018. However, the supporting schedule provided for audit reflected a balance of Ksh.1,006,000 and hence a variance of Ksh.419,399. No explanation has been given for the variance.

Management Response

1825. The variance of Ksh. 419,399 relates to a payment voucher that was mixed up in store and was not availed during audit now provided the auditor for verification.

Committee Observation

1826. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Inaccurate Statement of Cash Flows

1827. The statement of cash flows reflects net cash flow from operating activities of Ksh. 46,434,645 instead of negative Ksh. 3,029,473 and therefore the statement is inaccurate. No explanation has been given for the misstatement.

Management Response

1828. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances.

Committee Observation

1829. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

4.0 Budget Utilization and Performance

1830. The summary statement of appropriation: recurrent and development combined reflects final budget of Ksh.107,192,018.86. However, only Ksh. 43,405,172 was received from the CDF Board and thus leaving a budget deficit of Ksh.63,786,846.86 The underfunding has not been explained despite the board having approved the budget.

Management Response

1831. As was noted during the time of audit NG-CDF Rongai had not spent Ksh. Ksh.63,786,846.86, This was attributed to late release of funds by the exchequer. The funds were later received by the management and implemented the projects for the benefit of the constituents.

Committee Observation

1832. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unaccounted for Expenditure

1833. The statement of receipts and payments for the year ended 30 June 2018 reflects an expenditure of Ksh.4,842,702 was incurred on use of goods and services. Out of this amount, an expenditure of Ksh.108,330 was incurred on printing, advertising and information supplies and Ksh.95,000 on routine maintenance- vehicles and other transport equipment. However, no store ledgers cards were maintained and it was therefore not possible to confirm delivery and usage of the items bought. In the circumstances, the propriety of the expenditure of Ksh.203,330 could not be confirmed

Management Response

1834. As noted during the time of audit, the expenditure amounting to Ksh. 108,330 relating to stationeries, Ksh. 95,000 in respect of motor vehicle tyres, did not have sore ledger. However, Management has mitigated this weakness through capacity building and training of employees. Currently, store control ledgers are well and accurately maintained.

Committee Observation

1835. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Non-acknowledgement of Bursary

1836. During the year under review, an expenditure of Ksh.1,425,399 was incurred in disbursement of bursary to secondary as disclosed under note 7 to financial statements. It

was however, noted that only Ksh.565,070 was acknowledged by various schools leaving a balance of Ksh.860,329 unaccounted for. No explanation was given for non-acknowledgement of the bursary despite the NGCDFC having a bursary committee in place and the monitoring and evaluation team.

Management Response

1837. During the time of the audit review, Rongai NG-CDF issued bursary amounting to Ksh. 1,425,399 to needy student. As noted earlier, not all bursaries were acknowledged by the institutions by the time of audit. However, through capacity building of the bursary subcommittees we have improved on acknowledgments and this has been through engaging courier services.

Committee Observation

1838. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Lack of IT Controls

1839. During the year under review, it was noted that the Constituency development fund did not have an IT section to steer the operations of the Constituency development fund. CT policy and IT committee were not in place as well. No explanation was given for failure to have an ICT policy in place.

Management Response

1840. NG-CDF Board had been advised that the Board developed a disaster recovery plan in financial year 2020/2021 which is in use. We also plan to customize the same when need arises. However, we are currently using this policy which is being relied on by all the NGCDF across the country.

Committee Observation

1841. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Lack of Risk Management Policy

1842. During the year under review, the Constituency development fund did not have a risk management in place as required by National Treasury Circular No 3/2009 of 23 February, 2009 and therefore, had no approved processes and guidelines on how to mitigate operational, legal and financial risks. No explanation has been given for failure to have a risk management policy in place.

Management Response

1843. At the time of audit, we did not have risk management policy. However, we have since been provided with National Government Constituency Development Fund-Operational Risk Management Polity dated July 2019 by the Board. We are currently using the same, and will be customized when need arises.

Committee Observation

1844. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Cash and Cash Equivalents

1845. The statement of financial assets and liabilities - reflects bank balance of Ksh.56,987,483;(2018-Ksh.5,972,891) and as disclosed under Note 10A to the financial statements. Included in this amount are unpresented cheques totaling to Ksh.2,852,503 out of which stale cheques amounted to Ksh.271,432 had not been written back into the cash book. Under the circumstances, the accuracy and fair statement of bank balance of Ksh.56,987,483 as at 30 June, 2019 could not be confirmed.

Management Response

1846. The stale cheques of Ksh. 271,432 remained in the reconciliation and the sub county treasury was waiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee.

Committee Observation

1847. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracy of Financial Statements

1848. A review of the statement of cashflows revealed casting errors. There was computed total receipts fewer total payments amounted to Ksh.58,555,592 while the statement reflected Ksh.58,555,610. Further, the recomputed net increase in cash and cash equivalent amounted to Ksh.51,014,592 instead of Ksh.51,014,892 indicated in the financial statement. In addition, the cash and cash equivalent at the end of the year should be Ksh.56,987,483instead ofKsh.56,987,783reflected in the statement of cashflows.

1849. In the circumstances, the accuracy of the financial statements cannot be confirmed.

Management Response

1850. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances. This has been made possible by constant training as per the NG-CDF Board circular on training and capacity building.

Committee Observation

1851. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

3.0 Budgetary Control and Performance

1852. The summary statement of appropriation-recurrent and development combined reflects final expenditure budget and actual on comparable basis of Ksh.169,014,067 and

Ksh.112,810,765 respectively resulting to net under absorption of Ksh.56,203,301 or 33% of the budget.

1853. Management has explained the delayed absorption to be as a result of funding amounting to Ksh.56,987,784 being received late in July, 2019.

1854. The under absorption affected the planned activities and projects for the year which may have impacted negatively on service delivery for the residents of Rongai Constituency.

Management Response

1855. As was noted during the time of audit, the funds amounting to Ksh. 56,987,784 were disbursed by late the exchequer. Upon receiving the fund, Rongai CDFC implemented the projects as required

Committee Observation

1856. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Incomplete Projects

1857. The project implementation status report as of 30 June,2019 indicated that 48 projects with a funding allocation of Ksh. 53,600,000 were at various completion statuses as detailed out below: -

Project Status	Count	Fund Allocation (Ksh.)
Complete and in use	23	23,500,000
Ongoing	19	23,800,000
Not Started	6	6,300,000
Total	**48**	**53,600,000**

1858. The Fund Management attributed the delay in completing the twenty-five (25) projects to slow tendering processes and delayed disbursements from the NGCDF- Board. However, no measures have been put in place to deter its recurrence.

1859. The delay in completing projects may have impacted negatively on service delivery to the residents Rongai Constituency.

Management Response

1860. As noted during the Audit 19 projects were ongoing and at different stages at time of Audit and 6 of the projects had not started and they were in the tendering stage. The late implementation was attributed to receiving funds towards the closure of financial year

Committee Observation

1861. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Projects Completed but Not in Use

1862. Thirteen (13) projects with a funding allocation of Ksh. 12,450,000 were sampled for verification during the month of February 2020 and the following observations were made: -

	Project Name	Details	Cost (Ksh.)	Observations
1	Kerma Primary School	Construction of an 8-door toilet to completion	400,000	Completed but not handed over
2	Kiamunyi Primary School	Construction of an 8-door toilet to completion	400,000	Casting of slab and floor done. Curing on plastered surfaces ongoing.
3	Lower Solai Primary School	Renovation of 3 classrooms to completion (roofing, plastering windows and dooring, floor)	1,300,000	Finishing level, curing on plastered surfaces ongoing.
4	Arus Primary School	Renovation of 4 classrooms to completion (roofing, plastering windows and dooring, floor)	1,000,000	Sub-structure level. Curing on slab ongoing.
5	Seet Kobor Primary School	Construction of a boy's dormitory to completion	2,000,000	Finishing level,
6	Lengenet Secondary School	Construction of 1 classroom	850,000	Completed but not handed over
7	Barina Secondary School	Completion of a twin laboratory	1,500,000	Complete but not handed over
8	Mangu Primary School	Construction of an 8-door toilet to completion	400,000	Complete and in use
9	Therando Primary School	Construction of an 8-door toilet to completion	400,000	Complete
10	Moricho Primary School	Construction of 2 classrooms to completion	1,700,000	Complete but not in use
11	Tumaini Primary School	Construction of 1 classroom to completion	850,000	Completed in use but not handed over
12	Rafiki Primary School	Construction of 1 classroom	850,000	Complete but not in use
13	Banita Chief's Office	Construction of Chief's office to completion	800,000	Curing on plastered surfaces done
	Totals		**12,450,000**	

1863. No satisfactory explanation has been rendered for delays in handing over the completed projects for use.

1864. Consequently, the constituents are not getting value for money with the continued delays in handing over of completed projects.

Management Response

1865. **Kerma Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1866. **Kiamunyi Primary School** - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

1867. **Lower Solai Primary School** - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

1868. **Arus Primary School** - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

1869. **Set Kobor Primary School** - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

1870. **Lengenet Secondary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1871. **Barina Secondary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1872. **Mangu Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1873. **Therando Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1874. **Moricho Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1875. **Tumaini Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1876. **Rafiki Primary School** - During the time of Audit the project had not been handed over, however the project was handed over in subsequent years. attached find handing over report photo.

1877. **Banita Chief's Office** - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

Committee Observation

1878. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Presentation of the Financial Statements

1879. During the audit, it was noted that the financial statements show in the significant accounting policies section on page 10, under the reporting currency that the figures have been rounded off to the nearest Kenya shilling. However, some figures in the financial statements have not been rounded off. In addition, the budget execution by programs and sub-programmes report on page 5 reflects the year for budget utilization difference as 2018/2019 instead of 2019/2020.

1880. Consequently, the annual report and financial statements are not in the format prescribed by the Public Sector Accounting Standard Board (PSASB).

Management Response

1881. The oversight noted by the auditors in the financial statements have been acknowledged and were amended in the subsequent financial years to conform with format prescribed by Public Sector Accounting Standard Board (PSASB). This has been made possible by regular trainings.

Committee Observation

1882. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in the Financial Statements

1883. During the audit, it was noted that the financial statements contain some errors which remain uncorrected;

2.1 The statement of receipts and payments reflects a comparative other payments figure of Ksh.1,285,000 for the financial year 2018/2019. However, Note 9 to the financial statements reflects a comparative figure of Ksh.7,541,000 resulting to an unexplained difference of Ksh.6,256,000.

2.2 The statement of assets and liabilities shows a fund balance brought forward of Ksh.56,987,574 while the closing fund balance for the financial year 2018/2019 was Ksh.56,987,483. The resultant difference of Ksh.91 has not been explained.

2.3 The summary statement of appropriation: recurrent and development combined reflects a total of budget utilization difference of Ksh. 74,343,782 for payments. However, the re-computation revealed a total of Ksh. 76,399,212 resulting to an unexplained variance of Ksh. 2,055,430.

2.4 The budget execution by programmes and sub-programmes report on page 5 reflects original budget total of Ksh. 137,367,724. However, the re¬computation reflects an amount of Ksh. 134,864,335 resulting to an unexplained variance of Ksh. 2,503,389. Further, the report reflects total adjustments of Ksh. 56,987,783. However, the re-computation reflects Ksh. 53,811,670 resulting to an unexplained variance of Ksh. 3,176,113. In addition, the report reflects a total final budget amount of Ksh.194,355,507. However, the re-computation reflects an amount of Ksh.188,676,004 resulting to an unexplained variance of Ksh.5,679,503. The report also reflects actual on comparable basis total amount of Ksh.120,171,813.

However, the re-computation reflects Ksh.117,957,313 resulting to an unexplained variance Ksh.2,214,500. The report further reflects a total budget utilization difference of Ksh.74,343,782. However, the re-computation reflects an amount of Ksh. 70,718,691 resulting to an unexplained variance of Ksh. 3,625,091.

2.5 Note 15.3 to the financial statements reflects unutilized funds of Ksh.74,663,782 while re-computation reveals a total of Ksh.72,204,782 resulting to an explained difference of Ksh.2,459,000. Further, the Note reflects comparative unutilized funds of Ksh.56,987,784 while the summary on annex 3 to the financial statements on summary of unutilized funds reflects an amount of Ksh.74,343,782 resulting to a variance of Ksh.17,355,998. Further, annex 3 to the financial statements reflects a total comparative balance of Ksh. 74,343,782. However, the re-computation reflects an amount of Ksh. 62,086,443 resulting to an unexplained variance of Ksh.12,257,339. Further, the annex shows a total original budget amount for the year 2019/2020 of Ksh. 74,663,794. However, the re-computation reflects an amount of Ksh.80,100,394 resulting to an unexplained variance of Ksh.5,436,600.

2.6 Annex 5 to the financial statements on projects management account balances summary reflects a total of Ksh. 53,412,147. However, the re-computation reflects an amount Ksh. 54,425,065 resulting to a difference of Ksh.1,012,918. In the circumstance, the accuracy and completeness of the above balances included in these financial statements for the year ended 30 June, 2020 could not be confirmed. Annex 5 to the financial statements on projects management account balances summary reflects a total of Ksh. 53,412,147. However, the re-computation reflects an amount Ksh. 54,425,065 resulting to a difference of Ksh.1,012,918. In the circumstance, the accuracy and completeness of the above balances included in these financial statements for the year ended 30 June, 2020 could not be confirmed.

Management Response

1884. The errors in the financial statement have been acknowledged and were amended in the subsequent financial years to reflect the correct balances. This has been made possible by regular trainings.

Committee Observation

1885. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported and Unverified Fixed Assets

1886. Annex 4 to the financial statements on the summary of fixed assets register reflects a transport equipment balance of Ksh. 7,841,000 as at 30 June, 2020. However, the asset register was not provided in support of the transport equipment. Available records indicate that the Fund had a vehicle, registration number GK A610V - Land Rover station wagon. However, the vehicle was not availed for physical verification and the management could not explain the location of the vehicle during the audit.

1887. In the circumstance, the accuracy and completeness of transport equipment of Ksh. 7,841,000 as at 30 June, 2020 could not be confirmed.

Management Response

1888. Rongai NG-CDF disposed off the GK-A610V during the financial year then under audit at Ksh. 901,200. The sales proceeds were paid directly to NG-CDF Board and later transferred as appropriation in Aid. The transport Equipment relates to purchase of GKB 075V Toyota Land Cruiser that was acquired during the year. The asset register was not updated during the time of audit. Rongai CDF has since updated the assets register and presented to auditors.

Committee Observation

1889. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Understatement of Cash and Cash Equivalents Balance - Stale Cheques

1890. The statement of financial assets and liabilities as at 30 June, 2020 reflects a bank balance of Ksh. 5,415,761 However, audit review of the bank reconciliation statement as at 30 June, 2020 indicated payments in cash book not in bank statement in form of un-presented cheques amounting to Ksh. 4,355,166, out of which Ksh. 277,756 related to stale cheques which had not been reversed in the cash book as at 30 June, 2020. This means that the cash and cash equivalents balance is overstated by a similar amount.

1891. In the circumstance, the accuracy and completeness of the reported cash and cash equivalents balance of Ksh. 5,415,761 as at 30 June, 2020 could not be confirmed

Management Response

1892. The stale cheques of Ksh. 277,756 remained in the reconciliation and the the sub county treasury was awaiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee. Ksh. 14,695,321 as indicated in the statement of receipts and payments is the cash and cash equivalent for the year.

Committee Observation

1893. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

5.0 Budgetary Control and Performance

1894. The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh. 194,355,508 and Ksh.68,600,000 respectively resulting to an under-funding of Ksh.125,755,508 or 65% of the budget. Similarly, the Fund expended Ksh. 120,171,813 against an approved budget of Ksh.196,571,025 resulting to an under-expenditure of Ksh.76,399,212 or 39% of the budget.

1895. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents of Rongai Constituency. The summary statement further shows a total receipts budget of Ksh.194,355,508 and a total expenditure budget of Ksh.196,571,025 thus resulting in a budget deficit of

Ksh.2,215,517. Consequently, it was not possible to ascertain how the Fund intends to fund the budget deficit.

Management Response

1896. As was noted during the time of Audit, NG-CDF Rongai did not implement projects worth 76,399,212. This was attributed by late disbursement of fund by exchequer. The fund was later received and used to implement the intended projects.

Committee Observation

1897. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Projects Implementation Status and Verification

6.1 Project Implementation Status

1898. Review of the project implementation status report for the year under review revealed that the Fund had planned to implement fifty (50) projects with an allocation of Ksh.81,658,466. Seventeen (17) of the projects or 34% with an allocation of Ksh.21,205,077 had been completed and already in use. Further, thirty-three (33) projects or 66% with an allocation of Ksh.60,453,389 have remained on-going for a period of more than six months and as a result have occasioned delayed usage of the projects. Further, the Fund Management have continued to implement new projects without completing the on-going thereby contravening the Commission on Revenue Allocation circular No. 3/2016 dated 07 November, 2016 which requires a public entity to complete projects first before initiating new ones.

1899. This therefore indicates that the though 34% projects were fully implemented as envisaged, the slow progress on completion of ongoing projects may impact negatively on delivery of goods and services to the residents of Rongai Constituency.

Management Response

1900. As noted during the time of Audit there were on ongoing projects however all the projects have since been completed and the culture of completing the project before starting new one has been encouraged and adopted.

Committee Observation

1901. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.2 Project-Verification-Unsatisfactory Implementation of Projects

1902. During the audit, twenty-four (24) projects with total disbursements amounting to Ksh.38,200,001 were inspected and several observations made regarding unsatisfactory performance as shown in Appendix I.

No.	Amount Disbursed (Ksh.)	Institution	Project Name	Observation
1.	1,000,000	Tumaini Primary School	Construction of 1No classroom	Contractor moved out of site, while work not done to completion, remaining works are- Verandah Rafter, electrical sockets and switches, blackboard done has changed colour to gray board, Bitumen works on foundation not done, land ownership not clear(land said to have been donated by the former late Land Minister in late president Kenyatta administration Hon Paul Ngai, finally, although work funded in 2019/2020 it was labelled as funded in 2020/2021, the conflict could not be explained, project put to use without being finished and official handing over and taking over
2.	4,000,000	Kipseyan Primary	Construction of 4 No classroom	Contractor moved out of site, classes put to use, workmanship very good, however, 6No classrooms were done instead of 4No, no explanation was given for this, project not officially handed over and taken over
3.	3,000,000	Lelechwet Primary	Construction of 3 No classroom	Contractor moved out of site, classes put to use, 4No of classrooms constructed yet BQ providedfor3No,worksundoneare-Window glazing 20No. -Ksh.110,250, Sockets and switchesNo.8,ceilingfinishes-Ksh.350,250, Access ram for persons abled differently, floor slab is on same level with ground level danger classes flooding, steel door recommended by BQ was double door but single door fixed, winders as per BQ 1800 X1500mm but 1200 x1500mm fixed, window gauge as per BQ 16Gbut12Gput,no explanation was given for the irregularities, classrooms were not officially handed over
4.	1,000,000	BelBur Primary School	Construction of 1 No classroom	Contractor moved out of site and classroom put to use, yet work not complete, works not done are-window glazing (window pane)- Ksh.27,200, floor tiled while BQ indicate terrazzo-Ksh.84,190, no variation was submitted, foundation sides not painted to plinths(Bitumen court)facial board not painted to finish, verge board also not painted to finish, stanchions not painted to finish(steel), single door split as double, while BQ indicate double door-Ksh.14,400, key wall not painted, project not labelled, workmanship is categorized as below standard
5.	1,400,000	BelBur Primary School	Renovation of 5 No classrooms	Renovation works not done, contractor not on site, the 5No classrooms which were to renovated are condemned state and pupils' lives are in dangers they continue to use them, no explanation was given for this state of affairs 5 months later after their lease of funds
6.	800,00	Bel Bur Primary	Contraction of 2 No. 8 No. doored toilet	Contractor Not on site, work incomplete, works not done are-facial board not fixed, door locks fixed are not lockable from outside while BQ recommended lockable door locks, bitumen not applied, project not labelled, floor not screeded to finish, keyed wall not painted, poor quality doors fixed and cannot close and urinal not finished to BQ, the toilet not put to use not commissioned, no taking over and handing over, while the toilet in use are in a deplorable state and poise danger to the students

No.	Amount Disbursed (Ksh.)	Institution	Project Name	Observation
7.	1,700,000	Kiamunyi Primary School	Construction of 1 No classroom	Contractor is out of site, classroom complete but not put to use since the school has not been opened to public, further, 2No classrooms were constructed in 2018/2019 also still remain idle, no explanation for given for this, value for money is in question
8.	2,000,000	RVIST Primary	Construction of 2 No classrooms	Contractor not on site and yet project not complete, workmanship very good, but certain works are not done-terrazzo not completed to smooth finish both verandah and inside classrooms, painting works not done, labelling not done, anothersetof2Noclassroomswere done in the year 2018/2019 were equally not finished and have not been put to use. since the school is not yet operational
9.	4,000,000	RVIST Primary	Construction of 2 No classrooms	4No classrooms funded in 2018/2019 have not been completed to date, works not done are- 4No doors not painted to finish, terrazzo works not done to finish, paint works not done, black board not done, sockets and switches are not fixed and stanchions are also not painted to finish, workmanship very good but project behind schedule by over18 months, project not put to use since school is not operational
10.	2,000,000	Magare Primary School	Construction of dormitory	Contractor has moved out of site, project remain incomplete, works remaining are- Electrical fittings, toilets not screened to finish, painting works not done, tilling works not done, plumbing works not done, doors not fixed, site clearance not done, entry porch not plastered to finish, building not labelled, site not cleared project has been going on for about 12 months
11.	600,000	Rafiki Primary School	Construction of 8Nodoorstoilet	Project complete, work well done but the contractor did not clear site and labelling not done
12.	1,800,000	Lord Ranjuera Primary	Construction of 2 No. Classrooms	Contractor out of site, yet project not completed, works left undone are: -verandah not done to completion, entry ramp for persons with disability, labelling not done
13.	1,000,000	Kapkechui Primary	Construction of 2No.classrooms	Contractor moved out of site yet several works are not done to completion, these includes: - project not labelled, electrical sockets and switches not fixed, entry ramp not done to finish, further, the school is not operational, no pupils, teachers, school not registered by the Ministry of Education, science and Technology, land ownership is in doubt, no activity in the compound, no value for money
14.	2,500,000	Athinai Primary-Environment	Construction of 8No. Toilet for environment	8No. Doors toilet done under environment project, contractor moved out of site, workman ship good, however, doors are falling off, door walls have fallen down and project not labelled
15.	2,500,001	Athinai Primary School	Renovation of 5Noclassrooms to completion	Contractor has moved out of site, only 7No. Doors were renovated instead of 8No.Entry ramp not done and the project not labelled, however, project well done
16.		Barrina Primary School	construction of 2 No. Classrooms	Contractor has moved out off site, project funded in 2019/2020, however it was labeled as 2018/2019 its not clear which year the funding was done
17.			Renovation of 2 No. Classrooms	Renovation done to completion, however it's not labelled, it's not therefore not clear which year it does relate to
18.	3,500,000	Rongai Day Secondary	Construction of 1 No Laboratory	Contractor on site work on-going, contractor has been on site for about 7 months, work is about 75%

No.	Amount Disbursed (Ksh.)	Institution	Project Name	Observation
				done, remaining works a receiling finishes-345,750, Floor finishes-screed- Ksh.62,900, Painting works-Ksh.89,800, Glazing works doors 4 No-Ksh.51,250(pg7),Glazing works windows 8No-Ksh.21,690, Electrical installation-Ksh.199,000,pressure regulator works-Ksh.317,690, Non-slip floor tiles Saj-Ksh.226,800 all totaling Ksh.1,314,880 which is about 40%, finally works poorly done are-lab worktops down warped, different shapes and sizes-not properly aligned, opening to lab office is also poorly aligned-general workmanship is rated substandard
19.	2,000,000	Mimwaita Secondary School	Construction of Lab	Contractor moved out of site, yet works not finished are;- Stanchions poles not fixed, terrazzo not done to finish, plaster not done to smooth finish, painting works not done, tiles on work top not done, lab fittings not done, electrical conducting done after plaster hence poor work, sinks fixed are 14 instead of 16, ceiling board not painted, glazing works not done, 2No internal doors not fixed, bitumen not applied on foundation, facial board not fixed, timber treatment poorly done, project is not labeled and the project is behind schedule 7 months on
20.	1,500,000	Ngata Secondary School	Completion of lab	Contractor has moved out of site, workmanship good, however, several works were not done: - lab connections were not done, doors are poorly fixed leaving gaps, paving blocks not done to finish, entry ramp for persons with disability not fixed, wastepipe not connected to sock pit, gas chamber not screeded to finish, black/white board not fixed, site clearing not done, labelling not done and work is 10 months on
21.	1,700,000	Mercy Njeri Secondary	Construction of 2 No classrooms	Contractor not on site, works not done includes-painting to finish not done, stanchions poles not painted, entry ramp for persons with disability not fixed, electrical wirings and fittings not done, bitumen paint not applied on foundation walls, labelling not done, workmanship good but project behind schedule, 12 months on
22.	1,000,000	Sarambei Secondary	Construction of 1Noclassroom	Contractor moved out of site, work well done, however entry ramp poorly done and project was not commissioned before use
23.		BanitaChief's Office	Construction of chief's office	Project was funded in 2018/2019, Contractor moved out of site, project completed but not put to use since there is no toilet, value for money is in doubt
24.		Ogilgai Borehole	Borehole	The borehole was drilled and equip in 2015/2016 and was later handed over to County Government of Nakuru, who is said to have handed it over to Nakuru Rural Water and Sanitation company the borehole has not been put to use, since water pipes have not been laid to the locals, no evidence of water through test results, it's on 1/4 acre of land whose ownership we could not confirm, the land has been encroached, no value for money realized
	38,200,001			

1903. In the circumstances, it could not be confirmed whether value for money was obtained from the projects.

Management Response

1904. Tumaini Primary School -By the time of audit was not completed, it is now complete and in use - Land Owner ship document for the school is hereby attached. The labeling of the project has since been corrected. The Project was put to use immediately after classrooms were completed as the school were in dire need to get classes

1905. Kipsyenan Primary School - During time of audit the project was ongoing but have since been completed and is in use. Attached is the completion certificate and handing over report.

