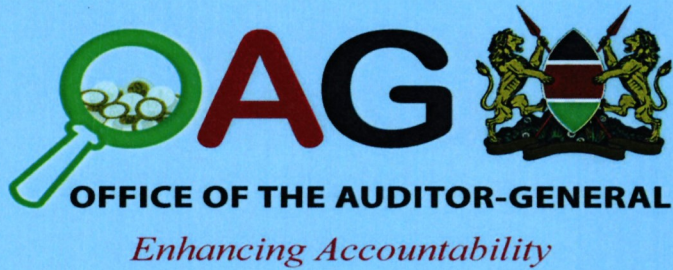


REPUBLIC OF KENYA



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LIBRARY

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
29 NOV 2022	
TUESDAY	
TABLED BY:	LOM
CLERK-AT THE-TABLE:	Moses Lemuna

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND - KITUI RURAL CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2021**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
MACHAKOS HUB.  
24 JUN 2022  
**RECEIVED**



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**KITUI RURAL CONSTITUENCY**


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

---

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

 <b>THE NATIONAL ASSEMBLY</b>	
P. O. BOX 100000, NAIROBI	
DATE: 29 NOV 2022	
TABLED BY:	
CLERK-AT THE TABLE:	

***Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021***

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*Kitui Rural Constituency*

*National Government Constituencies Development Fund (NGCDF)*

*Reports and Financial Statements for The Year Ended June 30, 2021*

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***Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021***

**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 Kitui Rural 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 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	<b>Ezekiel K. Mwangangi</b>
2.	Sub-County Accountant	<b>David N. Njoka</b>
3.	Chairman NGCDFC	<b>Simon M. Munyoki</b>
4.	Member NGCDFC	

#### **(d) Fiduciary Oversight Arrangements**

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

P.O. Box 1422- 90200  
Esther House Building  
Kwa Vonza  
KITUI

***Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021***

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**(f) Kitui Rural Constituency NGCDF Contacts**

Telephone: (254)723636367  
E-mail: [cdffituirural@ngcdf.go.ke](mailto:cdffituirural@ngcdf.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(g) Kitui Rural Constituency NGCDF Bankers**

Equity Bank  
A/C NO 0720261934286  
Kitui Town

**(h) Independent Auditors**

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

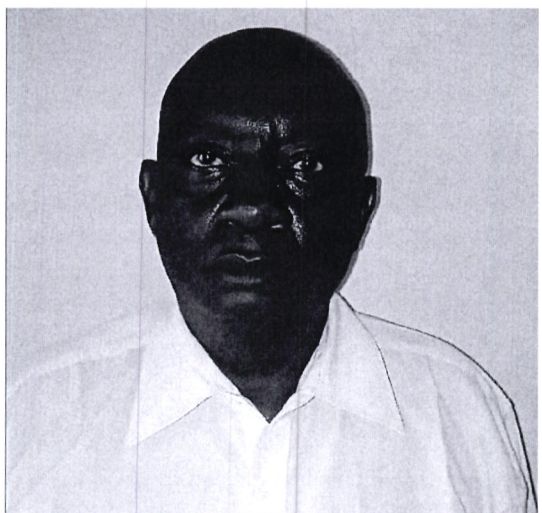
**(i) Principal Legal Adviser**

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



## II. NG-CDFC CHAIRMAN'S REPORT

**SIMON MUEMA MUNYOKI**



Kitui Rural Constituency is an electoral Constituency in Kenya. It is one of the Eight Constituencies of Kitui County in the Former Eastern Province. The Constituency was established for the 2013 elections and was hived from Kitui Central Constituency and Kitui West Constituency. It has its headquarters in Kwavonza Town. Agriculture is the main economic activities where farmers practice small scale farming by growing of maize, wheat, beans and cowpeas; farmers also practise bee keeping although not in large scale, retail and wholesale trade also play a major role in the growth of the economy of the Constituency. The Committee has always dedicated time to ensure prudent management of resources received from the NG-CDF Board within the four wards of the Constituency. Since inception the committee has completed several development projects that are geared towards infrastructural development, wealth creation and fight against poverty within the constituency.

During the financial year 2020/21 Kitui Rural Constituency NG-CDF was able to utilise 77% of the allocated resources. At the closure of the financial year the constituency had unutilised funds amounting to Ksh 6,321,323 and a further Ksh 44,188,878 not yet received from the Board out of the total budget allocation, the implementation has been satisfactory despite a few challenges

### **KEY ACHIEVEMENTS**

During the Financial year 2020/2021 Kitui Rural Ng-CDF was able to Construct its own office and the staff will enjoy a good working Environment shifting from rented premises which is a great milestone to the constituency, we have also put up new facilities like new classrooms, laboratories, administration blocks in the education sector, we have also renovated a number of classrooms and this has helped to create a conducive environment for students/learners and also the teachers, security has also improved to a great extent by construction of new police post, chiefs offices for the local Administration, students have also benefited a lot through the bursary kit. We have also managed to issue sports equipment to promote sports activities in the Constituency, Environment

*Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021*

activities have also not been left out, schools have benefitted with tanks for water harvesting and also planting of trees to conserve the Environment.



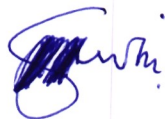
**KITUI RURAL CONSTITUENCY NG-CDF OFFICE**

*Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021*

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Finally, I would like to appreciate the contribution and individual dedication of our members of staff towards our success.

**Signature**



**CHAIRMAN NGCDF COMMITTEE**

### III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

#### 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 *Kitui Rural Constituency 2018-2022* plan are to:

- a) Increase in employability of the youth.
- b) Improved performance in primary, secondary and TVET.
- c) Increased security coverage.
- d) Increase in enrolment in primary, secondary.
- e) Increase in transition from primary to secondary.
- f) Increased number of youth engaged in gainful employment
- g) Increase in online business uptake by youth
- h) Increase in knowledge, skills and passion for sustainable environment
- i) Secure business environment.

