

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY

REPORT

DATE: 02 AUG 2023 DAY: WED

TAKEN BY: Hon Naomi Wageri MP
Deputy Majority Whip
Funlaye Mwangi

CLERK AT

THE AUDITOR-GENERAL

PARLIAMENT OF KENYA LIBRARY

ON

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

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



KANDARA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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



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

Table of Contents

Page

I.	Key Constituency Information and Management	iii
II.	NG-CDFC Chairman's Report	vii
III.	Statement Of Performance Against Predetermined Objectives for FY2021/22	xi
IV.	Environmental and Sustainability Reporting	xiii
V.	Statement of Management Responsibilities	xvii
VI.	Report Of the Independent Auditors On The NG-CDF- Kandara Constituency	xix
VII.	Statement Of Receipts and Payments for the Year Ended 30th June 2022	1
VIII.	Statement of Assets and Liabilities as at 30 th June, 2022.....	2
IX.	Statement of Cash Flows for the Year Ended 30th June 2022.....	3
X.	Summary Statement of Appropriation for the Year Ended 30 th June 2022	4
XI.	Budget Execution by Sectors and Projects for the Year Ended 30 th June 2022.....	6
XI.	Significant Accounting Policies	11
XII.	Notes to the Financial Statements.....	17

I. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The Kandara Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Susan Nthiiri
2.	Sub-County Accountant	Mary Nyambura Kamau
3.	Chairman NGCDFC	Peter Kagichu Njoroge
4.	Member NG-CDFC	Esther Wangui

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kandara Constituency NGCDF. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) Kandara Constituency NGCDF Headquarters

P.O. Box 111-01034
Murang'a, KENYA
Opposite Kandara Law Courts

(f) Kandara Constituency NGCDF Contacts

E-mail: cdkKandara@ngcdf.go.ke
Website: www.go.ke

(g) Kandara Constituency NGCDF Bankers

Cooperative Bank of Kenya
Thika Branch

AC/NO 01120074486100

(h) Independent Auditors

Auditor General
Office of the Auditor General

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

Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

II. NG-CDFC Chairman's Report



Peter Kagichu Kamau
Chairperson NG-CDF Kandara

INTRODUCTION

The people of Kandara Constituency are determined to participate effectively in objectives mission and vision of the Kandara NG-CDF in the development plan. The constituent now has power to implement the formulation and implementation of development programme in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness transparency, openness and accountability.

The Kandara Constituency NG-CDF total allocation for the financial year 2021/2022 was Kshs 137,088,879 which was the same as Kshs 137,088,879 allocated in financial year 2020/2021

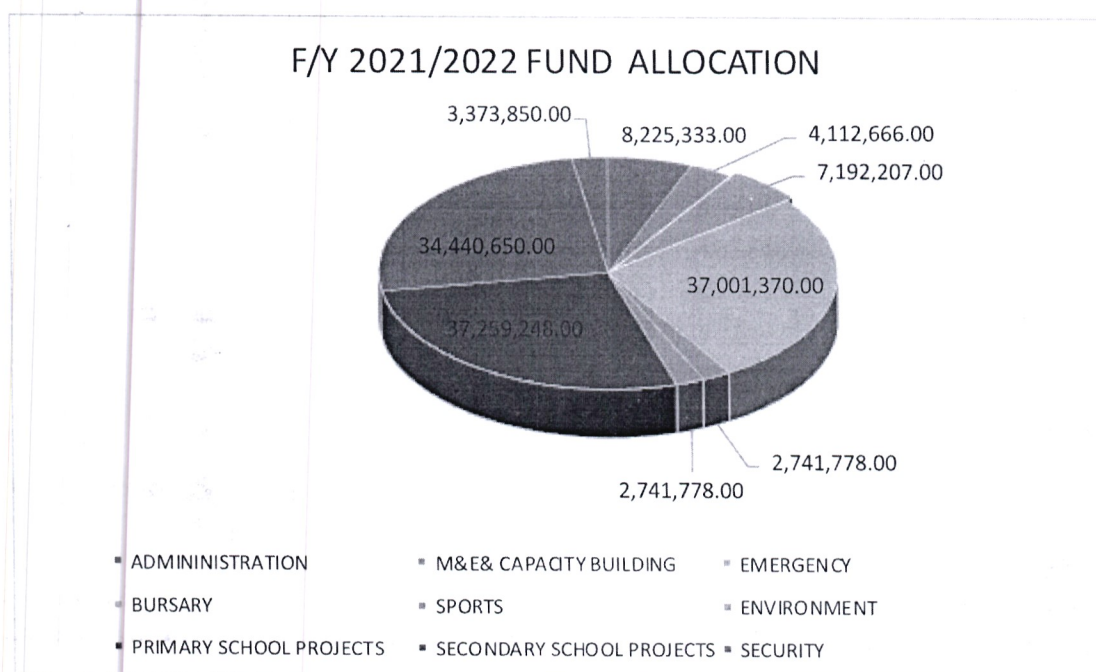
Our key focus in the financial year 2021/2022 was construction of new more classrooms in primary and secondary school, in order to ensure that there is 100% enrollment of pupils as per the

Government agenda four initiative.

