

REPUBLIC OF KENYA



Enhancing Accountability



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REPORT

THE NATIONAL ASSEMBLY

DATE: 09 AUG 2023 DAY: WED

TABLED BY: OF Hon Owen Baya, M.P.
Deputy Leader majority party

CLERK-AT-THE-TABLE: Miriam Mado

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
MWEA CONSTITUENCY**

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



MWEA 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 Standard Report prepared by

Isaac Wamugunda
Fund Account Manager

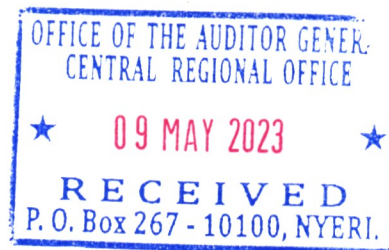


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I. Key Constituency Information and Management

(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;

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- 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 Mwea 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	Isaac K. Wamugunda
2.	Sub-County Accountant	Teresa Macharia
3.	Chairman NGCDFC	Josphat Muthike
4.	Secretary NGCDFC	Mary M. Munene

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Mwea 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) MWEA Constituency NGCDF Headquarters

P.O. Box 99-10303
CDF Building
Mwea East Dcc's Compound
Wang'uru, KENYA

(f) MWEA Constituency NGCDF Contacts

Telephone: (254) 721552292
E-mail: iwamugunda.ngcdf.go.ke
Website: www.go.ke

Mwea Constituency NGCDF Bankers

1. Equity Bank
Mwea Branch

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Account No. 0380262157416

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

II. NG-CDFC Chairman's Report

(One to two pages)



JOSPHAT MUTHIKE

Include among others the following:

INTRODUCTION

Mwea Constituency consists of two Sub-Counties namely Mwea East and Mwea West. The current population is slightly above 226,000 (Two hundred and Twenty Six thousand) and a voting population of about 123,000 (one hundred and twenty three thousand) voters. There is a newly created settlement scheme which has attracted more people of diverse backgrounds.

EMERGING ISSUES:

There is a dire need by community for some projects which have been devolved. Mwea NGCDFC would like to support the youths engaging in Agriculture to support the Big 4 Agenda of the President. This cannot happen since Agriculture is a devolved function.

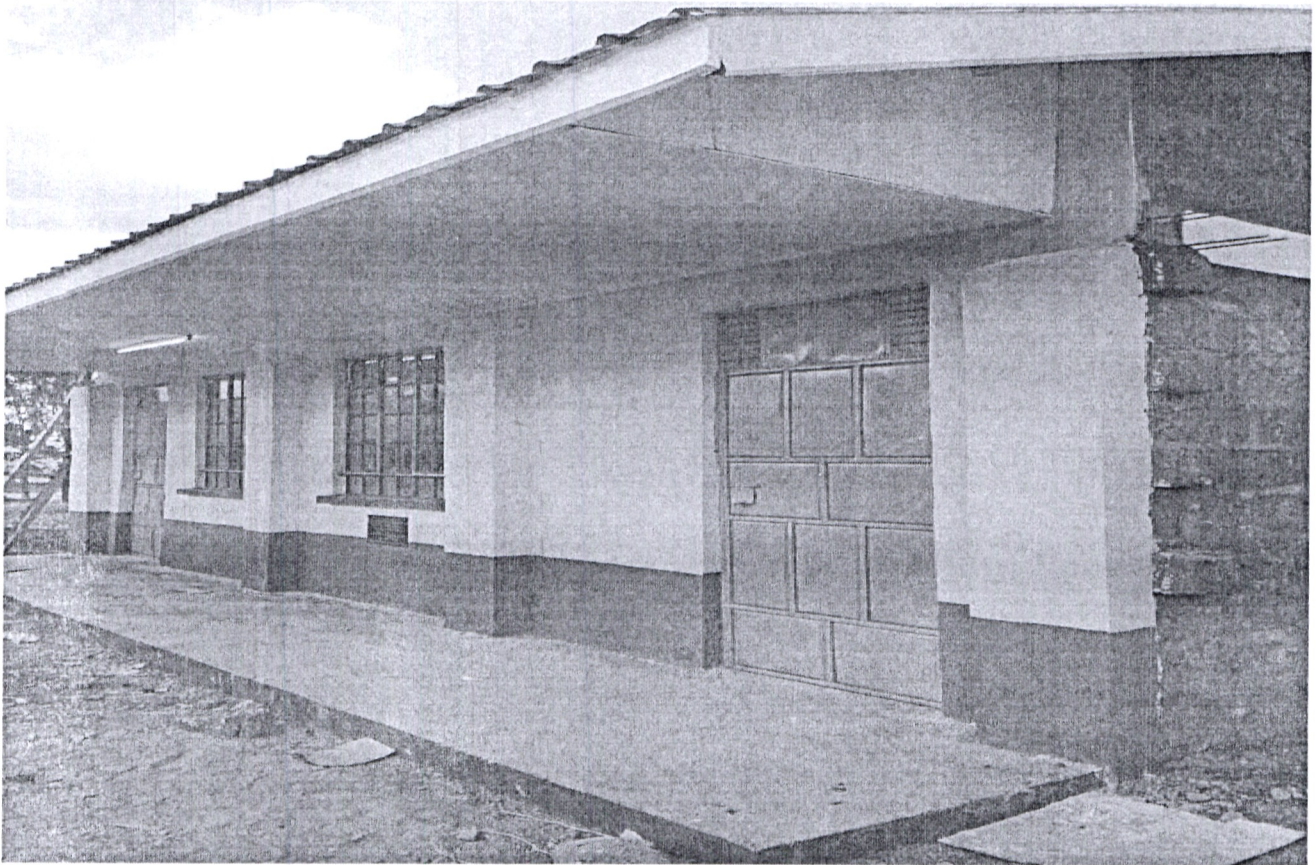
Resources allocated are not enough for the two sub-counties whereby the population is rising each day.

