

Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 27 JUL 2023

DAY: Thursday

REPORT

TABLED BY:

Hon. Naomi Wago, MP
Deputy Majority Whip

OF

Finlays Muriuki

PARLIAMENT OF KENYA LIBRARY

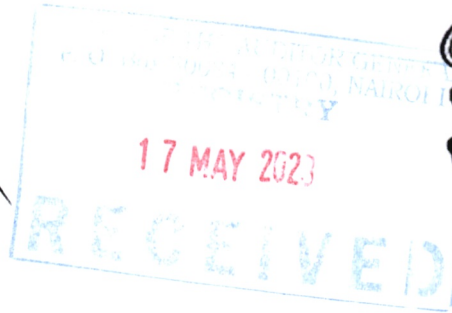
THE AUDITOR-GENERAL

ON

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

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





RUIRU 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)



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 FY 2021/22.....	ix
IV. Environmental and Sustainability Reporting.....	xi
V. Statement of Management Responsibilities.....	xv
VI. Report Of the Independent Auditors On The NGCDF- Ruiru Constituency.....	xvii
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.....	5
X. Budget Execution by Sectors and Projects for the Year Ended 30 th June 2022	7
XI. Significant Accounting Policies	12
XII. Notes to the Financial Statements	18



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 RUIRU 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	Phares Karanja
2.	Sub-County Accountant	Joseph Karanja
3.	Chairman NGCDFC	Rachael Macharia
4.	Member NGCDFC	Joseph Kariuki

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1250 - 00232 Ruiru
NGCDF Building
Ruiru.

(f) RUIRU Constituency NGCDF Contacts

Telephone: (254) 722952531
E-mail: cdfruiru@ngcdf.go.ke
Website: www.ngcdf.go.ke



(g) RUIRU Constituency NGCDF Bankers

Equity Bank (Kenya) Limited
Ruiru Branch
P. o. Box
Ruiru, Kenya

(h) Independent Auditors

Auditor General
Office of the Auditor General
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

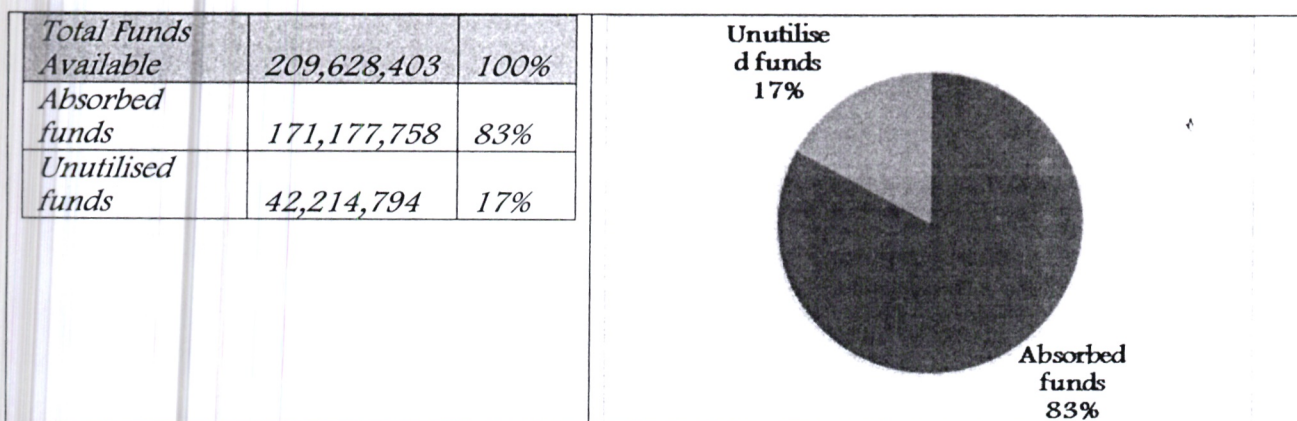
II. NG-CDFC Chairman's Report



During the year under review, Ruiru NG-CDF received a total disbursement of Kshs.171,177,758 which included a sum of Ksh. 45,088,879 in respect of previous reporting periods. Ksh. 45,088,879 was the balance brought down in our books from the 2020/21 financial year. The total funds available to the NG-CDF during the year under review was therefore Ksh. 209,628,403.

Out of the stated Ksh. 209,628,403 available to my Committee during the year under review, we managed to spend Ksh. 178,413,609 on community projects. This translates to a favourable absorption rate of 81% despite operating in a uniquely difficult environment with respect to the 2022 General Elections and the attendant challenges that elections bring.

ABSORPTION OF FUNDS DURING THE YEAR 2020/2021



Comparatively, the previous year saw the NGCDF spend Ksh. 60, 913,655 out of the total fund available of Ksh. 194, 925, 092 which represented only 31% absorption rate.

KEY ACHIEVEMENTS

Key achievements included the completion and launch of Manguo and Mutuya Primary Schools which now has over 1,500 pupils who would otherwise have had no access to learning institution.

Further, my Committee is proud to have completed Mutonya and Gatongora Police Stations which will go a long way towards improving the security of our people.

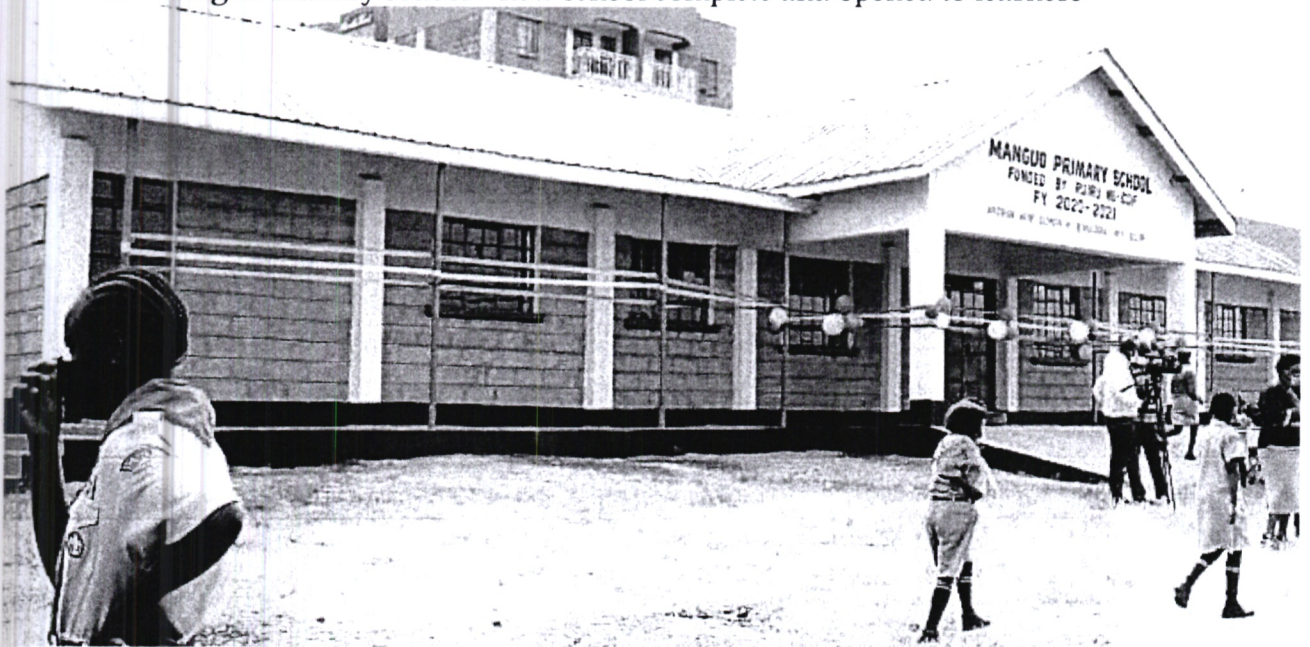
The improved absorption rate resulted in improved services to the citizenry in terms of education opportunities and improved security infrastructure. We hope to maintain this trend in the year ahead.