1. Table 1.1 showing allocation on comparative Basis

Financial Year	Allocation	Disbursement Within the year
2020/2021	137,088,879	149,367,724
2021/2022	137,088,879	182,088,879
Decrease/Increases	0	32,721,155

Figure 1.1 Showing Fund Distribution for the Financial Year 2021/2022



KEY ACHIEVEMENTS

- We were able to complete various project during the financial year and other are still ongoing.
- Construction to completion of Kiiri Secondary Toilet Block.
- We managed to disburse bursaries to students who are bright and needy in secondary and tertiary institutions.

CHALLENGES

- Some project may require along span of implementation creating difference between initial budget and the actual cost during implementation
- Limited fund against competing needs from different institutions
- High number of vulnerable populations

SOLUTION

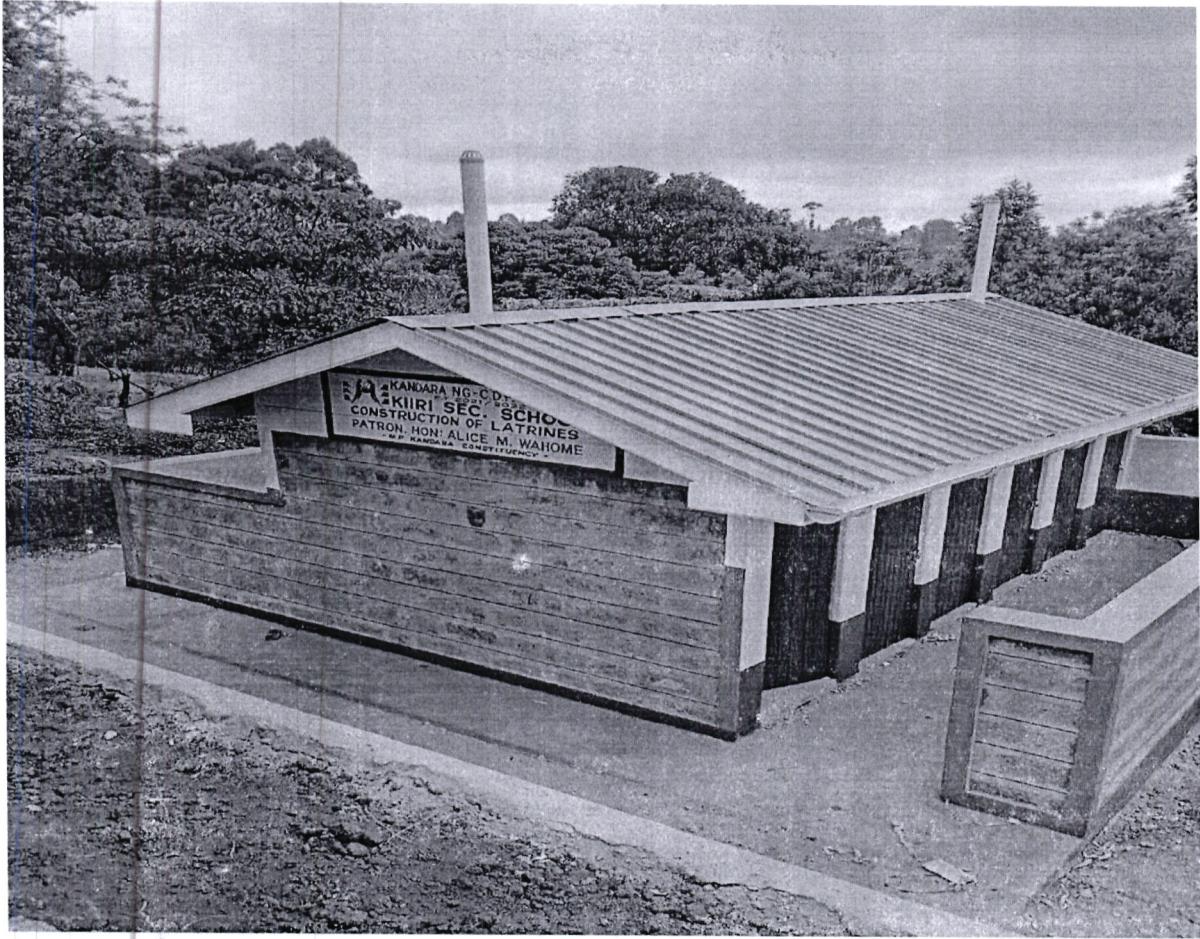
- NG-CDF board need to be flexible in fund disbursements for the project's implementation considering project with longer lifespan
- Public participation in project implementation be conducted regularly
- Collaboration with other government institutions where possible.

EMERGING ISSUES

- Shortage of land to implement new projects such as school, police camp and chief camp.
- High level of unemployment's leading to high dependence levels, the government should consider increasing the NGCDF kitty to gap the unemployment.
- The continuous state of campaign moods causing uncertainty.