1906. Kipseyan Primary School - was funded in two financial years hence 2019/2020 construction and 2018/2019 construction of two constructions to completion hence six classrooms instead of four classrooms.

1907. Lelechwet Primary School - was funded in two financial years hence 2019/2020 construction and 2018/2019 construction of two constructions to completion hence six classrooms instead of four classrooms.

1908. Belbur Primary School - By the time of Audit, the project had not been completed, it has since been completed and it is in use. The funds were meant to renovate six classrooms which were later condemned, Rongai NG-CDF resolved with approval of NGCDF Board to do four classrooms to completion by adding funds in financial year 2020/2021. The Defects were rectified. Labeling was done

1909. Kiamunyi Primary School - At the time of Audit, the classrooms were not complete they have since been completed and in use.

1910. RVIST Primary School - By the time of audit, the work was still ongoing now the project is complete and it is in use.

1911. Magare Primary School - By the time of audit the work was still ongoing now the project is complete and it is in use.

1912. Rafiki Primary School - By the time of audit the Labeling was not done now done and complete.

1913. Lord Ranjuera Primary - By the time of Audit the project was still ongoing, now complete and in use.

1914. Kapkechui Primary School - By the time of Audit, the school was not registered by the time of audit now complete and in use.

1915. Athinai Primary- Environment - The defects has been rectified during the defect period.

1916. Athinai Primary School - The projects was approved as 5 classrooms and 7 number classrooms were done and administrations.

1917. Barrina Primary School - The anomalies have been rectified and the school well labeled.

1918. Rongai Day Secondary - As noted during the time of Audit the projects were still ongoing and it has since been completed and put in use.

1919. Mimwaita Secondary School - During the time of Audit the construction was ongoing and it has since been completed and put to use.

1920. Ngata Secondary School - During the time of Audit the construction was ongoing and it has since been completed and put to use

1921. Mercy Njeri Secondary - During the time of Audit the construction was ongoing and it has since been completed and put to use

1922. Sarambei Secondary School - As at the time of audit the projected was not commissioned, the anomalies that were noted by auditors were rectified a has since been commissioned and it is in use.

1923. As noted during the time of Audit, Ogilgei Borehole was handed over to the County Government of Nakuru since the CDF Act of 2015 we could no longer Water projects

Committee Observation

1924. The Committee observed that the matter was partially addressed.

1925. The Committee recommends that within three months upon adoption of this report, and in accordance with Section 53 (1) of the Public Audit Act, (CAP. 412B), the Fund Account Manager should submit to the Accounting Officer, a progress status report on the transfer, documentation relating to the transfer and all pending land matters in the constituency, including Tumaini Primary School and Kapkechui Primary School i.e., misplaced title deeds, delayed title deeds processing, succession, transfer and ownership.

1926. The Accounting Officer should upon receipt of the progress reports relating to land, follow up on the matters of land ownership with the relevant Ministry and State Departments, and ensure that the constituency acquires ownership documents for land on which NG-CDF projects have been undertaken.

Report on Lawfulness and Effectiveness in Use of Public Resources

7.0 Project Management Committee (PMC)Bank Accounts

1927. Available records revealed that out of the forty-four (44) project management committee bank balances disclosed under Annex 5 to the financial statements, four

1928. (4) Projects with a total balance of Ksh.8,344 as at 30 June,2020 were complete but the accounts had not been closed and funds were still held in the bank. It was however observed that these balances had not been returned to the constituency account contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the project management committee shall be returned to the constituency account.

1929. To this extent, the Fund is in breach of the law.

Management Response

1930. During the time of audit, the four projects had bank balances totaling to Ksh. 8,344 and the accounts had not been closed yet the projects were complete and in use. The accounts were since closed in compliance with Law.

Committee Observation

1931. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

8.0 Lack of a Risk Management Policy

1932. During the year under review, the Fund did not have a risk management policy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. In the circumstance, the Fund is not in compliance with Section 165(1)(a) of the Public Finance Management (National Government) Regulations,2015which states that the Accounting Officer shall ensure that the national government entity develops - risk management strategies, which include fraud prevention mechanism.

Management Response

1933. At the time of audit, we did not have risk management policy. However, we have since been provided with National Government Constituency Development Fund-Operational Risk Management Polity dated July 2019 by the Board. We are currently using the same, and will be customized when need arises.

Committee Observation

1934. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Cash and Cash Equivalents

1935. The statement of financial assets and liabilities reflects cash and cash equivalents balance totalling Ksh. 11,865,824. However, review of the bank reconciliation statement for the month of June, 2021 revealed unpresented cheques totalling Ksh. 16,070,067 which included stale cheques totalling Ksh.293,456 that had not been reversed in the cashbook.

1936. In the circumstance, the validity and accuracy of the cash and cash equivalents balance totalling Ksh.11,865,824 could not be confirmed.

Management Response

1937. The stale cheques of Ksh. 277,756 remained in the reconciliation and the the sub county treasury was waiting for the approval of the NG CDFC members, however they were reversed and replaced in the subsequent financial year upon the presentation of new beneficiaries by the committee. Ksh. 14,695,321 as indicated in the statement of receipts and payments is the cash and cash equivalent for the year.

Committee Observation

1938. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Fixed Assets Register

1939. Annex 4 to the financial statements denotes the summary of the Fund's fixed assets register and which reflects transport equipment balance of Ksh. 7,841,000. However, the asset register was not provided to support the balance.

1940. In the circumstance, the accuracy, existence and completeness of the transport equipment balance totaling Ksh.7,841,000 could not be confirmed.

Management Response

1941. The transport balance of Ksh. 7,841,000 relates to purchase of Land Cruiser GKB 075V that was acquired during the year. Attached please find the asset register for auditors review

Committee Observation

1942. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfers to Other Government Units

1943. The statement of receipts and payments reflects transfers to other government entities totalling Ksh.99,400,000, as disclosed in Note 6 of the financial statements.

1944. Included in the balance are the transfers to secondary schools' totalling Ksh.26,400,000 and transfers to primary schools totaling Ksh.73,000,000 both of which were not supported with expenditure returns and reports that confirmed that the projects were implemented. In addition, the respective Project Committee bank accounts were not provided for audit.

1945. Also, review of available records indicated that a contract valued at Ksh.2,500,000 for construction of an administration block at Solai Kale Secondary School was awarded to the second lowest tender. No explanation was provided for the anomaly.

1946. Further, there was no evidence that the primary school projects were implemented in consultation with relevant Government Departments.

1947. In the circumstances, the validity, accuracy and propriety of transfers to secondary and primary schools totalling Ksh.26,400,000 and Ksh.73,000,000 respectively could not be confirmed.

Management Response

1948. The invoices, payment certificates by the technical officers and completion certificates and bank statements were kept by the project management committee who were requested to avail the documents.

1949. As noted by Auditors, the award of Solai Kale Secondary School, Construction of administration block to the second lowest bidder was after the technical evaluation report on the bidders.

Committee Observation

1950. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Other Grants Transfers -Emergency Projects

1951. The statement of receipts and payments includes other grants and transfers totaling Ksh.47,844,834 as disclosed in Note 7 to the financial statements. Included in the balance are payments totaling Ksh. 3,450,000 incurred on three (3) projects costing Ksh. 2,650,000. However, the nature of the emergency activities funded was not disclosed.

1952. In the circumstances, the occurrence, validity, accuracy and propriety of emergency projects expenditure totalling Ksh. 2,650,000 could not be confirmed.

Management Response

1953. An emergency project undertaken within the Rongai constituency is requested by the specific beneficiaries and the Ministry of public health. this has to meet the requirements of an emergency project. These requests were considered by the committee as being emergency that could not wait to be allocated funds in the subsequent financial year.

1954. Request form the beneficiary institution. Completion certificates and photo evidence.

Committee Observation

1955. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Project Management Committee (PMC) Bank Balances

1956. Note 17.4 to the financial statements reflects Project Management Committee (PMC) account balances totalling Ksh.23,709,732 as detailed in Annex 5 of the financial statements. However, the PMC bank account cash books, bank statements, bank reconciliations statements, quarterly reports to the Constituency Committee on the status of the projects and Management committee accounts were not provided for audit verification. In addition, the comparative PMC account balances for the year 2019/2020 have not been disclosed and further, the change from the prior year's closing PMC account balance totalling Ksh.53,532,080 has not been supported.

1957. In addition, the PMC account balance totalling Ksh.23,709,732 shown in Appendix 3 includes Ksh.11,564,910 relating to completed projects that had as at 30 June, 2021 not been returned to the Constituency account contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015. The Act stipulates that all unutilized funds of the Project Management Committee shall be returned to the constituency account.

1958. In the circumstances, the accuracy and existence of PMC account balances totalling Ksh.23,709,732 could not be confirmed.

Management Response

1959. As noted by the Auditors the Project Managements Committee did not maintain cashbooks due to their level of literacy in book keeping. NG-CDF Rongai has embarked on organizing the trainings for PMCs more so on Book keeping to correct this.

1960. Bank statements were availed by the project management committees for review by the Auditors. The Financial statements were amended in subsequent years to reflect the comparative figure for project management committee.

Committee Observation

1961. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Bursaries Issued in Excess of Prescribed Threshold

1962. Section 5 of the Bursary Policy provides for maximum financial assistance for the various categories of beneficiaries as follows; Ksh. 20,000 for boarding secondary schools and Ksh. 30,000 for colleges, tertiary institutions and universities. However, 33 students were awarded bursaries totalling Ksh. 1,289,214 that exceeded their respective thresholds.

1963. In the circumstances the Management acted in breach of the law.

Management Response

1964. As noted by Auditors, the 33 students who were benefitted with Ksh. 1,289,214 were very venerable and are under full scholarship programme which is run by Rongai NG-CDF.

Committee Observation

1965. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Unaccounted Bursaries Paid to Driving School

1966. Bursary records indicated that Ksh. 3,375,000 was transferred to a driving school for 250 students to pursue various driving courses. However, Management did not provide interim driving licenses to confirm that the students who were sponsored completed their respective courses.

1967. In the absence of appropriate evidence valid and effective use of the bursaries totaling Ksh.3,375,000 could not be confirmed.

Management Response

1968. During the time of audit, the list of beneficiaries, and acknowledgement from the service provider of Ksh. 3,375,000 was not provided for audit. However, acknowledgement, sample of interim driving licenses have been provided for audit verification.

Committee Observation

1969. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Lack of Risk Management Policy

1970. Review of risk management indicated that the Fund did not have a Risk Management Policy in place and had no approved processes and guidelines on how to mitigate operational, financial and other risks.

1971. In the circumstances, the Fund did not comply with Section 165(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which requires the

Accounting Officer to establish systems for internal control and risk management that supports robust business operations.

Management Response

1972. At the time of audit, we did not have risk management policy. However, we have since been provided with National Government Constituency Development Fund-Operational Risk Management Polity dated July 2019 by the Board.

1973. We are currently using the same, and will be customized when need arises.

Committee Observation

1974. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unsupported Transfers to other Government Units

1975. The statement of receipts and payments reflects transfers to other government units of Ksh. 100,650,000 as disclosed in Note 6 to the financial statements. However, the amount was not supported by project implementation status reports.

1976. In the circumstances, the accuracy and completeness of transfers to other government units of Ksh.100,650,000 could not be confirmed.

Management Response

1977. The Project implementation status was presented to auditors.

Committee Observation

1978. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in Bank Balance

1979. The statement of assets and liabilities reflects bank balances of Ksh. 14,842,971 as disclosed in Note 10A to the financial statements while the cash book reflects a balance of Ksh.14,773,471 resulting to unexplained variance of Ksh.69,500. In addition, the bank reconciliation statement reflects unpresented cheques of Ksh.8,864,636 out of which Ksh.897,900 were stale and had not been written back into the cash book. Further, bank charges of Ksh.63,697 have not been posted in the cash book.

1980. In the circumstances, the accuracy and completeness of bank balance of Ksh.14,842,971 could not be confirmed.

Management Response

1981. The variance of Ksh. 69,500 between cashbook and financial statements relates to casting errors of the cheques number 14875 of Ksh. 69,000 which was noted after closure of the Cashbook in June 2021. -Adjustments were made in the cash book in year 2021/2022 hence the variances. Attached please find copy of cash book extract. The stale cheques amounting to Ksh. 897,900. Bank Charges of Ksh. 63,697 was an oversight by the management that was corrected while amending the statements.

Committee Observation

1982. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

3.0 Budgetary Control and Performance

1983. The summary statement of appropriation reflects final receipts budget of Ksh. 194,043,582 and actual on comparable basis of Ksh. 181,954,703 resulting to underfunding of Ksh. 12,088,879. Similarly, the statement reflects final payments budget of Ksh. 194,043,582 and actual payments of Ksh. 167,111,732 resulting to under absorption of Ksh.26,931,850 or 14%.

1984. The under absorption implies that some of the planned projects and programmes were not implemented and may have negatively impacted on service delivery to the residents.

Management Response

1985. As noted by the auditor during the year under audit there was under absorption of Ksh. 26,931,850. The under absorption was due to the delayed funding from the exchequer hence delay in implementation of activities in the projects. However, the funds was finally received and utilized to fund various projects as detailed

Committee Observation

1986. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Report on Lawfulness and Effectiveness in Use of Public Resources

4.0 Unsupported Other Grants and Transfers

1987. The statement of receipts and payments reflects other grants and transfers expenditure of Ksh.57,659,393 as disclosed in Note 7 to the financial statements. The amount includes social security programmes (NHIF) of Ksh.1,998,000 which was not supported by policy documents and vetting reports. The amount also includes emergency projects of Ksh.5,050,000 out of which Ksh.2,000,000 was incurred on construction of two (2) classrooms at Tegunot Emarangishu Primary School without justification. This was contrary to Section 8(3) on the National Government Constituencies Development FundAct,2015 which states that" Emergency" shall be construed to mean an' urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. In the circumstances, Management was in breach of law.

Management Response

1988. The NHIF (Code list) National Social Security Programme vetting report is hereby attached. The policy for the Social Security programme was provided by the NG-CDF Board to be used and applied across in all constituencies.

1989. The Construction of Tegunot Emaragishu Primary School was requested by the school after the strong wind blew the semi-permanent classrooms

Committee Observation

1990. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

5.0 Lack of Risk Management and Fraud Management Policies

1991. Review of risk management indicated that the Fund did not have a risk management policy in place and had no approved processes and guidelines on how to mitigate operational, financial and other risks. This was contrary to Section 165(1)(a)of the Public Finance Management (National Governments) Regulations, 2015 which requires the Accounting Officer to establish systems for internal control and risk management that supports robust business operations. In the circumstances, the effectiveness of risk management could not be confirmed.

Management Response

1992. At the time of audit, we did not have risk management policy. However, we have since been provided with National Government Constituency Development Fund-Operational Risk Management Polity dated July 2019 by the Board. We are currently using the same, and will be customized when need arises.

Committee Observation

1993. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10 SUBUKIA CONSTITUENCY

1994. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Subukia Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.10.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Receipts

1995. The statement of receipts and payments for the year ended 30 June 2014 reflects transfers from CDF Board of Ksh. 70,519,933. However, records held at the CDF Board reflects disbursement to the Subukia CDF totaling Ksh. 118,945,238. The difference of Ksh. 48,825,305 has not been reconciled or explained.

Management Response

1996. During the visit by auditors the Constituency had received Ksh. 70,519,933. However, an AIE NO. A654313 amounting to Ksh. 48,825,305 was received in the larger Subukia Account No.1101849282 which was operated from Nakuru North District treasury as evidenced in the Banks statement and AIE Copy attached.

Committee Observation

1997. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budgetary Control

1998. The summary Statement of Appropriation indicated the final budget against an actual expenditure of Ksh. 51,124,276, with the following detailed variance (Under Absorbed Funds):

Payments	Budgeted Amount (Ksh.)	Actual Amount (Ksh.)	Budget Variance	Variance %
Administration, M&E and Committee Expenses	5,943,345	1,930,040	4,013,305	68%
Transfer to Other Government Units	37,935,832	31,250,000	6,685,832	18%
Other Grants and Transfers	26,640,756	17,944,336	8,696,420	33%
	70,519,933	51,124,376	19,395,557	28%

1999. The overall variance of budgeted and actual expenditure was 28%. The transfers to other Government units and other grants and transfers which are the core activities of

CDF reported a variance of 33% and 18% respectively. Administration and monitoring had a variance of 68%. Under the circumstance, implementation of projects may be delayed therefore denying the community the intended benefit.

Management Response

2000. The variance of expenditure was as a result of delay of disbursement of funds from the board. The funds were received on 10th June 2014. The CDFC could not implement the projects in time.

Committee Observation

2001. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Unsupported Expenditure

2002. The statement of receipts and payments and as disclosed under note 7, the Fund disbursed a total of Ksh. 35,735,832 as transfers to other government entities during the period under review.

2003. However, no expenditure returns or bank statements were produced for audit review to support the transfers. Although it has been explained that most projects were ongoing, no status report of the projects indicating the amount spent and level of completion was produced for audit verification.

2004. Consequently, it was not possible to ascertain how the amount was spent by the Project Management Committees.

Management Response

2005. At the time of audit, the PMCS files had not been handed over to management. The documents contained in the project files have been provided to the auditor for verification

2006. Kindly find attached Expenditure returns of the projects amounting to Ksh. 35,735,832, Completion certificates and Photos

Committee Observation

2007. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Emergency Projects

2008. Projects worth Ksh. 3,851,304 were funded from funds set aside for the emergency projects. However, the projects were not in the list of the approved emergency projects by the Constituency Development Fund contrary to Section 12(1), (2) and (3) of Constituency Development Fund Act, 2013.

2009. No satisfactory explanation has been given to justify the expenditure as of emergency nature.

Management Response

2010. Emergency project is approved as a block figure at the board and as per the act "Emergency Reserve" the kit can be used to address urgent and unforeseen needs within a constituency that cannot wait until the next financial year without causing harm to the public interest; in the opinion of the Constituency Development Fund Committee decides how to allocate this emergency reserve based on the situation at hand. The emergency expenditure relating to these projects were discussed by the NGCDFC and approved. Kindly find CDFC Minutes approving construction of toilets in various schools amounting to 3,851,304

Committee Observation

2011. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Committee Expenses

2012. The CDFC failed to maintain an updated attendance register to record the number of meetings held during the year 2014/2015. The attendance register was last updated on 07 July, 2014. Further, it was observed that the minutes to support meetings were missing in some instances.

2013. Consequently, the propriety, accuracy and completeness of committee expenses totaling Ksh. 1,661,871 out of the total expenditure of Ksh. 2,851,280 could not be confirmed.

Management Response

2014. The attendance register was updated, list of attendees and allowances paid to individual member had been misplaced during the time of audit. However, the support documents had been retrieved and forwarded to auditors for review. Kindly find updated attendance register and minutes to support the meetings.

Committee Observation

2015. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Budget Appraisal Performance

4.1 Revenue Analysis

Budgeted Amount Ksh.	Actual Receipts Ksh.	Variance Difference Ksh.
100,885,980.00	75,664,485.00	25,221,495.00

2016. It was noted that:

2017. The Subukia CDF was under funded to the tune of Ksh. 25,221,495.00 which represents a 25% under funding.

2018. The Fund was not in a position to implement all the projects which it had envisaged for the period under review thus affecting the overall objectives of the fund.

Management Response

2019. The under expenditure of Ksh. 25,221,495 or 25% was attributed by delayed disbursement of funds from the Board Kindly find attached AIE NO. A790811 amounting to Ksh. 25,221,495 dated 28/07/2015.

Committee Observation

2020. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2 Expenditure Analysis

	No. of projects budgeted	No. of projects implemented	Budgeted Amounts Ksh.	Actual Expenditure Ksh.	Absorption Rate %	Over Expenditure Ksh.
Environment	10	1	1,000,000	500,000	50	(500,000)
Education Primary	37	18	25,287,931	10,750,000	42	(14,537,931)
Education Secondary	23	20	24,100,000	17,600,000	73	(6,500,000)
Education Tertiary	1	0	1,000,000	-	-	(1,000,000)
Health	1	7	2,000,000	7,385,832	369	5,385,832
Water	17	5	4,714,842	1,200,000	25	(3,514,842)
Road	10	3	8,000,000	2,030,619	25	(5,969,382)
Security	11	6	5,650,000	1,250,000	22	(4,400,000)
Emergency	0	10	5,400,259	4,042,086	75	(1,358,173)
Sports	1	1	1,000,000	500,000	50	(500,000)
Bursary	3	3	14,162,069	14,162,069	100	-
Administration	5	5	6,053,159	3,577,837	59	(2,475,322)
M&E	3	3	2,017,720	2,966,905	147	949,185
TOTAL	**122**	**82**	**100,385,980**	**65,965,348**	**69**	**6,335,017**

2021. The following was noted:-

2022. The management of the Fund violated the provision of the CDF Act, 2013, Section 23 (1) which advocates for the implementation of a minimum of five projects and a maximum of twenty-five projects in any particular financial period. Because of implementing many small projects, their impact to the community could not be felt.

Management Response

2023. The Act specifies project to be funded in sectors but there are many projects in each sector like Education and Security. Kindly find attached NG-CDF Act extract.

Committee Observation

2024. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

1.0 Unsupported Bursaries

2025. The statement of receipts and payments as disclosed under note 8 indicates total bursaries of Ksh. 10,290,500 disbursed to secondary schools, tertiary institutions and special school. However, no schedules in support of the expenditure were produced for audit examination to show the number of applicants who qualified and those who did not qualify. In addition, no receipts or acknowledgement letters from the schools were produced for audit verifications and it was therefore not possible to confirm whether the bursaries reached the intended beneficiaries

Management Response

2026. The bursary payment of Ksh. 10,290,500 were supported by using a summary of payments to institutions and a beneficiary list. We have availed the list to the auditors.

2027. Kindly find the Minutes indicating the number of applicants and Number of beneficiaries in Annex 9, Acknowledgement Letters in Annex 10.

Committee Observation

2028. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Doubtful Expenditure

2029. Examination of expenditure records in respect of roads projects revealed that an expenditure of Ksh. 6,993,861 was incurred in construction of various roads within the constituency. However, it was observed that procurement process for acquiring the construction works was initiated after the completion of the works as evidenced by certificate of completion issued before tender award. It was further observed that tenders were opened just to comply with the procurement formalities as opposed to evaluating the suitable contractor.

2030. In the circumstance, it was not possible to ascertain whether the road projects were implemented or not and therefore the expenditure of Ksh. 6,993,861 remains doubtful.