- SAMPLE OF THE PROJECTS COMPLETED
 1. Mutuya Primary School - new school complete and opened to learners



2. Manguo Primary School - new school complete and opened to learners



Signature.....*P*.....
CHAIRMAN RUIRU NGCDF COMMITTEE

III. Statement Of Performance Against Predetermined Objectives for FY 2021/22

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.

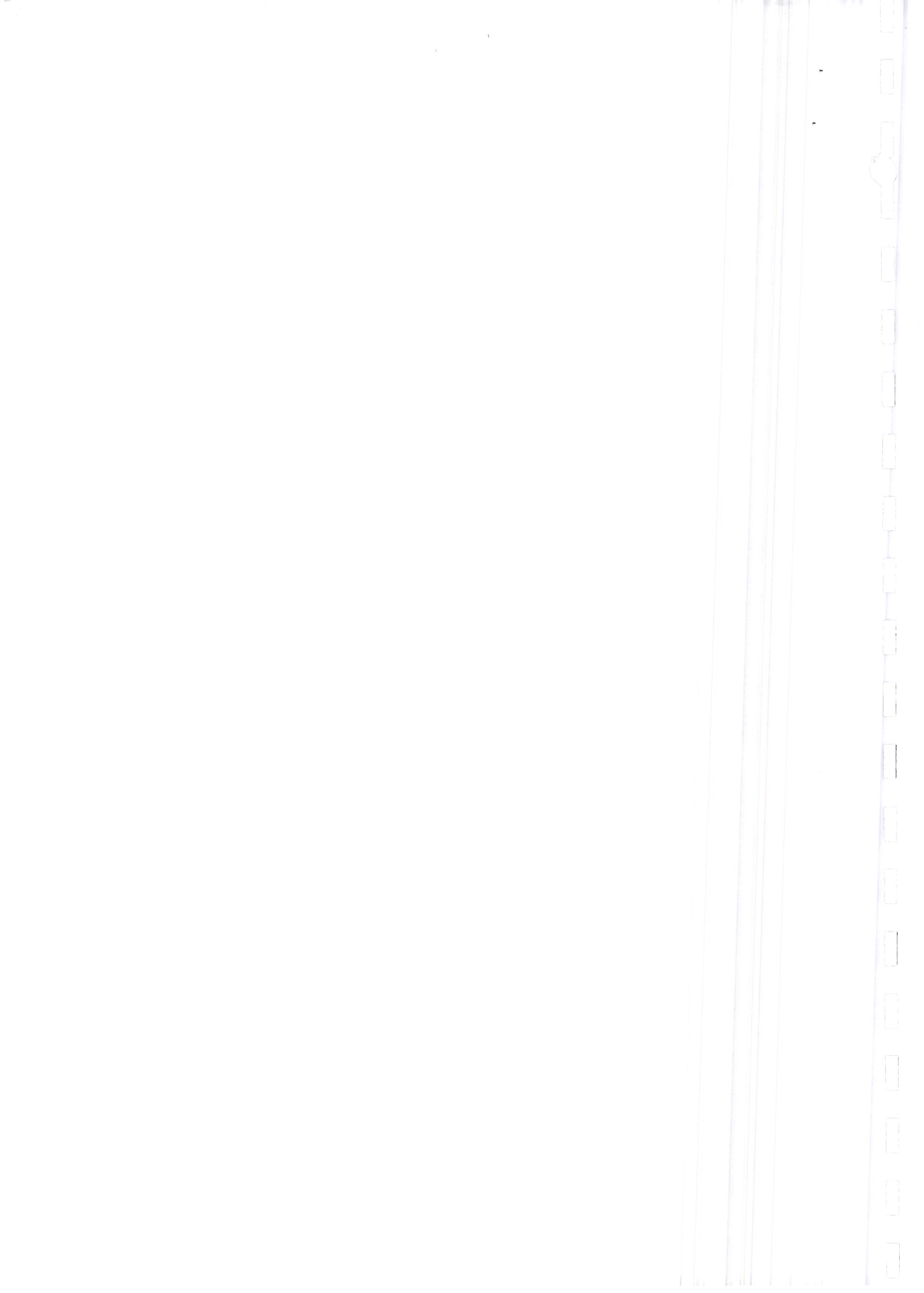
The key development objectives of *Ruiru Constituency 2018-2022* plan are to:

- *To mobilize more resources for community development.*
- *To improve access to education in the constituency.*
- *To improve infrastructure, especially schools and security facilities within the constituency.*
- *To build capacity of the community to implement development projects.*
- *To empower and training of youth*

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels 	In FY 2020/21 We increased number of classrooms from 60 to 80, Bursary beneficiaries at all levels were 2350
Security	To have conducive working environment for	Increased construction of chief's offices and	Improved security in the area	In FY 2020/21 we have increased fully fledged



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

	security agencies	other security lines		Police Stations from 3 to 4
Environment	To improve environment by carrying out environmental activities	Increased planting of trees both indigenous and fruit trees	Improved environment	in the FY 2020/21, the constituency did not implement any environment activity.
Sports	To empower youth through sports activities	Increased sports activities through Ruiru Sports tournament	Improved youth empowerment	Constituency did not carry out any sports activity due to the Covid 19 restrictions.
Emergency	To mitigate disasters through disaster management	Increased capacity building on disaster management	Improved awareness	The constituency responded to various emergency cases in the constituency through funding of various emergency projects



IV. Environmental and Sustainability Reporting

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

- a. **Education and Training:** RUIRU 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. Ruiru 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. Ruiru constituency invests in capacity building



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.