KANDARA NG-CDF MILESTONE

Kandara NG-CDFC has gone a milestone in enhancing education sector by proving safe and secure learning environment. Some of the Project that Kandara NG-CDFC undertook during the financial year include but not limited to:



Signature
CHAIRMAN NGCDF COMMITTEE

III. Statement Of Performance Against Predetermined Objectives for FY2021/22

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of *Kandara Constituency 2018-2022* plan are to:

- To improve education outcomes at all levels of learning.
- To empower constituents of Kandara Constituency socially and economically.
- To enhance security for the constituents through improving infrastructure for security provision and strengthen community policing mechanisms.
- To address environmental challenges and reduce the impact of disaster risks.
- To improve efficiency and effectiveness through streamlining funds processes and system.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	Construct and rehabilitate additional classroom and sanitation facilities in school. Provision of additional desks and lockers. Perimeter fencing of school. Support acquisition of school bus. ward. Bursaries for needy and deserving	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions. Improved physical state of school infrastructure. Security in the school. Access to education improved in informal settlements.	No of classroom constructed or rehabilitated. No of desks provided to school. No of school perimeter wall constructed. primary school and secondary school constructed. No of students supported through bursaries.	In FY 2021/22, we We funded a number of primary and secondary school among them Githumu primary school, Gichagi-ini primary school, Mugaa-ini primary school and also secondary school such as Gaichanjiru mixed day sec school, Gatitu-ini secondary school among

Kandara Constituency

National Government Constituencies Development Fund (NGCDF)

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

	learners			
Security	Construct and rehabilitate physical infrastructure in the police stations and posts. Establish additional and construct houses for the security officers. Support construction of offices for national Administration. Install security lights in crime hot spots and public places.	State of physical facilities in the police station improved. Improved security and units for the safety for all. Housing for the police officers improved. Improved access to administrative services by the public.	No of housing units for the police constructed. No of security lights installed. No of new police posts established. No of police station rehabilitated.	In FY of 2021/2022 we fund construction of Kandara OCPD Office, Githumu Police Station, Makeji Police Post and Matira-ini Police Post.
Sports	Rehabilitate and secure community sports grounds Support community clubs Link community clubs with sponsors and national agencies Sponsor constituency annual sport tournaments	Talents in sports and arts identified and developed among the youth. State of community sports grounds improved. Community clubs supported.	No of community sports ground rehabilitated and secured. No of community clubs supported. Annual constituency sports	In F/Y 2020/2021 Sports tournaments were performed.

IV. Environmental and Sustainability Reporting

Kandara NG-CDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of Kandara NG CDF, the committee funds the following key sectors with the following sustainable priorities.

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

- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g., planting trees once in an academic calendar
- Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.
- NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.
- NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.

3. Employee welfare

We invest in providing the best working environment for our employees. Kandara constituency recruitment is guided by Employment Act, NG-CDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Kandara constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

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

4. Market place practices-

Kandara NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

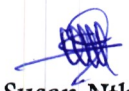
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

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

Public Awareness

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

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


Susan Nthiiri
FAM

NG-CDF KANDARA
FUND ACCOUNT MANAGER
P.O. Box 111 - 01034,
KANDARA

V. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Kandara Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the NGCDF-Kandara Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Kandara Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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


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

Approval of the financial statements

The NGCDF- Kandara Constituency financial statements were approved and signed by the Accounting Officer on APRIL 2022.2023

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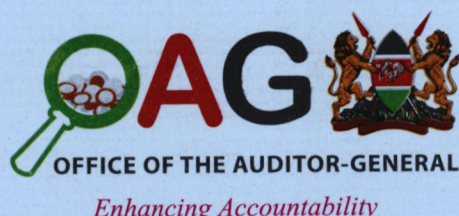
Peter Kagichu Njoroge
Chairman – NGCDF Committee

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Susan Nthiiri
Finance Account Manager

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KANDARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kandara Constituency set out on pages 1 to 34,

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

which comprise the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

Disclosure of Retention Monies

Note 12.A to the financial statements reflects Nil balances in relation to retention monies. However, during the financial year ended 30 June, 2022, the Fund had disbursed amount of Kshs.95,686,270 to various contractors for works undertaken. Review of the Project Management Committee (PMC) accounts revealed that there existed no records of retention monies for completed projects. It was therefore, not possible to confirm how much money is in the PMC bank accounts in respect of retention monies which the contractors are owed.

In the circumstances, the accuracy and presentation of the financial statements component of retention monies 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 - Kandara Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance.