Management Response

2031. As observed by the audit team, it is true the tender documents were not provided during the audit. The public works made a mistake on the dates of certificate of completion. However, kindly find attached procurement documents and completion certificates for the expenditure.

Committee Observation

2032. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Implementation of Non-Budgeted Projects

2033. Examination of expenditure records in respect of various projects disclosed that an expenditure of Ksh. 30,844,842 was incurred in funding of projects which were not

among the projects approved in the GFS Codelist for Subukia CDF (Approved Budget) during the 2015/2016.

2034. The funding of non-budgeted projects is contrary to section 6(2) of NG CDF Act, 2015, which states that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year without approval of the board.

2035. No explanation was given for this omission. The fund management was therefore in breach of the law.

Management Response

2036. The Over Expenditure of Ksh. 30,844,842 was as a result of rollover of funds for financial year 2014/2015. Kindly find attached AIE NO. A796064 amounting to Ksh. 25,221,495 dated 2nd July 2015.

Committee Observation

2037. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Expenditure

2038. An expenditure of Ksh. 8,275,000 was incurred during the period for construction of security projects as shown below:-

Project	Amount (Ksh.)
Kipngochoch police post	1,000,000
Edgewood Chiefs office	450,000
Kieni polytechnic	1,000,000
Ruiru chiefs office	400,000
Kabazi AP camp	1,000,000
Kabazi Chiefs office	450,000
Kirengero police post	200,000
Tetu Chiefs office	500,000
Pole Pole AP post	500,000
Magomano AP police post	250,000
Mihango Police	1,000,000
Suswa Police post	1,000,000
Kabazi Dos office	250,000
Total	**8,275,000**

2039. However, land ownership documents for the land where the projects had been constructed were not produced for audit verification. Although it has been explained the process of acquiring the title deeds was in progress, no evidence was produced for audit verifications to confirm the same.

2040. In the circumstance, it was not possible to confirm the ownership of land where the projects have been implemented.

Management Response

2041. Kindly Find Attached letter from DCC clarifying that the Chiefs Offices and Ap camps are situated in Public Land.

Committee Observation

2042. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Irregular Expenditure

2043. A Contractor of was paid Ksh. 1,419,100 through payment voucher o, 188 dated 19 February 2016, being payment in respect of spot improvement, grading and murraming of Kamukunji-Marigo road for a distance of 1KM. However, no procurement documents including the contract agreement between the Contractor and the Constituency Development Fund Committee (CDFC) were produced for audit verification and it was therefore not possible to confirm how the works were sourced.

2044. Physical verification of the project on 22 February 2017 revealed the following:

2045. The gravel had been spread for only a distance of 600m

2046. Culverts and drainage works had not been done

2047. The certificate of practical completion was issued on 6 April 2017 long after full payment had been made. It was not explained why the contractor was paid the full contract sum of Ksh. 1,419,100 on 19th February, 2016 a year before the completion of the project.

Management Response

2048. The gravelling was done upto 600M instead of 1,000M Since there was a change of Instruction by the Engineer of Public works due to a wet section of the road. Kindly find attached Inspection report.

2049. Culvert and drainage works were not provided in the Bill of quantities. Kindly find attached BQ.

2050. Certificate of completion was erroneously dated. Kindly find correct certificate of completion

2051. Kindly find the procurement documents

Committee Observation

2052. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Irregular Procurement of Works

2053. Arash Old Road Water Project was allocated Ksh. 300,000 through payment voucher no. 178 being payment in respect of piping works. Examination of expenditure records disclosed that the tender was awarded after the supplier had signed acceptance letters. According to the tender minutes of meeting held on 9th January, 2016. However, examination of the tender documents disclosed that one contractor signed the tender acceptance form on 12 January 2016 whereas the other signed the acceptance form on 10 January 2016 seven and ten days respectively, before the tender was awarded.

2054. No explanation had been provided for the flawed procurement process.

Management Response

2055. The document had typo and date errors at the time of Audit, the documents were corrected and has been attached for further audit verification.

Committee Observation

2056. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

7.0 Budget Appraisal Performance

7.1 Revenue Analysis

Budgeted Amount Ksh.	Actual Receipts Ksh.	Variance Difference Ksh.
104,854,472	78,221,495	26,632,977

2057. It was noted that:

2058. The Subukia CDF was under funded by Ksh. 26,632,977 which represents a 25% under funding.

2059. The financing gap for the year was met by the cash brought forward from the previous years.

Management Response

2060. The underfunding was as a result of delay in disbursement of funds from the board. Kindly find attached Aie No. A796064 amounting to Ksh. 25,221,494 which was received in the Financial Year 2015/2016.

Committee Observation

2061. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.2 Expenditure Analysis

Item	Budgeted Amount (Ksh.)	Actual Expenditure (Ksh.)	Over/Under Expenditure Ksh.	Absorption Rate %
Compensation of employees	1,525,920	689,127	836,793	45
Use of goods and services	2,000,000	1,376,330	623,670	69
Committee expenses	4,632,447	3,656,012	976,435	79
Transfer to other government units				
Transfer to primary schools	20,850,000	28,957,931	(8,107,931)	139
Transfer to secondary schools	20,450,000	22,050,000	(1,600,000)	108
Transfer to health facilities	2,100,000	2,100,000	-	0

Item	Budgeted Amount (Ksh.)	Actual Expenditure (Ksh.)	Over/Under Expenditure Ksh.	Absorption Rate %
Other grants and transfers				
Bursary - secondary schools	9,000,000	8,965,000	35,000	99
Bursary - tertiary Schools	13,628,458	333,500	13,294,958	2.4
Bursary - special schools	2,000,000	992,000	1,008,000	49
Water/sewer project	7,250,000	11,464,842	(4,214,842)	158
Security Projects	6,150,000	8,075,486	(1,925,486)	131
Roads/bridge projects	8,000,000	16,226,418	(8,226,418)	202
Sports Projects	1,500,000	1,043,104	456,896	69
Environment projects	1	960,000	(960,000)	9600
Emergency Projects	5,767,647	400,000	5,367,647	7
Total	**104,854,473**	**107,289,750**	**(2,435,278)**	

2062. The following was noted:-

2063. Over expenditure on water, security environment and bursary projects was noted and no approval of the board appear to have been granted as required by the National Government Constituencies Development Fund Act, 2015. The over expenditure could be attributed to irregular reallocation of funds by the CDFC.

Management Response

2064. The over expenditure was as a result of rollover of funds from financial year 2014/2015. Kindly find attached AIE NO A796064 DATED 2ND July 2015 amounting to Ksh. 25,221,495 which was meant for financial year 2014/2015.

Committee Observation

2065. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

1.0 Use of Goods and Services

2066. Note 5 to the financial statements reflects use of goods and services expenditure of Ksh. 7,443.153 which includes committee allowances of Ksh. 2,033,980 and office and general supplies expenditure of Ksh. 900,527. Verification of payment vouchers revealed a total of Ksh. 2,582,380 for committee allowances and Ksh. 996,300 for general supplies resulting to unexplained and unreconciled differences of Ksh. 548,400 and Ksh. 95,773 respectively. In the circumstance, the expenditure on use of goods and services of Ksh. 7,443,153 could not a confirmed as a proper charge to public funds.

Management Response

2067. We have noted the error, there was misclassification of items in the respective votes. The error has thus been rectified in the subsequent financial years. Kindly find attached copy of financial statements if financial year 2017/2018.

Committee Observation

2068. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Un-Acknowledged Bursary Funds

2069. The statement of receipts and payments for the year ended 30 June 2017 reflects other grants and transfers of Ksh. 55,510,733 which includes bursary disbursements of Ksh. 35,698,258 as supported by note 7. However, the expenditure schedule and support payment vouchers availed for audit showed a total of Ksh. 34,635,258 as disbursed resulting to un-reconciled variance of Ksh. 1,063,000. In addition, audit verification and confirmation on the bursaries disbursed amounting to Ksh. 27,829,998 had been acknowledged. The balance of Ksh. 7,868,260 could not be ascertained if it reached the needy students it was intended to serve. In the circumstance, the expenditure could not be confirmed as fairy stated.

Management Response

2070. During the visit by the auditors bursary voucher amounting to Ksh. 1,063,000 was misfiled and is hereby attached in ANNEX.18. In addition, bursary receipts amounting to Ksh. 7,868,260 had not been submitted to CDF office at the time of audit visit. However, the acknowledgement receipts have been attached for your examination and review in ANNEX.19

Committee Observation

2071. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Inaccuracies in the Opening Balances

2072. The following inaccuracies were observed in the financial statements that needed to be corrected.

Item	Audited Balances	Comparative Figures Shown	Variance
	Ksh.	Ksh.	Ksh.
Deficit	29,068,255	29,066,815	1,440
Transfer from the Board	78,221,495	53,000,000	25,221,495
Compensation of Employees	689,127	688,287	840

2073. In the circumstance, the accuracies of the comparative figures could not be confirmed.

Management Response

2074. The error was regrettably noted and corrected in subsequent years as evidenced in Financial Statements for Financial Year 2017/2018.

Committee Observation

2075. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matters

4.0 Statement of Assets

2076. The statement of assets and liabilities as at 30 June 2017 reflects bank balances as per cashbook of Ksh. 1,426,727. Verification of bank reconciliation revealed unpresented cheques totaling Ksh. 913,747 dating back to 22 October 2016 which have since become stale. No explanation has been made for their non-reversal in the cash book. In the circumstance, the reported bank balances of Ksh. 1,426,727 could not be confirmed as fairy presented.

Management Response

2077. The cheques have been reversed. Kindly Find attached breakdown list and cashbook extract

Committee Observation

2078. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Incomplete Projects

2079. Note 6 to the financial statements reflects transfers to other Government entities of Ksh. 37,736,470 which includes transfers to primary schools of Ksh. 22,770,470. The projects were not complete as no completion certificates have been presented for audit verification. Schools such as Munyaka and Mibarak were incomplete even though Ksh. 1,500,000 and Ksh. 1,000,000 has been used so far yet they still need more money for plastering, fitting windows, doors and floors for the benefit of the users. In the circumstance, value for money may not be achieved.

Management Response

2080. The projects were allocated additional money and the projects now are complete and in use. Kindly find Attached completion certificate and photos.

Committee Observation

2081. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Project not Undertaken

2082. Note 6 to the financial statements reflects transfers to other Government entities of Ksh. 37,736,470 which includes transfer to secondary schools of Ksh. 14,966,000 for which a budget of Ksh. 22,770,470 has made by Subukia Constituency. Verification of these transfers revealed that projects totaling Ksh. 5,700,00 were incomplete as renovation, flooring, plastering, painting and completion of laboratory had not been done yet the building was being used by students. No completion certificates were issued and presented to confirm completion and use of the building. In the circumstance, the transfers to secondary schools of Ksh. 14,966,000 could not be confirmed as fairy stated.

Management Response

2083. During the visit by auditor projects amounting to Ksh. 5,700,000 had not been completed. However, the projects are now complete as evidenced by completion certificates and photos for the projects.

Committee Observation

2084. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Budgetary Control Performance

2085. During the financial year under review, Subukia Constituency had approved receipts budget of Ksh. 134,736,774.12 against an actual expenditure of Ksh. 102,512,772 of budget of Ksh. 134,887,774 representing seventy-six (76%) percent utilization of funds. The resultant under absorption is Ksh. 32,375,002. Therefore, services of similar value were not provided to the residents.

Management Response

2086. The Under expenditure was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. A892976 dated 3rd may 2018 amounting to Ksh. 37,905,172 which was meant for financial year 2017/2018 and was received in the financial year 2018.

Committee Observation

2087. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Transfer to Other Government Entities – Under Absorption of Funds

2088. The statement of receipts and payments for the year ended 30 June 2017 reflects transfers to other Government entities of Ksh. 37,736,470 against a budget of Ksh. 55,243,602 resulting to under absorption of funds of Ksh. 17,507,132. The under absorption is thirty-two (32%) percent. No explanation has been made for under absorption. In the circumstance, the residents were denied services of similar value.

Management Response

2089. The Under absorption was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. A892976 dated 3rd may 2018 amounting to Ksh. 37,905,172 which was meant for financial year 2017/2018 and was received in the financial year 2018.

Committee Observation

2090. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

9.0 Other Transfer – Under Absorption of Funds

2091. The statement of receipts and payments reflects Other Grants and Transfers of Ksh. 55,510,733 against a budget of Ksh. 65,324,834 resulting to under absorption of funds of Ksh. 9,814,103. The under absorption represents eighteen (18%) percent. No explanation for the under absorption has been made.

Management Response

2092. The Under absorption was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. A892976 dated 3rd may 2018 amounting to Ksh. 37,905,172 which was meant for financial year 2017/2018 and was received in the financial year 2018.

Committee Observation

2093. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Bank Balances

2094. The statement of assets reflects, bank balances as per cash book of Ksh. 31,961,601: (2017- Ksh. 1,426,727) and as disclosed under Note 10A to the financial statements. Examination of bank reconciliation statement in support of the balance revealed unpresented cheques amounting Ksh. 13,124,492 of which cheques amounting to Ksh. 210,457 were stale and dated back as 2016. No reasons have been given by management why the stale cheques have not been written back cashbook. In the circumstances, it was not possible to confirm the accuracy of the report bank balances of Ksh. 31,961,601 as at 30 June 2018.

Management Response

2095. Unpresented cheques of Ksh. 13,124,492 out of which an amount of Ksh. 210,457 related to stale cheques had not been reversed in the cash book as at 30 June, 2018 This was an anomaly which was noted and rectified after Audit. Kindly find attached breakdown list of stale cheques, cash book extract of cheque reversal and replacement.

Committee Observation

2096. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Bursary

2097. The statement of receipt and payments also reflects other grants and transfers amount of Ksh. 33,460,125: (2017 – Ksh. 55,510,733) and disclosed under Note 7 to the financial statements. Included in the amount are bursaries to secondary, tertiary and special institutions of Ksh. 5,721,750, Ksh. 20,292,660 and Ksh. 1,256,750 with budgets of Ksh. 5,000,000, Ksh. 18,888,621 and Ksh. 1,999,999 respectively revealed variance as tabulated below: -

Bursary Category	Financial Statement Amount (Ksh.)	Actual Disbursement (Ksh.)	Variance Over/(Under) Spent (Ksh.)
Secondary	5,721,750	15,984,000	10,262,250
Tertiary	20,292,660	8,974,750	(11,317,910)
Special	1,256,750	115,000	(1,141,750)
Total	27,271,160	25,073,750	(2,197,410)

2098. The overall reported bursary expenditure is overstated by Ksh. 2,197,410 while the individual bursary categories have been misreported as detailed above. In the circumstance, other grants and transfers amount of Ksh. 33,460,125 could not be confirmed.

Management Response

2099. It is true that the NG-CDF budgeted to spend Ksh. 25,073,750 for bursary in the financial year 2017/2018, however, the difference of Ksh. 2,197,410 was a bursary balance brought forward from the previous financial year. Kindly find attached copy of opening balances and cash book extract.

Committee Observation

2100. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unutilized Funds

2101. Note 15.3 together with annex 3 to the financial statements discloses unutilized fund balances of Ksh. 87,393,989 as at 30 June 2018. However, the balance could not be reconciled with the reported bank balance of Ksh. 31,961,601 as of date. In the circumstances, the validity and accuracy of the disclosure of unutilized fund balance of Ksh. 87,393,989 could not be confirmed.

Management Response

2102. The Ksh. 87,393,989 was money which had not been sent by the board at the end of financial year, while 31,961,601 was closing cash book balance for financial year 2017/2018. Kindly find attached financial statement for the year ended June 2018.

Committee Observation

2103. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Adjustments

2104. The summary statement of appropriation indicates revised final budget figures other than those in the original financial statement submitted for audit as of 28 September 2018.

However, no supporting journal have been provided for audit in support of the movement resulting in an unexplained variance as tabulated below: -

Receipts/ Expenses Item	Original FS (Ksh.)	Revised FS (Ksh.)	Unexplained Variance (Ksh.)
Receipts	130,564,658	99,616,380	30,948,278
Compensation of Employees	4,072,082	2,909,545	1,162,537
Use of Goods and Services	13,304,960	6,392,129	6,912,831
Transfer to Other Government Units	59,374,932	41,867,800	17,507,132
Other Grants and Transfers	53,812,682	40,269,878	13,542,804
Acquisition of Assets	0	3,500,000	(3,500,000)
Other Payments	0	4,677,027	(4,677,027)

2105. In the circumstance, the completeness and accuracy of the summary statement of appropriation could not be confirmed.

Management Response

2106. The Variances is as a result of AIE NO. A892721 amounting to Ksh. 30,948,278 Which was meant for financial year 2016/2017 but was received in 5TH March 2018.

Committee Observation

2107. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

5.0 Budget and Budgetary Control

5.1 Revenue Analysis

2108. During the year under review, the approved budget for transfers from the CDF Board was Ksh. 99,616,380 and actual receipts were Ksh. 76,353,447 representing seventy-seven (77%) percent transfer.

Management Response

2109. The underfunding is as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. B030159 dated 18th Dec 2018 amounting to Ksh. 54,784,483.15 which was meant for financial year 2017/2018 and was received in financial year 2018/2019.

Committee Observation

2110. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.2 Expenditure Analysis

2111. The summary statement of appropriation reflects the approved budget and actual expenditure was Ksh. 99,616,380 and Ksh. 45,958,573 respectively resulting in budget underutilization of Ksh. 53,657,807 or 46.1%. No explanation has been provided in

support of the variance exceeding 10% contrary to section 137 (1) and 2(c) of the Public Finance Management Act, Regulation 2015.

Management Response

2112. The underfunding is as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. B030159 dated 18th Dec 2018 amounting to Ksh. 54,784,483.15 which was meant for financial year 2017/2018 and was received in financial year 2018/2019.

Committee Observation

2113. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.3 Non-Implementation of Approved Projects

2114. Examination of the Project GFS Code list (Approved Budget) revealed that projects valued at Ksh. 35,744,827 were unimplemented as at 30th June 2018. No explanation has been given for failure to implement. In the circumstance, the benefits intended to accrue to the citizens of Subukia Constituency from the implementation of projects has not been realized.

Management Response

2115. The non-implementation of approved projects is as a result of late receipt of funds from the board. Kindly find attached AIE No. B030159 Amounting to Ksh. 54,784,483.15.

Committee Observation

2116. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.4 Decreased Funding

2117. The summary statement of appropriation for the year ended 30 June 2018 reflects actual receipts from the CDF Board of Ksh. 76,353,447: (2017-Ksh. 102,512,772) indicative of Ksh. 26,449,302 decline or 25.7%. No satisfactory explanation was made for the under-funding.

Management Response

2118. The decreased funding is as a result of delay in disbursement of funds from the board. Kindly Find attached AIE in AIE NO. B030159 dated 18th Dec 2018 amounting to Ksh. 54,784,483.15 which was meant for financial year 2017/2018 and was received in financial year 2018/2019.

Committee Observation

2119. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.5 Constituency Development Fund Committee Staff

2120. During the year under review, three (3) employees who had been recruited in 2013 received salaries and allowances amounting to Ksh. 1,615,334. However, scrutiny of their personnel files revealed that their academic qualifications did not meet the requirements stipulated in Constituency Development Fund Board Circular/VOL. 1. 1/166 of 24 June 2013 Section 6 (a) to (d). in addition, the employees who have since left employment of the Fund were paid gratuity without the statutory deduction of Pay As You Earn (PAYE) of Ksh. 110,447 payable to Kenya Revenue Authority.

Management Response

2121. It is true we did not deduct tax in the financial year 2017/2018. We noted the anomaly and we rectified in the financial year 2021/2022 during payment of gratuity.

2122. The NG CDFC Staff left employment and we have employed competent staff as per NG-CDF Board guidelines.

Committee Observation

2123. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Errors in the Annual Report and Financial Statements

2124. The annual report prepared and presented for audit had the following errors: -

2125. 1.1 Note 15.4 to the financial statements indicates that annex to PMC accounts balances is at Annex 4 instead of Annex 5; and

2126. 1.2 Blank page for the insertion of the Auditor

2127. General's report at page 6 has been omitted. This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1) (d) of the Public Finance Management Act, 2012. Consequently, the annual report and financial statements for the year ended 30 June, 2019 as prepared and presented are not international Public Sector Accounting Standards (IPSAS) and PSASB complaint.

Management Response

2128. The management made anomalies in the financial statements preparation which was noted and through capacity building improved in the subsequent financial year. Kindly find amended financial statements.

Committee Observation

2129. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Inaccuracies in the Financial Statements

2130. The financial statements prepared and presented for audit, had the following inconsistencies: -

2131. 2.1 The statement of receipt and payments reflects other receipts of Ksh. 140,000 which was not supported by way of a detailed schedule;

2132. 2.2 The statement also reflects transfers from CDF-Board of Ksh. 108,784,483 which differs from the receipt in the summary statement of appropriation: recurrent and development combined of Ksh. 140,746,084 resulting to a variance of Ksh. 31,961,601 which was not receipt.

2133. 2.3 The statement of receipts and payments reflects comparative surplus of Ksh. 30,424,874 which differs from the audited figure of Ksh. 30,354,875 resulting to a variance of Ksh. 69,999.

2134. In the circumstance, the accuracy and completeness of the financial statements as prepared and presented for the year ended 30 June 2019 could not be confirmed.

Management Response

2135. Kindly find attached schedules of Ksh. 140,000 and bank statement for sale of tender documents.

2136. The variance of Ksh. 31,961,601 was the cashbook bank balance as at 30th June 2018.

Committee Observation

2137. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfers to Other Government Units

3.1 Unsupported Bursary Payments

2138. The statement of receipts and payments reflects transfers to other government units of Ksh. 54,195,405; (2018-Ksh. 6,800,000) and as disclosed under Note 7 to the financial statements. However, out of bursary payments of Ksh. 37,825,946, payments amounting to Ksh. 4,728,018 were not supported by way detailed beneficiary listing, indicating their respective admission numbers. The validity of the indicated beneficiaries could not be established. Consequently, the accuracy and validity of the transfers to other government units of Ksh. 54,195,405 for the year ended 30 June, 2019 could not be confirmed.

Management Response

2139. Part of the bursaries totaling to Ksh. 4,728,018 that were issued to secondary schools were not supported then by admission numbers because this were students joining form one and did not have admission numbers at the time of issuance. We have made follow up and have received the admission numbers that were missing at the time of Audit. Copies have been filed with the Auditors for verification. Kindly beneficiaries list with admission numbers.

Committee Observation

2140. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Committee Allowances Paid to Non-Members

2141. The statement of receipts and payments reflects use of goods and services amount of Ksh. 9,753,742; (2018-Ksh. 4,001,034) and as disclosed under Note 5 to the financial statements. Included in the committee allowances amount of Ksh. 2,240,000 is Ksh. 1,413,000 paid out to non-committee members as allowances. This payment was not supported or explained.

2142. In the circumstances, the accuracy and regularity of the use of goods and services amount of Ksh. 9,753,742 for the year ended 30 June, 2019 have not been confirmed.

Management Response

2143. Some of the Allowances were paid to NG-CDFC Staff during monitoring and evaluation. What was indicated as non- committee members by the Auditors were actually Procurement officer, Public Works and District Accountant; working for the NGCDF Committee and were paid Meal allowance and transport during monitoring and Evaluation. Kindly find attached payment voucher 1023 amounting to Ksh. 870,000 and Ksh. 360,000 dated 26th July 2019 and 22nd January 2018 respectively.

2144. Some allowances were paid to Locational Bursary vetting committee during bursary vetting exercised and technical officers like Director of Education and District Accountant. Kindly Find Attached payment voucher 932 dated 21st March 2019 amounting to Ksh. 676,000.

2145. Other Allowances were paid to project management committee during PMC training. Kindly find attached Payment voucher No. 1024 dated 26th June 2019 amounting to Ksh. 800,000.

Committee Observation

2146. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

5.0 Budgetary Control and Performance

2147. The summary statement of appropriation – recurrent and development combined reflects final budget and actual on comparable basis of Ksh. 195,686,958 and Ksh. 140,886,084 respectively resulting to an under-funding of Ksh. 54,800,874 or 28% of the budget. Similarly, the Fund spent Ksh. 120,658,757 against an approved budget of Ksh. 195,686,958 resulting to an under-expenditure of Ksh. 75,028,201 or 38% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on services delivery to the resident of Subukia Constituency.