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



.....
Phares Karanja

FAM

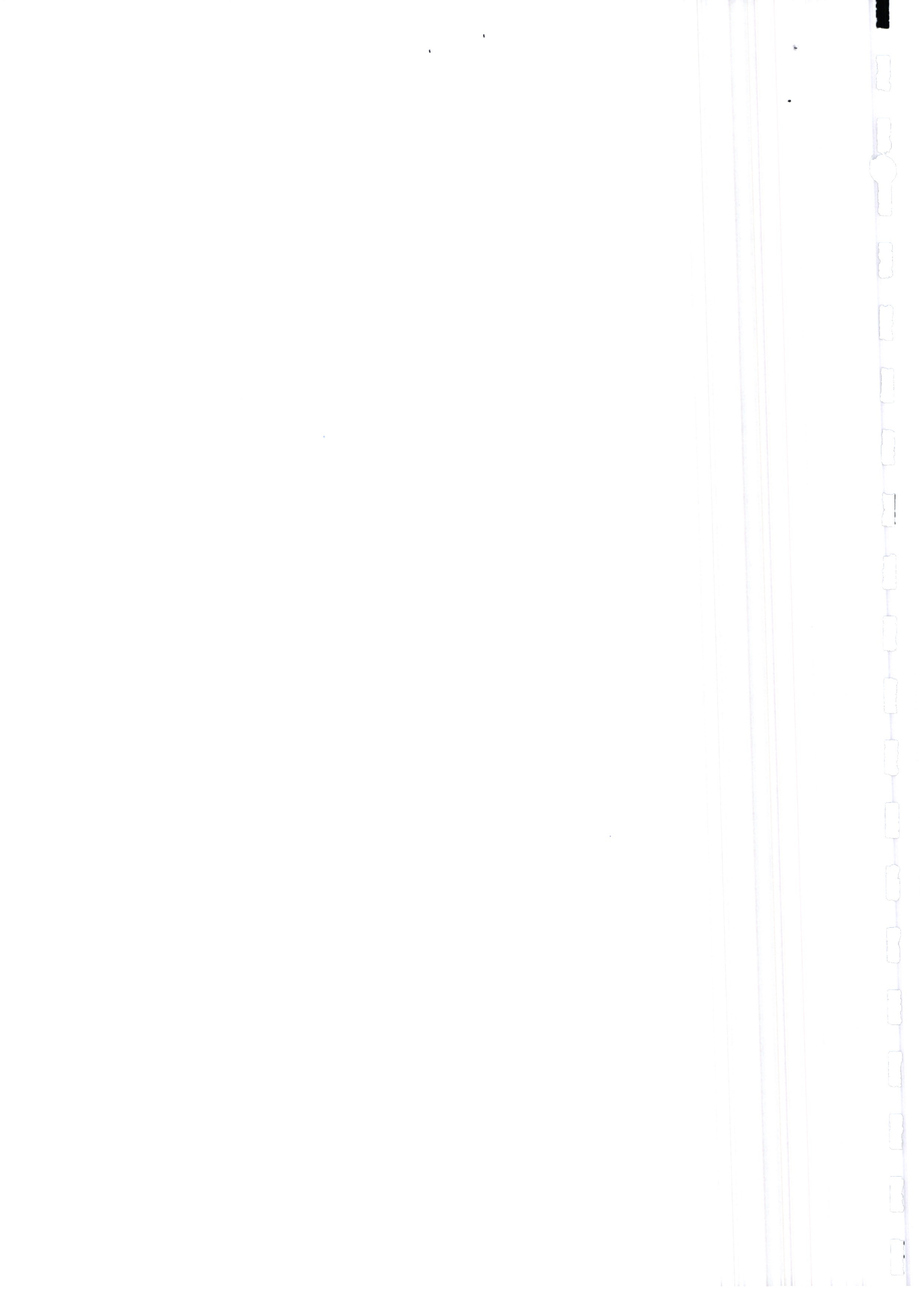


V. Statement of Management Responsibilities

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-RUIRU 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-RUIRU 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- RUIRU 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 RUIRU 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- RUIRU Constituency financial statements were approved and signed by the Accounting Officer on 22nd August 2022.

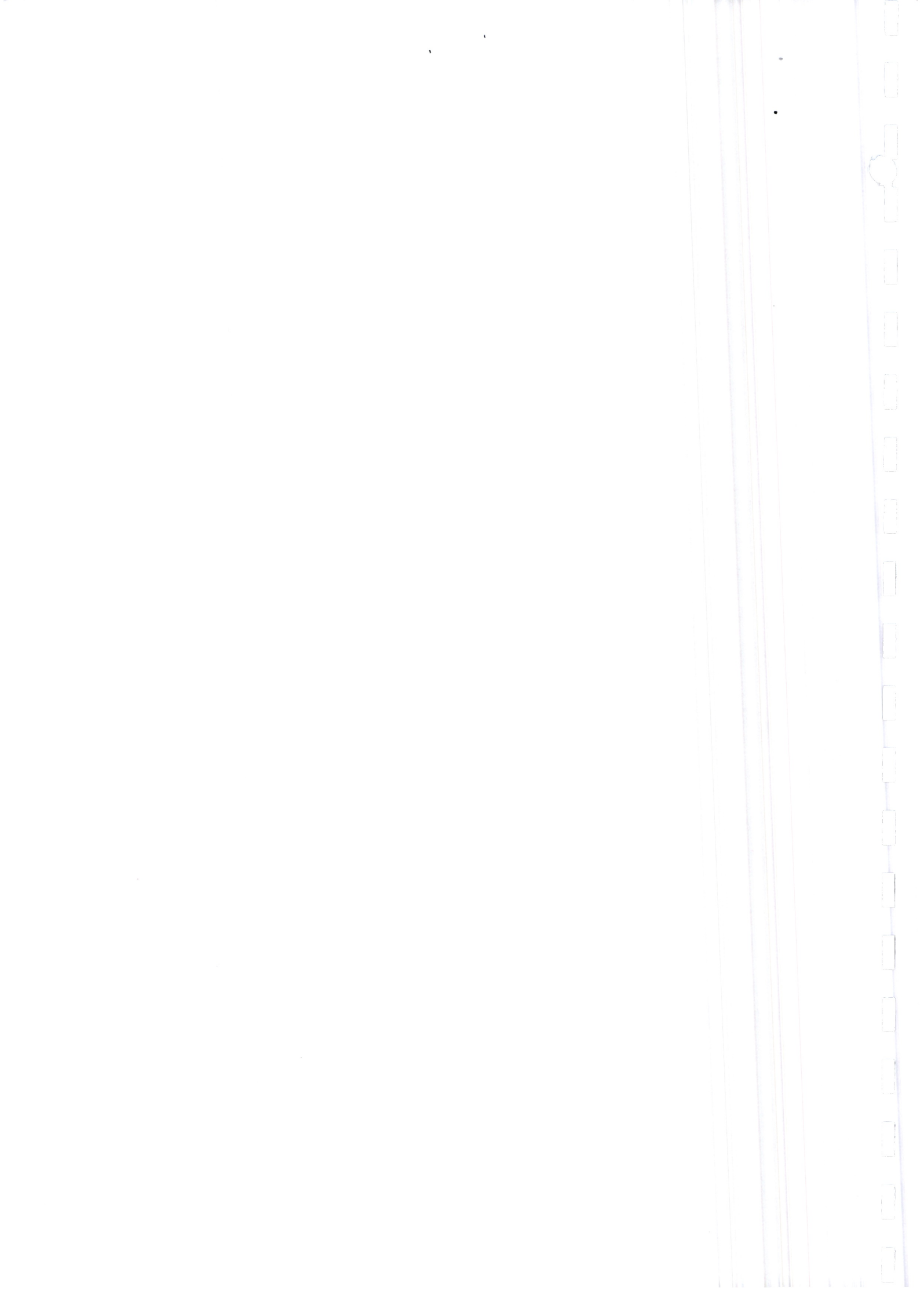
.....

Rachael Macharia
Chairman - NGCDF Committee



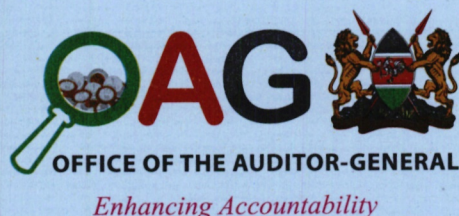
.....

Phares Karanja
Fund Account Manager



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – RUIRU 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 – Ruiru Constituency set out on pages 1 to 34,

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Ruiru 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Unreconciled Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.31,214,794 as disclosed in Note 10A to the financial statements. Review of the bank reconciliation statement revealed payments in cash book not recorded in bank statement in form of unrepresented cheques amounting to Kshs.17,280,849 out of which an amount of Kshs.6,100 related to stale cheques which had not been reversed in the cash book as at 30 June, 2022. No explanation was provided as to whether the unrepresented cheques which related to bursary payments had cleared as at the time of audit.

Further, review of the bank reconciliation statement revealed payments in bank statement not recorded in the cash book of Kshs.27,982. However, no details were provided as to what the balances related to and why the balances had not been captured in the cash book.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.31,214,794 could not be confirmed.

2. Unconfirmed Project Management Committee Balances

Other Important Disclosure as disclosed in Note 17.4 and Annex 5 to the financial statements reflects Project Management Committee unutilized fund balances of Kshs.26,983,613 which includes twenty-six (26) Project Management Committee (PMC) accounts balances as at 30 June, 2022. However, certificates of bank balances and cash books were not provided for audit review.