Some schools initiated by Mwea NGCDFC are lacking enough teachers thus affecting the population of the school.

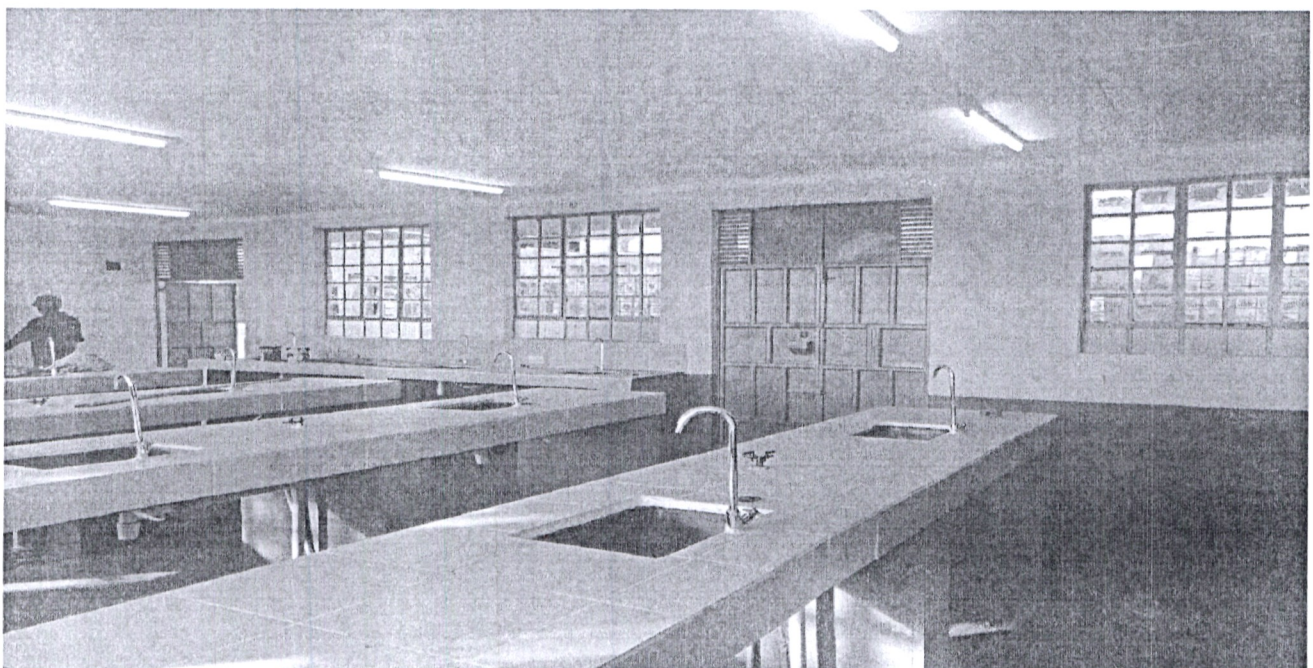
MWEA NGCDFC MILESTONES:

Mwea NGCDFC has gone a milestone in enhancing education sector by providing safe and secure learning environment. Some of the projects that the Mwea NGCDFC undertook during this financial year include but not limited to;

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A STANDARD CLASSROOM AT MBUI NJERU SECONDARY SCHOOL



A MODERN LABORATORY AT MUKOU SECONDARY SCHOOL

.....


Name Josphat Muthike
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 *Mwea Constituency 2018-2022* plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

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	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	In FY 21/22 we increased number of classrooms, dormitories, laboratories etc from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security				
Environment				
Sports				
Emergency				

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

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

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 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. Mwea constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Mwea 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-

Mwea 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-

Mwea 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.

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

.....


Name Isaac Wamugunda

FAM

IV. 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.

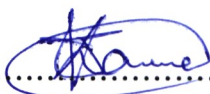
The Accounting Officer in charge of the NGCDF-MWEA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. 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-MWEA 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 in charge of the NGCDF- MWEA Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF MWEA 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- MWEA Constituency financial statements were approved and signed by the Accounting Officer on _____ 2022.