Management Response

2148. The underfunding was as a result of delay in disbursement of funds from the board. Kindly find Attached AIE NO. B030159 Amounting to Ksh. 54,784,483.15 which was meant for financial year 2017/2018 and was received in financial year 2018/2019.

Committee Observation

2149. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Emergency Projects

2150. Note 7 to the financial statements discloses payments towards emergency projects of Ksh.5,600,000. However, these payments were not supported by documentary evidence indicating the nature of the emergency and related procurement documents. The projects though completed were not in use.

2151. Consequently, it was not possible to confirm whether the expenditure was in conformity with the provisions of NGCDF Act, 2015 Section 8 and 10.

Management Response

2152. The relevant supporting details have since been availed. Kindly find attached Emergency requests from schools, Letters from public health, procurement documents

Committee Observation

2153. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Projects Implementation Status

2154. The statement of receipts and payments reflects transfers to other government units of Ksh.54,790,932; (2018-Ksh.6,800,000) and as disclosed under Note 6 to the financial statements. Review of the project implementation status report as of 30 June, 2019 indicated that out of sixty-four (64) projects with an allocation of Ksh. 77,550,000 eight (8) were complete and in use, twelve (12) were ongoing and forty-four (44) had not started.

Management Response

2155. Kindly find attached distribution of projects amounting to Ksh. 77,576,569.45, Completion certificates and their photos.

Committee Observation

2156. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Unsatisfactorily Implemented Projects

2157. Fifteen (15) projects with Fund allocation of Ksh. 13,900,000 were sampled for verification during the month of January, 2020. Below are the individual observations made against each of the projects: -

2158. No satisfactory explanations have been rendered for the deficiencies in projects implementation and non-submission of expenditure returns and non-retention of monies from the contractor's contrary to Section 26 (1) of the standard tender document for procurement of works.

2159. Consequently, it was not possible to confirm if and when the constituents of Subukia will realize value for money from the projects valued at Ksh.13,900,000 for the year ended 30 June, 2019.

Management Response

Beneficiary	Details	Type	Cost (Ksh.)	Observations	Responses
Patel Primary	Contraction of toilet	Emergency	600,000	Project compete but not in use despite the funding having been an emergency.	At the time of audit, the project had not been handed over, however was handover and in use Kindly find attached letter from the principal indicating that the project is in use in Annex 43
Simboyon Primary School	Construction of toilet	Emergency	700,000	Project compete but not in use despite the funding having been an emergency. Implementation not done through the PMC.	At the time of audit, the project had not been handed over, however was handover and in use. Kindly find attached letter from the principal indicating that the project is in use in Annex.44
Ruiru Primary	Contraction of toilet	Emergency	600,000	Project compete but not in use despite the funding having been an emergency.	At the time of audit, the project had not been handed over, however was handover and in use. Kindly find attached letter from the principal indicating that the project is in use in Annex.45
Simboyon Primary School	Construction of 1 classroom	Primary	700,000	Contractor not on site, project has stalled, windows and doors fittings, plastering, electrical fittings not done and PMC not involved in the works.	At the time of audit, the project was ongoing However, the contractor came back to the site and completed the works (windows and doors fittings, plastering, electrical fittings) We have submitted the project file to the Auditors for Audit verification. Kindly find attached completion certificate and Photo in Annex.46
Gitura Primary	Renovation of classrooms	Primary	1,200,000	Classroom put to use before completion while the contractor has abandoned the project before its completion. School PMC was not involved in the project implementation, no project file maintained	At the time of Audit, the contractor had not completed the project and also the roofing, ceiling and windows works was not complete. However, the contractor came back to the ground and

Beneficiary	Details	Type	Cost (Ksh.)	Observations	Responses
				while some works are incomplete: - roof not renovated yet the classroom leaks, ceiling not done, only 2 out of the 12 windows were newly fixed, floor has cracks. The school administration confirmed the project bank account balance of Ksh.120,000 which was not commensurate with the remaining works.	completed the works. We have submitted the project file to the Auditors for Audit verification Kindly find attached completion certificate and Photo in Annex.47
Ruiru Primary	Renovation of classrooms	Primary	350,000	Funds held on awaiting additional funding and the project was yet to be implemented.	The project is complete- Kindly find attached completion certificate and Photo in Annex.48
Endao Primary	Construction of 2 classrooms	Primary	1,700,000	Project has stalled, contractor not on site only the foundation, raised walls and doors and windows installed. The school administration could not confirm how much has been paid to the contractor. Pupils are using the classrooms as it is without a roof.	The project is complete- Kindly find attached completion certificate and Photo in Annex.49
Forest Hill Secondary School	Construction of science laboratory	Secondary	1,000,000	The project total cost was approximated at Ksh.12,800,000 with Ksh.1,000,000 having been transferred in 2018/2019 into the bank account, however the bank account had only a balance of Ksh. 500,000 at the time of audit. Procurement documents and BQs were not availed for review and validation of the works done to date. The project is being implemented by Fund office instead of the PMC.	Kindly find attached procurement documents Bill of quantities PMC bank statements and Minutes in Annex.50
Gitura Secondary	Finishing of science laboratory	Secondary	2,000,000	Project complete and in use, however, PMC was not involved, the school administration was not provided with BQs to facilitate supervision, the laboratory is yet to be equipped.	Kindly find PMC Minutes and bank statement and Bill of Quantities in Annex. Photos of equipped Laboratory in Annex.51
Gitura Secondary	Renovation of classrooms	Secondary	750,000	Contractor has abandoned the site, walls were not plastered and in bad shape, window panes were not fixed, the class black	At the time of Audit, the contractor had not completed the project and also the roofing, ceiling and windows

Beneficiary	Details	Type	Cost (Ksh.)	Observations	Responses
				board, ceiling and electrical fittings were not done. PMC was not involved in the contract implementation; the school administration was not provided with BQs to facilitate supervision.	works was not complete. However, the contractor came back to the ground and completed the works. We have submitted the project file to the Auditors for Audit verification. Kindly find completion certificate in and BQ For the lab in Annex 52
Ruiru Secondary	Finishing of science laboratory	Secondary	1,300,000	Laboratory construction has stalled since 2016/2017 to date. The PMC Bank account had a balance of Ksh.1,901,036.80 as at the time of audit. PMC was not involved in the implementation	The project has been completed, kindly find attached Completion certificate, PMC Minutes and Bank statement in Photos of the project in Annex.53
Ruiru Secondary	Renovation of classrooms	Secondary	600,000	Renovation had not yet stated despite 2 years having lapsed since the funds were released.	The project is now complete, find attached Completion certificate in Annex.54 and photo
Wiyumiririe Chief's Office	Construction of Chief's Office	Security	1,000,000	Contractor not on site, project has stalled, remaining works include; roofing, plastering, electrical fittings, plumbing, the project is not secured by fence, no prove of land ownership and there is no certificate of bank balance to confirm the bank balance.	The project was added additional funds and is now complete, kindly find completion certificate Photo of the project in Annex Annex.55
Ruiru Chief's Office	Construction of Chief's Office	Security	500,000	Project complete but not put to use. Ownership of the parcel of land could not be confirmed.	The project is in use, find letter from Chief indicating the project is in use in Annex.56
Simboyon Police Post	Construction of Police Post	Security	900,000	Change of activity from renovation to construction of police post, project complete but not put to use while ownership of land not confirmed.	Find attached letter from Administration police indicating that the project is in use in Annex.57
Total			**13,900,000**		

Committee Observation

2160. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Irregular Committee Allowances

2161. As disclosed under note 5 to the financial statements, The statement of receipts and payments reflects use of goods and services of Ksh. 6,190,132 which includes Ksh. 3,513,000 incurred on committee expenses. Records provided for audit indicated that the Deputy County Commissioner, District Accountant and Fund Accounts Manager were paid allowances totaling to Ksh. 960,000. The management has not explained how the ex-Officio members of the constituency Development fund Committee were paid allowances contrary to section 43 of the NG-CDF ACT, 2015. Consequently, the regularity and validity of Ksh. 3,513,000 incurred on committee allowances for the year ended 30th June 2020 could not be confirmed.

Management Response

2162. The Allowances was paid during monitoring and Evaluation and Night outs but it was erroneously reported as Sitting Allowances. Kindly find attached distribution of Ksh. 960,000.

Committee Observation

2163. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

2.0 Budgetary Control and Performance

2.1 Budget Shortfall

2164. The summary statement of appropriation- recurrent and development combined reflects final receipts budget and actual on comparable basis of Ksh. 212,635,927 and Ksh. 123.040,867 respectively resulting to an under-funding of Ksh. 89,595,051 or 42% of the budget. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery for the constituents of Subukia.

Management Response

2165. The Budget Shortfall of Ksh. 89,595,051 or 42% respectively have been attributed by delayed disbursement of funds from the Board. Kindly find attached AIE NO. B104896 Amounting to Ksh. 69,367,724.10 which was meant for FY 2019/20 and was received in FY 2020/2021

Committee Observation

2166. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Under Expenditure.

2167. The summary statement of appropriation- recurrent and development combined reflects actual receipts on comparable basis of Ksh. 123,040,876, however only Ksh. 114,117,500 was absorbed resulting to an under absorption of Ksh. 8,863,376 or 7.2% receipts.

2168. No satisfactory explanation has been rendered contrary to the values and principles of public service as provided for under Article 232 (1-c) of the constitution which requires

responsive, prompt, effective, impartial and equitable provision of services. In the circumstances, the constituents have not received the services as planned.

Management Response

2169. The under expenditure was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. B104896 Amounting to Ksh. 69,367,724.10 which was meant for FY 2019/20 and was received in FY 2020/2021.

Committee Observation

2170. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Project Implementation

4.1 Project Status

2171. Review of project implementation status report as at 30th June, 2020 indicates that one hundred and five (105) projects with an allocation of Ksh. 129,808,356 were at different implementation status. Further 98 projects with a budget allocation of Ksh. 123,207,356 (95%) were incomplete due to slow tendering process and delays in receipt or reallocation of funds from the board.

Management Response

2172. The funds were disbursed late from the Board and also to the PMCs accounts. The projects have also been implemented and all of them are in use Kindly find the completion certificates, Project Implementation status and Photos of the projects amounting to Ksh.123,207,356.

Committee Observation

2173. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.2 Incomplete Projects

2174. During the audit nineteen (19) projects with a total disbursement of Ksh. 30,322,975 were inspected in the month of January, 2021 and the following issues were noted;

2175. Incomplete projects but already put in to use,

2176. Branding or Project labelling has not been done,

2177. Project complete but not put to use due to non- commissioning.

2178. Consequently, the Fund may have failed to obtain value for money spent on the projects valued at Ksh.30,322,975 for the year ended 30 June, 2020. Hence there is need for proper implementation and follow up mechanism to ensure that projects are fully implemented for better delivery of goods and service to the citizens of Subukia Constituency.

Management Response

2179. At the time of audit, the project was ongoing. However, the project were completed and in use. Kindly find attached completion certificates, and Photos of the Projects.

Committee Observation

2180. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.3 Emergency Projects

2181. As disclosed under Note 7 to the financial statements, the statement of receipts and payments reflects transfers to other governments units of Ksh. 23,405,393 which includes Ksh. 7,204,160 incurred on emergency projects. It was observed that the funds were used in construction of toilets in various primary and secondary schools and the reasons given included shortage, high population or the toilets were dilapidated contrary to section 8(3) of the NGCDF Act, 2015.

2182. Further, verification of the project reflects that toilet funded to the tune of Ksh.2,890,000 were complete and not in use thus confirming the projects were not urgent. In the circumstance, the Management was in breach of the law.

Management Response

2183. Kindly find request from schools, Photos and letter from public health officers indicating that the projects was urgent.

Committee Observation

2184. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Misclassification of Acquisition of Assets

2185. The statement of receipts and payments reflects acquisition of assets balances of Ksh. 238,484 in respect of purchase of vehicle and other transport equipment as disclosed in Note 8 to the financial statements. However, records provided for audit revealed that the amount was incurred on motor vehicle insurance which is recurrent in nature and therefore does not qualify to be an asset. In addition, the payment was not supported with motor vehicle insurance policy documents.

Management Response

2186. The error has been noted and has been rectified in the subsequent financial years. Kindly find attached Insurance Contract agreement

Committee Observation

2187. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

2.0 Budgetary Control and Performance

2188. The summary of statement of appropriation reflects a final receipts budget and actual on comparable basis of Ksh. 235,678,306 and Ksh. 190,589,427 respectively resulting to an underfunding of Ksh. 45,088,879 (or 20%). In addition, the statement indicates a final expenditure budget and actual on comparable basis of Ksh. 235,678,306 and Ksh. 168,015,975 respectively resulting to budget under absorption of Ksh. 67,662,331 (or 29%).

Management Response

2189. The underfunding was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. B 105292 dated 23rd July 2021 amounting to 27,747,367 which was meant for 2020/2021 financial year in but was received in financial year 2021/2011.

Committee Observation

2190. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Project Implementation Status Report

2191. Review of the project implementation status report as of 30 June, 2021 indicates that one hundred and fifty-nine (159) projects with an allocation of Ksh. 224,632,624 were at different implementation status. Further, seventy-six (76) projects with a budget allocation of Ksh. 141,685,270 were incomplete due to slow tendering process and delays in receipt of reallocation of funds from the board. Failure to implement projects on timely basis denied the residents of Subukia Constituency the benefit that would have accrued from the project.

Management Response

2192. Kindly find attached list of projects amounting to Ksh. 141,685,270.20, their Completion certificates and their photos.

Committee Observation

2193. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Failure to Transfer Project Management Committee Account Balances

2194. Note 17.4 to the financial statements reflects Project Management Account balances of Ksh. 27,958,901 for the year ended 30 June, 2021 in respect of ninety-two (92) bank accounts. However, the balance includes twenty-three (23) completed projects bank accounts with outstanding balances of Ksh. 42,966 that had not been refunded to the CDF Account. This is contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015 which requires that, all unutilized funds of the Project Management Committee shall be returned back to the Constituency account.

Management Response

2195. Kindly find Attached list of the projects worth 42,965.49 whose funds have been transferred to the main account.

Committee Observation

2196. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Unsupported Transfers to Other Government Units

2197. The statement of receipts and payments reflects transfers to other government units of Ksh. 78,620,316 as disclosed in Note 6 to the financial statements. However, the project management bank statements, expenditure returns and project implementation status reports were not provided for audit.

2198. In the circumstance, the accuracy and completeness of transfers to the Government units of Ksh. 78,620,316 could not be confirmed.

Management Response

2199. Kindly find attached bank statements and Expenditure return and completion certificates and photos of projects worth 78,620,316.

Committee Observation

2200. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Project Management Committee Account Balances

2201. Note 17.4 to the financial statements reflects Projects Management Committee account balances of Ksh. 23,486,301 held in one hundred and seven (107) bank accounts as disclosed in Annex 5. However, the certificate of bank balances in support of this balance reflected Ksh. 35,107,065 resulting to an unreconciled variance of Ksh. 11,620,764. Further, the balance includes Ksh. 357,763 held in seventy-two (72) bank accounts in respect of closed projects that had not been refunded back to the Fund Account. This is contrary to Section 12(8) of the National Government Constituency Development Fund Account.

2202. In the circumstance, the accuracy and completeness of the Project Management Committee account balances of Ksh. 23,486,301 could not be confirmed.

Management Response

2203. Kindly find attached certificate of Bank balance of PMC Accounts.

Committee Observation

2204. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

3.0 Budgetary Control and Performance

2205. The summary statement of appropriation reflects that the Fund spent Ksh. 188,213,098 against an approved budget of Ksh. 205,151,209 resulting to an under-expenditure of Ksh. 16,938,111 or 8% of the budget.

2206. The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2207. The Under expenditure was as a result of delay in disbursement of funds from the board. Kindly find attached AIE NO. B214432 dated 6th July 2023 amounting to Ksh. 35,611,504.80 which was received in 2022/2023 Financial year which was meant for 2021/2022 FY.

Committee Observation

2208. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Project Implementation

2209. Review of records revealed that ninety (90) projects with a cost of Ksh.119,698,184 were implemented and the project implementation status report as of 30 June, 2022 indicated that twenty-six (26) projects valued at Ksh. 39,292,056 were incomplete due to slow tendering processes and delays in receipt of funds from the Board as detailed below:

Sector/ Programme Details	Budgeted for Projects		Implemented Projects		Unimplemented projects	
	No. of Projects	Amount (Ksh.)	No. of Projects	Amount (Ksh.)	No. of Projects	Amount (Ksh.)
Transfer to Primary Schools	36	60,070,316	27	36,378,260	9	23,692,056
Transfer to Secondary Schools	11	17,400,000	8	10,700,000	3	6,700,000
Social Security Benefits	2	2,400,000	0	0	2	2,400,000
Environment	5	3,500,000	5	3,500,000	0	0
Security	15	9,400,000	7	4,900,000	8	4,500,000
Emergency	12	6,450,000	8	4,450,000	4	2,000,000
Sports	2	5,486,356	2	5,486,356	0	0
Other Payments	5	14,991,512	5	14,991,512	0	0
Total	88	119,698,184	62	80,406,128	26	39,292,056

2210. Projects verification of fifteen (15) sampled projects with a cost of Ksh.26,240,000 carried out in the month of March, 2023 revealed that the projects were not labelled or handed over upon completion. This is contrary to the National Government

Constituencies Development Fund Regulations, 2016, Regulation 15(1)(f) which requires the Project Management Committee to undertake project closure, labelling and handover upon completion.

2211. In the circumstances, the constituents of Subukia Constituency may not realize value for money from the projects valued at Ksh. 39,292,056 as their completion dates are not clearly defined.

Management Response

2212. At the time of audit, the project was ongoing. However, projects were completed and in use. Kindly find list of projects amounting to Ksh. 39,242,056.

Committee Observation

2213. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Delayed Construction of Constituency Office

2214. Note 17.3 to the financial statements reflects unutilized funds amount of Ksh.16,938,111. Included in the amount is Ksh.3,000,000 for purchase of land and Ksh.10,000,000 for construction of the constituency office, both amounting to Ksh.13,000,000 which has been pending for over four (4) years. This is contrary to Regulation 11(1)(j) of the National Government Constituencies Development Fund Regulations, 2016, which requires projects to receive adequate funding and be completed within three (3) years.

2215. Records provided indicated that the project had not started as the Constituency Development Fund Committee needs to acquire a specific parcel of land whose value was more than the approved amount. However, Management did not reallocate the unutilized funds to other prioritized projects after the Board declined to approve request to allocate more funds to purchase the land.

2216. In the circumstances, it is not clear when the Fund will make good the construction of its own premises or in the alternative, reallocate the funds to other deserving projects.

Management Response

2217. The NG-CDFC had requested for additional funds to pay the parcel of land which delayed. Kindly find NG-CDF BOARD Approval letter Ref: NG-CDF BOARD/SUBUKIA/ VOL.3/12 DATED 28TH Nov 2022. The CDFC Have received NG-CDF Office plan and drawing

Committee Observation

2218. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11 KURESOI SOUTH CONSTITUENCY

2219. The Fund Account Manager, appeared before the Committee, to respond to the audit matters raised in the report of the Auditor General for Kuresoi South Constituency for the Financial Years 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 and 2021/2022 as follows:

3.11.1 AUDITED STATEMENTS FOR FINANCIAL YEAR 2013/2014

1.0 Summary Statement of Appropriation

2220. The summary statement of appropriation reported a total budget utilization difference of Ksh.44,747,531, being the differences between the final budget and actual disbursement for the year. However, after re-computation the differences was found out to be Ksh.7,424,810. In the circumstances, therefore, the figure reported in the financial statements of Ksh.44,747,531 is misleading.

Management Response

2221. The difference is due to computation error. The correct figure for budget utilization difference is Ksh. 7,424,810. Subsequent Financial statement of FY 14/15 has been attached, Cashbook extract showing 7,424,810 being closing balance as at 30/06/2014 has also been attached in ANNEX 1.

Committee Observation

2222. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalents

2223. The bank reconciliation statement as at 30 June 2014 provided for audit does not have a schedule to support the unpresented cheques amounting to Ksh.2,056,043.60 Further, a cash in hand balance of Ksh.751,500.00 is not included in the financial statements.

2224. In the circumstance, the accuracy of cash and cash equivalent balance of Ksh.751,500.00 as at 30 June 2014 could not be confirmed.

Management Response

2225. Schedule for unpresented cheques amounting to Ksh. 2,056,043.60 is provided as well as the bank reconciliation of the subsequent year and cashbook extract showing that the unpresented cheques were eventually cleared is attached in Annex 2.

2226. The cash in hand of Ksh.751,500 was an omission that related to imprest but was surrendered in the following year as evidenced by voucher No. 268,267,270 and 498 see attached cashbook extract showing the surrender in Annex 3

Committee Observation

2227. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfer to Other Government Units

2228. The statement of receipts and payments for the year ended 30 June 2014 reflects transfers to other government units of Ksh.15,850,000. Records presented for audit review indicated transfers amounting to Ksh.13,590,000 resulting to unexplained and unreconciled difference of Ksh.2,260,000. Consequently, the accuracy and validity of the transfers of Ksh.15,850,000 could not be confirmed.

Management Response

2229. Payment vouchers for the unreconciled difference of Ksh. 2,260,000 and schedules of payment is attached in Annex 4.

Committee Observation

2230. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Surplus

2231. The statement of receipts and payments for the year ended 30 June 2014 reflects a surplus of Ksh.7,424,809. However, separate re-computation of the reconciliation of the surplus done during the audit revealed a different figure of Ksh.9,677,330.20 occasioning an unreconciled difference of Ksh.1,501,021 as indicated below:

Particulars	Ksh.	Ksh.
Transfers from the Board		37,322,722.20
Administration Expenses	1,295,314	
Transfers to Government Units	13,590,000	
Other Grants and Transfers	12,760,078	(27,645,392)
Surplus		9,677,330.20
Bank Balance	7,424,809	
Outstanding Imprest	751,500	(8,176,309)
Unexplained and Unreconciled Difference		1,501,021.20

2232. In the circumstances, the correctness of the reported surplus of Ksh.7,424,809.20 as at 30 June 2014 could not be confirmed

Management Response

2233. There was a computation error resulting to the difference of 1,501,021 which has been shown in Annex 5.

Committee Observation

2234. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.2 AUDITED STATEMENTS FOR FINANCIAL YEAR 2014/2015

1.0 Wrong Classification of Assets

2235. Assets acquired during the year under review were incorrectly classified as Other Grants and Transfers instead of expenditure under acquisition of assets.

2236. The acquisition of assets expenditure was therefore, understated by Ksh.1,500,000 while Other Grants and Transfers expenditure was overstated by an equivalent amount.

Management Response

2237. Management regrettably notes the misclassification of the item and the correction was rectified in the subsequent financial year statements.

2238. Find attached subsequent financial year statements for 2015-2016

Committee Observation

2239. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Outstanding Imprest

2240. Note 12(c) to the financial statements reflects an outstanding imprest balance of Ksh.496,000 issued to an officer on 25 April 2014 more than one year before 30 June 2015. However, it was not explained why the officer failed to surrender or account for the imprest as required under Section 5.6.5 of the Government Financial Regulations and Procedures.

Management Response

2241. The imprests were surrendered on the subsequent financial year 2015-2016 date 4/11/2015. See cashbook extract and surrender vouchers

Committee Observation

2242. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Transfer to Other Government Units

2243. The statement of receipts and payments reflects transfers to other government units totaling to Ksh.62,082,759. However, no schedules to support the expenditure were produced for audit. In the circumstances, the accuracy and completeness of the reported balance of Ksh.62,082,759 could not be confirmed.

Management Response

2244. Expenditure schedule supporting transfers to other Government units totaling to Ksh. 62,082,759 have been availed together with the PIS.

Committee Observation

2245. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Other Grants and Transfers

2246. The statement of receipts and payments reflects Other Grants and Transfers totaling to Ksh.50,829,729. However, no schedules to support the expenditure were presented for

audit. In the circumstance, the accuracy and completeness of the reported balance of Ksh.50,829,729 could not be confirmed.

Management Response

2247. Expenditure schedule supporting transfers to other Grants totaling to Ksh. 50,829,729 have been availed.

Committee Observation

2248. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Use of Goods and Services

2249. The statement of receipts and payments reflects use of goods and services totaling to Ksh.3,650,586.90. However, schedules in support of the expenditure were not presented for audit. In the circumstance, the accuracy and completeness of the reported balance of Ksh.3,650,586.90 could not be confirmed.