The summary statement of appropriation reflects final receipts budget and actual on a comparable basis of Kshs. 208,070,758 and Kshs. 195,943,879, respectively resulting in underfunding of Kshs.12,126,879 or 7%. However, the statement reflects final expenditure budget and actual on a comparable basis of Kshs.208,070,758 and Kshs.174,240,564 respectively resulting in an under-expenditure of Kshs.33,830,194 or 16 % of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Idle Security Projects

Note 7 to the financial statements reflects an amount of Kshs.62,285,042 in respect of other grants and transfers which includes Kshs.10,138,554 in respect of security projects in the constituency. However, physical inspection conducted in the month of March, 2023 on the status of various projects revealed that Makeji Police Post office block constructed at a cost of Kshs.2,295,563 and Kandara OCPD phase 2 block constructed at a sum of Kshs.2,268,383 had been completed and handed over to the intended users. It was however, noted that the office blocks were not being utilized as the security management cited lack of office furniture.

In the circumstances, value for money may not have been realised on the expenditure of Kshs.10,138,554 for security projects.

2. Lack of Bursary Policies and Guidelines

Note 7 to the financial statements reflects other grants and other transfers amount of Kshs.62,285,042 which includes Kshs.25,169,386 and Kshs.13,274,702 for bursary-secondary schools and tertiary institutions respectively. However, the Fund did not have a documented bursary policy and guidelines for efficient and effective award of bursaries

to the needy students and it not clear how the different bursary amounts were determined. Further, bursary committee minutes were not provided for review and the bursaries may not have been paid to the needy students.

In the circumstances, value for money on the Kshs. 25,169,386 and Kshs.13,274,702 for bursary- secondary schools and tertiary institutions, respectively could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Failure to Value and Insure Assets.

The disclosure Annex 4 of the financial statements for the year ended 30 June, 2022 reflects an amount of Kshs 11,682,174 in respect of the summary of the fixed assets register as at 30 June, 2022. However, it was noted that only one motor vehicle had insurance cover while the other assets had not been insured against insurable risks. Further, valuation has not been done for the assets since they were procured, and the accuracy of the reported balance on the summary of fixed assets could not be ascertained.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


20 June, 2023

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

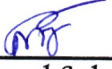
VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	182,088,879	149,367,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	130,385	-
TOTAL RECEIPTS		182,219,264	149,367,724
PAYMENTS			
Compensation of employees	4	3,299,350	2,508,468
Use of goods and services	5	12,969,902	7,804,316
Transfers to Other Government Units	6	95,686,270	68,643,324
Other grants and transfers	7	62,285,042	66,294,356
Acquisition of Assets	8	-	2,581,540
Other Payments	9	-	-
TOTAL PAYMENTS		174,240,564	147,832,004
SURPLUS/DEFICIT		7,978,700	1,535,720

The Constituency financial statements were approved on APRIL ²⁰²³ ~~2022~~ and signed by:


Fund/Account Manager

Susan Nthiiri


National Sub-County
Accountant

Mary Nyambura Kamau
ICPAK M/No:20897


Chairman NG-CDF Committee

Peter Kagichu Njoroge

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

VIII. Statement of Assets and Liabilities as at 30th June, 2022

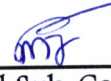
	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	21,703,315	13,724,615
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		21,703,315	13,724,615
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		21,703,315	13,724,615
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		21,703,315	13,724,615
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	13,724,615	12,188,895
Prior year adjustments	14	-	-
Surplus/Defict for the year		7,978,700	1,535,720
NET FINANCIAL POSITION		21,703,315	13,724,615

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

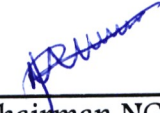
The Constituency financial statements were approved on APRIL 2023 and signed by:


 Fund Account Manager

Susan Nthiiri


 National Sub-County
 Accountant

Mary Nyambura Kamau
 ICPAK M/No:20897


 Chairman NG-CDF
 Committee

Peter Kagichu Njoroge

Kandara Constituency

National Government Constituencies Development Fund (NGCDF)

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


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

	Note	2021-2022	2020-2021
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	182,088,879	149,367,724
Other Receipts	3	130,385	-
		182,219,264	149,367,724
Payments for operating activities			
Compensation of Employees	4	3,299,350	2,508,468
Use of goods and services	5	12,969,902	7,804,316
Transfers to Other Government Units	6	95,686,270	68,643,324
Other grants and transfers	7	62,285,042	66,294,356
Other Payments	9	-	-
		174,240,564	145,250,464
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		7,978,700	4,117,260
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	(2,581,540)
Net cash flows from Investing Activities		-	(2,581,540)
NET INCREASE IN CASH AND CASH EQUIVALENT		7,978,700	1,535,720
Cash and cash equivalent at BEGINNING of the year	10	13,724,615	12,188,895
Cash and cash equivalent at END of the year		21,703,315	13,724,615

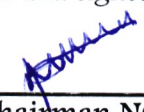
The Constituency financial statements were approved on APRIL 2023 ~~2022~~ and signed by:


Fund Account Manager

Susan Nthiiri


National Sub-County
Accountant

Mary Nyambura Kamau
ICPAK M/No:20897


Chairman NG-CDF
Committee

Peter Kagichu Njoroge

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

X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b					
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements	c=a+b			
RECEIPTS							
Transfers from NG-CDF Board	137,088,879	13,724,615	57,126,879	207,940,373	195,813,494	12,126,879	94.2%
Proceeds from Sale of Assets				-	-	-	0.0%
Other Receipts		130,385		130,385	130,385	-	
TOTAL RECEIPTS	137,088,879	13,855,000	57,126,879	208,070,758	195,943,879	12,126,879	94.2%
PAYMENTS							
Compensation of Employees	3,136,500	1,634,953	2,943,768	7,715,221	3,299,350	4,415,871	42.8%
Use of goods and services	9,201,499	2,502,947	3,112,665	14,817,111	12,969,902	1,847,209	87.5%
Transfers to Other Government Units	71,699,898	0	34,599,537	106,299,435	95,686,270	10,613,165	90.0%
Other grants and transfers	53,050,982	9,586,714	16,470,909	79,108,606	62,285,042	16,823,564	78.7%
Acquisition of Assets	-	-	-	-	-	-	-
Other Payments	-	-	-	-	-	-	-
Funds pending approval	-	130,385	-	130,385	-	130,385	-
TOTAL	137,088,879	13,855,000	57,126,879	208,070,758	174,240,564	33,830,194	83.7%

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

- i. Compensation to employee had underutilization of 57.2. This was occasioned by adjustment from previous years in the 2020/2021
 ii. Use of goods and services had underutilization of 12.5. This was occasioned by adjustment from previous year .
 iii. Other grant and transfer had an underutilization of 21.3 because the funds were received towards the end of financial year.
 iv. The amount of Kshs 13,724,615 is represented in financial statement of the current year is opening cash book balance and Kshs 57,126,879 not received from the NG-CDF board at the end of 2020/2021

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	33,830,194
Less undisbursed funds receivable from the Board as at 30th June 2022	12,126,879
	21,703,315
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	21,703,315

The Constituency financial statements were approved on APRIL 2023 and signed by:


Fund Account Manager


National Sub-County Accountant


Chairman NG-CDF
Committee

Susan Nthiiri

Mary Nyambura Kamau
ICPAK M/No:20897

Peter Kagichu Njoroge

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

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

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(i=g/f %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2021/2022			2021/2022	30/06/2022		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	3,136,500	534,953	2,943,768	6,615,221	3,299,350	3,315,871	50%
1.2 Committee allowances	3,088,833	100,000	500,000	3,688,833	3,254,360	434,473	88%
1.3 Use of goods and services	2,000,000	1,000,000	500,000	3,500,000	3,684,727	(184,727)	105%
Total	8,225,333	1,634,953	3,943,768	13,804,054	10,238,437	3,565,617	74%
2.0 Monitoring and evaluation							
2.1 Capacity building	1,662,861	533,724	1,112,665	3,309,250	2,140,840	1,168,410	65%
2.2 Committee allowances	1,449,805	540,813	800,000	2,790,618	2,859,600	(68,982)	102%
2.3 Use of goods and services	1,000,000	1,428,410	200,000	2,628,410	1,030,375	1,598,035	39%
Total	4,112,666	2,502,947	2,112,665	8,728,278	6,030,815	2,697,463	69%
3.0 Emergency							
3.1 Primary Schools							
3.2 Secondary schools							
3.3 Tertiary institutions							
3.4 Security projects							
3.5 Unutilised	7,192,207	11,820	2,692,207	9,896,234	5,329,000	4,567,234	54%

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

Total		7,192,207	11,820	2,692,207	9,896,234	5,329,000	4,567,234	54%
4.0 Bursary and Social Security					-			
4.1 Secondary Schools		20,989,438	4,775,548	1,272,220	27,037,206	25,169,386	1,867,820	93%
4.2 Tertiary Institutions		16,011,932		1,000,000	17,011,932	13,274,702	3,737,230	78%
4.3 Social Security					-		-	
4.4 Special Needs					-			
Total		37,001,370	4,775,548	2,272,220	44,049,138	38,444,088	5,605,050	87%
5.0 Sports		2,741,778	1,247,354	2,741,778	6,730,910	5,765,700	965,210	86%
5.1								
Total		2,741,778	1,247,354	2,741,778	6,730,910	5,765,700	965,210	86%
6.0 Environment								
Githumu Police Station, Gakarara Primary School, Gakoigo Primary School, Githaiti Primary School, Githunguri Girls High School, Kandara Primary School, Mukuria Secondary School, Naaro High School, Ngararaja Girls High School, O C P D Office, Riandegwa Primary School, Waitua Primary School		2,741,778	2,741,778		5,483,556	2,607,700	2,875,856	48%
Total		2,741,778	2,741,778	-	5,483,556	2,607,700	2,875,856	48%
7.0 Primary Schools Projects								
Gichagi-ini Primary School		4,065,525			4,065,525	4,065,525	-	100%
Githumu Primary School		3,255,000			3,255,000	3,255,000	-	100%
Kamicee Primary School		3,160,973			3,160,973	3,160,973	-	100%
Kiiri Primary School		4,206,887			4,206,887	4,206,887	-	100%