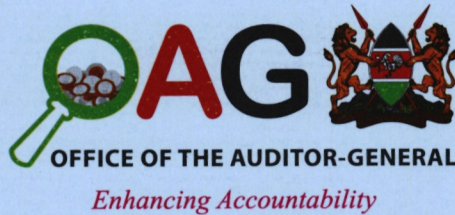
.....
Name: Josphat Muthike
Chairman – NGCDF Committee



.....
Name: Isaac Wamugunda
Finance Account Manager

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MWEA 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 - Mwea Constituency set out on pages 1 to 37, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Mwea 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

1. Unconfirmed Unutilized Funds Balance

Note 17.3 to the financial statements reflects a balance of Kshs.22,914,077 relating to unutilized funds. However, Annex 3 to the financial statements reflects a balance on the same amounting to Kshs.22,490,680 resulting to unexplained and unreconciled variance of Kshs.423,397.

In the circumstances, the accuracy and completeness of unutilized funds balance of Kshs.22,914,077 could not be confirmed.

2. Unsupported Project Management Committee (PMC) Account Balances

Note 17.4 to the financial statements reflects PMC account balances of Kshs.6,206. However, cashbooks, certificates of bank balances and bank reconciliation statements for the PMC bank accounts were not provided for audit review.

In the circumstances, the accuracy and completeness of PMC bank accounts balances of Kshs.6,206 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 - Mwea 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

1. Budgetary Control and Performance

The summary statement of appropriation reflects final expenditure budget and actual on comparable basis amount of Kshs.201,363,855 and Kshs.178,449,778 respectively, resulting to an under expenditure of Kshs.22,914,077 or 11 % of the budget.

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

2. Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2021 highlighted several unsatisfactory matters. However, the Management has not indicated if the issues had been resolved or not as at 30 June, 2022 in Annex 6 to the financial statements on progress on follow-up of auditor recommendations as required by the Public Sector Accounting Standards Board reporting template.

In the circumstances, the audit issues remained unresolved.

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. Incomplete Projects

During the year under review, the Fund budgeted for thirty-eight (38) projects with a total budgeted expenditure of Kshs.82,325,000 out of which 35 projects with a budget of Kshs.74,725,000 were complete and in use. However, two (2) projects with a budget of Kshs.6,400,000 were ongoing and one (1) project with a budget of Kshs.1,200,000 was awaiting funding.

In the circumstances, the public did not get value for money on the projects that had not been implemented.

2. Poorly Implemented Projects

During the project inspection done in March, 2023, fifteen (15) projects costing Kshs.57,900,000 were verified and found complete and in use. However, physical inspection of Ciagiini Primary School Project which entailed renovation of fifteen (15)

classrooms at a cost of Kshs.7,620,000 revealed poor workmanship in regard to the walls whereby they were painted over without plastering.

In the circumstances, the public did not get value for money on the project that was not properly implemented.

3. Non-Compliance with Law on Staff Ethnic Composition

Review of the personnel records provided for audit indicated that Fund's staff population was Six (6). However, all members of staff were from the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Lack of Bursary Policy

Note 7 to the financial statements reflects other grants and transfers amount of Kshs.59,398,858 which includes an amount of Kshs.30,426,941 for bursaries to secondary schools and an amount of Kshs.13,921,000 and Kshs.918,000 for bursaries to tertiary institutions and special schools respectively. However, the Fund did not have a documented bursary policy guidelines, procedures and processes to ensure efficient and effective management of the bursary fund.

In the circumstances, it is not clear how Management effectively determines the minimum and maximum amount that can be awarded as bursaries to beneficiaries.

5. Avoidable Interest and Penalties Expenditure on Pay As You Earn (PAYE)

Records provided for audit review revealed that the Fund's Management paid interest and penalties on PAYE dues from June, 2017 to May, 2019 to Kenya Revenue Authority (KRA) amounting to Kshs.39,112 and Kshs.194,674.60 respectively, all totalling to Kshs.233,787.

In the circumstances, the value for money on the expenditure of Kshs.233,787 was not realized by the public.

6. Lack of Approved Annual Procurement Plan

During the year under review, the Management did not prepare and approve an annual procurement plan contrary to Section 53(2) of Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer shall prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Information Technology (IT) Controls

Review of the Fund's IT internal controls revealed that the Fund does not have an approved IT continuity plan and disaster recovery plan and therefore in the event of a disaster the Fund may lose data and may not recover from the disaster. Further, the Fund doesn't have an IT steering and risk management committee, an approved IT security policy to ensure data confidentiality, integrity and availability, formal documented and tested emergency procedure have also not been put in place.

In the circumstances, the effectiveness of the Fund's IT internal controls could not be confirmed.

2. Lack of a Risk Management Policy

The Fund did not have a risk management policy that guides on the assessment and evaluation of risk and development of the strategies to mitigate them. This is contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the entity develops risk management strategies, which include fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations.

In the circumstances, the effectiveness of the Fund's risk management processes could not be confirmed.