#### 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"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary's beneficiaries at all levels</li> </ul>	In FY 20/21 -we increased number of classrooms, dormitories, laboratories from 20 to 30 - Bursary beneficiaries at all levels also increased as universities 1450 and secondary 7,300
Security	To provide security to all constituents	Develop the infrastructure in	Number of usable physical	Number of Ass County



**KILISA PRIMARY SCHOOL CLASSROOM**

### **EMERGING ISSUES**

Like any other Constituency, Kitui Rural Constituency has also faced some emerging issues, the spread of Corona virus which has almost paralysed the economy worldwide reducing movement of goods and people hence affecting the operations of almost all government departments, increase in bursary uptake which has been attributed to hard economic times, slow release of funds from the National Government which has also impacted negatively on our overall performance, the Board has also introduced performance contracting which will help in improved performance of the NG-CDFC to a great extent.

### **IMPLEMENTATION CHALLENGES**

Political influence from the local leaders to some extent has become a challenge in the allocation of resources within the constituency such influence could affect the fair distribution of resources to the project Management Committees; procurement process still poses a great challenge to the committee. We shall continuously endeavour to train and Build PMC's capacity in order to appreciate the laws and regulations governing management of public funds.

### **APPRECIATION**

Let me recognise the CDF BOARD, Office of the Auditor General, The Area Member of parliament, all district Heads, CDFC Members and all other stake holders who have stood with us all along.



**KATWALA CHIEF'S OFFICE**



**KYOSINI PRIMARY ADMINISTRATION BLOCK**

**Kitui Rural Constituency****National Government Constituencies Development Fund (NGCDF)****Reports and Financial Statements for The Year Ended June 30, 2021**

	by improving police posts and chiefs camp	the national security administration to enhance service delivery	infrastructure built at sub county levels locations , sub locations and police stations	Commissioners office increased from 4 to 6 Number of Chiefs offices increased from 3 to 5 Number of Ass Chiefs offices increased 3 to 5 and 3 Number of Police stations renovated
Environment	Increased no. of water harvest tanks constructed	Availability of water in learning institution	Clean leaning environment	Schools encouraged to have water harvesting tanks to harvest rain water
Sports	To encourage economic activities of residents for self –sufficiency and empowerment	Reduced dependency and spur economic growth through sports and other related activities	Number of youth groups benefiting from the sports activities	Number of youth groups benefiting increased from 40 to 70
Disaster Management	Increase in employability of the youth	Impacted citizens on disaster management	Trained NGCDFC Staffs and Fund Manager	PMC sensitization Training on project implementation to consider alternative exit in case of emergency.

#### **IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

- a. **Education and Training:** Kitui Rural 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 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

##### **2. Environmental performance**

###### **Environment policy and Action Plan**

Protection of the Environment in which we live is very key to us, care for the same is also one of our key responsibilities.

###### **Our Environment Policy.**

In this policy Kitui Rural NG-CDF commits to:

- Comply with the relevant government legislations , regulations and approved codes of practice
- In our budgeting process we factor projects that's can be used to conserve our Environment



- Protecting the Environment by striving to prevent and minimise our contribution to pollution of land , air and water
- Managing and disposing of wastage in a responsible manner
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.

### **Our Environment Action Plan**

The committee has identified four impact areas in which as an office we have direct or indirect impact on the Environment and developed approaches on how we can manage or reduce these impacts.

- a) Conservation of energy and resources
  - Harness water harvesting
  - Invested in available energy saving technologies and devices within our existing premises
  - Reduction on use of paper and use of electronic means in communication
- b) Environment protection and conservation
  - Encouraged planting of indigenous trees within the constituency to improve forest cover and prevent soil erosion.
  - Construction of culverts and gabions to prevent soil erosion
- c) Pollution control and waste management
  - Recycling of all paper
  - Proper disposal of human waste through construction of pit latrines , septic tanks and soak pits
- d) Capacity Building
  - Community awareness on good conservation practices
  - Regular communication on behavioural changes

### **3. Employee welfare**

We invest in providing the best working environment for our employees. Kitui Rural 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. Kitui Rural 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-**

KITUI RURAL 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.

***Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021***

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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 interests

#### **5. Community Engagements-**

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

#### **Public Participation in Project Identification and Implementation and Monitoring**

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

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

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

#### **Public Awareness**

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

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

**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.

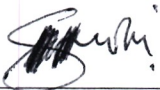
The Accounting Officer in charge of the NGCDF-Kitui Rural Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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-Kitui Rural 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, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- KITUI RURAL 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.

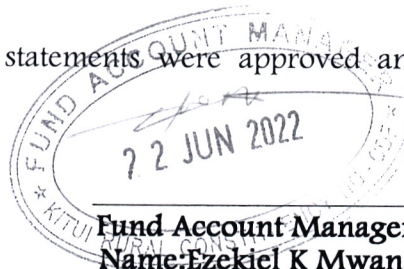
The Accounting Officer in charge of the NGCDF Kitui Rural Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used 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- Kitui Rural Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2021.

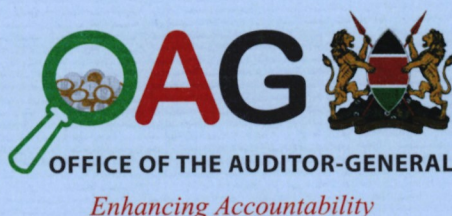


**Chairman NGCDF Committee**  
**Name: Muema Munyoki**



**Fund Account Manager**  
**Name: Ezekiel K Mwangangi**

# REPUBLIC OF KENYA



Telephone: +254-(20) 3214000  
E-mail: 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 - KITUI RURAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

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### 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 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 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Kitui Rural Constituency set out on pages 18 to 58,

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*Report of the Auditor-General on National Government Constituencies Development Fund - Kitui Rural Constituency for the year ended 30 June, 2021*

which comprise of the statement of assets and liabilities as at 30 June, 2021, 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 the National Government Constituencies Development Fund - Kitui Rural Constituency as at 30 June, 2021, 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. Bursary Disbursements**

The statement of receipts and payments reflects an amount of Kshs.28,808,304 in respect to other grants and other payments which includes bursary disbursements totaling Kshs.13,938,100 to secondary schools and tertiary institutions as disclosed in Note 7 to the financial statements. However, documents to confirm that vetting of applicants was done were not provided and the basis for selection of the successful applicants was not explained. Further, bursaries amounting to Kshs.537,000 were paid to various beneficiaries at rates higher than what was approved by NG-CDF committee. In addition, the Fund had an approved allocation for bursaries of Kshs.53,825,100 out of which only Kshs.13,938,100 was disbursed to students during the year under audit leaving the balance of Kshs.39,887,000 unutilized.