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

Kiranga Primary School	2,310,000			2,310,000	2,310,000	-	100%
Makindi Primary School	4,301,934			4,301,934	4,301,934	-	100%
Mugaa-ini Primary School	4,403,133			4,403,133	4,403,133	-	100%
Mugecha Primary School	4,205,796			4,205,796	4,205,796	-	100%
Mukerenju Primary School	4,200,000			4,200,000	4,200,000	-	100%
Thagari Primary School	3,150,000			3,150,000	3,150,000	-	100%
GATHUGU PRIMARY SCHOOL			3,207,015	3,207,015	3,207,015	-	100%
GITHIGIA PRIMARY SCHOOL			2,159,397	2,159,397	2,159,397	-	100%
GITURU PRIMARY SCHOOL			4,590,936	4,590,936	2,000,000	2,590,936	44%
KAGIRA PRIMARY SCHOOL			3,422,949	3,422,949	1,500,000	1,922,949	44%
KAGUTHI PRIMARY SCHOOL			1,202,291	1,202,291	1,202,291	-	100%
KARIKO PRIMARY SCHOOL			2,853,218	2,853,218	2,853,218	-	100%
KAWANJERU PRIMARY SCHOOL			1,805,505	1,805,505	1,805,505	-	100%
NGAANI PRIMARY SCHOOL			1,187,911	1,187,911	1,187,911	-	100%
Riandegwa Primary School			300,000	300,000	-	300,000	0%
Naaro Primary School		0		0		0	0%
Total	37,259,248	0	20,729,222	57,988,470	53,174,585	4,813,885	92%
8.0 Secondary Schools Projects							
Gatichanjiru mixed day Secondary School	4,200,000			4,200,000	4,200,000	-	100%
Gatitu-ini Secondary School	4,305,000			4,305,000	4,305,000	-	100%
Karigu-ini Secondary School	4,149,280		1,687,837	5,837,117	1,687,837	4,149,280	29%

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

Kirirwa Secondary School	3,150,000			3,150,000	3,150,000	-	100%
Muruka Secondary School	7,126,000	1,650,000		8,776,000	8,776,000	-	100%
Naaro High School	1,234,370			1,234,370	1,234,370	-	100%
St Charles Lwanga Secondary School	7,126,000			7,126,000	7,126,000	-	100%
Waitua Secondary School	3,150,000	2,227,478		5,377,478	5,377,478	-	100%
8.1 GAKUI SECONDARY SCHOOL		2,005,000		2,005,000	2,005,000	-	100%
8.2 GITHUMU DAY SECONDARY SCHOOL		3,150,000		3,150,000	1,500,000	1,650,000	48%
8.4 MUGECHA SECONDARY SCHOOL		3,150,000		3,150,000	3,150,000	-	100%
Total	34,440,650	13,870,315	-	48,310,965	42,511,685	5,799,280	88%
9.0 Tertiary institutions Projects							
Total	-	-	-	-	-	-	
10.0 Security Projects							
Githumu Police Station	1,575,000	500,000		2,075,000	2,075,000	-	100%
Kandara OCPD Office	1,798,850	2,919,141		4,717,991	4,717,991	-	100%
10.1 Electricity		2,000,000		2,000,000	2,000,000	2,000,000	0%
10.3 Makenji Police Post		2,295,563		2,295,563	2,295,563	-	100%
10.4 Matira Police Post		1,050,000		1,050,000	1,050,000	-	100%
Total	3,373,850	8,764,704	-	12,138,554	10,138,554	2,000,000	84%

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

11.0 Acquisition of assets									
11.2 Construction of CDF office	-	-	-	-	-	-	-	-	-
12.4 Construction of gate and cabro at CDF office	-	810,214	-	810,214	-	810,214	-	810,214	0%
11.3 Purchase of furniture and equipment	-	-	-	-	-	-	-	-	-
Total	-	810,214	-	810,214	-	810,214	-	810,214	0%
12.0 Other payments									
12.1 Strategic plan	-	-	-	-	-	-	-	-	-
12.2 Innovation hub	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
13.0 unallocated fund									
Unapproved projects									
AIA		130,385		130,385		130,385		130,385	0%
PMC savings									
Total	-	130,385	-	130,385	-	130,385	-	130,385	
	137,088,879	13,855,000	57,126,879	208,070,758	174,240,564	33,830,194			0.84

(NB: This statement is a disclosure statement indicating the utilisation in the same format as the entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury

XI. Significant Accounting Policies

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits (gratuity and retentions).

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-Kandara Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the entity for all the years presented.

a) Recognition of Receipts

The entity recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

Significant Accounting Policies continued

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the entity.