Management Response

2250. Expenditure schedule supporting use of goods and services totaling to Ksh. 3,650,586.90 have been in Annex 10

Committee Observation

2251. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Committee Expenses

2252. The statement of receipts and payments reflects committee expenses of Ksh.3,013,577. However, schedules in support of the expenditure were not presented for audit. In the circumstance, the accuracy and completeness of the reported balance of Ksh.3,013,577 could not be confirmed.

Management Response

2253. Expenditure schedule supporting committee expenses totaling to Ksh. 3,013,577 availed for audit review.

Committee Observation

2254. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Non-acknowledgement of Bursaries

2255. The Kuresoi South Constituency spent a total of Ksh.13,980,000 in respect of bursaries during the financial year under review. Fund records show that Ksh.7,110,000 was disbursed to Secondary Schools, Ksh.4,225,000 to Tertiary Institutions, Ksh.355,000 to Special Schools and Ksh.2,290,000 for Mock and Continuous Assessment Tests during the year. However, examination of bursary records revealed that there were no receipts

or acknowledgement letters from the institutions which received the bursaries and therefore it was not possible to confirm whether the funds were received and spent for the intended purposes.

Management Response

2256. During the visit by auditors the office had not received all acknowledgements from various institution, however acknowledgements amounting to Ksh. have been attached for your perusal

Committee Observation

2257. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.0 Budget Performance Analysis

8.1 Revenue Analysis

Budgeted Amount Ksh.	Actual Receipts Ksh.	Variance/Difference Ksh.
151,883,769.20	116,767,600.90	35,116,168.30

2258. It was noted that the Kuresoi South C.D.F was under funded to the extent of Ksh.35,116,168.30 which sum represented a 23% under funding of the year's budget.

2259. Consequently, the CDF could not implement all the projects which it had planned for the period under review. The shortfall denied Kuresoi South constituents much need services.

Management Response

2260. The underfunding was due to the delay in disbursement of funds from the NG-CDF Board; However, the balances were disbursed in subsequent financial year 2015-2016. We have attached AIEs to support the same in Annex 13a

Committee Observation

2261. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

8.2 Expenditure Analysis

2262. The number of projects budgeted for during the year under review and their respective levels of expenditure absorption as at 30 June 2015 are tabulated below:

Sector	Budget 2014-2015 (Ksh.)	Actual Expenditure (Ksh.)	No of Project budgeted-2014/2015	No of Projects	% Level of Expenditure Absorption
Primary Schools	19,700,000.00	29,237,931.00	50	148	148
Secondary Schools	23,000,000.00	25,162,069.00	24	28	109%
Technical	500,000.00	500,000.00	2	2	100%
1	2,700,000.00	7,182,759.00	6	13	266%

Sector	Budget 2014-2015 (Ksh.)	Actual Expenditure (Ksh.)	No of Project budgeted-2014/2015	No of Projects	% Level of Expenditure Absorption
Water	3,900,000.00	5,000,000.00	7	128	-
Bursary	14,000,000.00	13,980,000.00	Several	99	-
Sports	1,000,000.00	1,720,000.00	2	3	172%
Environment	1,000,000.00	500,000.00	4	02:00	50%
Security	700,000.00	700,000.00	2	1	100%
Agriculture	3,300,000.00	7,023,500.00	10	29	213%
Electricity	0	3,511,229.00	No Budget	22	100%
Roads and Bridges	8,100,000.00	12,700,000.00	24	157	-
CDF office	500,000.00	500,000.00	1	1	100%
Strategic plan	600,000.00	600,000.00	1	1	100%
CDF Wed design	400,000.00	400,000.00	1	1	100%
CDF social hall	1,200,000.00	0	1	1	0%
Chemaner com Library	400,000.00	400,000.00	1	1	100%
Kiptagich Social Hall	600,000.00	600,000.00	1	1	100%
Audi fee	500,000.00	0	1	0	100%
Emergency fund	5,400,259.00	3,186,000.00	Several	Several	59%
Purchase of computers	140,000.00	289,000	2	2	207%
Purchase of furniture	700,000.00		Several	0	100%
Goods and Services	2,573,446.00	3,650,586.90	Several	Several	142%
Committee Expenses	4,122,533.00	3,013,000.00	Several	Several	73%
Employees	2,100,000.00	1,845,577.00	Several	Several	88%
Total Expenditure	**97,136,238.00**	**121,701,651.90**	**140**	**262**	**125%**

2263. As the table shows, the Fund budgeted to implement a total of one hundred and forty (140) projects. Therefore, the management of the CDF violated the provisions of Section 23 (1) of the CDF Act, 2013, which advocates for implementation of a minimum of five and a maximum of twenty-five projects in any financial period.

Management Response

2264. The projects that were implemented were in accordance with NGCDF Act as shown in the codelist attached in Annex 13 b.

Committee Observation

2265. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.3 AUDITED STATEMENTS FOR FINANCIAL YEAR 2015/2016

Other Matter

1.0 Budget Analysis

2266. During the year under review, the original budget for Kuresoi South CDF was Ksh.141,221,304 and balance brought forward of Ksh.3,242,258, making the funds available for use during the year to be Ksh.144,463,562. However, Kuresoi South CDF was only able to utilize a sum of Ksh.79,735,400 from the board leaving Ksh.64,728,162 un-requisitioned. The funds utilization was 55%. Low absorption of funds deprives the residents in the constituency the necessary service delivery. The Fund management should increase the efficiency in fund utilization.

Details	Final Budget Ksh.	Actual Expenditure Ksh.	Budget utilization difference Ksh.	Percentage utilization (%)
Receipts				
Transfers from NG-CDF Board	144,463,562	86,933,617	57,529,945	60.20%
Expenditure				
Compensation of	5,108,137	1,947,536	3,160,601	38%
Use of goods and services	8,657,778	5,441,884	3,215,894	64%
Transfers to Other	71,850,000	37,300,000	34,550,000	52%
Other Grants and Transfers	55,697,647	32,480,000	23,217,647	58%
Acquisition of Assets	3,150,000	2,565,980	584,020	81%
Totals	**144,463,562**	**79,735,400**	**7,198,218**	**55%**

Management Response

2267. Fund utilization was low since the management received its funding late towards end of financial year hence it was not possible to fully utilize its budget.

2268. Management has liaised with NGCDF board to fast-track disbursement of funds going forward.

Committee Observation

2269. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Construction of Chepkosigen Dispensary on Private Land

2270. During the year under review, Kuresoi South NG-CDF disbursed a total of Ksh.400,000vide payment voucher No.560 and cheque No.1769 to The PMC of Chepkosigen dispensary for construction of dispensary in the 2015/16 financial year. Physical visit to the dispensary confirmed that the construction is ongoing. Perusal of the documentation in the project file revealed that the Kuresoi South CDF purchased the land for the said dispensary during the year 2013-2014 but has neither transferred nor acquired the title for the land from the seller of the land by the name Zedy Cherotich Chebarua of ID No.2415616 as per sale agreement form signed in the presence of Assistant-Chief. However, the person whose name appeared on the title deed is Kiptonui Arap Cheparua of ID 2415357. No search certificate was presented to confirm the true ownership of the

land. The land sale agreement was not signed in the presence of an Advocate. In the circumstances, it is not clear how the Kuresoi CDF management will avoid possible risk of litigations and save the tax payers money.

Management Response

2271. Chepkosigen Dispensary is in Tinet ward which was affected by the Caveat placed by the East African Court in Arusha in 2012 hence it was not possible to transfer land titles in the said area in that particular year of purchase. However, land sale agreements and title deed have been attached

Committee Observation

2272. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.4 AUDITED STATEMENTS FOR FINANCIAL YEAR 2016/2017

Other Matter

1.0 Statement of Appropriation: Combined

2273. The statement of appropriation: combined reflected receipts from the CDF Board of Ksh.146,624,715. However, the cash book reflected total receipts from the CDF Board of Ksh.139,426,497 resulting to a variance of Ksh.6,997,218. No explanation has been given for failure to update the cashbook.

Management Response

2274. Statement of appropriation shows receipts of 146,624,715 and Ksh. 139,426,497 which are the funds received from the board during the year hence making a difference of Ksh. 7,198,218 which is the opening balance as seen in the cashbook extract for year ended June 2017

Committee Observation

2275. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Budgetary Control

2276. The statement of appropriation-combined reflected variances between the budgeted and the actual amounts as shown in the table below:

Audit Components	Budget	Actual	Over/(Under)	Absorption
	Ksh.	Ksh.	Ksh.	%
Expenditure	93,978,680	93,076,157	902,523	99%
Other grants and transfers	52,646,035	46,346,355	(6,300,000)	88%
Total	146,624,715	139,422,191	(7,556,489)	95%

2277. In the circumstance, Kuresoi South National Government Constituency Development Fund did not implement projects amounting to Ksh.6,300,000 Or 15%.

Management Response

2278. There was a delay in the utilization of the funds as at the end of the year however the same were transferred to PMC accounts and utilized in the beginning of the subsequent year as seen in the cashbook extract.

Committee Observation

2279. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.5 AUDITED STATEMENTS FOR FINANCIAL YEAR 2017/2018

1.0 Accuracy and Completeness of the Financial Statements

2280. The financial statements for the year ended 30 June 2018 had errors and omissions as disclosed below;

Issue	Remarks
Statement of entity Management responsibility	Page 6 on management responsibility has quoted PFM Act of 2013 instead of 2012
Opening balances of 2017/18	The closing balances of 2016/17 which have been transferred to the 2017/18 financial statements as opening balances had the following misstatements; i.Page 8 on cash equivalents includes Ksh.50,000 as cash at hand, whereas the audited and certified accounts of 2016/17 has nil balance on cash at hand.
	Also,cash equivalents at end of year is indicated as Ksh.7,252,523 while the certified accountsof 2016/17 indicates Ksh.7,202,524 iii. Note 7 on page 17 on bursary to special schools indicated as nil yet certified accounts of 2016/17 reflected Ksh.499,000 iv. Note 8 on acquisition of assets reflects Ksh.700,000for purchase of bicycles and motorcycles and Ksh.324,000 for acquisition of land respectively. However, the payments relate to construction of buildings as well as purchase of furniture and general equipment respectively as appears in 2016/17 certified accounts. v. Note 10 B on page 19 reflects Ksh.50,000 as cash on hand while the audited and certified accounts of 2016/17 indicates nil balance vi. Note 13 on balances brought forward indicates bank accounts balance of Ksh.7,252,524 while the audited and certified accounts of 2016/17 has a balance of Ksh.7,198,218 vi. Note 15.4 page 23 on PMC account balance reflects nil balance for 2017/18 whereas 2016/17 audited accounts shows a balance of Ksh.432,027

Issue	Remarks
	vii. Annex 4 on summary of fixed assets page 27 for 2017/18 indicates brought forward balance of Ksh.8,233,007 whereas the audited and certified accounts of 2016/17 reflects a balance of Ksh. 5,089,980
Headings of the financial statements	VII)Page VII summary statement of appropriation heading is indicated as Maragua constituency.
Summary statement of appropriation	i. Transfers from CDF board for 2017/18 indicated as Ksh.91,862,868, whereas the actual transfer was Ksh.84,610,345. The difference of Ksh.7,202,524relates to opening balance which ought to be reported separately. Included under transfers to other Government units under budget adjustments is Ksh. 11,622,019 which incudes Ksh. 11,379,310 for supplementary budget whose approval was given on 24/7/2018 the adjustment should have been reported separately as unapproved projects as at 30th June 2018.
Significant accounting policies	They are indicated as starting from page 11 instead of 12

2281. Further, included in the statement of appropriation is an unexplained adjustment of Ksh.4,667,027 on other payments. In addition, breakdown of the adjusted amount and the opening balance of Ksh.7,252,524 was not presented for audit.

2282. It has therefore not been possible to confirm the accuracy of the financial statements submitted by management for the year ended 30 June 2018

Management Response

2283. PFM Act 2013 was a typing error and should have been 2012. See Annex 17 for amended financial statements.

Opening Balances

2284. Ksh. 50,000 was erroneously put in the comparative section of 2016-2017 as seen in the financial statement extract of 2016-2017 and cashbook extract of year ended 2017 in Annex 17A.The figures were however restated in FY 2018-2019 as seen in financial statement extract in Annex 17C

2285. The comparative figure for the use of goods and services is Ksh. 6,149,358 as seen in the financial statement extracts attached in Annex 17B.

2286. Cash Equivalent at the end of the year was wrongly put as Ksh. 7,252,523 instead of the correct figure of 7,202,524 the correct figure of 7,202,524 was restated in FY 2018-2019 as seen in financial statement extract attached in Annex 17C.

2287. The Figure of Ksh. 499,000 was omitted in the comparative section of FY 2016-2017 however the summation of the total figures are the same as seen in Annex 17D

2288. The figure of Ksh. 700,000 and Ksh. 324,000 was wrongly misclassified in the comparative section however the figures are the same and did not affect the financials of the financials statement as seen in Annex 17E

2289. Cash on hand balance of Ksh. 50,000 was an error in the comparative section of FY 2017-2018 as seen in financial statements extract in Annex 17F but was restated in FY 2018-2019 financial statements as seen in Annex 17C

2290. The correct balances brought forward for FY 2017-2018 is Ksh. 7,198,218 as seen in the financial statements extract in Annex 17G.

2291. The comparative PMC balances in FY 2017-2018 was erroneously omitted

2292. The balance brought forward on summary of fixed Assets is Ksh. 5,089,980 and during the year there was an addition of Ksh. 3,143,027 making the total figure to be Ksh. 8,233,007 as seen the financial statement extract in Annex 17H.

2293. The summary statement of appropriation was erroneously typed as Maragua instead of Kuresoi South

2294. The opening balance of Ksh. 7,202,524 was reported separately since it was not part of the funds received as AIEs. See Annex 17I

2295. There was an error in page numbering however the numbering was corrected in subsequent year FY 2018/2019 as seen in Annex 17C

2296. The unexplained adjustment of Ksh. 4,667,027 relates to Constituency Innovation Hubs which were classified as Other Payments in the financial statements as seen in the cashbook extract and payment voucher attached in Annex 18.

2297. The breakdown for the opening balance of Ksh. 7,202,524 is shown in Annex 19 included in the figure is Ksh. 50,000 which was an error on the financial statements the cashbook shows a nil balance on the cash at hand.

Committee Observation

2298. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Cash and Cash Equivalents

2299. The financial statements under note 10A reflect cash and bank balance of Ksh.3,292,655 as at 30 June 2018. However, a review of the cash book revealed a figure of Ksh.4,148,499 leading to a difference of Ksh.855,844. Further, a perusal of the bank reconciliation statement as at 30 June 2018, reflected unpresented cheques totaling Ksh.23,017,819 out of which Ksh.480,497.95 were stale cheques with some dating as far back as 2015. The bank reconciliation also included Ksh.5,000 being receipts in bank but not recorded in cashbook and which have continued unrecorded since June 2017.

2300. In addition, bank confirmation certificate as at 30 June 2018 was not presented for audit. In the circumstances, the accuracy and completeness of the bank and cash balance of Ksh.3,292,655 as at 30 June 2018 could not be confirmed.

Management Response

2301. The correct Closing bank balance as per the cashbook is Ksh. 4,148,499 and not 3,292,655 as stated in the financial statement however the error was corrected in the

subsequent year 2018-2019, see attached copy of financial statement of 2018/2019 and cashbook extract in Annex 20

2302. The unpresented and stale cheques amounting Ksh. 480,497.95 were reversed as shown in the cashbook extract of 2018 in Annex 21

2303. Also, Ksh. 5,000 which are receipts in bank not in cashbook were A in A and have been recorded in the cashbook as seen in cashbook extract in Annex 22

2304. Bank confirmation certificate as at 30/06/2018 has also been attached in Annex 23

Committee Observation

2305. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Misstatements of Bursaries

2306. The financial statements under note 7 reported bursaries to secondary schools and to Tertiary institutions of Ksh.13,853,961 and Ksh.7,958,970 respectively. However, payment vouchers presented for audit revealed the following variances: -

	Financial Statements	Actual Figures per Vouchers	Difference
Bursary to Secondary Schools	13,853,961.00	12,687,795.00	1,166,166.00
Bursary to Tertiary Schools	7,958,970.00	7,420,036.00	538,934.00
TOTALS			**1,705,100.00**

2307. Further, a comparison of schedules/ledgers presented for audit with the financial statements figures also revealed the following differences: -

Details	Amount in the Financial Statements	Amount in the Schedules	Difference
Bursary to Secondary schools	13,853,961.00	13,022,795.00	831,166.00
Bursary to Tertiary schools	7,958,970.00	7,000,000.00	958,970.00
Total			**1,790,136.00**

2308. Based on the above circumstance therefore, the financial statements do not reflect the correct position.

Management Response

2309. We regrettably not the misstatement of bursary figures however the correct figures were restated in the subsequent financial year 2018-2019 statements as seen in Annex 24 Also attached are the vouchers for bursary payments.

Committee Observation

2310. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Overstatement of Committee Allowances

2311. Note 5 of the financial statements reflects payments of Ksh.6,835,169 for use of goods and services as at 30 June 2018. Included in the figure is payments on committee allowances of Ksh.3,834,300 as at 30 June 2018. The audit schedule provided to support the payment reflects a figure of Ksh.4,505,188. Review of the cashbook however indicates payments totaling to Ksh.3,230,700, occasioning a difference of Ksh. 603,600

2312. In the circumstance therefore, the payment of Ksh.3,834,300 on committee allowances could not be confirmed.

Management Response

2313. The figure of Ksh. 3,834,300 was an overstatement in the financial statements and the correct figure as per the cashbook is Ksh. 3,230,700. The error was corrected and restated in the next financial year statements FY 2018-2019 as seen in Annex 25

Committee Observation

2314. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Unexplained Adjustment in Statement of Appropriation

2315. Included in the statement of appropriation is an adjustment of Ksh.4,667,027 on other payments where no explanation/breakdown was given on the projects that were to be undertaken with the funds. A breakdown of the opening balance of Ksh.7,252,524 was equally not provided.

Management Response

2316. The figure of Ksh. 4,667,027 was payment for Constituency Information hubs as seen in payment voucher and cashbook extract attached in Annex 26

2317. The breakdown of Opening balance of Ksh. 7,202,524 is also attached in Annex 27 the figure includes Ksh. 50,000 which was an error in the financial statement which was corrected in the subsequent financial year 2018-2019.

Committee Observation

2318. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Basis for Conclusion

1.0 Irregular Recruitment of Staff

2319. The financial statement on Note 4 on Compensation of employees reported a figure of Ksh.1,477,336. However, out of this was one staff employed as Clerks of works beginning 1 February 2018. Scrutiny of the personal files availed for audit revealed that Mr. Thomas Tegeret has a Bachelor's Degree Business and Information Technology and several attachments for his recommendations from fields of Information Technology. It was not clear why an individual with Bachelor's degree in Business and Information Technology would perform the work of Clerks of work whose requirements are a

minimum of a Diploma in building and construction, an understanding of the buildings industry and knowledge on materials.

Management Response

2320. Management regrettably noted the mistake however the management has went ahead and recruited a qualified clerk of works. Find attached minutes of recruitment and documents.

Committee Observation

2321. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Misclassification on Training Expenses

2322. The financial statements on Note 5 on Use of goods and Services reported a figure of Ksh.300,000 as Hospitality, supplies and services. However, scrutiny of the Payment voucher number 57 dated 28 June 2018 paid to Jarika County Lodge revealed that this payment was paid as training carried out during the financial year under review. It was not clear why it was miss- classified and should have been charged to the correct vote of training expenses.

Management Response

2323. Management notes down the error on misclassification and corrections were made in the subsequent year.

Committee Observation

2324. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Irregular Secondary Schools' Projects Implementation

2325. Note 6 of the financial statements as at 30 June 2018 reflects Ksh.12,500,000 as transfers to secondary schools. However, audit review of sampled project files and subsequent physical verification of the projects in April 2019 revealed the following anomalies: -

3.1 Kapkeet Secondary School

Observations

2326. The school had a budget of Ksh.1 million for construction of one classroom to completion. However, the PMC constructed 2 classrooms which were not completed contrary to the project activity in the code list and no approval of change of activity was sought from the board. Extra project implemented without approval.

Management Response

2327. The two classrooms were completed and now in use see the attached completion and handing over certificate and photograph

Committee Observation

2328. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 Tinet Kapkoi Secondary School

Observation

2329. Ksh.800,000 budget was approved for the year 2017/18 to construct an administration block. On physical verification it was noted the project was complete. However, no project design nor certificate of completion nor inspection and acceptance report were provided for audit review

Management Response

2330. The bill of quantity and the project design has been provided together with the completion certificate and the inspection and acceptance report

Committee Observation

2331. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3 Sugutek Secondary School

Observation

2332. Ksh.1million had been budgeted with Ksh.400,000 for laboratory fixings and Ksh.600,000 for one new classroom construction. However, no classroom was done apart from gas and water fixtures in lab. Further no inspection and acceptance report for works done nor PMC bank account statement were provided for audit review

Management Response

2333. The classroom was subsequently constructed to completion see attached photos and handing over certificates

Committee Observation

2334. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4 Kapng'orot secondary school

Observation

2335. Budget of Ksh.500,000 was approved for plastering, flooring, painting, windows and door fixing of a classroom done earlier. However, audit inspection revealed the PMC did a different activity of installation of lab equipment. No authority on change of activity was sought from the CDF board.

Management Response

2336. The classroom was completed and branded See attached photos.

Committee Observation

2337. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5 Kimororoch secondary school

Observation

2338. Budget set was Ksh.1.2 million and code list indicated the amount was to construct two classrooms to completion. Though the PIS indicated the project as complete, physical verification done on 10/4/19 confirmed that the project was not complete as no painting was done and no stone keys done on the walls. Further, the walls and floor were cracking and the windows were very small also. No certificate of payment nor building plan was provided to confirm that the class measurements were done as provided. Also no inspection and acceptance report was produced for audit.

Management Response

2339. The project of two classrooms is now complete and the certificate of completion and photo

Committee Observation

2340. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6 Chemaner Secondary School

Observations

2341. Project was budgeted for construction of one classroom at Ksh.600,000 and another Ksh.1million for construction of a dormitory. Though the works were quite good, no design plan nor inspection and acceptance report as well as completion certificate from department of works was provided for audit review.

Management Response

2342. At the time of auditors' visit, the project file that contains the mentioned documents was with the PMC Secretary in school generating copies for all the documents in the file. The file is now in NGCDF Office registry and the required documents have been attached including the inspection and acceptance report.

Committee Observation

2343. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7 Tinet kabongoi girls Secondary School

Observations

2344. The school was fully funded in earlier years as model school and classes, laboratory administration block as well as dormitories were constructed and finalized in 2016/17. During physical verification of an adjacent primary school in which they share a compound, it was noted that the school is not fully utilized as a board member confirmed

it only had 17 students out of a possible 180 from form one to form four. The reason for the poor student enrolment was cited as lack of TSC teachers who cannot be posted to the school as it has not been registered as a public school by the Ministry of Education. The CDF therefore funded a school that was not registered.

Management Response

2345. The school has been registered with more than 300 students enrolled in the institution, see attached registration certificate.

Committee Observation

2346. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Expenditure-Other Operating Expenses

2347. Note 5 to the financial statements reported Use of Goods and services amounting Ksh.6,835,139. Included in this figure was Ksh.259,621 for other operating expenses and Ksh.1,257,041 for Routine maintenance-vehicles and other transport equipment. However, only schedules amounting to Ksh.1,33,350 for routine maintenance were presented for audit. Further, payment voucher(s) and supporting documents were provided for audit verification.

2348. In absence of the above documents, it was not possible to ascertain the propriety of expenditure.

Management Response

2349. We have attached schedules for other operating expenses amounting to Ksh. 259,621 and Payment vouchers for maintenance of motor vehicle.

Committee Observation

2350. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Failure to Comply with the Laid Down Laws During Projects Implementation

2351. Note 6 to the financial statements reported Transfers to other Government Agencies of Ksh.38,600,000. Included in this figure was Ksh.26,100,000 for primary schools projects. Audit review of the projects files maintained at Kuresoi South-NGCDF office revealed that some of the projects implemented differed with the ones approved by the board. Secondly, some projects were not implemented even after changing the project activity without approval of the board as per the contract agreements. Details are as tabulated here below.