In the circumstances, the accuracy and completeness of the Project Management Committee balance of Kshs.26,983,613 could not be confirmed.

3. Unsupported Emergency Expenditure

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.95,314,911 which includes emergency expenditure amounting to Kshs.9,190,000. Included in the expenditure is an amount of Kshs.2,800,000 spent on purchase of desks to various schools. However, request for quotation documents, tender opening and evaluation minutes, professional opinion and inspection and acceptance minutes were not provided for audit. Further, audit verification carried out in the month of March, 2023 in the two (2) primary schools for delivery of desks worth Kshs.1,300,000 revealed that delivery notes and counter receipt vouchers were not provided for audit hence the desks delivered could not be confirmed.

In the circumstances, the regularity and completeness of the emergency expenditure of Kshs.2,800,000 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 – Ruiru 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 comparable basis totalling Kshs.220,628,403 and Kshs.209,628,403 respectively resulting to an under funding of Kshs.11,000,000 or 5% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling Kshs.220,628,403 and Kshs.178,413,609 respectively resulting to an under expenditure of Kshs.42,214,794.00 or 19% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Return Unutilized Project Management Committee Balances

Annex 5 to the financial statements reflects Project Management Committee unutilized fund balances of Kshs.26,983,613 as at 30 June, 2022 which were not transferred to the Constituency Fund account. This is contrary to Section 12 (8) of the National Government Constituency Development Fund Act, 2015 which requires that all unutilized funds of the Project Management Committees shall be returned to the Constituency Fund account.

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

2. Failure to Report on Use of Emergency Funds

The statement of receipts and payments and Note 7 to the financial statements reflects other grants and transfers amounting to Kshs.95,314,911 which includes emergency expenditure of Kshs.9,190,000. However, Management did not provide documentary evidence indicating that the emergency expenditure was reported to the Board using the prescribed format. This is contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of emergency reserve shall be reported to the Board within 30 days of the occurrence of emergency in the format prescribed by the Board.

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

3. Irregularities in Transfers to Other Government Units

The statement of receipts and payments reflects transfer to other Government units amounting to Kshs.67,036,897 as disclosed in Note 6 to the financial statements which includes transfers to primary schools amounting to Kshs.45,750,000. Review of the records provided and audit verification carried out in the month of March, 2023 revealed the following anomalies;

3.1 Construction of Two Classrooms

The Fund disbursed a total of Kshs.4,000,000 to the Project Management Committee (PMC) for a local primary school for construction of two (2) classrooms. Review of documents provided for audit revealed that the works were procured through request

for quotations and awarded at a contract sum of Kshs.3,797,030. However, the request for quotation did not specify when the quotations shall be submitted contrary to Section 106(1) of the Public Procurement and Asset Disposal Act, 2015. Further, two of the invited bidders were not in the prequalified list of suppliers which is contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall give request to such persons as are registered by the procuring entity.

3.2 Irregular Maintenance and Improvement of Access Road

The Fund disbursed a total of Kshs.3,000,000 to the Project Management Committee (PMC) for a local primary school for maintenance and improvement of access road. However, "No Objection Letter" issued by Rural Roads Authority to the Fund Account Manager on 4 July, 2021 stated that the maintenance and improvement of the access road was a National Government function under Kenya Roads Authority, Kiambu region. Management did not provide explanation for funding a road project which is contrary to Section 3 of the NGCDF Act, 2015.

Further, review of documents provided for audit revealed that works were procured through request for quotations and awarded at a contract sum of Kshs.2,845,944. However, request for quotation documents did not specify when the quotations were issued and date for submission contrary to Section 106(1) of the Public Procurement and Asset Disposal Act, 2015. Further, four (4) of the invited bidders were not in the prequalified list of suppliers which is contrary to Section 106(2) of the Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall give request to such persons as are registered by the procuring entity.

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

4. Non-Compliance with Bursary Application and Awarding Guidelines

The statement of receipts and payments and Note 7 to the financial statements reflects other grants and transfers amounting to Kshs.95,314,911 which includes bursaries to secondary schools and tertiary institutions totalling to Kshs.58,510,300. However, review of bursary records provided for audit revealed that the application forms had not been vetted and the awarded amounts to the successful applicants were not indicated on the forms. This is contrary to circular CDFB/CEO/BOARD CIRCULARS VOL II (021) dated 16 June, 2020. Further, Management did not provide Bursary policy which sets the criteria of awarding the bursaries.

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

5. Failure to Maintain Project Management Committee Records and Reports

Review of five (5) sampled project returns for projects undertaken during the year under review revealed that there were no appointment letters for the project management committees. Further, records showing that the project management committees carried out project closure and handover upon completion of the projects and prepared hand

over reports to a constituency committee were not provided for audit. This is contrary to Regulation 15(1) of the National Government Constituencies Development Fund Regulations, 2016 which states that there shall be appointed a project management committee for each project in a Constituency which shall undertake project closure, labelling and handover upon completion.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 services, disclosing and 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 financial reporting process, reviewing the effectiveness of how the entity 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's policies and procedures may deteriorate.

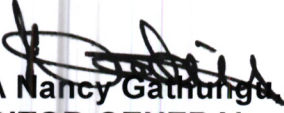
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


26 June, 2023

VII. 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	171,177,758	161,367,724
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	-	-
Total Receipts		171,177,758	161,367,724
Payments			
Compensation Of Employees	4	1,436,097	1,725,091
Use Of Goods and Services	5	13,942,104	9,920,339
Transfers To Other Government Units	6	67,036,897	89,192,360
Other Grants and Transfers	7	95,314,911	86,253,000
Acquisition Of Assets	8	683,600	470,000
Other Payments	9	-	-
Total Payments		178,413,609	187,560,790
Surplus/(Deficit)		(7,235,851)	(26,193,066)

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 22nd August 2022 and signed by:


Fund Account Manager

Name: Phares Karanja


National Sub-County
Accountant

Name: Joseph Karanja
ICPAK M/No:10213


Chairman NG-CDF
Committee

Name: Rachael Macharia

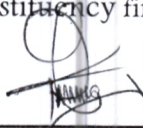



VIII. Statement of Assets and Liabilities as at 30th June, 2022


	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	31,214,794	38,450,645
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		31,214,794	38,450,645
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		31,214,794	38,450,645
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
Net Financial Assets		<u>31,214,794</u>	<u>38,450,645</u>
Represented By			
Fund Balance B/Fwd	13	38,450,645	64,643,711
Prior Year Adjustments	14	-	
Surplus/Deficit for The Year		(7,235,851)	(26,193,066)
Net Financial Position		<u>31,214,794</u>	<u>38,450,645</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 22nd August 2022 and signed by:


 Fund Account Manager

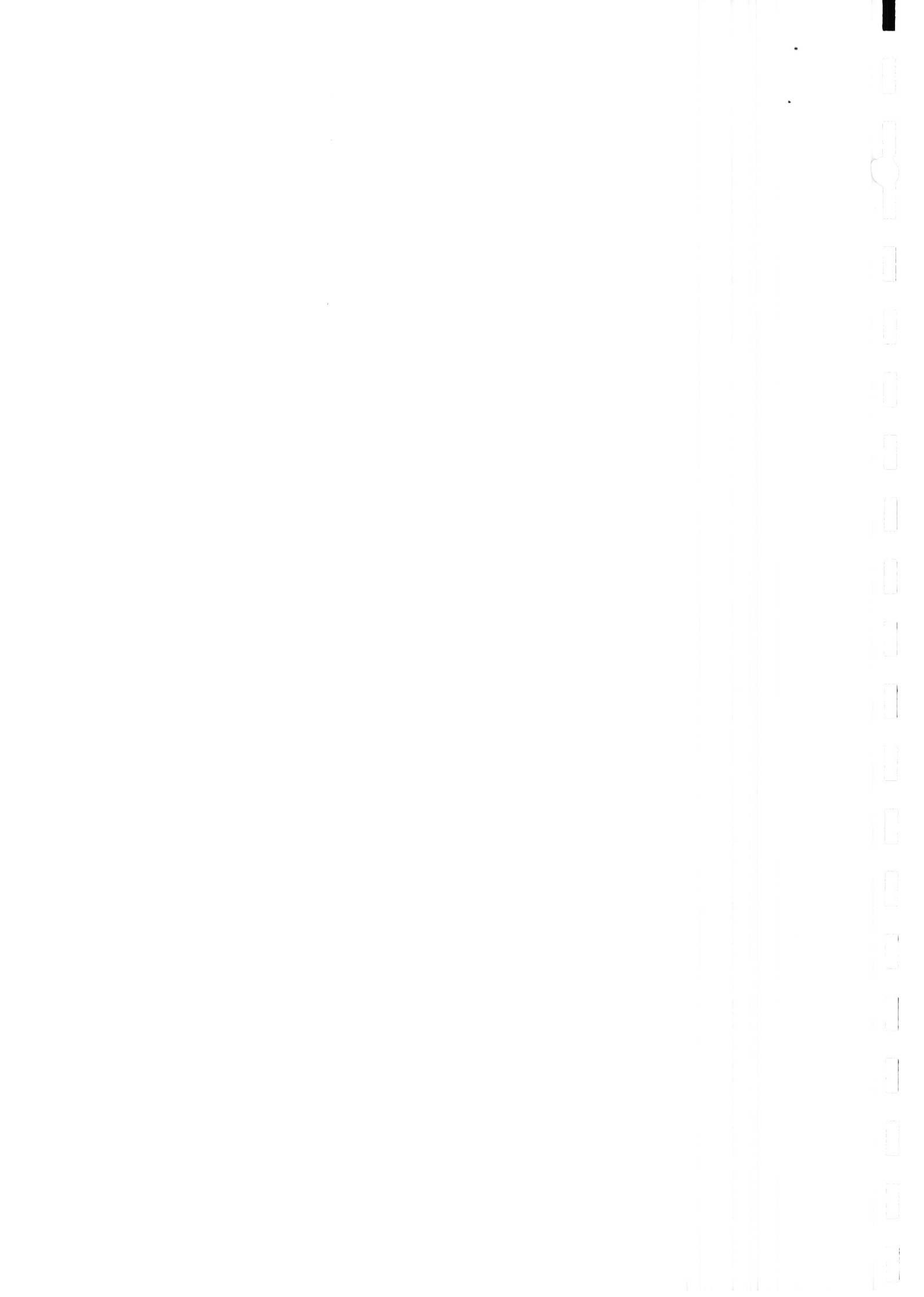

 National Sub-County
 Accountant


 Chairman NG-CDF
 Committee

Name: Phares Karanja

Name: Joseph Karanja
 ICPAK M/No:10213

Name: Rachael Macharia






IX. 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	171,177,758	161,367,724
Other Receipts	3	-	-
Total Receipts		171,177,758	161,367,724
Payments			
Compensation Of Employees	4	1,436,097	1,725,091
Use Of Goods and Services	5	13,942,104	9,920,339
Transfers To Other Government Units	6	67,036,897	89,192,360
Other Grants and Transfers	7	95,314,911	86,253,000
Acquisition of Assets	8	683,600	
Other Payments	9	-	-
Total Payments		178,413,609	187,090,790
Total Receipts Less Total Payments		(7,235,851)	(25,723,066)
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	-	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		(7,235,851)	(25,723,066)
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	-	(470,000)
Net Cash Flows from Investing Activities		0	(470,000)
Net Increase In Cash And Cash Equivalent		(7,235,851)	(26,193,066)
Cash & Cash Equivalent At Start Of The Year	10	38,450,645	64,643,711
Cash & Cash Equivalent At End Of The Year	10	31,214,794	38,450,645

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 22nd August 2022 and signed by:

 _____	 _____	 _____
Fund Account Manager	National Sub-County Accountant	Chairman NG-CDF Committee
Name: Phares Karanja	Name: Joseph Karanja ICPAK M/No:10213	Name: Rachael Macharia

RUIRU 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

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c%
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
Receipts							
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	137,088,879	38,450,645	45,088,879	220,628,403	209,628,403	11,000,000	95
Proceeds From Sale of Assets					-	-	
Other Receipts					-	-	
Totals	137,088,879	38,450,645	45,088,879	220,628,403	209,628,403	11,000,000	95
Payments							
Compensation Of Employees	1,458,800	434,476	0	1,893,276	1,436,097	457,179	76
Use Of Goods and Services	10,695,598	1,174,379	5,832,182	17,702,159	13,942,104	3,760,055	79
Transfers To Other Government Units	54,162,350	14,569,990	8,000,000	76,732,340	67,036,897	9,695,443	87
Other Grants and Transfers	70,088,531	16,405,887	31,256,697	117,751,115	95,314,911	22,436,204	81
Acquisition Of Assets	683,600	1,173,886		1,857,486	683,600	1,173,886	37
Other Payments		4,692,027		4,692,027	0	4,692,027	0
Funds Pending Approval	0	0	0	0	0	0	0
Totals	137,088,879	38,450,645	45,088,879	220,628,403	178,413,609	42,214,794	81

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	42,214,794
Less undisbursed funds receivable from the Board as at 30 th June 2022	11,000,000
	31,214,794
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2021/2022	31,214,794

The Constituency financial statements were approved on 22nd August 2022 and signed by:

Fund Account Manager

Name: Phares Karanja

National Sub-County
Accountant

Name: Joseph Karanja
ICPAK M/No: 10213

Chairman NG-CDF
Committee

Name: Rachael Macharia

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2021/2022	30/06/2022	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	1,758,800	434,476		2,193,276	1,436,097	757,179
1.2 Committee allowances	4,766,532	1,174,379	660,564	6,601,475	6,438,776	162,699
1.3 Use of goods and services	1,514,000		1,458,787	2,972,787	794,104	2,178,683
Sub Total	8,039,332	1,608,855	2,119,351	11,767,538	8,668,977	3,098,561
2.0 Monitoring and evaluation						
2.1 Capacity building	1,891,635		1,567,785	3,459,420	2,900,000	559,420
2.2 Committee allowances	1,221,031		296,328	1,517,359	1,195,224	322,135
2.3 Use of goods and services	1,000,000		1,848,718	2,848,718	2,800,000	48,718
Sub Total	4,112,666	-	3,712,831	7,825,497	6,895,224	930,273
3.0 Emergency	7,192,207		5,334,518	12,526,725	9,190,000	3,336,725
3.1 Primary Schools	0	0	0	0	0	0
3.2 Secondary schools	0	0	0	0	0	0
3.3 Tertiary institutions	0	0	0	0	0	0
3.4 Security projects	0	0	0	0	0	0
Sub Total	7,192,207	-	5,334,518	12,526,725	9,190,000	3,336,725
4.0 Bursary and Social Security						



Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.1 Primary Schools						
4.2 Secondary Schools	27,980,000		18,432,000	46,412,000	43,311,287	3,100,713
4.3 Tertiary Institutions	20,000,000		4,747,013	24,747,013	15,199,015	9,548,000
4.4 Universities	0		0	0	0	0
4.5 Social Security	0		0	0	0	0
Sub Total	47,980,000	-	23,179,013	71,159,013	58,510,300	12,648,713
5.0 Sports						
5.1	2,741,777		2,743,166	5,484,943	5,415,840	69,103
Sub Total	2,741,777	-	2,743,166	5,484,943	5,415,840	69,103
6.0 Environment						
6.1						
7.0 Primary Schools Projects						
MUTUYA PRIMARY SCHOOL	3,000,000	0	0	3,000,000	3,000,000	0
GITHURAI KIMBO PRIMARY	450,000	0	0	450,000	450,000	0
MWIHOKO PRIMARY SCHOOL	0	4,900,000	0	4,900,000	4,900,000	0
MWALIMU FARM PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
KWANGETHE PRIMARY	0	0	4,000,000	4,000,000	4,000,000	0
MANGUO (KIUU) PRIMARY	4,000,000	0	0	4,000,000	4,000,000	0
KWANGETHE PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
KWIHOTA PRIMARY SCHOOL	1,500,000	0	0	1,500,000	1,500,000	0

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
GATONGORA PRIMARY	3,900,000	0	0	3,900,000	3,900,000	0
NGEWE PRIMARY	1,500,000	0	0	1,500,000	1,500,000	0
GATONGORA PRIMARY	3,000,000	0	0	3,000,000	0	3,000,000
KAHAWA WENDANI PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
ST GEORGES PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
MANGUO PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
MWALIMU FARM PRIMARY	3,000,000	0	0	3,000,000	3,000,000	0
GIKUMARI PRIMARY SCHOOL	1,500,000	69,990	0	1,569,990	1,500,000	69,990
MATOPENI PRIMARY SCHOOL	3,000,000	0	0	3,000,000	3,000,000	0
Sub Total	39,850,000	4,969,990	4,000,000	48,819,990	45,750,000	3,069,990
8.0 Secondary Schools Projects (List all the Projects)						
KWANGETHE SECONDARY	4,936,897	0	0	4,936,897	4,936,897	0
RUIRU KIHUNGURO	4,000,000	0	0	4,000,000	4,000,000	0
SPINNERS SECONDARY	3,000,000	0	0	3,000,000	3,000,000	0
KWANGETHE SECONDARY			4,000,000	4,000,000	4,000,000	0
RUIRU BOYS SECONDARY	3,000,000	9,500,000	0	12,500,000	3,000,000	9,500,000
RUIRU KIHUNGURO SECONDARY	750,000	0	0	750,000	750,000	0
GIKUMARI SECONDARY	1,500,000	0	0	1,500,000	1,500,000	0
GITHURAI MIXED SECONDARY	0	100,000	0	100,000	100,000	0
Sub Total	17,186,897	9,600,000	4,000,000	30,786,897	21,286,897	9,500,000



Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
9.0 Tertiary institutions Projects (List all the Projects)						
9.1	0	0	0	0	0	0
Sub Total	0	0	0	0	0	0
10.0 Security Projects						
GATONGORA CHIEFS OFFICE	0	2,000,000	0	2,000,000	2,000,000	0
WATALAMU POLICE POST	1,500,000	0	0	1,500,000	1,500,000	0
KIMBO POLICE POST	1,500,000	0	0	1,500,000	1,500,000	0
KIHUNGURO POLICE POST	0	1,000,000	0	1,000,000	1,000,000	0
GITOTHUA POLICE POST	0	975,776	0	975,776	0	975,776
GIKUMARI POLICE POST	0	898,771	0	898,771	898,771	0
MUTONYA POLICE POST	3,000,000	4,000,000	0	7,000,000	7,000,000	0
RUIRU POLICE DIVISION	0	1,200,000	0	1,200,000	0	1,200,000
RUIRU SUBCOUNTY OFFICE	0	1,230	0	1,230	0	1,230
RUIRU AP POST	0	800,000	0	800,000	0	800,000
GITHURAI POLICE	0	500,000	0	500,000	0	500,000
RUIRU SUBCOUNTY HQ	0	30,110	0	30,110	0	30,110
GATONGORA POLICE POST	3,300,000	5,000,000	0	8,300,000	8,300,000	0
Sub Total	9,300,000	16,405,887	-	25,705,887	22,198,771	3,507,116
11.0 Acquisition of assets						
11.1 Motor Vehicles	0	1,059,270	0	1,059,270	0	1,059,270
11.2 Construction of CDF office	500,000	57,616	0	557,616	497,600	60,016

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
11.3 Purchase of furniture and equipment	0	57,000	0	57,000	0	57,000
11.4 Purchase of computers	186,000	0	0	186,000		186,000
Sub Total	686,000	1,173,886	0	1,859,886	497,600	1,362,286
12.0 Others						
12.1 Strategic Plan	0	15,000	0	15,000	0	15,000
12.2 Innovation Hub	0	4,677,027	0	4,677,027	0	4,677,027
Total	0	4,677,027	0	4,677,027	0	4,677,027
Funds pending approval**	0	0	0	0	0	0
Sub Total	137,088,879	38,450,645	45,088,879	220,628,403	178,413,609	42,214,794

Fund Account Manager

Name: Phares Karanja

National Sub-County Accountant

Name: Joseph Karanja

Chairman NG-CDF Committee

Name: Rachael Macharia



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-RUIRU 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. B 105272	33,000,000.00	5,000,000.00
AIE NO. B 105553	44,000,000.00	10,000,000.00
AIE NO. B 105919	24,000,000.00	13,000,000.00
AIE NO. B 128686	5,000,000.00	6,900,000.00
AIE NO. B 128997	12,000,000.00	6,000,000.00
AIE NO. B 154192	12,000,000.00	6,000,000.00
AIE NO. B 154415	18,000,000.00	12,000,000.00
AIE NO. B 154473	11,088,879.00	9,000,000.00
AIE NO. B 089086	12,088,879.00	11,100,000.00
AIE NO. B 047710	-	13,000,000.00
AIE NO. B 049297	-	69,367,724.00
TOTAL	171,177,758	161,367,724