In the circumstances, the accuracy and completeness of bursary disbursement amounting to Kshs.13,938,100 to secondary schools and tertiary institutions could not be ascertained.

### **2. Unsupported Expenditure - Transfers to other Government Units**

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects expenditure amounting to Kshs.102,261,503 in respect to transfer to other Government entities which includes Kshs.57,350,000 disbursed for implementation of various projects in Primary Schools. However, Management did not provide work plans in support of these projects. It was therefore not possible to evaluate the actual works done against the approved work plans. This is a contravention of the provisions of Regulation 15(4) of the National Government Constituency Development Fund, 2016 that requires Project Management Committees to prepare the bills of quantities and work plans showing how it intends to utilize the funds for implementing the projects.

In the circumstances, the accuracy, completeness and regularity of the expenditure of Kshs.57,350,000 incurred on primary schools projects 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 - Kitui Rural 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. I have determined that 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 receipts and actual budget amounts on comparable basis of Kshs.216,821,439 and Kshs.172,632,561 respectively resulting into an underfunding of Kshs.44,188,878 or 20% of the approved budget. Similarly, the Fund spent Kshs.166,313,438 against an approved budget of Kshs.216,821,439 resulting into an under-expenditure of Kshs.50,508,001 or 23% of the budget.

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

#### **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular.

## **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. Irregular Expenditure on Fencing of Office Compound**

During the year under review, the Fund had planned to fence the office compound with concrete poles and chain-link at a cost of Kshs.1,159,033. The scope of work was later varied to fencing of the compound using concrete walls and construction of two (2) gates at a revised contract price of Kshs.1,940,740 which exceeded the approved budget of Kshs.1,159,033 by Kshs.781,707 or 67%. Further, the additional cost was charged to emergency reserve. Management did not provide evidence of approval of the change of project scope by NG-CDF Board and the use of emergency funds was not reported to the NG-CDF Board contrary to Section 8(1) of the NG-CDF Act, 2015.

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

### **2. Contract for Construction Office Block Project**

#### **2.1 Irregularities in Procurement Process**

The Fund Management, awarded a contract for the construction of an office block to a firm at a contract sum of Kshs.18,100,273. Review of the procurement process for the construction of office block revealed that while the evaluation committee comprised of seven (7) members instead of a maximum of five members provided for in Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015, the evaluation minutes were endorsed by only two members. Further, the original score sheets and evidence to confirm that technical and financial evaluations were done were not provided for audit. This is contrary to Section 44(2)(d) of the Public Procurement and Asset Disposal Act, 2015. Further, the contract was not awarded to the lowest evaluated bidder.

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

#### **2.2 Anomalies in Implementation**

Review of the projects implementation of projects status report for the year revealed that, Management constructed an office block worth Kshs.18,100,273. However, physical inspection carried out in the month of April, 2022 revealed poor workmanship as paint works were peeling off, cracks were visible from both inside and outside of the building and one of the windows was not painted. Although the block was completed and occupied in August, 2021 the certificate of completion and hand over certificate were not provided. In the circumstances, value for money obtained from the expenditure of Kshs.18,100,273 incurred on the project could not be confirmed.

### **3. Delay in Project Implementation**

Review of the projects implementation status report for the year revealed that, the Fund had allocated Kshs.96,300,000 for implementation of ninety-two (92) projects out of which, only twenty-eight (28) projects worth Kshs.27,000,000 were completed. Twenty

(20) projects worth Kshs.19,150,000 were on-going while twenty-four (24) projects with combined allocation of Kshs.29,000,000 had not commenced. Further, twenty (20) projects worth 21,150,00 had not been funded and no satisfactory explanation has been provided for the delayed implementation of projects or measures in place to remedy the situation.

In the circumstances, value for money has not been achieved from the ongoing and the not started projects.

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

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 governance were not effective.

### **Basis for Conclusion**

#### **Lack of Risk Management Policy and a Disaster Recovery Plan**

During the year under review, Management had not put in place a risk management policy framework to guide in identification, assessment and mitigation of risks to ensure National Government entities develop risk management strategies which include fraud prevention mechanism. Further, the Fund did not have in place a disaster recovery and business continuity plan.

In the absence of a risk management policy, a disaster recovery and business continuity plan, the Fund lacks a blue print for identifying, preventing and mitigating against risks and disasters to ensure that its operations are not interrupted in case of unforeseen events.

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 (IPSAS)



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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the international applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

**23 September, 2022**

**Kitui Rural Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Reports and Financial Statements for The Year Ended June 30, 2021**

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

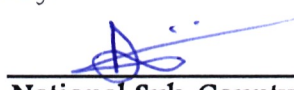
	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	162,767,724	123,040,876
Proceeds from Sale of Assets	2		
Other Receipts	3	78,000	113,000
<b>TOTAL RECEIPTS</b>		<b>162,845,724</b>	<b>123,153,876</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,241,695	1,780,490
Use of goods and services	5	11,868,423	9,027,707
Transfers to Other Government Units	6	102,261,503	79,284,374
Other grants and transfers	7	28,808,304	39,409,270
Acquisition of Assets	8	21,133,513	
Other Payments	9		1,376,274
<b>TOTAL PAYMENTS</b>		<b>166,313,438</b>	<b>130,878,115</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(3,467,714)</b>	<b>(7,724,239)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui Rural Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:




**Fund Account Manager**

**Name: Ezekiel K Mwangangi**

  
**National Sub-County Accountant**

**Name: David M. Njoka**  
**ICPAK M/No: 17206**

  
**Chairman NG-CDF Committee**

**Name: Muema Munyoki**

*Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021*


**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	6,321,323	9,786,837
Cash Balances (cash at hand)	10B		
<b>Total Cash and Cash Equivalents</b>		<b>6,321,323</b>	<b>9,786,837</b>
<b>Accounts Receivable</b>			
Outstanding Imprests	11		
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,321,323</b>	<b>9,786,837</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	12A		
Gratuity	12B		
<b>TOTAL FINANCIAL LIABILITES</b>			
<b>NET FINANCIAL ASSETS</b>		<b>6,321,323</b>	<b>9,786,837</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>		9,786,837	16,990,291
Prior year adjustments	14	2,200	520,785
Surplus/Deficit for the year		(3,467,714)	(7,724,239)
<b>NET FINANCIAL POSITION</b>		<b>6,321,323</b>	<b>9,786,837</b>