2352. As a result of the above observations, it was not possible to ascertain whether Kuresoi South CDF obtained value for money utilized in primary school projects.

Management Response

Primary School	Works Approved by Board as per Code List	Amount Paid	Works done as per Physical verification	Works not Completed	Remarks after PV	Response
Chepkiswet Primary School	Construction of two classrooms to completion	1,200,000	Construction of two classrooms	Metal pillars not installed to support the roof in front of the classroom	Works not completed but fully paid for	This project was completed and certificate of practical completion and certificate of making good defects issued by the public works officer. See annex 38
Kabongoi Primary School	Construction of two classrooms to completion	1,200,000.00	Construction of three classrooms	1. Not painted 2. Ceiling not installed 3. Not being utilized	Works not completed but fully paid for	During the time of visit by the auditors, the defects liability period of the project had not elapsed. The percentage held as retention was still in the PMC account. The contractor was therefore ordered to complete the remaining activities and to make good any defects and faults in the structure. This was completed and certificate of practical completion and certificate of making good defects issued by the public works officer. See annex 39.
Kabongoi Primary	Construction of one classroom	600,000.00				
Kipsotet Primary school	Completion of 3classrooms (plastering, walling, painting windows and doors)	500,000.00	None	1.Construction of one classroom as per the contract agreement which was change of activity without Board approval 2. Failure to brand the CDF project which is clear manifestation of misappropriation of funds	The three classrooms seem were constructed by the same donor i.e. Better World as per the explanation by clerk of works hence the money was not utilized for the intended purpose.	The classroom project was implemented to completion and a certificate of practical completion, handing over certificate and branded photo of the classroom is attached. See annex 40
Siwot Primary School	Completion of 4 classrooms (roofing, ceiling, plastering and installation of	600,000	None	1.Construction of two permanent classrooms and verandah as per the	The roof of the classrooms purported to have been built had	The scope of work increased hence the approved amount was not sufficient to complete the four classrooms therefore

Primary School	Works Approved by Board as per Code List	Amount Paid	Works done as per Physical verification	Works not Completed	Remarks after PV	Response
	doors and windows)			contract agreement which was change of activity without Board approval 2. Failure to brand the CDF project which is clear manifestation of misappropriation of funds	rusty iron sheets and windows. The verandah shared with adjacent classrooms betrayed the explanation that the verandah was done for the two classrooms.	site instructions were issued and only two classrooms were implemented to completion and certificate of practical completion issued by the public works officer. See annex 41
Tegat Primary School	Completion of two classrooms,Plastering ,walling, floor painting and door Renovation of six classrooms (plastering,walling ,floor painting and doors	500000 1400000	Construction of four classrooms but floor not plastered	1.Floor plastering 2. Failure to deliver four classrooms as was approved by the Board to renovate the eight classrooms	Cost of the four classrooms deliberately varied by Ksh.922,520 without approval of the Board as the contract cannot be awarded based on the BQs but the budgeted and approved amount	The four classrooms project were implemented to completion and certificate of practical completion issued by the public works officer. See attached photos in annex 42.
Tendwet Primary School	Completion of four toilets (roofing, ceiling, plastering and doors fixing)	600,000.00	Construction of mini wall around 8 toilets	Completion of 4 toilets (plastering, roofing, door fixing and painting)	. Mini wall cost cannot be equivalent to a standard classroom cost of Ksh. 600000 Misappropriation of funds.	The completion of four block toilets with 20 doors were completed and certificate of practical completion issued by the public works officer. See annex 43 for photos.
Withholding Tax	Withholding Tax amounting to Ksh. 783,000 was not deducted from contractual fees	783,000				Currently the management has factored the taxes and the withholdings are being deducted as seen in the sampled withholding certificates attached in Annex 43B

Primary School	Works Approved by Board as per Code List	Amount Paid	Works done as per Physical verification	Works not Completed	Remarks after PV	Response
Retention Money	Retention money was paid before expiry of 6 months					Retention fees were withheld in the PMC accounts until certificates of good defects was availed in order for the retention fee to be paid.
Similar projects	Examination of the code lists revealed that implementation costs varied for similar projects especially on completion of classroom works (roofing, ceiling, plastering and doors fixing).					Implementation cost was varying in some projects since not all classrooms which were renovated and completed were of the same size and the locations varied in distance hence affecting the costing of those projects.

Committee Observation

2353. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

6.0 Unsupported Expenditure-Purchase of Office Furniture and Fittings

2354. The financial statements under note 8 reported Ksh.3,143,027 as purchase of office furniture and fittings. However, perusal of records revealed that the expenditure was not budgeted for, no explanation was provided regarding the source of funds used.

2355. Further, the payment voucher(s) and their supporting documents were not presented for audit verification and it was therefore difficult to confirm the existence of the assets.

2356. In the absence of the above documents, it was not possible to ascertain the amount was used for the intended purpose.

Management Response

2357. These funds were savings from the previous years that were brought forward as seen in the attached codelist of the previous years in Annex 44

2358. During the visit by the auditors the furniture had not been delivered however the furniture were supplied as evidenced by the pictures attached in Annex 44

Committee Observation

2359. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

7.0 Irregular Project Procurement and Execution

2360. Note 7 of the financial statements for the year ended 30 June 2018 reflects Ksh. 2,500,000 disbursed towards security projects. The budget indicates Ksh.1,000,000 was

for construction of DO's office in Kiptangich while Ksh.1,500,000 was for construction of police offices at Keringet. However, the management did not provide for audit the Bills of quantities prepared by the public works to confirm project cost for the DOs office. Also, no tender advertisement, tender opening minutes, evaluation minutes and contract agreement were provided to confirm the procurement process. Further, the client did not also provide the project management committee bank statement making it difficult to confirm the actual payments made to the contractor. It has therefore not been possible to confirm the project cost and the scope of work as at the time of project verification on 09.04.2019 despite the project being almost complete with roofing having been done.

Management Response

2361. We have attached the Bills of quantities, tender advertisement, tender opening minutes, evaluation minutes and contract agreements in Annex 45. Also the PMC bank statement has been attached for your perusal.

Committee Observation

2362. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Basis for Conclusion

1.0 Outstanding Imprests

2363. The Financial statements under Note 11 reported a nil balance on outstanding imprests as at 30.06.2018. However, scrutiny of the cash book revealed a figure of Ksh. 2,660,388as un-surrendered Imprest. Further, list of Imprest holders was not provided for audit verification. It was therefore not clear why the outstanding imprests had not been disclosed in the financial statements and why it remained outstanding at the end of that financial year.

Management Response

2364. Nil balance was reported erroneously and adjustments were made in the subsequent year 2018-2019, Also the un-surrendered imprests were surrendered as evidenced in the attached vouchers and cashbook extracts showing surrender in Annex 46

Committee Observation

2365. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.6 AUDITED STATEMENTS FOR FINANCIAL YEAR 2018/2019

1.0 Unsupported Committee Expenses

2366. The statement of receipts and payments reflects use of goods and services of Ksh.7,589,852 which as disclosed under Note 5 to the financial statements included Ksh.1,541,700 and Ksh.3,619,100 relating to committee expenses and other committee expenses, respectively. However, the committee expenses included Ksh.942,200 being

domestic travel expenses misclassified and allowances of Ksh.364,500 for which attendance registers to the meetings were not provided.

2367. In addition, the other committee expenses amounting to Ksh.3,619,100 related to projects monitoring and evaluation. However, supporting documents including details of the projects and activities undertaken were not provided.

2368. Consequently, the accuracy and validity of the reported committee expenses and other committee expenses of Ksh.1,541,700 and Ksh.3,619,100 respectively, could not be confirmed.

Management Response

2369. We have attached payment vouchers for committee expenses showing the allowances and attendance registers amounting to Ksh. 364,500 in Annex 47

2370. We have also attached payment vouchers with supporting documents such as M&E reports and details of payment amounting to 3,619.100.

Committee Observation

2371. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Bursary Payments

2372. The statement of receipts and payments reflects other grants and transfers of Ksh.40,586,449 which as disclosed under Note 7 to the financial statements included Ksh.11,003,035 and Ksh.11,371,778 being bursaries to secondary schools and tertiary institutions respectively, both totaling to Ksh.22,374,813. However, the detailed listing indicating the names of the beneficiaries, admission numbers and institutions/schools was not provided.

2373. Consequently, the accuracy and validity of the bursaries amounting to Ksh.22,374,813 could not be confirmed.

Management Response

2374. Bursary list of beneficiaries indicating names of beneficiaries, institutions and admission numbers have been attached together with the acknowledgement letters from the institutions.

Committee Observation

2375. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Bank Balances

2376. The statement of assets and liabilities and Note10A to the financial statements reflect bank balances of Ksh.11,917,434. However, the June, 2019 bank reconciliation statement reflected unpresented cheques amounting to Ksh.36,588,211 of which cheques totaling to Ksh.656,226 were stale and had not been written back into the cashbook.

Management Response

2377. The cheques amounting to Ksh. 656,226 which were stale were replaced as seen in the cashbook extract and bank reconciliation

Committee Observation

2378. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

Unresolved Prior Year Audit Matters

2379. As disclosed under the progress on follow up of auditor recommendations section of the financial statements, prior year audit issues remained unresolved as at 30 June,2019. Management has not provided satisfactory reasons for the delay in resolving the issues.

Management Response

2380. The issues raised in the previous years had taken time to resolve as the NG-CDF Committee consulted and doing capacity building for future improvement.

Committee Observation

2381. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Basis for Conclusion

1.0 Project Management Committee Bank Balances Relating to Completed Projects

2382. Note 15.4 to the financial statements and Annex 5 reflect bank balances of Ksh.17,537,851 held by Project Management Committees (PMCs) as at 30 June,2019. However, included in the balance was Ksh.956,050 held in forty-three (43) PMC bank accounts relating to completed projects. The balances had not been returned into the Constituency bank account as required under Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee be returned to the constituency account.

2383. The Fund Management was therefore, in breach of the law.

Management Response

2384. PMC account balances of Ksh. 956,050 had not been transferred to main account since at the time of audit most of those projects were complete but the contract period had not elapsed therefore those funds entailed retention fees which had not been paid to contractors since the six months period had not elapsed.

Committee Observation

2385. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Delayed Implementation of Projects

2386. According the project implementation status report as at 30 June, 2019,twenty-eight (28) projects with an allocation of Ksh.40,051,037 were still ongoing, implementation of two (2) projects with a funding allocation of Ksh.1,300,000 had not started and sixty-two (62) prior year's projects with a funding allocation of Ksh.54,678,966 were not prioritized as required under Section 46(2) of National Government Constituencies Development Fund Act,2015 which requires ongoing projects to take precedence over all other projects in funding.

2387. In the circumstances, Management was in breach of the Law. In addition, delayed completion of projects might lead to loss of public funds through cost escalations.

Management Response

2388. There was delay in implementation of projects since management had not received the AIEs to the said 62 prior year projects therefore they could not be prioritized.

2389. The AIEs were received in the subsequent financial year and all the projects were prioritized and implemented as seen in the PIS.

Committee Observation

2390. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsatisfactorily Implemented Projects

2391. Audit inspection in the month of February 2020 of twenty-one (21) projects with a funding allocation of Ksh.40,951,636 revealed various anomalies as shown in Appendix 1.

2392. Consequently, it could not be confirmed that the constituents of Kuresoi South realized value for money from the projects.

3.1 Constituency Innovation hub ICT project

Observation

2393. As previously reported Note 7 of the financial statements 2017/2018 reflects disbursement of Ksh. 5,677,027 out of which Ksh. 4,677,027 related to establishment of constituency information hub (CIH) in partnership with the ministry of information and technology through Telcom Kenya limited. No procurement documents were provided to confirm how Telcom Kenya limited was awarded the contract.

2394. Though the payment was paid on 26.6.2018, vide cheque no 4271 and cheque cleared on 4.10.2018 after replacement with cheque no 4328 of 28.9.2018, no signed contract between the two entities was provided for audit review and it was therefore not possible to confirm the deliverables and milestones to be achieved for the payment done. As at the time of audit in April 2019, the project was still ongoing and it was not possible to confirm when the project will be completed.

Management Response

2395. The Constituency Innovation Hub was government to government Contract the inception and implementation matrix was born by NG-CDF Board.

2396. The agreement between Telkom and Kuresoi was done and signed before payment was done. see attached agreement form.

2397. The Constituency innovation Hubs has since been installed in Keringet NG-CDF office, Kapkembu Chiefs Office, Amalo Social Hall and Kiptagich ACCs Office.

2398. In addition, each of the hub have received a total of 13 laptops making a total of 52 laptops. See pictures for the hubs and Laptops.

Committee Observation

2399. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.2 Silibwet Primary school

2400. A total of Ksh. 1,500,000 was transferred to Silibwet Primary school PMC for the construction of two class rooms to completion. However, there is no evidence that the contract was advertised or quotations raised from prequalified suppliers.

2401. The lowest bidder M/S TOZHOZ CONSTRUCTION COMPANY quoted Ksh. 889,980 was disqualified on the basis that the company did not have the requisite experience and the contract was awarded to Sting Construction Co. Limited at a contract price of Ksh. 1,500,000. However, the audit did not provide any evidence that any of the companies had the requisite experience.

2402. On physical verification the class rooms are complete and in use. However, rain water disposal system was not installed though it was in the Bill of quantities and was paid for.

2403. It was also observed that the floor was cracked pointing to weak base. It was also observed that the box iron sheets used where gauge 30 contrary to the Bill of quantity gauge 28 as a result the roof was leaking.

2404. Finally, the contractor used ply wood for the ceiling which is poorly done instead of soft board which was included in the bill of quantities.

Management Response

2405. By the time the audit team was visiting the project the water harvesting gutters had not been installed but now they are installed.

2406. In regards to the gauge of iron sheet the contractor was issued with a site instruction by the project manager- public works officer see a copy of the same.

Committee Observation

2407. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.3 Sigowet Primary school

2408. Sigowet Project management Committee received Ksh. 1,500,000 for the construction of two class rooms to completion in the financial year 2018/2019.

2409. Audit verification did not find evidence that the project was sourced either through advertisements or raising quotations as per the law. Though a printed advertisement was found in the file there is no evidence it was ever displayed in any notice board.

2410. The Bill of quantities for the winning company was filled using pencil raising questions as to the authenticity of the document.

2411. Project verification revealed that the rain water disposal system though in the Bill of quantities and paid for was not installed. The roofing box iron sheets were supposed to be gauge 28 but the contractor used gauge 30.

2412. The contractor used plywood ceiling which is poorly done instead of 12mm thick Celotex ceiling lining with vee butt joints and soft board as per the bill of quantities.

2413. Though Ksh. 10,000 was paid for NG-CDF logo and plaque non was painted on the building and plaque was seen.

Management Response

2414. The NG-CDFC disbursed the money to the PMC as recommended by the NG-CDF Act 2015. The PMC did the actual procurement for the works. by the time the auditors were visiting the school the PMC had not filed the project file properly. From the file there is evidence that the works were advertised and competitively bided for.

2415. Due to non-availability of gauge 28 the Works officer issued a site instruction attached.

Committee Observation

2416. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.4 Ketitui Central Primary school

2417. The National government CDF -Kuresoi south approved Code list for the financial year 2018/2019 approved Ksh. 2,000,000 for Ketitui Central Primary school Project which was transferred to the PMC account. The money was to be used to complete one storey (five class rooms) block (Walling, plastering, roofing, doors, windows, ceiling painting and electrical works).

2418. There is no evidence that the project was advertised as per the law, no evidence of evaluation and awarding.

2419. On physical verification it was observed that the ground floor has three class rooms which are complete but two classes were incomplete with no plaster, no floor, not painted and windows and doors not installed.

2420. The first floor which was supposed to have been completed using the Ksh. 2,000,000 had a bill of quantities of Ksh. 3,908,157 hence it's not clear how the balance was to be financed. The ground floor BQ was not availed for audit verification.

2421. Though walling had been done for the first floor it had not been plastered, doors, windows, ceiling painting had not been done though the contractor was out of site as at the date of project verification February 2020.

2422. The management seems to have split the project into ground floor and first floor to beat procurement laws.

Management Response

2423. During the audit visit the PMC had not filed the project file properly as there were some documents that were misfiled in school files. However, the PMC has provided with adequate evidence that there was advertisement and subsequent process of procurement was followed. Based on the magnitude of the project the project was to be funded in four phases.

2424. The procurement was made on the basis of available fund as required by the law. –See attached procurement file and photos of the project.

Committee Observation

2425. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.5 Keringet Boarding primary school

2426. It was observed that National Government CDF - Kuresoi South Code list for the financial year 2018/2019 indicated that Ksh. 2,000,000 was approved by the board for the construction of a new 80 bed dormitory to completion. The bill of quantities indicated construction cost of Ksh. 3,221,830 hence it's not clear how the balance is to be financed.

2427. Physical verification showed that the structure is complete with roofing. However, plastering, doors, windows, painting and ceiling were not done yet the contractor was not on site.

Management Response

2428. The balance for the completion of the 80 beds dormitory was fully funded by Kuresoi South NG-CDFC in financial year 2019/2020.

2429. The remaining works which is plastering, doors, windows, painting and ceiling was done in phase two in Financial year 2019/2020.

Committee Observation

2430. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.6 Keringet Estate Primary school

2431. The board approved Ksh. 800,000 for the renovation of Keringet Estate primary school administration block (Floor, plastering, painting and roofing).

2432. On physical verification it was seen that the following works had not been done though payments were done:

2433. Floor was not redone instead it was only painted. -105,760.00

2434. The walls were not plastered but only painting. -61,000.00

2435. The roof is leaking because of using wrong gauge 30 instead of BQ gauge 28.

2436. The contractor used metallic gutters instead of the BQ PVC gutters which are already leaking.

2437. Water harvesting down pipes have not been installed.

Management Response

2438. In Keringet Estate Primary school Ksh. 800,000 was given for the renovation of the administration block to the PMC. There were site instructions of activities from Public works. see attached copies and photos.

Committee Observation

2439. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.7 Ndabibit Primary school

2440. The contractor was supposed to construct a complete class room at an approved project price of Ksh. 750,000.

2441. Physical verification showed that the following works had not been done:

2442. Water disposal system had not been installed though full amount was paid.

2443. NG-CDF logo was supposed to be painted at a cost of Ksh. 10,000 which is missing.

2444. Ceiling was poorly done using ply wood instead of soft board as per the Bill of quantities.

2445. The bill of quantities had a project management fee of Ksh. 25,000 which is not accounted for.

Management Response

2446. In Ndabibit Primary School Ksh. 750,000.00 was allocated and disbursed to the PMC for the purpose of construction of a classroom. The classroom is in existence and in use. During the project verification by auditors the water gutters had not been installed but now they are in place.

Committee Observation

2447. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.8 Kirandich Primary school

2448. The NGCDF Board approved Ksh. 750,000 for contsruction of one class room to competition. However, project verification revealed the following issues.

2449. Water disposal system had not been installed though full amount was paid.

2450. NG-CDF logo was supposed to be painted at a cost of Ksh. 10,000 which is missing.

2451. Ceiling was done using ply wood which is poorly done instead of soft board as per the Bill of quantities.

2452. The bill of quantities had a project management fee of Ksh. 25,000 which is not accounted for.

2453. The roofing was done using box roofing sheets gauge 30 instead of Bill of quantities gauge 28.

Management Response

2454. In Kirandich Primary School Ksh. 750,000.00 was allocated and disbursed to the PMC for the purpose of construction of a classroom. The classroom is in existence and in use. During the project verification by auditors the water gutters had not been installed but now they are in place see attached copies.

Committee Observation

2455. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.9 Kiptaragon TTI

2456. The NG-CDF board approved Ksh. 4,000,000 for the construction of chain link wall of concrete poles (120m by 160M), land scaping and construction of main gate.

2457. It was observed that the main building was done by the Ministry of education and there was no agreement between the ministry and the NG-CDF on what was to be done by each of the government agents.

2458. There were no gabions seen during project verification though they were included in the Bill of quantities.

Management Response

2459. Kuresoi NG-CDFC allocated Ksh. 10,000,000.00 to Kiptaragon Technical Training Institute (TTI) in financial year 2015/2016 The money was channeled to the mentor institution- OLES'SOS TTI through a collaboration in the ministry and NG-CDF Board. and also, in financial year 2018/2019 Ksh. 4,000,000 was allocated for the purpose of land scaping, chain link fencing, Installation of the gate, and security house. However, there were site instruction after the bill of quantity that introduced the works on concrete fencing.

Committee Observation

2460. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.10 Kiptaragon TTI Toilet under Emergency vote

2461. The NGCDF funded an 8 door Toilet at Kiptaragon technical training institute under the emergency vote. However, there is no evidence that the contractor was sourced competitively through quotations or any other competitive method. There is no bill of quantities but only a list of materials and no evidence that any works were executed in the form of a certificate of completion. Physically the eight-door toilet is in place one being a urinal though they are not branded.

Management Response

2462. Kiptaragon TTI received Ksh. 600,000 through emergency for the purpose construction of 8 doors toilet. The work was implemented through labor-based form. There is evidence in the file that workers and material was procured competitively.

Committee Observation

2463. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11 Siwot girls Secondary School

2464. The national government CDF approved Ksh. 2,000,000 in the financial year 2018/2019 Ksh. 1,000,000 in 2014/15 and Ksh. 2,000,000 in 2015/2016.

2465. There is no evidence that the project was advertised evaluation and award done as per the law.

2466. The Ksh. 2,000,000 was supposed to do walling, roofing, doors windows and ceiling as per the NG-CDF board approved code list which have not been done yet the money has been fully utilized and the contractor in not on site.

2467. The drawing for the project was not availed for audit verification.

Management Response

2468. Siwot Girls Secondary school project management committee received Ksh. 2,000,000.00. The allocation was meant for a partial completion of first floor. The project is now complete and in use. Attached are documents to confirm that the works were competitively bided. During the visit the contractor had installed the columns and the beams which were at curing stage. He was not present during the visit.

Committee Observation

2469. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.12 Tulwet Secondary school

2470. The national Government CDF board approved Ksh. 1,100,000 for the completion of administration block. However, the Bill of quantities indicates that the project is worth Ksh. 1,508,740 hence its not clear how the balance of the project will be financed.

2471. The project is complete but the windows panes are missing.

Management Response

2472. Tulwet Secondary School received Ksh. 1,100,000 in FY 2018/2019 for the construction of administration block in phase one. The remaining works of window panes was done in the second phase of funding. See attached photos and codelist.

Committee Observation

2473. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.13 Ambusket Secondary school

2474. The School bus project was allocated Ksh. 5,000,000 by the national government CDF. Documents availed showed that the school Board of management was to provide the balance of Ksh. 1,700,000 however no agreement was availed for audit.

2475. The approved government duty free price for Isuzu Buses 46-54 passengers is Ksh. 6,128,449. It is not clear why the NGCDF bought a similar model at Ksh. 6,656,520 loosing Ksh. 528,071. The log book availed for audit verification showed that the bus was purchased duty free.

Management Response

2476. Agreements and photos submitted.

Committee Observation

2477. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.14 Kiptagich Secondary school

2478. The NGCDF allocated Ksh. 1,500,000 in the financial year 2015/16 for the construction of a dining hall in the school. A further Ksh. 1,200,000 was allocated in 2017/18. Finally, In the financial year 2018/2019 a further Ksh. 1,800,000 was allocated to the project. There is no evidence of any works executed by the NGCDF to date using the money.

Management Response

2479. Kiptagich Secondary School project management Committee received Ksh. 1,500,000.00 in 2015/2016, In 2017/2018 it received Ksh. 1,200,000.00 and 2018/2019 it received Ksh. 1,800,000.00 for the purpose of construction of a multipurpose hall. Currently the dining hall has been constructed and is at finishing stage. See attached photos.

Committee Observation

2480. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.15 Olenguruone Township Secondary School

2481. In financial year 2014/15 the NGCDF allocated Ksh. 600,000.00 for Completion of 1 storey building with four classrooms. The allocated money was supposed to cater for walling, plastering, painting, fixing doors and windows under project number 4-032-2630205-104-2014/15-008. A further Ksh. 1,000,000 was added to the project in financial year 2015/16 for Completion of four classrooms - upper walling, plastering, painting, fascia boards, external finishes, installation of doors and windows. In the year 2018/2019 a further Ksh. 600,000 was allocated to the project for the completion of the same project (floor, ceiling, plastering glazing, doors and painting).