3. Failure to Update Fuel Register

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects an amount of Kshs.9,207,267 in respect to use of goods and services which includes Kshs.400,000 for fuel, oil and lubricants. However, the fuel register was

not updated with entries for goods received numbers (GRNs), order numbers, signatures of the receiving officers and details of the vehicles drawing fuel.

In the circumstances, the existence of effective internal control mechanism on the utilization of the fuel drawn 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 control, 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 noncompliance. 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's policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's

ability to 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

18 May, 2023

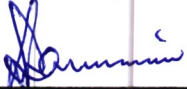
*Mwea Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

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


	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	170,238,738	162,467,724
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	-	-
Total Receipts		170,238,738	162,467,724
Payments			
Compensation Of Employees	4	5,139,866	3,496,424
Use Of Goods and Services	5	9,207,267	8,797,532
Transfers To Other Government Units	6	104,703,787	136,860,000
Other Grants and Transfers	7	59,398,858	64,368,385
Acquisition Of Assets	8	-	-
Other Payments	9	-	416,000
Total Payments		178,449,778	213,938,341
Surplus/(Deficit)		(8,211,040)	(51,470,617)

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


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



Fund Account Manager



National Sub-County
Accountant



Chairman NG-CDF
Committee

Name: ISAAC K
WAMUGUNDA

Name: TERESA W MACHARIA
ICPAK M/No: 14996

Name: JOSPHAT M KOUNE

VI. 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	10,825,197	19,039,237
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		10,825,197	19,039,237
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		10,825,197	19,039,237
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A		
Gratuity	12B	-	-
Total Financial Liabilities		-	-
Net Financial Assets		10,825,197	19,039,237
Represented By			
Fund Balance B/Fwd	13	19,039,237	69,856,854
Prior Year Adjustments	14	(3,000)	653,000
Surplus/Deficit for The Year		(8,211,040)	(51,470,617)
Net Financial Position		10,825,197	19,039,237

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


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



 Fund Account Manager



 National Sub-County
 Accountant



 Chairman NG-CDF
 Committee

Name: ISAAC K
 WAMUGUNDA

Name: TERESA W MACHARIA
 ICPAK M/No: 14996


Name: JOSPHAT M KOUNE

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

	Notes	2021 - 2021	2021 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	170,238,738	162,467,724
Other Receipts	3	-	-
Total Receipts		170,238,738	162,467,724
Payments			
Compensation Of Employees	4	5,139,866	3,496,424
Use Of Goods and Services	5	9,207,267	8,797,532
Transfers To Other Government Units	6	104,703,787	136,860,000
Other Grants and Transfers	7	59,398,858	64,368,385
Other Payments	9	-	416,000
Total Payments		178,449,778	213,938,341
Total Receipts Less Total Payments			
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	-	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		(8,211,040)	(51,470,617)
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	-	-
Net Cash Flows from Investing Activities			
Net Increase In Cash And Cash Equivalent			
		(8,211,040)	(51,470,617)
Cash & Cash Equivalent At Start Of The Year	10	19,039,237	70,509,854
Cash & Cash Equivalent At End Of The Year	10	<u>10,825,197</u>	<u>19,039,237</u>


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

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



Fund Account Manager

Name: ISAAC K
WAMUGUNDA



National Sub-County
Accountant

Name: TERESA W MACHARIA
ICPAK M/No: 14996



Chairman NG-CDF
Committee

Name: JOSPHAT M KOUNE

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

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

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	c=a+b	d	e=c-d	f=d/c %
Receipts	2021/2022			2021/2022	30/06/2022		
Transfers From NGCDF Board	137,088,879	19,036,237	45,238,739	201,363,855	189,274,975	12,088,880	
Proceeds From Sale of Assets				0	-	-	0.0%
Other Receipts				0	-	-	
Totals	137,088,879	19,036,237	45,238,739	201,363,855	189,274,975	12,088,880	94.0%
Payments							
Compensation Of Employees	4,151,120	1,624,121	2,454,000	8,229,241	5,139,866	3,089,375	62.5%
Use Of Goods and Services	8,187,759	2,071,699	1,892,859	12,152,317	9,207,267	2,945,050	75.8%
Transfers To Other Government Units	70,225,000	7,681,417	27,420,000	105,326,417	104,703,787	622,630	99.4%
Other Grants and Transfers	54,525,000	7,659,000	13,471,880	75,655,880	59,398,858	16,257,022	78.5%
Acquisition Of Assets				-	-	-	
Other Payments	0			-	-	-	
Funds Pending Approval**	-	-	-	-	-	-	88.6%
Totals	137,088,879	19,036,237	45,238,739	201,363,855	178,449,778	22,914,077	


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

Explanatory Notes .