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the constituency in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the constituency includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies continued

6. Cash and Cash Equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

Significant Accounting Policies continued

14. Errors

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

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

15. Related Party Transactions

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

Kandara Constituency

National Government Constituencies Development Fund (NGCDF)

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

XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020 - 2021
	Kshs	Kshs
B140914	33,000,000	
B140565	12,000,000	
B05651	44,000,000	
B105790	22,000,000	
B128526	5,000,000	
B154035	12,000,000	
B128838	12,000,000	
B164478	18,000,000	
B155835	24,088,879	
B104764		40,000,000
B104544		29,367,724
B124535		9,000,000
B124965		8,500,000
B119820		12,000,000
B128110		6,900,000
B128422		7,000,000
B138834		12,000,000
B126129		7,000,000
B126419		11,600,000
B132166		6,000,000
Total	182,088,879	149,367,724

Notes to the Financial Statements (Continued)

2. Proceeds From Sale of Assets

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

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	130,385	-
Total	130,385	~

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,033,293	2,039,804
Personal allowances paid as part of salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	1,232,457	435,064
Employer Contributions Compulsory national social security schemes	33,600	33,600
Total	3,299,350	2,508,468

Notes to the Financial Statements (Continued)

5. Use Of Goods and Services

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	614,750	431,020
Accommodation - Domestic Travels	65,600	-
Electricity	125,051	95,205
Water & sewerage charges	16,140	7,905
Office rent	-	-
Committee Expenses	744,000	786,279
Communication, supplies and services	200,000	10,100
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	343,600	442,000
Accommodation - Domestic Travel	-	-
Training expenses	2,859,600	1,019,700
Computer Accessories Expenses	-	-
Other committee expenses	430,375	286,000
Committee allowance	2,510,360	1,959,475
Printing, advertising	-	-
Insurance costs	150,675	167,726
Specialised materials and services	-	-
Office and general supplies and services	512,360	366,060
Advertising & Awareness	-	-
Fuel , oil & lubricants	1,546,671	200,000
Travel Allowances	-	-
Other operating expenses	600,000	968,000
Bank service commission and charges	109,880	87,559
Training Facilities & Equipments Expenses	2,140,840	-
Other Operating Expenses	-	66,360
Security operations	-	35,927
Routine maintenance - vehicles and other transport equipment	-	875,000
Cleaning Materials Expenses	-	-
TOTAL	12,969,902	7,804,316

Notes To the Financial Statements (Continued)

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	53,174,585	38,740,397
Transfers To Secondary Schools (See Attached List)	42,511,685	29,902,927
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	95,686,270	68,643,324

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	25,169,386	24,520,176
Bursary – tertiary institutions (see attached list)	13,274,702	27,580,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	10,138,554	8,050,000
Sports projects (see attached list)	5,765,700	1,500,000
Environment projects (see attached list)	2,607,700	-
Emergency projects (see attached list)	5,329,000	4,644,180
Total	62,285,042	66,294,356

Notes To the Financial Statements (Continued)

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	2,581,540
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
Total	-	2,581,540

9. Other Payments

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

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)	21,703,315	13,724,615
<i>Co-operative Bank, Account No.1146215614</i>		
Total	21,703,315	13,724,615
10 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total		
<i>[Provide Cash Count Certificates for Each]</i>		

Notes to the Financial Statements (Continued)

11: Outstanding Imprests

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

12A. Retention

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

[Provide short appropriate explanations as necessary.]

12B. Gratuity

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

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

Notes to the Financial Statements (Continued)

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	13,724,615	12,188,895
Cash in hand	-	-
Imprest	-	-
Total	13,724,615	12,188,895

14. Prior Year Adjustments

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

15. Changes in Accounts Receivable – Outstanding Imprests

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

Notes to the Financial Statements (Continued)

16. Changes in Accounts Payable – Deposits and Retentions

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

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

Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

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

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>Gratuity</i>)	-	608,108
Total	-	608,108

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	4,415,871	2,968,932
Use of goods and services	1,847,209	7,215,400
Amounts due to other Government entities (see attached list)	10,613,165	29,655,355
Amounts due to other grants and other transfers (see attached list)	16,823,564	29,978,860
Acquisition of assets	-	732,947
Funds pending approval	130,385	300,000
Total	33,830,194	70,851,494

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

17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	35,679,203	8,954,336
Total	35,679,203	8,954,336

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

Annexes
Annexes: 1 Analysis of Pending Accounts Payable

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

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

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2022	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

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

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		4,415,871	2,968,932	
Use of goods & services		1,847,209	7,215,400	
Amounts due to other Government entities		10,613,165	29,655,355	
Sub-Total		16,876,245	39,839,687	
Amounts due to other grants and other transfers		16,823,564	29,978,860	
Sub-Total		16,823,564	29,978,860	
Acquisition of assets		-	726,095	
Others (<i>specify</i>)				
Strategic Plan		-	5,000	
Innovation hub		-	1,852	
Sub-Total		-	732,947	
Funds pending approval		130,385	300,000	
Grand Total		33,830,194	70,851,494	

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

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/2022
Land	~	~	~	~
Buildings and structures	2,581,540	~	~	2,581,540
Transport equipment	7,898,000	~	~	7,898,000
Office equipment, furniture and fittings	495,984	~	~	495,984
ICT Equipment, Software and Other ICT Assets	706,650	~	~	706,650
Other Machinery and Equipment	~	~	~	~
Heritage and cultural assets	~	~	~	~
Intangible assets	~	~	~	~
Total	11,682,174	~	~	11,682,174