2482. From the information it seems works have been paid for several times.

2483. There is Ksh. 30,000 for engineer's supervision which is not accounted for.

Management Response

2484. The storey building was a magnitude project hence it was funded in phases however it is currently complete and in use as seen in Annex.

2485. Engineers' supervision fee is in the Bill of Quantity.

Committee Observation

2486. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.16 Chebaraa secondary school

2487. In the year 2015/16 Ksh. 500,000 was dispatched to the school for the Construction of dining hall. In the year 2018/2019 Ksh. 1,000,000 was allocated for the construction of dining hall. Its not clear how the Ksh. 500,000 since it was the agreement between the BOM and the NGCDF to spend Ksh. 1,000,000 for the completion of the Dining hall.

2488. There is a missing kitchen though it was not provided in the Bill of quantities which renders the project incomplete.

Management Response

2489. Kuresoi NG-CDF disbursed Ksh. 1,000,000 and Ksh. 500,000.00 to Chebaraa for the construction of the dining hall. The project plan had no provision for the kitchen. See attached photos of the dining hall.

Committee Observation

2490. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.17 Construction of Silibwet chief's office and a pit latrine

Observation

2491. Note 2 of the financial statement reflects Ksh. 13,250,000 as payment to security projects. Included is an amount of Ksh. 710,000 for the construction of silibwet chief's office and a pit latrine. Field verification on 28/2/2020 revealed that only the office has been done though not complete and the pit latrine had not been started as all the funds were utilized on the chief's office. No explanation has been provided for the reallocation of pit latrine funds.

Management Response

2492. Silibwet Chiefs office received Ksh. 710,000 in phase one. Total bill of quantity for the projects is Ksh. 1,710,000.00. The toilet was scheduled to be constructed in the second phase. From this allocation, Ksh. 1,500,000 was for construction of the chief's office to completion and Ksh. 210,000 was for construction of a 2-door Pit latrine to completion. See attached codelist and photos.

Committee Observation

2493. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.18 Keringet Police Station

Observation

2494. Note 2 of the financial statement reflects Ksh. 13,250,000 as payment to security projects. Included is an amount of Ksh. 6,400,000 Paid to Keringet Police Station. Perusal of the project file revealed that the contractor was single sourced which is against the public procurement and Assets disposal Act 2015 section 96(1) and (20).

2495. Further Field verification revealed the following;

2496. Rain water works had not been done even though the contractor had been paid the whole amount.

2497. The windows had to be fitted with metal curtain rods as stated in the bills of quantities. Though the project implementation status report indicates that the project is 100% complete

Management Response

2498. Kuresoi South NG-CDFC allocated Ksh. 2,400,000.00 in 2017/2018 and 4,000,000.00 in 2018/2019 to Keringet Police Station project management committee. There are attached evidence to show that the bidder was competitively identified through an open tender. During the project verification the curtain rods & gutters had not been fixed but now they are fixed. See attached pictures and procurement documents.

Committee Observation

2499. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.19 Dos residence Olenguruone

Observation

2500. Note 2 of the financial statement reflect Ksh. 13,250,000 as payment to security projects. Included is an amount of Ksh. 540,000 for repair of Dos residence Olenguruone. Perusal of the project file revealed that no bills of quantities were prepared for the repairs and in addition field varication revealed that no repair were carried out in the house. No explanation has been provided as to why the repairs were not done even though the contractor was paid.

Management Response

2501. Olenguruone DO's residence received Ksh. 540,000.00 from NG-CDF Kuresoi South in the year 2018/2019 for the renovation of an existing building. This building was to house DO 1 Olenguruone division.

2502. Works to be done were; Gate, outside pit latrine, Internal wall Painting, Floor renovation, Ceiling renovation, Window molds painting, Glazing and Electrical works.

2503. Main gate was also repaired as an additional work for the same. There was no provision for gate repair in the code list. see attached photo in Annex.

2504. Attached evidence shows that all the works outlined in the code list 2018/2019 were done to completion.

Committee Observation

2505. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.20 Keringet CDF Social Hall

Observation

2506. Note 2 of the financial statement reflects Ksh. 13,250,000 as payment to security projects. Included is an amount of Ksh. 3,500,000 Keringet CDF Social Hall. Perusal of the project file showed the following anomalies;

2507. The project was never advertised and evaluation opening and evaluation done as per the law.

2508. Rain water works have not been done even though they have been paid for.

2509. No water tanks have been delivered even though they have been paid for

2510. No drawings for the projects were provided

2511. Plumping works are not yet completed

2512. The putty that is used to hold the window panes has not been painted.

2513. Further the Project status report shows that the project had been previously funded up to a tune of Ksh. 1,900,000 but no documents were provided to show what works were done with the funding. The bill of quantities to support the Ksh. 1,900,000 was not availed for project verification.

Management Response

2514. Keringet NG-CDF Social Hall received Ksh. 3,500,000.00 for the completion of the social hall. The works were advertised as evidenced by the attached documents. By the time verification by auditors the PVC gutters were there but not complete, water tank had not been installed but all the items in the BQ are now in place. See attached picture as evidence.

Committee Observation

2515. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Strategic Plan

2516. Included in the PMC bank balances of Ksh.17,537,851 as at 30 June, 2019 as disclosed at Annex 5 is a balance of Ksh.574,380 relating to the strategic plan. However, review of the bank statement revealed unsupported withdrawals of Ksh.614,540 during the year. Additional information indicated prior funding of Ksh.600,000, Ksh.800,000, and Ksh.1,000,000 to the strategic plan in financial years 2014/2015, 2015/2016 and 2017/2018 respectively, which remained incomplete.

2517. Consequently, the propriety and value for money on the cumulative expenditure of Ksh.1,825,620 on the strategic plan could not be confirmed.

Management Response

2518. The payments made in the strategic plan account were to facilitate the preparation of the strategic plan the same was not fulfilled at the time of audit however the management managed to develop a strategic plan and the same was launched as seen in Annex.

Committee Observation

2519. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.7 AUDITED STATEMENTS FOR FINANCIAL YEAR 2019/2020

1.0 Inaccuracies in the Financial Statements

2520. The statement of receipts and payments for the year ended 30 June, 2020 reflects nil balance for other receipts. However, the receipts schedules availed for audit reflects income from sale of tyres of Ksh.5,000 is not disclosed in the financial statements.

2521. Further, the statement of receipts and payments reflects receipts of Ksh.68,000,000 while statement of appropriation - recurrent and development combined reflects receipts of Ksh.79,917,434 resulting to unreconciled nor explained variance of Ksh.11,917,434.

2522. Consequently, the accuracy and completeness of receipts reflected in the statement of receipts and payments could not be confirmed.

Management Response

2523. A in A of Ksh. 5,000 meant for sale of tyres was erroneously omitted in the financial statements but was amended in the subsequent financial year 2020-2021 as seen in the attached Annex.

2524. The unexplained variance of Ksh. 11,917,434 is the opening balance as shown in the cashbook extract.

Committee Observation

2525. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unreconciled Expenditure on Compensation of Employees

2526. The statement of receipts and payments reflects compensation of employees of Ksh.3,018,232(2019-Ksh.2,974,994) as disclosed under Note 4 to the financial statements. However, the schedule presented for audit revealed variances in the items constituting the expenditure as shown below;

Compensation of Employees	Financial Statement	Payroll	Variance Ksh.
Basic Wages of Contractual Employees	2,808,692	2,144,703	663,989
Employer Contribution to NSSF	40,540	40,400	140
NHIF	-	72,300	72,300
Gratuity	-	664,858	664,858
Other Personnel Payments	169,000		169,000

2527. Further, other personnel payments balance of Ksh.169,000 related to imprest issued for operations but misclassified under compensation of employees.

2528. Under the circumstances the accuracy and completeness of compensation of employees of Ksh.3,018,232 for the year ended 30 June, 2020 could not be confirmed.

Management Response

2529. The variance of Ksh. 1,570,287 occurred because when preparing the payroll NHIF and Gratuity are separated from the basic wages and when preparing the Financial Statements they are lumped as Compensation of Employees.

2530. The errors were noted and corrections were made in the subsequent financial year as seen in Annex 54.

2531. The amount of Ksh. 169,000 has been supported by the payment vouchers as annexed in annex 54.

Committee Observation

2532. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Expenditure on Use of Goods and Services

2533. The statement of receipts and payments reflects use of goods and services of Ksh.6,179,765 (2019 - Ksh.7,589,852) as disclosed under Note 5 to the financial statements. Included in the balance is Ksh.2,003,800 for other committee expenses whose supporting schedule lacked information such as project visited, officers or members involved the rates paid, category of expenditure as either travelling, subsistence allowance, or general expenses. Monitoring and evaluation reports were also not availed for audit review.

2534. Further, the expenditure includes Ksh.954,000 for domestic travel and subsistence. However, the supporting schedules did not detail specific officer or member and areas travelled, nature of activities undertaken and category of expenditure, the number of days and the rates paid.

2535. In addition, the expenditure includes Ksh.550,000 for office and general supplies services. However, the supporting schedules indicated the payee to be the Fund Manager instead of detailing items or services offered in terms of date, item description, quantity, unit price and amount paid.

2536. Under the circumstances, the accuracy and completeness of expenditure on use of goods and services of Ksh.6,179,765 for the year ended 30 June, 2020 could not be confirmed

Management Response

2537. We have attached payment vouchers for other committee expenses amounting to Ksh. 2,003,800 with its supporting schedules in Annex 55.

2538. Further the expenditure for Ksh. 954,000 has been supported with the specific details and nature of activities as shown in Annex 56.

2539. In addition the payment vouchers amounting to Ksh. 550,000 and its supporting documents have been attached in Annex 57.

Committee Observation

2540. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Expenditure on Other Grants and Transfers

2541. The statement of receipts and payments reflects other grants and transfers of Ksh.46,000,251 (2019-Ksh.40,586,449) as disclosed under Note 7 to the financial statements. Included in the balance is bursary payments to secondary schools of Ksh.15,825,037 whose supporting schedule presented showed that one hundred and sixty-six (166) students were issued with bursary of Ksh.1,695,750 but did not have their admission or registration numbers indicated while ten (10) students in the same schools shared registration numbers and issued with bursaries of Ksh.98,000.

2542. Further, included in the balance is Ksh.12,475,714 for bursary-tertiary institutions whose supporting schedule presented for audit did not indicate year of study for all the students and twenty-six (26) students issued with Ksh.311,000 bursary did not have their admission or registration numbers indicated. Also, registration number 446 was shared between two (2) students each allocated Ksh.6,260.

2543. In addition, included in the balance is Ksh.11,699,500 for emergency projects which lacked details of the nature of the projects and out of which Ksh.530,500 were transfers to institutions without being supported by payment vouchers, requisitions from the institutions indicating the purpose, acknowledgement of funds, and subsequent monitoring of the activities undertaken.

2544. Under the circumstances, the accuracy and completeness of expenditure on other grants and transfers of Ksh.46,000,251 for the year ended 30 June, 2020 could not be confirmed.

Management Response

2545. Bursary list inclusive of all beneficiary details has been attached in Annex 58. Ksh. 530,500 indicated as emergency was an error of misclassification, we have attached Payment vouchers amounting to Ksh. 530,500 in Annex 59.

Committee Observation

2546. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Inaccurate Cash and Cash Equivalents

2547. The statement of assets and liabilities reflects cash and cash equivalent of Ksh.2,157,507 (2019-Ksh.11,917,434) and as disclosed under Note 10A of the financial statements. However, the cashbook reflects a balance of Ksh.2,137,508 resulting to unreconciled nor explained variance of Ksh.19,999. Further, the bank reconciliation statements in support reflects unpresented cheques amounting to Ksh.3,058,045 of which cheques totaling to Ksh.453,417 were stale and had not been written back into the

cashbook. In addition, the bank reconciliation statements included payments in bank statement but not recorded in cash book of Ksh.226,598which related to bank charges. The Management did not explain the failure to reverse the stale cheques and not recording payments in the cashbook.

2548. Under the circumstances, the accuracy and completeness of cash and cash equivalent of Ksh.2,157,507 as at 30 June, 2020 could not be confirmed.

Management Response

2549. Cashbook extract showing the closing balance of Ksh. 2,157,507 has been attached in Annex 61. Further stale cheques of Ksh. 453,417 were reversed back in the cashbook as shown in the cashbook extract and bank reconciliation statement in Annex 62. Additionally Ksh. 226,598 which had not been posted in the cashbook were later posted in the cashbook as seen in the extracts in Annex 63

Committee Observation

2550. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

1.0 Budgetary Control and Performance

2551. The summary statement of appropriation - recurrent and development combined reflects final receipts budget of Ksh.149,285,158 and actual receipts on comparable basis of Ksh.79,917,434. This resulted to an under-funding of Ksh.69,367,724 or 46% of the budget which affected the planned activities and projects, which may have impacted negatively on service delivery for the constituents of Kuresoi South Constituency.

Management Response

2552. The underfunding was as a result in delay of disbursement of funds, however the funds were later released as seen in the AIEs attached in Annex 64.

Committee Observation

2553. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Projects

2.1 Project Implementation Status

2554. A review of the project implementation status report of 30 June, 2020 indicated that one hundred and sixteen (116) projects with funding allocation of Ksh.119,290,679were at different implementation statuses as analyzed below: -

Project Status	Project Count	Amount (Ksh.)
Complete and In Use	66	53,580,679
On-Going	50	65,710,000
Total	116	119,290,679

2555. Fifty (50) projects with funding allocation of Ksh.65,710,000 were incomplete. No satisfactory explanation was rendered for the delays in completing the projects.

2556. Further, nine (9) projects with funding allocation of Ksh.9,300,000 were sampled for audit verification during the month of January, 2021. Below are the individual observations against the projects: -

Management Response

No.	Project Beneficiary and Details	Allocation	Observations	Response
1.	Keringet Police Station-Purchase of office furniture	200,000	There was no evidence of advertisement, quotation being sent to pre-qualified suppliers, evaluation and award. It is therefore likely that contractor was single sourced.,	At the time of audit, the project file was with the PMCs. The file is now in the office registry and all the mentioned documents have been made available for your perusal. See annex 65.
2.	DCC residence Keringet-Completion of DCCs house	1,500,000	There was no evidence of advertisement quotation being sent to pre-qualified suppliers, evaluation and award. It is therefore likely that contractor was single sourced. Also, certificates of completion were not provided for audit.	At the time of audit, the project file was with the PMCs. The file is now in the office registry and all the mentioned documents have been made available for your perusal. See annex 66. This project was completed and certificate of practical completion was issued. See annex 66.
3.	Silibwet Chief's Office-Completion of 4 roomed chiefs office	1,000,000	The project is complete and in use but there is no evidence of official handover and no certificate of health occupation from the Ministry of Public Works.	This project was completed and certificate of practical completion has been attached. See annex 67 A.
4.	Kapsimbeiywo Chief's Office-construction of 4 roomed Chief's Office to completion	1,500,000	The project is complete but not in use and explained to be waiting for commissioning. However, there is no certificate of health occupation from the Ministry of Public Works and painting was verified to be unevenly done and was fading off. The project is not branded to indicated NG-CDF Kuresoi South Constituency and the financial year	This project was completed and certificate of practical completion and certificate of making good defects was issued by the public works officer. We have also attached the photo. See annex 67 B.
5.	Tinet Kabongoi Secondary School - Construction to completion of 8doors pit	1,500,000	There was no evidence of procurement process through	At the time of auditors visit, the project was

No.	Project Beneficiary and Details	Allocation	Observations	Response
	latrine for students and 2doors pit latrine for staff		advertisement, quotation being sent to pre-qualified suppliers, evaluation and award. This is contrary to Section 27 of National Government Constituency Development Fund Regulations, - 2016 which requires project management committee to apply Public Procurement and Assets Disposal Act,2015 in the procurement. One side of the eight-door pit latrine was converted to a four-door bathroom which is not provided in the bills of quantities. The project is incomplete and the toilets have not been painted, the iron sheets are loose and facia board has not been fixed and the contractor was not on site. Progressive certificates of completion were not provided for audit. project is not branded to indicated NG-CDF Kuresoi South Constituency and the financial year	ongoing and currently the project is complete and we have attached certificate of practical completion and handing over certificate issued also we have attached the procurement documents as seen in Annex 68
6.	Tinet Mixed Secondary School-Completion of Laboratory	400,000	There was no evidence of procurement process through advertisement, quotation being sent to pre-qualified suppliers, evaluation and award. This is contrary to section 27 of National Government Constituency Development Fund Regulations, 2016 which requires project management committee to apply Public Procurement and Assets Disposal Act,2015 in the procurement. In addition, the tiles were not evenly levelled and were detaching, a sign of poor workmanship.	At the time of auditors visit, the project was ongoing and currently the project is complete and we have attached certificate of practical completion and handing over certificate issued also we have attached the procurement documents as seen in Annex 69
7.	Keringet Boarding Primary School - construction of a new 80 bed dormitory	1,500,000	The bills of quantities provided for steel casement doors but those fitted are wooden. The ceiling is of plywood instead of the thick board as per the bills of quantities. The floor had developed cracks and the	During the visit by the audit team, the project was ongoing. It was at the finishes stage. The contractor was therefore given instructions by the public works officer to make good the

No.	Project Beneficiary and Details	Allocation	Observations	Response
			paint was peeling and fading off. Also certificates of completion were not provided for audit.	glaring faults in the structure as per the Bill of Quantities provided. In addition, the project was completed and both the certificate of practical completion and the certificate of making good defects issued. see annex 70
8.	Makichiet Primary School-Completion of one classroom	600,000	There was no evidence of procurement process through advertisement, quotation being sent to pre-qualified suppliers, evaluation and award. This is contrary to Section 27 of National Government Constituency Development Fund Regulations, 2016 which requires project management committee to apply Public Procurement and Assets Disposal Act,2015 in the procurement. The metal door and window frames are not painted and general painting was not uniformly done. The bill of quantities provided for plywood ceiling not soft board which was not held by cornice.	The project was completed and both the certificate of practical completion and handing over certificate was issued. We have attached a branded photograph of the classroom also attached are the procurement documents. see Annex 71.
9.	Chemaner Secondary School-Completion of an Administration Block of 6 offices	1,100,000	There was variation to include fixing of tiles but the approval by the NG-CDF committee was not provided for audit. The allocated funds were exhausted but the project was verified to be incomplete with pending works of wall finishes and painting.	Additional funds for completion were budgeted for as seen in the attached codelist. The Administration block was completed and handed over. We have attached certificate of practical completion, handing over certificate and photos in Annex 70
	Total	**9,300,000**		

Committee Observation

2557. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Basis for Conclusion

1.0 Other Grants and Other Payments

2558. The statement of receipts and payments reflects other grants and other transfers of Ksh.46,000,251 (2019-Ksh.40,586,449) as disclosed under Note 7 to the financial

statements. Included in the balance is Ksh.11,699,500 for emergency projects out of which projects totalling Ksh.2,350,000 did not meet emergency criteria set under Section 8(3) of the National Constituency Development Fund Act, 2015.

2559. Further, included in the balance is Ksh.11,699,500 spent on emergency projects which exceeds Ksh.6,868,386 being 5% of total allocation of Ksh.137,367,724 by Ksh.4,831,114. This is contrary to National Government Constituencies Development Fund Act, 2015 Section 8(1) which states a portion of the Fund, equivalent to five per centum (hereinafter referred to as the "Emergency Reserve") shall remain unallocated and shall be available for emergencies that may occur within the Constituency.

2560. To this extent, the Fund is in breach of the law.

Management Response

2561. Payment vouchers amounting to Ksh. 2,350,000 fully attached with supporting documents –Public health officer reports, NGCDFC minutes and pictures showing the criteria used to meet emergency need have been attached in Annex 74

2562. There was no overpayment in emergency vote since there was a roll over balances from the previous year 2018-2019 of Ksh. 4,831,114 as seen in the payment vouchers and extract of financial statements attached in Annex 73.

Committee Observation

2563. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Project Management Committee Complete Projects

2564. Annex 5 reflects PMC bank balances as at 30 June, 2020 of Ksh.7,596,884. Included in the balance is Ksh.3,618,019 for sixty-five (65) completed projects as indicated in the project implementation status report for financial year 2019/2020. These funds have not been returned to the Constituency bank account.

2565. Further, the PMC bank balances discloses nil strategic plan bank account balance and comparative figure of Ksh.574,380. As previously reported in 2018/2019, the withdrawal of Ksh.614,540 from the account remains unsupported and cumulative expenditure from 2015/2016 to 2017/2018 was Ksh.1,825,620. However, the strategic plan remains incomplete.

2566. Consequently, the Fund Management is in breach of the law and the validity and value for money on the cumulative expenditure of Ksh.1,825,620 on the strategic plan could not be confirmed.

Management Response

2567. Balances in the PMC accounts for the completed projects were reversed back to the main account as seen in the attached bank statement and cashbook extract. However, for the ongoing projects Funds were not returned to constituency main account. Strategic plan was eventually prepared and launched. See attached strategic plan.

Committee Observation

2568. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

1.0 Risk Management Policy

2569. The Fund does not have a risk management policy in place contrary to the provisions of Section 165(1) of the Public Finance Management (National Governments) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops (a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

2570. Consequently, it has not been possible to confirm whether the measures in place are adequate to proactively identify risks and ensure that they are appropriately mitigated before they crystalize.

Management Response

2571. At the time of audit the management had not come up with a risk management policy but the policy has so far been prepared and is in place.

Committee Observation

2572. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Weaknesses in Procedure Used in Issuance of Bursaries

2573. The statement of receipts and payments reflects other grants and other transfers of Ksh.46,000,251 (2019-Ksh.40,586,449) as disclosed under Note 7 to the financial statements. Included in the figure is bursary payments to secondary schools of Ksh.15,825,037 and bursary to tertiary institutions of Ksh.12,475,714. However, comprehensive list of all bursary applicants and their application forms were not provided for audit. Further, the vetting committee reports/minutes did not show the criteria used to award bursaries. In addition, the list of successful applicants in each ward was not publicized.

2574. Under the circumstances, controls over vetting and awarding of bursaries are weak.

Management Response

2575. The bursary application forms were distributed to the various wards where the applicants collected the forms so as to apply for the bursaries. The bursary forms also indicate the criteria to be used in the vetting process. The NG CDFC had a subcommittee of bursary which went round the constituency to carry out vetting of applicants in all the 38 sub-locations in the constituency and thereafter generated the list of beneficiaries which was then forwarded to the NG CDF committee for approval.

Committee Observation

2576. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Irregular Recruitment of Staff

2577. The statement of receipts and payments reflects compensation of employees of Ksh.3,018,232 (2019-Ksh.2,974,994) as disclosed under Note 4 to the financial statements. During the year under review the constituency recruited two (2) staff for the positions of clerk of works and a security officer without evidence of interviews supported by scoring sheets. The staff were paid annual gross pay of Ksh.463,763.

2578. Consequently, the controls of hiring the constituency staff are weak.

Management Response

2579. NGCDFC advertised for the position of a Clerk of Works and that of an extra security guard. We received 8 applicants who were interviewed by a panel chaired by DCC.

2580. See attached the scoring sheets.

Committee Observation

2581. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.8 AUDITED STATEMENTS FOR FINANCIAL YEAR 2020/2021

1.0 Inaccuracies in the Financial Statements

1.1 Use of Goods and Services

2582. The statement of receipts and payments reflects use of goods and services expenditure of Ksh.11,192,365 as disclosed in Note 5 to the financial statements against a recomputed amount of Ksh.8,685,655, resulting into an unreconciled amount of Ksh.2,506,710. Further, the comparative use of goods and services expenditure of Ksh.6,179,765 varies with the recomputed amount of Ksh.3,664,906 resulting to an unreconciled variance of Ksh.2,514,859.

Management Response

2583. There was an omission in keying in figures but the schedules had the correct amount. Amendments of the Financial statements were made in the subsequent financial year 2021-2022 accordingly.

Committee Observation

2584. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

1.2 Compensation of Employees

2585. The statement of receipt and payments reflects compensation of employees' expenditure of Ksh.3,635,664 as disclosed in Note 4 to the financial statements, which

differs with the supporting payroll amount of Ksh.3,856,412 resulting into an unreconciled variance of Ksh.220,748.