(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IFSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	22,914,077
Less undisbursed funds receivable from the Board as at 30 th June 2022	12,088,880
Add Accounts payable	10,825,197
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2021/2022	10,825,197

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


Fund Account Manager

Name: ISAAC K WAMUGUNDA


National Sub-County Accountant

Name: TERESA W MACHARIA
 ICPAK M/No:


Chairman NG-CDF Committee

Name: JOSPHAT M KOUNE

X. 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 (f=c %)
		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	4,151,120	1,624,121.00	2,034,000	7,809,241	5,334,153	2,475,088	68.3%
1.2 Committee allowances	1,982,880			1,982,880	1,247,000	735,880	62.9%
1.3 Use of goods and services	2,091,332	1,512,598.67		3,603,931	3,591,742	12,189	99.7%
Total	8,225,332	3,136,720	2,034,000	13,396,052	10,172,895	3,223,157	
2.0 Monitoring and evaluation							
2.1 Capacity building	1,000,000			1,000,000	995,000	5,000	99.5%
2.2 Committee allowances	2,000,000			2,000,000	1,891,400	108,600	94.6%
2.3 Use of goods and services	1,112,666	559,100.00	149,859	1,821,625	1,521,625	300,000	83.5%
Total	4,112,666	559,100	149,859	4,821,625	4,408,025	413,600	
3.0 Emergency		7.38					
3.1 Primary Schools							
WAGURU PRIMARY							100.0%

	350,000				350,000	350,000	-	
MUGAA PRIMAY	850,000				850,000	850,000	-	100.0%
KANGONDO PRY SCH	900,000				900,000	900,000	-	100.0%
3.2 Secondary schools					-	-	-	
NGUCUI SEC SCH	900,000				900,000	900,000	-	100.0%
ICHANGI SEC	850,000				850,000	850,000	-	100.0%
RIANDIRA SEC SCH	850,000				850,000	850,000	-	100.0%
MBUI NJERU SEC SCH	1,100,000				1,100,000	1,100,000	-	100.0%
3.3 Tertiary institutions					-	-	-	
3.4 Security projects					-	-	-	
3.5 Unutilised	1,392,207				1,392,207		1,392,207	0.0%
Total	7,192,207				7,192,207	5,800,000	1,392,207	
4.0 Bursary and Social Security								
4.1 Secondary Schools	30,000,000	3,412,500.00			33,412,500	30,426,941	2,985,559	91.1%
4.2 Tertiary Institutions	10,000,000	1,575,085.00	2,353,000		13,928,085	13,921,000	7,085	99.9%
4.3 Social Security					-	-	-	
4.4 Special Needs		390,000.00	528,000		918,000	918,000	-	100.0%
Total	40,000,000	5,377,585	2,881,000		48,258,585	45,265,941	2,992,644	93.8%

5.0 Sports	915,757	1,103,791.48		2,019,548		2,019,548	0.0%
5.1 ELKIMO ENTERPRISES	317,917			317,917	317,917	-	100.0%
Total	1,233,674	1,103,791	-	2,337,466	317,917	2,019,548	13.6%
6.0 Environment							
KANGURE PRIMARY SCHOOL	550,000	40.52		550,041	550,000	41	100.0%
Total	550,000	41	-	550,041	550,000	41	100.0%
7.0 Primary Schools Projects							
CIAGIINI PRIMARY SCHOOL	3,000,000			3,000,000	3,000,000	-	100.0%
MUTITHI PRIMARY SCHOOL	2,150,000			2,150,000	2,150,000	-	100.0%
NGURUBANI PRIMARY SCHOOL	1,570,000			1,570,000	1,570,000	-	100.0%
KIMBIMBI PRIMARY SCHOOL	1,970,000			1,970,000	1,970,000	-	100.0%
KARUANGI PRIMARY SCHOOL	970,000			970,000	970,000	-	100.0%
MURINDUKO PRIMARY SCHOOL	1,525,000			1,525,000	1,525,000	-	100.0%
RWANG'ONDU PRIMARY SCHOOL	1,250,000			1,250,000	1,250,000	-	100.0%
KIORUGARI PRIMARY SCHOOL	1,900,000			1,900,000	1,900,000	-	100.0%
THIBA PRIMARY SCHOOL	2,800,000			2,800,000	2,800,000	-	100.0%
MIANYA PRIMARY SCHOOL	1,410,000			1,410,000	1,410,000	-	100.0%
KIANDEGWA PRIMARY SCHOOL	3,510,000			3,510,000	3,510,000	-	100.0%