2. Proceeds From Sale of Assets

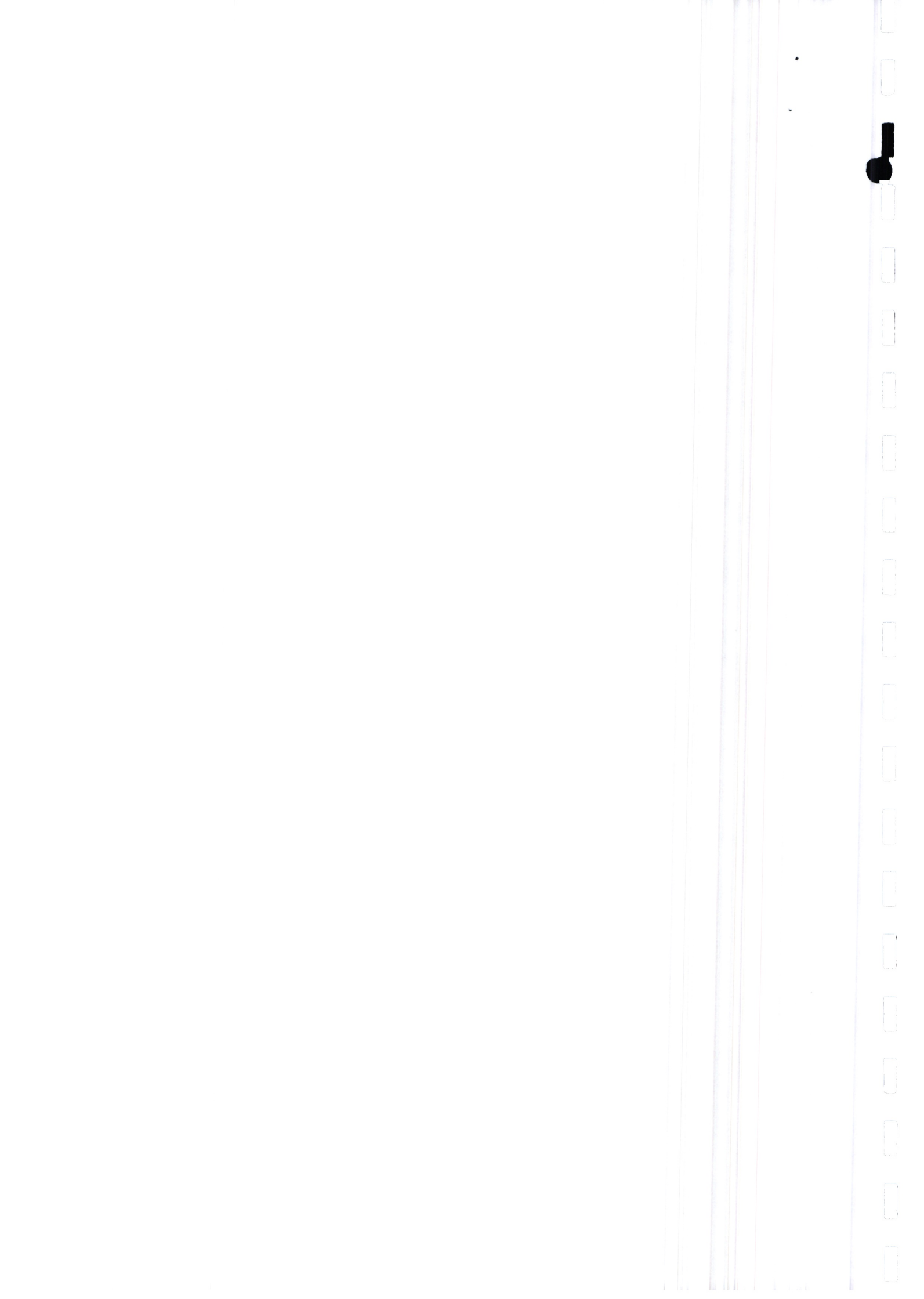
	2021-2022	2020-2021
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Others (specify)	0	0
Total	0	0

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received		



Rents	0	0
Receipts from sale of tender documents	0	0
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0



Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,126,136	1,385,419
Personal allowances paid as part of salary		
House Allowance		-
Transport Allowance		-
Leave allowance		-
Gratuity to contractual employees	296,361	325,272
Employer Contributions Compulsory national social security schemes	13,600	14,400
Total	1,436,097	1,725,091

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Committee Expenses		-
Utilities, supplies and services	125,600	487,520
Electricity	18,000	
Water & Sewerage	18,728	45,502
Communication, supplies and services	36,000	
Domestic travel and subsistence		24,000
Printing, advertising and information supplies & services		86,000
Rentals of produced assets		
Training expenses	1,567,785	
Hospitality supplies and services	1,100,000	451,000
Other committee expenses	5,438,776	4,134,000
Committee allowance	5,227,439	4,139,000
Insurance costs	147,776	198,147
Specialized materials and services		
Office and general supplies and services		
Fuel oil & lubricants	180,000	240,000
Other operating expenses	44,000	27,170
Routine maintenance – vehicles and other transport equipment	38,000	88,000

Routine maintenance – other assets		
Total	13,942,104	9,920,339



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)	45,750,000	51,892,360
Transfers To Secondary Schools (See Attached List)	21,286,897	37,300,000
Transfers To Tertiary Institutions (See Attached List)		
Total	67,036,897	89,192,360

7. Other Grants and Other transfers

Description	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	43,311,287	37,823,000
Bursary – tertiary institutions (see attached list)	15,199,013	30,725,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)		-
Social Security programmes (NHIF)		
Security projects (see attached list)	22,198,771	7,600,000
Sports projects (see attached list)	5,415,840	2,705,000
Environment projects (see attached list)		-
Emergency projects (see attached list)	9,190,000	7,400,000
Total	95,314,911	86,253,000

8. Acquisition Of Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings	497,600	
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	186,000	470,000
Total	683,600	470,000



Notes To the Financial Statements (Continued)

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan		
ICT Hub		
Total	0	0

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)		
Equity Bank - Ruiru Branch <i>A/C No.0870261708315</i>	31,214,794	38,450,645
Total	31,214,794	38,450,645
10 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations		
Total	-	-

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>Total</i>		-	-	-



Notes to the Financial Statement Continued

12A. Retention

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 st July (A)	276,937	823,683
Retention held during the year (B)	1,234,000	1,687,800
Retention paid during the Year (C)	1,510,937	2,510,483
Closing Retention as at 30 th June D= A+B-C	0	0

[Provide short appropriate explanations as necessary.]

12B. Gratuity

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 st July (A)	27,106	-
Gratuity held during the year (B)	269,255	-
Gratuity paid during the Year (C)	296,361	-
Closing Gratuity as at 30 th June D= A+B-C	0	0

[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	38,450,645	64,643,711
Cash in hand		
Imprest		
Total	38,450,645	64,643,711

[Provide short appropriate explanations as necessary]



14. Prior Year Adjustments

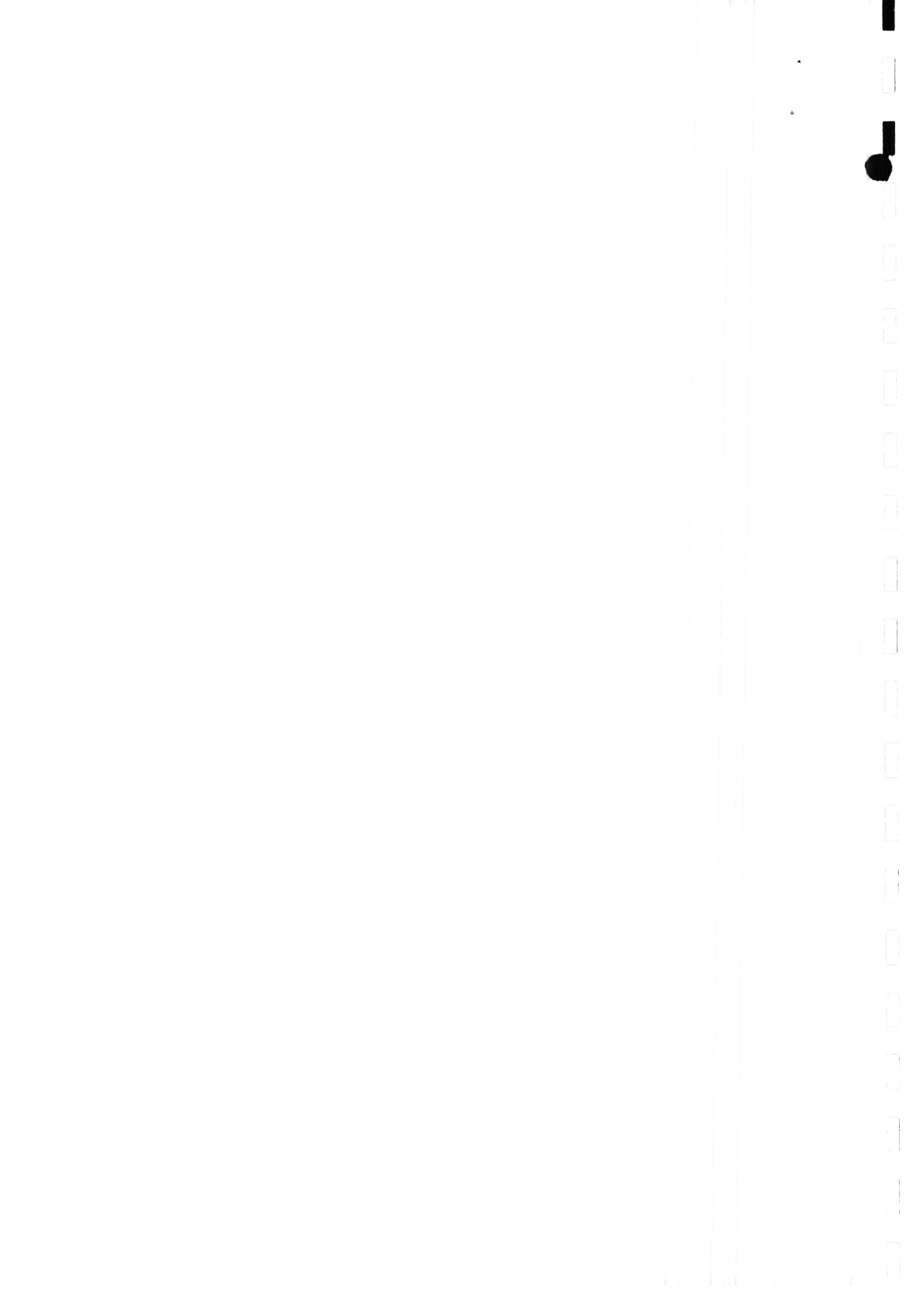
Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements Kshs	Adjustments Kshs	Adjusted Balance ^{***} b/f FY 2021/2022 Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022 KShs	2020-2021 KShs
Outstanding Imprest as at 1 st July (A)	0	0
Imprest issued during the year (B)	8,200,000	6,546,000
Imprest surrendered during the Year (C)	8,200,000	6,546,000
closing accounts in account receivables D= A+B-C	0	0
Changes in Account Receivables	0	0