2586. In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

Management Response

2587. We have attached payment vouchers and copy of payrolls to support the compensation of employees.

Committee Observation

2588. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unsupported Committee Expenses

2589. The statement of receipts and payments reflects use of goods and services balance of Ksh.11,192,365 as disclosed in Note 5 to the financial statements. The balance includes an amount of Ksh.4,333,000 incurred on committee expenses out of which an amount of Ksh.1,401,000 was payment for the facilitation of the monitoring and evaluation exercises. However, the evaluation reports and motor vehicle work tickets were not provided for audit to support the expenditure.

2590. In the circumstances, accuracy and completeness of committee expenses of Ksh.1,401,000 could not be confirmed

Management Response

2591. The schedules and supporting documents for Ksh. 1,401,000 were traced and found together with the M&E Reports, work tickets, projects visited as seen in Annex.

Committee Observation

2592. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Other Grants and Other Payments

2593. The statement of receipts and payments reflects other grants and transfers balance of Ksh.52,253,063 as disclosed in Note 7 to the financial statements. The balance includes bursary payments in respect of students in tertiary institutions of Ksh.15,889,300 out of which an amount of Ksh.1,990,000 were granted to beneficiaries whose names and admission numbers were not provided for audit. Further, an expenditure of Ksh.5,439,131 was incurred towards sports projects. However, the inspection and acceptance committee certificate, store receipt and issue records including the beneficiaries list were not provided for audit review.

Management Response

2594. Bursary list showing beneficiary names and admission numbers of students amounting to Ksh. 1,990,000 has been attached in Annex 80. Further inspection and acceptance committee certificates, store receipts, issue records and beneficiary/distribution list have been provided.

Committee Observation

2595. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unconfirmed Cash and Cash Equivalents

2596. The statement of assets and liabilities reflects cash and cash equivalents balance of Ksh.18,889,140 as disclosed in Note 10 to the financial statements. However, the bank reconciliation statement reflects payments in cash book not in bank (unpresented cheques) of Ksh.4,592,346, out of which there were stale cheques of Ksh.605,352 that had not been reversed in the cash book. Further, the statement reflects payments in the bank but not in cash book of Ksh.226,598 that were not updated in the cash book since March,2018.

2597. In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Ksh.18,889,140 as at 30 June,2021 could not be confirmed.

Management Response

2598. The Stale cheques of Ksh. 605,352. were reversed and replaced in the subsequent financial years and the extract of the cash book and bank reconciliations have been attached for review in Annex 82. The payments in bank not in cashbook were later recorded in the cashbook as seen in the cashbook extracts.

Committee Observation

2599. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

1.0 Budgetary Control and Performance

2600. The summary statement of appropriation reflects final receipts budget and actual receipts on comparable basis of Ksh.208,719,110 and Ksh.145,472,724, respectively resulting into an under-funding of Ksh.45,688,879 or 22% of the budget. Similarly, the Fund spent Ksh.144,141,093 against an approved budget of Ksh.208,719,110 resulting into an under-expenditure of Ksh.64,578,018 or 31 % of the budget.

2601. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

Management Response

2602. Under funding during the financial year is because of late disbursements of funds from the board this leads to under expenditure, however the funds were disbursed in the following year. Find attached AIEs.

Committee Observation

2603. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Unresolved Prior Year Matters

2604. In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

Management Response

2605. The issues raised in the previous years had taken time to resolve as the NG-CDF Committee consulted and doing capacity building for future improvement.

Committee Observation

2606. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

1.0 Failure to Prepare a Strategic Plan

2607. The Fund Management failed to prepare a strategic plan contrary to Section 68 (2) (g) of the Public Finance Management Act,2012 that requires an Accounting Officer to prepare a strategic plan in conformity with the medium-term fiscal framework and fiscal policy objectives of the National Government.

2608. In the circumstances, Management was in breach of the law.

Management Response

2609. Management has since prepared strategic plan and was commissioned

Committee Observation

2610. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Non-Utilization of Project at Kimororoch Secondary School

2611. The statement of receipts and payments reflects transfers to other government units of Ksh.77,060,000 as detailed under Note 6 to the financial statements. Included in the balance is Ksh.600,000 for the construction of a six (6) door pit latrine. However, project bank statements and project committee members details were not provided for audit. This is contrary to Regulation 11(1)(o) of National Government Constituencies Development Fund Regulations, 2016 that requires the Constituency Committee to ensure the formation of Project Management Committee, opening project accounts, project implementation and closure of projects. Further, project verification carried out on 18 May, 2022,

observed that despite the project being completed, the school had no students for a period in excess of two years and pit latrine had not been put to use.

Management Response

2612. The classrooms are currently in use by Junior secondary school as evident in the attached letter, PMC members details has been provided and PMC bank statement attached.

Committee Observation

2613. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Failure to Update the Assets Register

2614. The statement of receipts and payments reflects use of goods and services balance of Ksh.11,192,365 out of which Ksh.200,000 was incurred on specialized materials and services in respect of purchase of a braille machine. However, there was no evidence that these assets acquired were included in the fixed assets register. This is contrary to the provisions of Section 162(1) of the Public Procurement and Asset Disposal Act,2015which requires an Accounting Officer of a procuring entity to ensure that all inventory, stores and assets purchased be received and taken on charge as a basis for ensuring that all procured items are properly accounted for and put in proper use as intended by the procuring entity. The assets remained unrecorded and therefore could not be verified.

2615. In the circumstances, Management was in breach of the law.

Management Response

2616. NGCDFC budgeted and purchased braille machine for use at the NGCDF office by its committee member who is visually impaired.

2617. At the time of audit, the machine was in the custody of the member but it is labelled and put in the asset register.

Committee Observation

2618. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.11.9 AUDITED STATEMENTS FOR FINANCIAL YEAR 2021/2022

1.0 Inaccuracies in the Financial Statements

2619. The annual report and financial statements presented for audit had the following inaccuracies:

2620. The statements of receipts and payments reflects a balance of Ksh.11,192,365 in respect of prior year use of goods and services balance while the corresponding Note 5 to the financial statement reflects a balance of Ksh.8,685,655, resulting to unreconciled variance of Ksh.2,506,710.

2621. In the circumstances, the accuracy and completeness of the use of goods and services balance could not be confirmed.

Management Response

2622. This was a casting error on note 5 since Ksh. 11,192,365 was the actual balance under use of goods and services as captured in the Statement of receipts and payments as shown in the extract of the financial statements.

Committee Observation

2623. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Overstatement of Compensation of Employees

2624. The statement of receipts and payments reflects compensation of employees balance of Ksh.3,305,688 out of which Ksh.753,456 is in respect of gratuity payments to employees. However, the amount is a monthly provision for gratuity at the rate of Ksh.62,788, which has not been paid to the employees during the year under review. Given that the financial statements were prepared under the cash basis of accounting, the expenditure on gratuity of Ksh.753,456 was not incurred.

2625. In the circumstances, the accuracy of compensation of employees' balance of Ksh.753,456 could not be confirmed.

Management Response

2626. Gratuity provision is captured by ensuring a voucher is written to it during payment of salaries. The same is charged as an expense in the cashbook therefore it gets treated as payment in cashbook not in bank. The above anomaly has since been corrected by the opening of deposit account whereby the gratuity cheques are deposited.

Committee Observation

2627. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Unsupported Use of Goods and Services

2628. The statement of receipts and payments reflects use of goods and services amounting 8,118,672as detailed in Note 5 to the financial statements. Out of the amount Ksh. 5,388,500 were not supported by the expenditure returns as detailed:

Expenditure Item	Amount	Missing Information
Training	600,000	List of persons trained and nature of training
Other Committee Expenses	2,039,500	Nature of payments/expenses
Committee Expenses	2,749,000	List of persons paid, rate per sitting and date
Total	**5,388,500**	

2629. In the circumstances, the accuracy and completeness of the expenditure of Ksh.5,388,500 could not be confirmed.

Management Response

2630. The schedules and registers supporting the training and other various activities have been attached. We have attached the payment vouchers and schedules showing nature of payments for other committee expenses. Also List of persons paid, rate per sitting and dates for committee allowances has been attached.

Committee Observation

2631. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

4.0 Unsupported Bursary Payments

2632. The statement of receipts and payments reflects other grants and transfers balance of Ksh.44,870,885. The amount includes bursary to secondary schools of Ksh.18,615,105and tertiary institutions of Ksh.i 1,024,003 all totaling to Ksh.29,639,108. However, the vetting reports, list of beneficiaries showing name of student, admission number, learning institution, cheque number and amount awarded per student were not provided for audit.

2633. In the circumstances, the propriety, accuracy and completeness of bursary payments of Ksh.29,639,108 could not be confirmed.

Management Response

2634. Vetting reports, list of beneficiaries with complete details have been attached.

Committee Observation

2635. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

5.0 Cash and Cash Equivalents

2636. The statement of assets and liabilities reflects bank balance of Ksh.8,034,393. However, the bank reconciliation statement reflects payments in cash book not in bank statement (unpresented cheques) of Ksh.3,716,885.65 out of which Ksh.997,523.65 are stale cheques that have not been reversed in the cash book.

2637. In the circumstances, the accuracy and completeness of the bank balance of Ksh.997,523.65 could not be confirmed.

Management Response

2638. The Stale cheques of Ksh. 997,523.65 have since been reversed in the cashbook as seen in the cashbook extracts and bank reconciliations attached.

Committee Observation

2639. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Other Matter

6.0 Budget Analysis and Performance

2640. The summary of appropriation reflects final receipts budget and actual receipts on comparable basis of Ksh. 201,666,898 and Ksh. 176,248,019 respectively resulting into an under-funding of Ksh.25,418,879 or 13% of the budget. Similarly, the Fund spent Ksh.168,213,626 against an approved budget of Ksh.201,666,899 resulting to under-expenditure of Ksh.33,453,273 or 17% of the budget.

2641. The under-funding and under-expenditure might have impacted negatively on service delivery to the residents of Kuresoi South Constituency.

Management Response

2642. Management has noted with great concern the issue of underfunding which leads to under expenditure and we have communicated to the NG-CDF Board on the same However the funds were later released and we have attached the AIEs

Committee Observation

2643. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Basis for Conclusion

1.0 Non-Recovery of Statutory Deductions from Employees Emoluments

2644. The statement of receipts and payments reflects compensation of employees of Ksh.3,305,688. The amount includes National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) employer contributions of Ksh.78,600 and Ksh.43,200 all totaling to Ksh.121,800. However, there was no evidence of employee contributions and payments to the Government agencies as required by Section 16(1) of the National Hospital Insurance Fund Act, 2012 and Regulation 6(1) of the NSSF (Member Contributions) Regulations, 2014.

2645. In the circumstances, Management was in breach of the law.

Management Response

2646. Statutory deductions are always filed and remitted on time before 9th of subsequent month; we have attached receipts for the same.

Committee Observation

2647. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Non-compliance with the Bursary Minimum Allocation Requirement

2648. The statement of receipts and payments reflects other grants and transfers of Ksh.44,780,885. Included in the amount is bursary to Secondary Schools of Ksh.18,615,105 and tertiary institutions of Ksh.11,024,003 all totaling to

Ksh.29,639,108. The bursary allocation is 18.84% of the total receipts of Ksh.157,358,879 which contravenes Section 21(5) of the National Government Constituencies Development Fund Act, 2016, which states that the constituency committee shall allocate not less than twenty five percent of the funds allocated to a constituency.

2649. In the circumstances, Management was in breach of the law.

Management Response

2650. The underfunding was noted and rectified in the subsequent financial year. See attached copy of codelist.

Committee Observation

2651. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

3.0 Project Verification

2652. Note 6 to the financial statements reflects transfer to other Government entities amounting to Ksh.111,718,381 for the implementation of projects in primary schools and secondary schools. Physical verification of a sample of thirteen (13) projects valued at

2653. Ksh.13,800,000 revealed that projects were complete and in use but there were cases of poor workmanship such as defects of cracking floors, poor plastering on the walls, door installed had caved in and was not painted, toilets were not installed, leaking ceiling board, cracking floors amongst others.

2654. In the circumstances, value for money may not be realized where the quality of work is not satisfactory.

Management Response

No	Project	Description	Amount (Ksh.)	Observation	Response
1	Keringet secondary school	Being payment for completion of 120 bed dormitory block to completion - (1. Plaster of Floors for Eight cubicles & ablution block. 2. Plastering of partition walls for Eight cubicles & ablution block. 3. Keying of external surfaces of enclosing walls. 4. Plaster of internal surface of enclosing wall.5. Fixing of fascia board. 6. Ceiling. 7. Electrical wiring. 8. Installation of steel doors and internal wooden doors for	2,000,000	Defects of cracking floors, poor plastering on the walls, the door that was installed had caved in and was not painted, toilets were not installed.	During the time of visit by the audit team, the defects liability period of the project had not elapsed and retention fee was still in the PMCs accounts. The contractor was therefore given instructions to make good any faults in the project. Certificate of good defects was issued for the same. We have attached project photos

No	Project	Description	Amount (Ksh.)	Observation	Response
		ablution block. 9. Painting).			Annex 98A
2	Tendwet Secondary school	Completion of 6no. Office administration block (Tiling and Electrical works)	2,000,000	The ceiling board is leaking	During the time of visit by the audit team, the defects liability period of the project had not elapsed and retention fee was still in the PMCs accounts. The contractor was therefore given instructions to make good any faults in the project. Certificate of good defects was issued for the same. Annex 98B
3	Bararget Primary school	Construction of 6-door pit latrine with urinal for boys to completion; 5 door for able-bodied learners and one door for People With Disability.	650,000	Completed and in use	
4	Keringet Boarding primary school	Tiling of floor for 300-student capacity Dining Hall up to completion.	1,000,000	Completed and in use	
5	Keringet Estate primary school	Renovation of 3 No. Classrooms (1. Plaster of internal surfaces of enclosing walls. 2. Keying of external surfaces of enclosing walls. 3. Plaster of floor. 4. Ceiling. 5. Fixing of steel Doors and Window grills. 6. Fixing of windowpanes. 7. Installation of steel support columns on Verandah. 7. Electrical wiring. 8. Painting.9. Re-Roofing. 10. Fixing of Fascia Board.	1,300,000	Completed and in use	
6	Tendwet Chiefs office	Construction of 2 Door Toilet with Urinal to completion. One door to	250,000	Completed and in use	

No	Project	Description	Amount (Ksh.)	Observation	Response
		cater for person with disability			
7	Siwot Girls Secondary School	Construction of a Perimeter Wall to completion (300 metres).	2,000,000	The project is complete and in use	
8	Olenguruone Secondary School	Completion of 200-student capacity Dining hall; (1. Re-Roofing. 2. Tiling of the floor.)	1,000,000	Completed and in use	
9	Keringet Boarding Primary school	Tiling of floor for 300 students' capacity Dining Hall up to completion.	1,000,000	Completed	
10	Kaber Primary School	Completion of 1 No Classroom; Plaster of internal surfaces of enclosing walls, Keying of external surfaces of enclosing walls, Plaster of floor, ceiling, fixing of steel doors and window grills, Fixing of Window panes, Installation of steel support columns on verandah, electrical wiring, painting, Fixing of fascia board and roofing.	600,000	Defects of cracking floor	During the time of visit by the audit team, the defects liability period of the project had not elapsed and retention fee was still in the PMCs accounts. The contractor was therefore given instructions to make good any faults in the project. Certificate of good defects was issued for the same. Annex 98C
11	Chepkosigen Primary School	Purchase and Planting of 800 assorted indigenous tree seedlings	100,000	Completed	
12	Keringet Estate Primary school	Renovation of 3 No Classrooms: Plaster of Internal surfaces of enclosing walls keying of external surfaces of enclosing walls, Plaster of Floor, Ceiling, fixing of steel doors and window grills, fixing of window panes, installation of steel support columns on Verandas, electrical wiring, Painting, Re-Roofing and Fixing of Fascia Board.	1,300,000	Steel support columns on veranda have not been erected.	During the time of visit by the audit team, the project was ongoing. It was completed and a certificate of practical completion issued. Annex 98D

No	Project	Description	Amount (Ksh.)	Observation	Response
13	Bararget Primary School.	Construction of 6 door pit latrines to completion.	600,000	Completed	
	Total		**13,800,000**		

Committee Observation

2655. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Basis for Conclusion

1.0 Summary of Fixed Asset Register

2656. The summary of fixed assets register reflects assets balance of Ksh.13,405,037 as detailed at Annex 4 to the financial statements. Out of the balance, the following assets of value of Ksh.7,062,010 were missing supporting documentation:

Asset	Value (Ksh.)	Missing document
Land	1,000,000	Title deed
Buildings and structures	3,062,010	Valuation certificate
Transport equipment (Toyota Land Cruiser Registration No. GK 541 T)	3,000,000	Certificate of registration/log book
Total	**7,062,010**	

2657. In the circumstances, the internal controls of the fixed assets of balance of Ksh.7,062,010 could not be confirmed.

Management Response

2658. Copy of land title and car log book submitted.

Committee Observation

2659. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

2.0 Lack of a Strategic Plan

2660. The Fund did not have a strategic plan in place to provide guidance on the broader objectives that are to be achieved by the Fund and the responsibilities as required by law. There was no evidence that the management intends to develop the plan.

2661. In the circumstances, the projects/activities of the Constituency may not be implemented in a coherent manner due to lack of a formal guidance.

Management Response

2662. Management has since budgeted for and prepared Strategic plan for 2022-2027.

Committee Observation

2663. The Committee observed that supporting documents were provided to the Office of the Auditor General and verified. Therefore, the query was adequately addressed.

Sign: ..... **Date:** 2nd Dec, 2025

HON. DR. (Arch) GIDEON MULYUNGI, CBS, EBS, M.P.

CHAIRPERSON, DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

MINUTES OF THE 78TH SITTING OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE HELD ON MONDAY, 24TH NOVEMBER 2025, IN GARDEN SUITS, HILTON GARDEN INN HOTEL, MACHAKOS COUNTY AT 3:00 P.M.

PRESENT

1. **Hon. Gideon Mutemi Mulyungi, CBS, EBS, MP** **Chairperson**
2. Hon. Innocent Momanyi Obiri, MP
3. Hon. K'Oyoo, James Onyango, MP
4. Hon. Adhe Guyo Wario, MP
5. Hon. Richard Cheruiyot Kilel, MP
6. Hon. Adhe Guyo Wario, MP
7. Hon. Martin Wanyonyi Pepela MP
8. Hon. Caroline Jeptoo Ng'elechei, MP
9. Hon. David Mboni Mwalika, MP
10. Hon. Stephen Mogaka, MP
11. Hon. Dorothy Muthoni, Ikiara, MP

APOLOGIES

1. **Hon. Gertrude Mwanyanje Mbeyu, MP** **Vice Chairperson**
2. Hon. Abdi Barre Hussein, MP
3. Hon. Reuben Kipngor, Kiborek, MP
4. Hon. Jackson Lentoijoni, Lekumontare, MP

IN-ATTENDANCE

SECRETARIAT

1.	Mr. Oscar Namulanda	-	Deputy Director
2.	Mr. Ahmad Guliye	-	Clerk Assistant I
3.	Mr. John Mutinda	-	Clerk Assistant III
4.	Ms. Sharon Koskei	-	Clerk Assistant III
5.	Mr. Peter Barasa	-	Legal Counsel II
6.	Ms. Elizabeth Kibati	-	Research Officer III
7.	Mr. Wilson Mwangi	-	Fiscal Analyst II
8.	Ms. Winfred Kiziah	-	Media Relations Officer I
9.	Mr. Benson Muchiri	-	Audio Officer III
10.	Mr. Wilson Angatangoria	-	Sergeant at Arms
11.	Ms. Rahima Manzura	-	Personal Secretary

MIN.NO.NA/DAA&GPC/ DFAC/2025/423 **PRELIMINARIES**

The Chairperson called the meeting to order at 3:00 p.m. followed by a word of prayer. He thereafter invited all present to introduce themselves.

MIN.NO.NA/DAA&GPC/ DFAC/2025/424 **CONSIDERATION AND ADOPTION OF THE NINTH REPORT OF THE COMMITTEE ON ITS EXAMINATION OF THE AUDITED FINACIAL STATEMENTS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND FOR THE CONSTITUENCIES IN NAKURU COUNTY FOR THE FINANCIAL YEARS 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20, 2020/21 AND 2021/22**

I. The Committee considered and adopted its ninth report on examination of the Reports of the Auditor General for the following Constituencies in Nakuru County for the FY 2013/14 to 2021/22:

1. Bahati
2. Gilgil
3. Kuresoi North
4. Kuresoi South
5. Molo
6. Naivasha
7. Nakuru Town East
8. Nakuru Town West
9. Njoro
10. Rongai
11. Subukia

II. The Committee made observations and recommendations as contained in the report.

III. The adoption of the report was proposed and seconded by Hon. Martin Pepela, M.P. and Hon. David Mboni Mwalika, M.P. respectively.

MIN.NO.NA/DAA&GPC/ DFAC/2025/425: **CONSIDERATION AND ADOPTION OF THE TENTH REPORT OF THE COMMITTEE ON ITS EXAMINATION OF THE AUDITED FINANCIAL STATEMENTS OF THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) FOR LARI, LURAMBI, EMBAKASI CENTRAL, KILIFI NORTH AND**

MVITA CONSTITUENCIES FOR THE FINANCIAL YEARS 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022

I. The Committee considered and adopted its ninth report on examination of the Reports of the Auditor General for the following Constituencies for the FY 2016/17 to 2021/22:

1. Lari
2. Lurambi
3. Embakasi Central
4. Kilifi North
5. Mvita

II. The Committee made observations and recommendations as contained in the report.

III. The adoption of the report was proposed and seconded by Hon. K'Oyoo James Onyango, M.P. and Hon. Adhe Wario Guyo, M.P. respectively.

MIN.NO.NA/DAA&GPC/DFAC/2025/426 ADJOURNMENT/DATE OF NEXT SITTING

There being no other business, the meeting was adjourned at thirty minutes past four p.m. The next meeting will be held on notice.

SIGNED..... **DATE** 2nd Dec, 2025

HON. DR. GIDEON MUTEMI MULYUNGI, M.P. CBS
(CHAIRPERSON)

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 02 DEC 2025 DAY. TUESDAY
TABLED BY: HON. GIDEON MULYUNGI (CHAIRPERSON)
CLERK-AT THE-TABLE: INZOFU MWALE

REPUBLIC OF KENYA

NATIONAL ASSEMBLY

THIRTEENTH PARLIAMENT

DECENTRALIZED FUNDS ACCOUNTS COMMITTEE

ADOPTION SCHEDULE

We, the undersigned members of the Decentralized Funds Accounts Committee, today.....24/11/2025.....do hereby affix our signatures to this **9TH REPORT OF THE DECENTRALIZED FUNDS ACCOUNTS COMMITTEE AUDITED FINACIAL STATEMENTS FOR THE NATIONAL GOVERNMENT CONSITUENCIES DEVELOPMENT FUND (NGCDF) FOR CONSTITUENCIES IN NAKURU COUNTY. NAKURU, BAHATI, GILGIL, KURESOI NORTH, KURESOI SOUTH, MOLO, NAIVASHA, NAKURU TOWN EAST, NAKURU TOWN WEST, NJORO, RONGAI AND SUBUKIA CONSTITUENCIES FOR FINANCIAL YEARS 2013/2014, 2014/2015, 2015/2016, 2016/2017, 2017/2018, 2018/2019, 2019/2020, 2020/2021 AND 2021/2022** to affirm our approval and confirm accuracy, validity and authenticity: -

	NAMES	SIGNATURE
1.	**Hon. Dr. Gideon Mutemi Mulyungi, CBS, EBS, MP Chairperson**	
2.	**Hon. Gertrude Mbeyu, M.P - ViceChairperson**	
3.	Hon. K'Oyoo James, Onyango, MP	
4.	Hon. Joseph Kahangara Mburu, MP	
5.	Hon. David Mwalika Mboni, MP.	
6.	Hon. Innocent Momanyi Obiri, MP	
7.	Hon. Adhe Guyo Wario, MP.	
8.	Hon. Richard Cheruiyot, Kilel, MP.	
9.	Hon. Dorothy Muthoni, Ikiara, MP	
10.	Hon. Jackson Lentoijoni, Lekumontare, MP.	
11.	Hon. Abdi Barre Hussein, MP	
12.	Hon. Caroline Jeptoo Ng'elechei, MP	
13.	Hon. Martin Wanyonyi Pepela MP	
14.	Hon. Stephen Mogaka, MP	

15.	Hon. Reuben Kipngor, Kiborek, MP	