KANDONGU PRIMARY SCHOOL	1,970,000			1,970,000	1,970,000	-	100.0%
MURUBARA PRIMARY SCHOOL	2,950,000			2,950,000	2,950,000	-	100.0%
RURUI PRIMARY SCHOOL	7,550,000			7,550,000	7,050,000	500,000	93.4%
KINYAGA PRIMARY SCHOOL	5,800,000			5,800,000	5,800,000	-	100.0%
KOMBUJINI PRIMARY SCHOOL	3,000,000			3,000,000	3,000,000	-	100.0%
KITHIRITI PRIMARY SCHOOL	2,400,000			2,400,000	2,400,000	-	100.0%
NYAIKUNGU PRIMARY SCHOOL	6,850,000			6,850,000	6,850,000	-	100.0%
KIAMANYEKI PRIMARY SCHOOL	7,650,000			7,650,000	7,650,000	-	100.0%
KANGONDO PRIMARY SCHOOL	1,000,000			1,000,000	1,000,000	-	100.0%
KIRIKO PRIMARY SCHOOL	1,000,000			1,000,000	1,000,000	-	100.0%
MUGAA PRIMARY SCHOOL	1,000,000			1,000,000	1,000,000	-	100.0%
THIBA PRIMARY SCHOOL		393,000.00		393,000	393,000	-	100.0%
MURABARA PRIMARY SCH		1,764,000.00		1,764,000	1,764,000	-	100.0%
NGUCUI PRIMARY SCH		332,000.00		332,000	332,000	-	100.0%
KIORUGARI PRIMARY SCHOOL		369,000.00		369,000	369,000	-	100.0%
MIANYA PRIMARY SCHOOL		320,000.00		320,000	320,000	-	100.0%
RUKANGA PRIMARY SCH		2,136,000.00		2,136,000	2,136,000	-	100.0%

KANDONGU PRIMARY SCHOOL		226,000.00		226,000	226,000	-	100.0%
MIATUNI PRIMARY SCH			84,000	84,000	84,000	84,000	0.0%
5WANGURU PRY SCH			550,000	550,000	550,000	-	100.0%
NGANGA PRY SCH			1,000,000	1,000,000	1,000,000	-	100.0%
MURUBARA PRIMARY SCHOOL			1,686,000	1,686,000	1,686,000	-	100.0%
						-	
						-	
						-	
Total	63,225,000	5,540,000	3,320,000	72,085,000	71,501,000	584,000	99.2%
8.0 Secondary Schools Projects						-	
NGANG'A SECONDARY SCHOOL	1,100,000			1,100,000	1,100,000	-	100.0%
KANGURE SECONDARY SCHOOL	900,000			900,000	900,000	-	100.0%
ST MARYS GIRLS SEC SCHOOL	1,000,000			1,000,000	1,000,000	-	100.0%
DR. BABLA SECONDARY SCHOOL	4,000,000			4,000,000	4,000,000	-	100.0%
ICHANGI SEC SCH			1,000,000	1,000,000	1,000,000	-	100.0%
NYAGA SEC SEC			4,000,000	4,000,000	4,000,000	-	100.0%
NGUCUI SEC SCH			1,300,000	1,300,000	1,300,000	-	100.0%
MBUI NJERU SEC SCH			1,500,000	1,500,000	1,500,000	-	100.0%
RIANDIRA SECONDARY						-	100.0%

SCH			1,300,000	1,300,000	1,300,000	-	
NYANGATI SEC SCH			1,000,000	1,000,000	1,000,000	-	100.0%
KIAMANYEKI SECONDARY SCH			4,000,000	4,000,000	4,000,000	-	100.0%
URUMANDI SECONDARY SCH			4,000,000	4,000,000	4,000,000	-	100.0%
NGOTHI SECONDARY SCH			4,000,000	4,000,000	4,000,000	-	100.0%
ICHANGI SEC SCH		300,000.00		300,000	300,000	-	100.0%
NGANG'A SECONDARY SCHOOL		319,000.00		319,000	319,000	-	100.0%
KAROTI SEC SCH		1,500,000.00		1,500,000	1,500,000	-	100.0%
				-			
				-			
				-			
Total	7,000,000	2,119,000	22,100,000	31,219,000	31,219,000	-	100.0%
9.0 Tertiary institutions Projects				-		-	
				-		-	
Total	-	-	-	-	-	-	
10.0 Security Projects				-		-	
PIAI AP POST	2,300,000			2,300,000	2,300,000	-	100.0%

KANGU ASSISTANT CHIEF'S OFFICE	1,200,000			1,200,000	1,000,000	200,000	83.3%
KINYAGA CHIEF'S OFFICE	550,000			550,000	550,000	-	100.0%
KATHIGA CHIEF'S OFFICE	1,500,000			1,500,000	1,500,000	-	100.0%
KIARUKUNGU ASST CHIEF				1,200,000.00	1,200,000	-	100.0%
KANJINJI POLICE POST				265,000.00	265,000	-	100.0%
KIAMACIRI ASST CHIEF				1,200,000.00	1,200,000	-	100.0%
KAMIIGUA ASSISTANT CHIEF		1,200,000.00		1,200,000	1,200,000	-	100.0%
Total	5,550,000	1,200,000	2,665,000	9,415,000	9,215,000	200,000	97.9%
11.0 Acquisition of assets				-		-	
Total	-		-	-	-	-	
12.0 Other payments				-		-	
Total		-	-	-	-	-	
13.0 unallocated fund							
Unapproved projects							
AIA							
PMC savings							
Total			-	-	-	-	

137,088,879	19,036,237	33,149,859	189,274,975	178,449,778	10,825,197
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(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-XXX Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

6. Cash and Cash Equivalents.

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

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on xx June 20xx 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.

XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO		300,000
AIE NO		9,000,000
		10,000,000
		800,000
		6,900,000
		13,000,000
		6,000,000
	-	6,000,000
	-	13,000,000
	-	69,367,724
	-	6,100,000
	-	12,000,000
	149,859.00	10,000,000
	33,000,000.00	
	44,000,000.00	
	22,000,000.00	
	5,000,000.00	
	12,000,000.00	
	12,000,000.00	
	18,000,000.00	
	24,088,879.00	
TOTAL	170,238,738.00	162,467,724

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		
Total	xxx	xxx

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,250,110.00	2,390,447
Personal allowances paid as part of salary		
House Allowance	522,000.00	305,000
Transport Allowance	408,000.00	216,000
Leave allowance	-	-
Gratuity to contractual employees	888,476.00	481,297
Employer Contributions Compulsory national social security schemes	71,280.00	103,680
Total	5,139,866.00	3,496,424

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Committee Expenses	-	-
Utilities, supplies and services	183,108.00	2,209,250
Communication, supplies and services	60,000.00	0
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	562,695
Fuel oil and Rubricants	400,000.00	0
Training expenses	-	-
Hospitality supplies and services	-	1,200,000
Other committee expenses	-	-
Committee allowance	4,093,900.00	4,346,800
Insurance costs	154,000.00	-
Specialized materials and services	-	-
Office and general supplies and services	3,785,458.92	0
Other operating expenses	-	-
Bank Charges	120,000.00	0
Routine maintenance – vehicles and other transport equipment	283,900.00	478,787
Routine maintenance – other assets	-	-
Total	9,207,266.92	8,797,532

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	73,484,787.00	99,842,000
Transfers To Secondary Schools (See Attached List)	31,219,000.00	37,018,000
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	104,703,787.00	136,860,000

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	30,426,941.00	31,638,000
Bursary – tertiary institutions (see attached list)	13,921,000.00	12,229,000
Bursary – special schools (see attached list)	918,000.00	610,000
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	52,800
Security projects (see attached list)	9,215,000.00	12,880,000
Sports projects (see attached list)	317,917.08	3,038,380
Environment projects (see attached list)	-	2,180,750
Emergency projects (see attached list)	4,600,000.00	1,739,455
Total	59,398,858.08	64,368,385

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
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	-	-

Notes To the Financial Statements (Continued)

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
AIA	-	416,000

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)	10,825,197	19,039,237
<i>Name Of Bank, Account No.</i>	-	-
Total	-	-
10 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total	10,825,197	19,039,237
<i>[Provide Cash Count Certificates for Each]</i>		

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>
		Kshs	Kshs	Kshs
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
Total		xxx	xxx	xxx

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

Notes to the Financial Statement Continued

12A. Retention

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

[Provide short appropriate explanations as necessary.]

12B. Gratuity

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

[Provide short appropriate explanations as necessary]

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	19,039,237	70,506,854
Cash in hand	-	-
Imprest	-	-
Total	19,039,237	70,506,854

[Provide short appropriate explanations as necessary]

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	xxx	xxx	Xxx

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

15. Changes in Accounts Receivable – Outstanding Imprests

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

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		

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>specify</i>)		
Total		

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	3,089,375	5,553,235.31
Use of goods and services	2,945,050	4,437,742.00
Amounts due to other Government entities (see attached list)	622,630	29,348,000.00
Amounts due to other grants and other transfers (see attached list)	16,257,022	24,139,139.00
Acquisition of assets	-	-
Funds pending approval	-	-
Total	22,914,077	63,478,116

17.4: PMC account balances (See Annex 5)

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
NGCDF KANDONGU PRIMARY SCHOOL COMMITTEE	SIDIAN BANK	01340030002227	467	8,221.00
NGCDF ST TERESA RIANDIRA SECONDARY SCHOOL PMC	SIDIAN BANK	01034030001299	45	45
RUKANGA ASSISTANT CHIEF OFFICE PMC	SIDIAN BANK	01034030001319	3,405.00	10,885.00
KANGAI PRIMARY SCHOOL PMC	SIDIAN BANK	01034030001589	1,015.00	1,015.00
KAMUCEGE PRIMARY SCHOOL PMC	SIDIAN BANK	01034030001419	599	599
MBUI NJERU ASSISTANT CHIEF PMC	SIDIAN BANK	01034030002097	340	340
ST AUGUSTINE NDINDIRUKU SECONDARY SCHOOL PMC	SIDIAN BANK	01034030001699	235	235
GOLD PRIMARY SCHOOL PMC	SIDIAN BANK	01034030002007	100	100
Total			6,206.00	21,395

*Mwea 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
Construction of buildings	a	b	c	d=a-c	
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
Sub-Total					
Grand Total					