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui Rural Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
Fund Account Manager

Name: Ezekiel K Mwangangi

  
National Sub-County  
Accountant

Name: David M. Njoka  
ICPAK M/No:17206

  
Chairman NG-CDF  
Committee

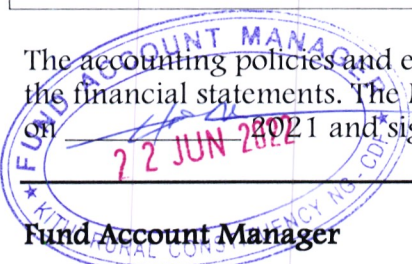
Name: Muema Munyoki

*Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021*

**STATEMENT OF CASHFLOW**

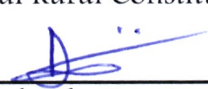
		2020 - 2021	2019 - 2020
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	162,767,724	123,040,876
Other Receipts	3	78,000	113,000
<b>Total receipts</b>		<b>162,845,724</b>	<b>123,153,876</b>
<b>Payments for operating activities</b>			
Compensation of Employees	4	2,241,695	1,780,490
Use of goods and services	5	11,868,423	9,027,707
Transfers to Other Government Units	6	102,261,503	79,284,374
Other grants and transfers	7	28,808,304	39,409,270
Other Payments	9		1,376,274
<b>Total payments</b>		<b>145,179,925</b>	<b>130,878,115</b>
<b>Total Receipts Less Total Payments</b>		<b>17,665,799</b>	<b>(7,724,239)</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14	2,200	520,785
<b>Net cash flow from operating activities</b>		<b>17,667,999</b>	<b>(7,203,454)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8	(21,133,513)	
<b>Net cash flows from Investing Activities</b>		<b>(21,133,513)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(3,465,514)</b>	<b>(7,203,454)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	10	<b>9,786,837</b>	<b>16,990,291</b>
<b>Cash and cash equivalent at END of the year</b>		<b>6,321,323</b>	<b>9,786,837</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kitui Rural Constituency financial statements were approved on 22 JUN 2021 and signed by:

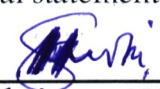


**Fund Account Manager**

**Name: Ezekiel K Mwangangi**

  
**National Sub-County Accountant**

**Name: David M. Njoka  
ICPAK M/No:17206**

  
**Chairman NG-CDF Committee**

**Name: Muema Munyoki**

***Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021***

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**IX. SUMMARY STATEMENT OF APPROPRIATION**

Receipts/Payments	Original Budget		Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	2020/2021	b	2020/2021				
			Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
RECEIPTS		2020/2021				30/06/2021		
Transfers from NGCDF Board		Kshs	9,786,837		Kshs	Kshs	Kshs	
Proceeds from Sale of Assets			137,088,879	69,867,723	216,743,439	172,554,561	44,188,878	79
Other Receipts			78,000		78,000	78,000		
<b>TOTALS</b>			<b>9,864,837</b>	<b>69,867,723</b>	<b>216,821,439</b>	<b>172,632,561</b>	<b>44,188,878</b>	<b>79</b>
PAYMENTS								
Compensation of Employees			2,486,102		3,772,151	2,241,695	1,530,456	80
Use of goods and services			11,062,119		16,708,024	11,868,423	4,839,601	67
Transfers to Other Government Units			70,911,504	31,350,000	102,261,504	102,261,503	1	100
Other grants and transfers			53,429,207	17,358,690	72,297,307	28,808,304	43,489,003	40
Acquisition of Assets			400,000	21,159,033	21,559,033	21,133,513	425,520	98
Other Payments			32,420		32,420		32,420	
Funds pending approval**			191,000		191,000		191,000	
<b>TOTALS</b>			<b>9,864,837</b>	<b>69,867,723</b>	<b>216,821,439</b>	<b>166,313,438</b>	<b>50,508,001</b>	<b>77</b>



**Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021**

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*\*\*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.*

**Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021**

(a) A sum of Ksh 191,000 includes A.I.A awaiting approval from the board

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. There is underutilization of employees' salaries as a result of funds not released from board
- ii. There is underutilization of goods and services as result of funds not released by the board
- iii. There is underutilization in other grants and transfers as a results of funds not yet received by the constituency at the close of financial year , the committee had also not released bursaries for the current financial year

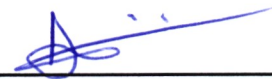
**Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities**

Description	Amount
Budget utilisation difference totals	50,508,001
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2021	(44,188,878)
	6,319,123
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	2,200
Cash and Cash Equivalents at the end of the FY 2020/2021	6,321,323


The NGCDF Kitui Rural Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
Fund Account Manager

Name: Ezekiel K Mwangangi

  
National Sub-County  
Accountant

Name: David M Njoka  
ICPAK M/No: 17206

  
Chairman NG-CDF  
Committee

Name: Muema Munyoki

*Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021*

**X. BUDGET EXECUTION BY SECTORS AND PROJECTS**

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments		Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
<b>1.0 Administration and Recurrent</b>						
Employees' Salaries	1,286,049	2,486,102		3,772,151	2,241,695	1,530,456
Goods and Services	2,546,063	1,517,456		4,063,519	2,846,663	1,216,856
Committee Expenses	4,400,000	1428702		5,828,702	4,615,110	1,213,592
Employees' Salaries						
Goods and Services						
Good and Services						
Office Furniture						
<b>Sub-Total</b>						
<b>2.0 Monitoring and evaluation</b>						
Goods and Services	1,016,056	617,501		1,633,557	1,633,557	
Committee Expenses	900,000	932,154		1,832,154	1,022,493	809,661
Capacity Building of NG-CDFs/PMCs	2,200,000	1,150,092		3,350,092	1,750,600	1,599,492
Committee Expenses						
<b>Sub-Total</b>						
<b>3.0 Emergency</b>						
Emergency	7,192,207	1,509,410	3,420,590	12,122,207	11,220,204	902,003
Emergencies						
<b>Sub-Total</b>						

**Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
<b>4.0 Bursary and Social Security</b>						
Bursary Secondary Schools	23,587,000		10,123,100	33,710,100	10,123,100	23,587,000
Bursary Tertiary Schools	16,000,000		3,815,000	19,815,000	3,815,000	16,000,000
Bursary Special Schools	300,000			300,000		300,000
<b>Sub-Total</b>						
<b>5.0 Sports</b>						
Constituency Sports activities						
Constituency Sports activities	2,700,000			2,700,000		2,700,000
<b>6.0 Environment</b>						
Kavasya Primary School						
Constituency environmental activity activities						
<b>7.0 Primary Schools Projects (List all the Projects)</b>						
Mumbe Primary School	1,000,000			1,000,000	1,000,000	
Hon. Mutisya Primary School	1,000,000			1,000,000	1,000,000	
Kavumbuni Primary School	2,000,000			2,000,000	2,000,000	
Kilisa Primary School	500,000			500,000	500,000	
Kisauni Primary School	800,000			800,000	800,000	

**Kitui Rural Constituency  
National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Mwaani Primary School	1,200,000			1,200,000	1,200,000	
Ngomoni Primary School	800,000			800,000	800,000	
Syomunyu Primary School	900,000			900,000	900,000	
Kithiani Primary School	1,500,000			1,500,000	1,500,000	
Kyoani Primary School	2,000,000			2,000,000	2,000,000	
Ituki Primary School	700,000			700,000	700,000	
Ituki Primary School	500,000			500,000	500,000	
Ngiluni Primary School	1,250,000			1,250,000	1,250,000	
Masoka Primary School	1,000,000			1,000,000	1,000,000	
Kalala Primary School	1,000,000			1,000,000	1,000,000	
Mbananga Primary	1,000,000			1,000,000	1,000,000	
Kilevi Primary School	1,250,000			1,250,000	1,250,000	
Nguuni Primary School	700,000			700,000	700,000	
Kisasi Primary School	750,000			750,000	750,000	
Makolongo Primary School	500,000			500,000	500,000	
Misuuni Primary School	1,250,000			1,250,000	1,250,000	
Kitungate Primary School	800,000			800,000	800,000	
Mwenzengi Primary School	500,000			500,000	500,000	
Mbitini Primary School	1,250,000			1,250,000	1,250,000	
Kimuuni Primary School	800,000			800,000	800,000	
Maangani Primary School	1,800,000			1,800,000	1,800,000	
Usang'a Primary School	1,500,000			1,500,000	1,500,000	
Muluti Primary School	2,000,000			2,000,000	2,000,000	
Isoya Primary School	1,500,000			1,500,000	1,500,000	

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and ALA	Previous Years' Outstanding Disbursements			
Kyosini Primary School	2,000,000			2,000,000	2,000,000	
Mukelenzuni Primary School	1,250,000			1,250,000	1,250,000	
Ndunguni Primary School	1,350,000			1,350,000	1,350,000	
Kanyonyoo Primary School	2,000,000			2,000,000	2,000,000	
Masaani Primary School	1,200,000			1,200,000	1,200,000	
Kamanyi Primary School	450,000			450,000	450,000	
Kathome Primary School	300,000			300,000	300,000	
Kyandwia Primary School	1,000,000			1,000,000	1,000,000	
Kyamungi Primary School	800,000			800,000	800,000	
Muusini Primary School	1,200,000			1,200,000	1,200,000	
Ilovi Primary School	500,000			500,000	500,000	
kalatine primary school			1,500,000	1,500,000	1,500,000	
ngamyone primary school			600,000	600,000	600,000	
syuasini primary school			500,000	500,000	500,000	
syuasini primary school			800,000	800,000	800,000	
misuuni primary school			350,000	350,000	350,000	
katwala primary school			900,000	900,000	900,000	
konza primary school			1,050,000	1,050,000	1,050,000	
iiiani primary school			1,200,000	1,200,000	1,200,000	

**Kitui Rural Constituency**  
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Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
kisasi primary school			1,250,000	1,250,000	1,250,000	
manzini primary school			500,000	500,000	500,000	
manzini primary school			500,000	500,000	500,000	
seekea primary school			500,000	500,000	500,000	
seekea primary school			900,000	900,000	900,000	
kwa kitungu primary school			300,000	300,000	300,000	
Kavasya Primary School			1,700,000	1,700,000	1,700,000	
Mbitini Education Office	1,000,000			1,000,000	1,000,000	
<b>Sub-Total</b>						<b>Sub-Total</b>
<b>8.0 Secondary Schools Projects (List all the Projects)</b>						
Mandongoi Mixed Day Secondary School	1,491,504			1,491,504	1,491,503	1
Kiseuni Mixed Day Secondary	1,000,000			1,000,000	1,000,000	
Nzambia Mixed Day Sec-School	2,500,000			2,500,000	2,500,000	
Mosa Secondary School	2,000,000			2,000,000	2,000,000	

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and ALA	Previous Years' Outstanding Disbursements			
Mavindini Secondary School	2,500,000			2,500,000	2,500,000	
Ikave Mixed Sec-School	2,500,000			2,500,000	2,500,000	
Nguuni Mixed Day Sec-School	500,000			500,000	500,000	
Kilinyaa Secondary School	1,000,000			1,000,000	1,000,000	
Kanzau Secondary School	2,500,000			2,500,000	2,500,000	
Kimuuuni Mixed Secondary School	1,000,000			1,000,000	1,000,000	
Kwa-Kilui Secondary School	1,200,000			1,200,000	1,200,000	
Nyanyaa Mixed Secondary School	3,000,000			3,000,000	3,000,000	
St. James Matulani Secondary School	700,000			700,000	700,000	
St. Lukes Yatta Boy's Secondary School	700,000			700,000	700,000	
Kawongo Secondary School	1,000,000			1,000,000	1,000,000	
Hon. Mwalika Secondary School	1,150,000			1,150,000	1,150,000	
Ituki Secondary School	470,000			470,000	470,000	
Mamole Secondary School	900,000			900,000	900,000	
Katwala Secondary			1,500,000	1,500,000	1,500,000	
Sacred heart of jesus secondary school			500,000	500,000	500,000	
Ngangani secondary school			500,000	500,000	500,000	
Kivuuni mixed secondary			800,000	800,000	800,000	