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022 KShs	2020 – 2021 KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
closing account payables D= A+B-C	0	0
	0	0



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	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
Total	0	0

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	0	0
Others (<i>specify</i>)	0	0
Total	0	0

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	757,179	434,478
Use of goods and services	3,457,655	7,006,561
Amounts due to other Government entities (see attached list)	12,569,990	18,569,991
Amounts due to other grants and other transfers (see attached list)	19,561,657	51,662,583
Acquisition of assets	1,176,286	1,173,886
Others	4,692,027	4,692,027
Funds pending approval	0	0
Total	42,214,794	83,539,526



17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	26,983,613	1,315,562
Total	26,983,613	1,315,562



*RUIRU 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					



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	Unpaid salaries	757,179	434,476	
Use of goods & services	Unspent funds in respect to goods and services	3,457,655	7,006,561	
Sub-Total		4,214,834	7,441,037	
Amounts due to other Government entities				
Secondary Schools	Unpaid funds for secondary schools	9,500,000	9,600,000	
Primary Schools	Unpaid funds for primary schools	3,069,990	8,969,990	
Tertiary Institutions	Unpaid funds for tertiary institutions	0	0	
Sub-Total		12,569,990	18,569,990	
Amounts due to other grants and other transfers				
Emergencies	Unutilised Emergency funds	3,336,725	5,334,518	
Security Projects	Unspent funds for security projects	3,507,116	20,405,887	
Sports	sports funds	69,103	2,743,166	
Bursaries	Balance of Bursary funds	12,648,713	23,179,013	
Sub-Total		19,561,657	51,662,584	
Acquisition of assets				
Purchase of Motor Vehicles	Unspent Motor Vehicles funds	1,059,270	1,059,270	
Construction of NGCDF office	Balance of Construction of NGCDF office	117,016	114,616	
Sub-Total		1,176,286	1,173,886	
Others (specify)				
Strategic Plan	Balance in respect of the Strategic Plan project	15,000	15,000	
ICT Hubs	Unspent funds earmarked for reallocation	4,677,027	4,677,027	
Sub-Total		4,692,027	4,692,027	
Total		42,214,794	83,539,524	



•

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	0	0	0	0
Buildings and structures	11,766,005	497,600	0	12,263,605
Transport equipment	4,940,730	0	0	4,940,730
Office equipment, furniture and fittings	2,413,255	0	0	2,413,255
ICT Equipment, Software and Other ICT Assets	287,845	186,000	0	473,845
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	19,407,835	683,600	0	20,091,435



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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
RUIRU TOWNSHIP PRIMARY SCHOOL	EQUITY	870277597388	23,546	1,030,028
MUTUYA PRIMARY SCHOOL	EQUITY	870262678954	8,764	1,345
KAHAWA WENDANI PRIMARY	EQUITY	870270909956	4,582	2,654
MWIHOKO PRIMARY SCHOOL	EQUITY	870277597390	1,232	4,203
MWALIMU FARM PRIMARY	EQUITY	870276666634	574,089	3,987
MUTUYA PRIMARY	EQUITY	870274567898	7,635	1,367
GITHURAI KIMBO PRIMARY	EQUITY	870245619876	3,746,876	34,345
MANGUO (KIUU) PRIMARY	EQUITY	870277597388	56,000	234
KWANGETHE PRIMARY	EQUITY	870277597388	1,200	98,765
MUKUYU PRIMARY SCHOOL	EQUITY	870208324567	1,756	8,765
GITHUNGURI PRIMARY SCHOOL	EQUITY	870277587687	987	98,765
GITHUTHUA PRIMARY SCHOOL	EQUITY	870277598673	4,532	876
GIKUMARI PRIMARY SCHOOL	EQUITY	870277434560	876	765
ST GEORGES PRIMARY SCHOOL	EQUITY	870277650967	3,452	345
MATOPENI PRIMARY SCHOOL	EQUITY	870278765453	6,542	1,234
GITHUTHUA SECONDARY	EQUITY	872675429340	65,098	987
DEVKI RUIRU SECONDARY	EQUITY	870278765298	3,985,678	1,756
KWIHOTA SECONDARY	EQUITY	870277864234	3,876,546	987
GITHUNGURI SECONDARY	EQUITY	870278764308	5,700,000	4,532
RUIRU BOYS SECONDARY	EQUITY	870298456754	4,329	876
GITHURAI MIXED SECONDARY	EQUITY	870270009388	3,800,000	3,452
RUIRU KIHUNGURO SECONDARY	EQUITY	870277512340	465,342	564
MWIHOKO SECONDARY	EQUITY	870277597388	187,876	400
GITHURAI MIXED SECONDARY	EQUITY	870277876987	4,000,000	8,652
MWIHOKO POLICE STATION	EQUITY	870277598765	456,675	5,678
TOTAL			26,983,613	1,315,562



•
•



Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Expenditure	The appropriate minutes were attached.	Resolved	
2.	Unsupported Bursary	The appropriate minutes, schedules and reports were availed.	Resolved	
3.	Inaccuracy In the Statement of Assets and Liabilities	The bank reconciliation items were resolved. Further the financial statements were corrected accordingly.	Resolved	
	Other matter			
1.	Budgetary Control and Performance	Under funding is largely outside the purview of the NGCDF. However, the NGCDF has taken steps to reduce under absorption.	Resolved	
2.	Unresolved Prior Year Matter	The current report discloses prior year audit recommendations.	Resolved	
	Basis for Conclusion			
1.	Irregular Payment on Emergency Projects	Reporting to NGCDF Board on all Emergency projects has been carried out.	Resolved	
2.	Non Remittance of unutilised Fund	Ruiru NGCDF Management took note of audit	Resolved	



..

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)
	Balances	recommendation		
3.	Delay in implementation of Projects	The delay was occasioned by delayed receipt of funds from the NGCDF Board.	Unresolved	Uncertain as to when this will be fully resolved
4.	Non Adherence to Public Procurement Regulations	All bidders were notified of the results of the tender	Resolved	



.....
Phares Karanja
Fund Account Manager.

2



1