Annex 2 - Analysis of Pending Staff Payables

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

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		3,000,000	89,375	-
Use of goods & services		2,900,050	45,000	-
Amounts due to other Government entities		590,630	32,000	-
Sub-Total		6,490,050	166,375	
Amounts due to other grants and other transfers		16,000,000	257,022	-
Sub-Total		16,000,000	257,022	-
Acquisition of assets		-	-	
Others (<i>specify</i>)				
Sub-Total				
Funds pending approval		-	-	
Grand Total		22,490,680	423,397	

Annex 4 – Summary of Fixed Asset Register

ASSET NAME	CATEGORY NAME	BARCODE NUMBER	PURCHASE DATE	COST	GENERAL DESCRIPTION	PURCHASE YEAR
Computer	Computer	TRF1320G2C	2012	69,500	In Use	2012
Computer	Computer	TRF1320G0S	2012	69,500	In Use	2012
Computer	Computer	TRF1320G57	2012	69,500	In Use	2012
Printer LaserJet HP P1005	Office equipments	HPK/BO1SB/060500	2009	12,000	In Use	2009
Ups intex600va	Office equipments	Ups/100/003	2009	10,000	Not in Use	2009
Printer HP Laserjet P2055d	Office equipments	Hp/100/P2055d	2010	NMB	In Use	2010
UPS	Office equipments	Ups/100/004	2010	NMB	Not in Use	2010
Printer HP Deskjet 3744 Colour Printer	Office equipments	HP/100/3744	14/09/2005	6,000	Not in Use	2005
UPS	Office equipments	SSD-UPS-650 Vision Capacity 650VA	2012	8,000	Not in Use	2012
UPS	Office equipments	SSD-UPS-650 Vesta Capacity 650VA	2012	8,000	Not in Use	2012
UPS	Office equipments	SSD-UPU Vesta Capacity 650VA	2012	8,000	Not in Use	2012
Accessory External Back-up Hard Disk	Office equipments	WXA1A8175270	14/09/2012	12,000	Not in Use	2012
PHOTOCOPIER	Office equipments	Z6J1B1BF30000GN	20/06/2014	220,000	Not in Use	2014
Hp Printer Laserjet 500 Color MFPdn	Office equipments	HP/500 MFPdn	22/12/2018	208,800	In Use	2018
Tv Aerial and Booster	Office equipments	-	6/1/2012	6,000	Not in Use	2012

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
NGCDF KANDONGU PRIMARY SCHOOL COMMITTEE	SIDIAN BANK	01340030002227	467	8,221.00
NGCDF ST TERESA RIANDIRA SECONDARY SCHOOL PMC	SIDIAN BANK	01034030001299	45	45
RUKANGA ASSISTANT CHIEF OFFICE PMC	SIDIAN BANK	01034030001319	3,405.00	10,885.00
KANGAI PRIMARY SCHOOL PMC	SIDIAN BANK	01034030001589	1,015.00	1,015.00
KAMUCEGE PRIMARY SCHOOL PMC	SIDIAN BANK	01034030001419	599	599
MBUI NJERU ASSISTANT CHIEF PMC	SIDIAN BANK	01034030002097	340	340
ST AUGUSTINE NDINDIRUKU SECONDARY SCHOOL PMC	SIDIAN BANK	01034030001699	235	235
GOLD PRIMARY SCHOOL PMC	SIDIAN BANK	01034030002007	100	100
Total			6,206.00	21,395

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.

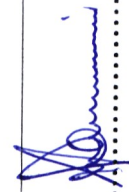
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1.1	Page numbering	It is true that page 31 was blank in the financial statement, it was as a result of printing error. The financial statement has been amended to reflect the true position.		
4.1.2	statement of Assets and Liabilities	The financial statement has been amended accordingly		
4.1.3	Project management committee(FMC) bank accounts	We have collected the financial statements from the bank and attached them as annex at the back		
4.1.4	Unpresented cheque	All the unpresented cheques has been reversed back in the cashbook and reissued to the needy deserving cases. The management is coming up with policy to engage Postbank to		

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)
4.2	Comparative balances	The financial statement have been amended to reflect the comparative balances		
4.3	Lack of risk management policy	The management has conducted a meeting and came up with elaborate policy whereby they will first be considering the orphans, partial orphans, economically handicapped , single parents and people living with disability.		
4.5	Non-compliance with one third rule on the Ethnic Diversity in employment	This was as a result of the of advertisement which was done locally where people of one dominant community lived and this case, only members of the dominant community lived and in this case , only members of the dominant community applied for the advertised posts		

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)

TRIAL BALANCE AS AT 30TH JUNE 2022

	DR	CR
Cash and Cash equivalents		
Bank Balances	10,825,197	
Cash Balances		
Outstanding Imprest		
Payments		
Compensation of Employees	5,139,866	
Use of goods and services	9,207,267	
Transfers to Other Government Units	104,703,787	
Other grants and transfers	59,398,858	
Acquisition of Assets	-	
Other Payments	-	
Receipts		
Transfers from the Board		170,238,738
Proceeds from sale of assets		
Others receipts		-
Prior Year Adjustment		(3000)
Fund Balance b/f		19,039,237
TOTAL	189,274,975	189,274,975



Name
Fund Account Manager.