**Kitui Rural Constituency  
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Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
maliku girls secondary school			1,000,000	1,000,000	1,000,000	
st.augustine kanyangi girls sec school			500,000	500,000	500,000	
kisasimixed secondary school			7,000,000	7,000,000	7,000,000	
hon.charles nyamai muvitha sec			7,000,000	7,000,000	7,000,000	
<b>Sub-Total</b>						
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>						
9.1						
9.2						
9.3						
<b>10.0 Security Projects</b>						
Makuya Chief's Office	500,000			500,000	500,000	
Nguuni Assistant Chief's Office	500,000			500,000	500,000	
Kanzauwu Administration Police Line	250,000			250,000	250,000	
Katwala Chiefs Office	600,000			600,000	600,000	
Mbitini Chief's Camp	500,000			500,000	500,000	

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and ALA	Previous Years' Outstanding Disbursements			
Mbusyani Chief's Camp	500,000			500,000	500,000	
<b>11.0 Acquisition of assets</b>						
Kitui Rural NG-CDF Office	400,000		21,159,033	21,559,033	21,133,513	425,520
<b>12.0 Others</b>						
Strategic Plan		32,420		32,420		32,420
Allocation Awaiting Funding		191,000		191,000		191,000
Allocation Awaiting Funding						
Sub-Total						
Sub-Total						
<b>GRAND TOTAL</b>	<b>137,088,879</b>	<b>9,864,837</b>	<b>69,867,723</b>	<b>216,821,439</b>	<b>166,313,438</b>	<b>50,508,001</b>

(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-Kitui Rural 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.

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

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

#### **Proceeds from Sale of Assets**

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

#### **Other receipts**

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

#### *Unutilized Funds from PMCs.*

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

**External Assistance**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents.**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**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 30<sup>th</sup> June 2020 for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021 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 30<sup>th</sup> June 2021.

**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.

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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO B047178	1		55,040,876
AIE NO B047484	2		4,000,000
AIE NO B041487	3		20,000,000
AIE NO B047938	4		6,000,000
AIE NO B049331	5		14,000,000
AIE NO B104355	6		24,000,000
AIE NO B 096555	1	500,000	
AIE NO B096925	2	18,000,000	
AIE NO B104624	3	21,000,000	
AIE NOA823652	4	30,367,724	
AIE NO	5	9,000,000	
AIE NO B119519	6	10,000,000	
AIE NO B128125	7	6,900,000	
AIE NO B119909	8	13,000,000	
AIE NO B128463	9	7,000,000	
AIE NO B132207	10	6,000,000	
AIE NO B138875	11	13,000,000	
AIE NO B126169	12	6,000,000	
AIE NO B126463	13	10,000,000	
AIE NO B140607	14	12,000,000	
<b>TOTAL</b>		<b>162,767,724</b>	<b>123,040,876</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2020-2021	2019-2020
	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
<b>Total</b>	<b>0</b>	<b>0</b>



**Kitui Rural Constituency**  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEPTS**

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from sale of tender documents	78,000	113,000
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
<b>Total</b>	<b>78,000</b>	<b>113,000</b>

**4. COMPENSATION OF EMPLOYEES**

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,344,624	1,692,410
<b>Personal allowances paid as part of salary</b>	0	
House Allowance	0	
Transport Allowance	0	
Leave allowance	0	
Gratuity to contractual employees	870,471	
Employer Contributions Compulsory national social security schemes	26,600	88,080
<b>Total</b>	<b>2,241,695</b>	<b>1,780,490</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	3,800,000	3,531,600
Utilities, supplies and services	84,110	10,100
Electricity	10,000	0
Communication, supplies and services	0	0
Domestic travel and subsistence	762,600	0
Printing, advertising and information supplies & services	0	140,220
Rentals of produced assets	0	0
Training expenses	1,750,600	1,977,000
Hospitality supplies and services	0	0
Other Committee Expenses	3,156,750	
Committee allowance	0	
Insurance costs	0	
Specialized materials and services	0	75,000
Office and general supplies and services	0	198,894
Other operating expenses	1,400,000	2,052,975
Routine maintenance – vehicles and other transport equipment	482,193	
Routine maintenance – other assets	0	841,918
Bank Charges	22,170	
Fuel and Lubricants	400,000	200,000
<b>Total</b>	<b>11,868,423</b>	<b>9,027,707</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools (see attached list)	57,350,000	36,003,557
Transfers to secondary schools (see attached list)	44,911,503	43,280,817
Transfers to tertiary institutions (see attached list)	0	0
<b>TOTAL</b>	<b>102,261,503</b>	<b>79,284,374</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools (see attached list)	10,123,100	20,460,000
Bursary – tertiary institutions (see attached list)	3,815,000	6,285,000
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Social Security programmes (NHIF)	0	0
Security projects (see attached list)	3,650,000	5,050,000
Sports projects (see attached list)	0	2,899,600
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	11,220,204	4,714,670
<b>Total</b>	<b>28,808,304</b>	<b>39,409,270</b>

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	0	0
Construction of Buildings	20,033,513	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	1,100,000	0
Acquisition of Intangible Assets	0	0
<b>Total</b>	<b>21,133,513</b>	<b>0</b>

**9. OTHER PAYMENTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategic plan	0	1,376,274
ICT Hub	0	0
	<b>0</b>	<b>1,376,274</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10: CASH BOOK BANK BALANCE**

**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
<i>Name of Bank, Account No.</i>	6,321,323	9,786,837
<b>Total</b>	<b>6,321,323</b>	<b>9,786,837</b>
<b>10B: CASH IN HAND</b>		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations ( <i>specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>
<i>[Provide cash count certificates for each]</i>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
Name of officer or institution	N/A	0	0	0
<i>Total</i>				0

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

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
N/A	0	0
<i>Total</i>	0	0

[Provide short appropriate explanations as necessary.]