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

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

PMC	Bank	Account number	Bank Balance 2021/2022	Bank Balance 2020/2021
GAICHANJIRU MIXED SEC.SCH	EQUITY, KENOL	0890283060235	2,686,433	-
GAKUI SECONDARY SCHOOL	EQUITY, KENOL	0890281012133	2,144,830	-
GATHUGU PRIMARY SCHOOL	EQUITY, KENOL	0890282222243	188,110	-
GICHAGI-INI PRIMARY SCHOOL	EQUITY, KENOL	0890282473450	343,979	-
GITHIGIA PRIMARY SCHOOL	EQUITY, KENOL	0890279651018	327,304	-
GITHUMU DAY SEC SCHOOL	EQUITY, KENOL	0890282243708	79,823	-
GITHUMU POLICE STATION	EQUITY, KENOL	0890281011217	173,630	-
GITHUMU POLICE STATION- OCS	EQUITY, KENOL	0890282474800	197,613	-
GITHUMU PRIMARY SCHOOL	EQUITY, KENOL	0890282975328	3,255,000	-
GITURU PRIMARY SCHOOL	EQUITY, KENOL	0890282175944	91,453	-
KAGIRA PRIMARY SCHOOL	EQUITY, KENOL	0890282172140	69,900	-
KAGUTHI PRIMARY SCHOOL	EQUITY, KENOL	0890281171604	353,657	-
KAMICEE PRIMARY SCHOOL	EQUITY, KENOL	0890282974167	3,160,973	-
KANDARA OCPD OFFICE	EQUITY, KENOL	0890279865293	408,152	4,500,102
KARIGU-INI SECONDARY SCHOOL	EQUITY, KENOL	0890281013163	310,592	-
KARIKO PRIMARY SCHOOL	EQUITY, KENOL	0890281284940	109,067	-
KAWANJERU PRIMARY SCHOOL	EQUITY, KENOL	0890281196646	373,023	-
KIIRI PRIMARY SCHOOL	EQUITY, KENOL	0890282472847	471,945	-
KIIRI SECONDARY SCHOOL	EQUITY, KENOL	0890282645992	165,257	-
KIRANGA PRIMARY SCHOOL	EQUITY, KENOL	0890282502638	303,793	-
KIRIRWA SECONDARY SCHOOL	EQUITY, KENOL	0890282975107	3,150,000	-

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


MAKENJI POLICE STATION	EQUITY, KENOL	0890282172202	241,359	-
MAKINDI PRIMARY SCHOOL	EQUITY, KENOL	0890282474956	1,308,969	-
MATIRA-INI POLICE POST	EQUITY, KENOL	0890282210979	97,832	-
MUGAA-INI PRIMARY SCHOOL	EQUITY, KENOL	0890282983262	4,403,133	-
MUGECHA PRIMARY SCHOOL	EQUITY, KENOL	0890282995476	4,205,796	-
MUGECHA SECONDARY SCHOOL	EQUITY, KENOL	0890281285216	228,208	-
MUKERENJU PRIMARY SCHOOL	EQUITY, KENOL	0890282581362	1,713,843	-
MURUKA SECONDARY SCHOOL	EQUITY, KENOL	0890281279849	413,065	-
MURUKA SECONDARY SCHOOL-BUS	EQUITY, KENOL	0890282602788	-	-
NAARO HIGH SCHOOL	EQUITY, KENOL	0890282495976	668,399	-
NGAA-INI PRIMARY SCHOOL	EQUITY, KENOL	0890282495976	282,541	-
NGURWE-INI SECONDARY SCHOOL	EQUITY, KENOL	0890281012366	350	-
ST CHARLES L WANGA SEC SCH-BUS	EQUITY, KENOL	0890282581895	-	-
THAGARI PRIMARY SCHOOL	EQUITY, KENOL	0890283001082	3,150,000	-
WAITUA SECONDARY SCHOOL classrooms & fence	EQUITY, KENOL	0890282286160	753,258	-
WAITUA SECONDARY SCHOOL-ABLUTION	EQUITY, KENOL	0890282646099	159,280	-
WAITUA SECONDARY SCHOOL-DESKS	EQUITY, KENOL	0890282648760	14,673	-
Total			35,679,203.15	4,500,102.00

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

Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The summary statement of appropriation: recurrent and development combined reflect budget and actual on a comparable basis Kshs. 218,803,498 and Kshs. 161,556,619 respectively resulting to an underfunding of Kshs 57,246,879 or 26% of the budget. Similarly, the fund spent Kshs 147,832,004 against a approved budget of Kshs. 218,803,498 resulting to under-expenditure of Kshs 70,814,494 or 32% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Kandara constituency.</p>	<p>The underfunding and under expenditure was occasioned by the delay in disbursement of funds from the NG-CDF BOARD by the end of the financial year. As at the end of the financial year Kshs 57,126,879 had not been disbursed to the constituency</p>	Resolved	Resolved


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