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
N/A	0	0
<i>Total</i>	0	0

[Provide short appropriate explanations as necessary]

**13. BALANCES BROUGHT FORWARD**

	2020-2021 (1 <sup>st</sup> July 2020)	2019-2020 (1 <sup>st</sup> July 2019)
	Kshs	Kshs
Bank accounts	9,786,837	16,990,291
Cash in hand	0	
Imprest	0	
<b>Total</b>	<b>9,786,837</b>	<b>16,990,291</b>

*[Provide short appropriate explanations as necessary]*

**14. PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	9,786,837		9,786,837
Cash in hand			
Accounts Payables			
Receivables			
Others ( <i>Reversed cheques unpaid</i> )		2,200	2,200
<b>TOTAL</b>	<b>9,786,837</b>	<b>2,200</b>	<b>9,789,037</b>

**15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST\***

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July (A)	0	0
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year (C)	0	0
closing accounts in account Payables D= A+B-C	0	0

**16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

	<b>2020 – 2021</b>	<b>2019 - 2020</b>
	<b>KShs</b>	<b>KShs</b>
Deposit and Retentions as at 1 <sup>st</sup> 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 receivables D= A+B-C	<b>0</b>	<b>0</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**17. OTHER IMPORTANT DISCLOSURES**

**17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	<b>0</b>	<b>0</b>

**17.2: PENDING STAFF PAYABLES (See Annex 2)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
NGCDFC Staff	0	0
Others ( <i>specify</i> )	0	0
	<b>0</b>	<b>0</b>

**17.3: UNUTILIZED FUND (See Annex 3)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	1,530,456	2,486,102
Use of goods and services	4,839,601	5,645,905
Amounts due to other Government entities (see attached list)	1	31,350,000
Amounts due to other grants and other transfers (see attached list)	43,489,003	18,868,100
Acquisition of assets	425,520	21,159,033
Others ( <i>specify</i> )	32,420	32,420
Funds pending approval	191,000	113,000
	<b>50,508,001</b>	<b>79,654,560</b>

*Kitui Rural Constituency  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**17.4: PMC account balances (See Annex 5)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account balances (see attached list)	40,795,684.54	41,381,887.00
	<b>40,795,684.54</b>	<b>41,381,887.00</b>

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Designation	Date employed	Outstanding Balance 30 <sup>th</sup> June 2021	Comments
<b>NG-CDFC Staff</b>				
1.				
2.				
3.				
	<b>Sub-Total</b>			
	<b>Grand Total</b>			



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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2019/20</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2020/21</b>
Land	2,000,000	1,100,000		3,100,000
Buildings and structures	-	20,033,513		20,033,513
Transport equipment	6,255,506			6,255,506
Office equipment, furniture and fittings	1,470,365			1,470,365
ICT Equipment, Software and Other ICT Assets	-			
Other Machinery and Equipment	-			
Heritage and cultural assets	-			
Intangible assets	-			
<b>Total</b>	<b>9,725,871</b>	<b>21,133,513</b>		<b>30,859,384</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2021**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2020/21</b>	<b>Bank Balance 2019/20</b>
Hon. Mutisya Primary School	Equity Bank	0720163800721	1,001,879.90	
Hon. Mwalika Ipc Kamulu	Equity Bank	0720279066241	118,757.50	
Hon.Charles Nyamai Muvitha Sec	Equity Bank	0720261708368	85,558.50	
Iiani Primary School	Equity Bank	0720264107091	0.00	
Ikave Mixed Secondary School	Equity Bank	0720278547915	2,531,030.50	
Ilika Secondary School	Equity Bank	0720278984650	16,125.75	
Ilovi Primary School	Equity Bank	0720278350531	0.00	
Isovy Primary School	Equity Bank	0720270785906	147,415.00	
Ituki Mixed Secondary School	Equity Bank	0720279122585	559,086.55	
Ituki Primary School	Equity Bank	0720277787104	763,143.16	
Kalala Primary School	Equity Bank	0720279107785	101,459.55	
Kalatine Mixed Secondary School	Equity Bank	0720279309091	500,355.00	
Kalatine Primary School	Equity Bank	0720264066700	1,024.90	
Kamanyi Primary School	Equity Bank	0720280795557	53,193.00	
Kanyonyoo Primary School	Equity Bank	0720279322132	1,020,480.50	
Kanzau Mixed Secondary School	Equity Bank	0720278612818	2,500,234.00	
Kanzauwu Ap Line	Equity Bank	0720270857610	251,340.00	
Kathome Primary School	Equity Bank	0720280846428	94.00	
Katwala Chiefs Office	Equity Bank	0720279022260	462,400.00	
Katwala Mixed Secondary School	Equity Bank	0720278351852	153,365.00	
Katwala Primary School	Equity Bank	0720271345099	3,641.50	
Kavasya Primary School	Equity Bank	0720280043854	2,555.50	
Kavumbuni Mixed Secondary School	Equity Bank	0720277821597	235,323.96	

**Kitui Rural Constituency**  
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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Kavumbuni Primary School	Equity Bank	0720270787071	2,009,570.00	
Kawongo Ap Line	Equity Bank	0720279090148	64,925.00	
Kawongo Mixed Secondary School.	Equity Bank	0720280860102	1,000,000.00	
Kikuuni Primary School	Equity Bank	0720270779095	244.55	
Kilevi Mixed Secondary School	Equity Bank	0720278734898	1,290.00	
Kilevi Primary School	Equity Bank	0720280361252	157,137.30	
Kilinyaa Mixed Secondary School	Equity Bank	0720278218303	101,389.30	
Kilisa Primary School	Equity Bank	0720270819181	500,234.35	
Kimuuni Mixed Secondary School	Equity Bank	0720277454271	123,546.00	
Kimuuni Primary School	Equity Bank	0720270793259	800,480.00	
Kisasi Mixed Secondary School	Equity Bank	0720262021815	6,403.50	
Kisasi Primary School	Equity Bank	0720278889890	20,426.10	
Kisauni Primary School	Equity Bank	0720280849783	520,050.00	
Kiseuni Mixed Secondary School	Equity Bank	0720278854672	178,610.50	
Kitamaa Primary School	Equity Bank	0720270775189	40,786.00	
Kithiani Primary School	Equity Bank	0720270802902	195,895.00	
Kitukuni Primary School	Equity Bank	0720279059436	174,925.00	
Kitungate Primary School	Equity Bank	0720264080491	801,496.10	
Kivunga Primary School	Equity Bank	0720270855839	39.50	
Kivuuni Mixed Secondary School	Equity Bank	0720279020027	95,969.50	
Konza Primary School	Equity Bank	0720278756545	280.00	
Kwa Kilui Mixed. Secondary School	Equity Bank	0720278982379	1,825,430.05	
Kwa Kitungu Primary School	Equity Bank	0720271650155	1,075.00	
Kwa Vonza Chief Office	Equity Bank	0720271423294	86,059.00	



**Kitui Rural Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Reports and Financial Statements for The Year Ended June 30, 2021**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2020/21</b>	<b>Bank Balance 2019/20</b>
Kyamboo Primary School	Equity Bank	0720270735782	80.00	
Kyamungi Primary School	Equity Bank	0720162527601	2,095.00	
Kyandwia Primary School	Equity Bank	0720270927026	1,000,036.10	
Kyoani Primary School	Equity Bank	0720272310041	1,566,415.00	
Kyosini Primary School	Equity Bank	0720280842045	1,999,550.00	
Maaangani Primary School	Equity Bank	0720278146956	252,412.15	
Makolongo Primary School	Equity Bank	0720277809221	100,153.67	
Makusya Chiefs Office	Equity Bank	0720280821840	283,310.00	
Maliku Girls Secondary School	Equity Bank	0720279989861	1,895.00	
Mamole Mixed Secondary School	Equity Bank	0720278048554	90,841.50	
Mandongoi Mixed Secondary School	Equity Bank	0720279336224	858,119.50	
Manzini Primary School	Equity Bank	0720264092251	127,406.50	
Masaani Primary School	Equity Bank	0720280780942	119,850.00	
Masoka Primary School	Equity Bank	0720270792650	100,441.65	
Mavindini Primary School	Equity Bank	0720270788251	1,540.00	
Mavindini Secondary School	Equity Bank	0720263896899	2,500,155.00	
Mbananga Primary School	Equity Bank	0720279040546	1,000,007.50	
Mbitini Chiefs Office	Equity Bank	0720279331407	76,546.00	
Mbitini Education Office	Equity Bank	0720277914665	158,085.00	
Mbitini Primary School	Equity Bank	0720263768682	125,644.00	
Mbusyani Chief Camp	Equity Bank	0720267624931	61,518.65	
Misuuni Primary School	Equity Bank	0720277837812	157,915.70	
Mosa Secondary School	Equity Bank	0720279316685	2,031,120.00	
Mukelenzuni Pri Sch	Equity Bank	0720278522454	180,992.50	

**Kitui Rural Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Muluti Primary School	Equity Bank	0720270778806	829,614.90	
Mumbe Primary School	Equity Bank	0720271424009	500,170.00	
Muusini Primary School	Equity Bank	0720280786165	181,472.00	
Mwaani Primary School	Equity Bank	0720280747249	119,347.00	
Mwizengi Primary School	Equity Bank	0720278532931	221,953.95	
Ndunguni Primary School	Equity Bank	0720199832043	0.00	
Ngamyone Primary School	Equity Bank	0720277792562	390.00	
Ngangani Secondary School	Equity Bank	0720262201400	683.50	
Ngiluni Primary School	Equity Bank	0720279009389	153,306.50	
Ngomoni Asst. Chief Office	Equity Bank	0720281029600	0.00	
Ngomoni Primary School	Equity Bank	0720280815683	59,108.00	
Nguuni Asst. Chief	Equity Bank	0720279027854	497.50	
Nguuni Mixed Secondary School	Equity Bank	0720277511077	58,379.00	
Nguuni Primary School	Equity Bank	0720278945221	131,573.70	
Nyanyaa Mixed Secondary School	Equity Bank	0720277512497	2,101,530.00	
Nzambia Secondary School	Equity Bank	0720199638432	2,507,001.10	
Sacred Heartt Of Jesus Secondary School	Equity Bank	0720279237846	42,752.50	
Seekea Primary School	Equity Bank	0720280044605	13,391.50	
St. Lukes Yatta Boys Secondary School	Equity Bank	0720281018843	0.00	
St. Augustine Kanyangi Girls Sec School	Equity Bank	0720279758570	205,956.00	
St. James Matulani Secondary School	Equity Bank	0720280838135	700,000.00	
Syomunyu Primary School	Equity Bank	0720280820328	360,391.00	
Syuasini Primary School	Equity Bank	0720279024427	104,586.00	
Thome Primary School	Equity Bank	0720278052371	303,697.50	

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<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2020/21</b>	<b>Bank Balance 2019/20</b>
Usanga Primary School	Equity Bank	0720264085834	189,026.95	
<b>Total</b>			<b>40,795,684.54</b>	<b>41,381,887.00</b>

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Bursary Funds	Document supporting the expenditures provided to the auditors	Not Resolved	30 days
2.1	Stale Cheques not reversed in cash book	Cheques have been reversed in cash book	Resolved	
2.2	Lost Funds	The case is in court pending determination	Not resolved	3 Months
3.0	Committee Expenses	The unsupported expenditure has been provided	Not Resolved	30 days
4.0	Unsupported fuel expenditure	Documents presented to auditors for review	Not Resolved	30 days
5.0	Other Grants and transfers	Financial statement has been amended to reflect the correct position	Not Resolved	30 days

DATE: 24 NOV 2022

TABLED BY:

CLERK-A-20  
THE TABLE:

Vote & Programme	Approved Estimates			Revised Estimates			Gross Change			% Gross Change
	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES	GROSS CURRENT ESTIMATES	GROSS CAPITAL ESTIMATES	GROSS TOTAL ESTIMATES	
0717000 General Administration Planning and Support Services	44,707,920,949	14,515,790,000	59,223,710,949	44,707,920,949	14,515,790,000	59,223,710,949				-
0718000 Public Financial Management	7,561,808,918	61,394,602,689	68,956,411,607	7,561,808,918	67,485,743,391	75,047,552,309			6,091,140,702	8.8
0719000 Economic and Financial Policy Formulation and Management	1,198,435,806	9,562,800,000	10,761,235,806	1,198,435,806	9,562,800,000	10,761,235,806				-
0720000 Market Competition	302,100,000	30,000,000	332,100,000	302,100,000	30,000,000	332,100,000				-
0740000 Government Clearing Services	74,820,240		74,820,240	74,820,240		74,820,240				-
<b>1081 Ministry of Health</b>	<b>68,503,000,000</b>	<b>54,016,254,652</b>	<b>122,519,254,652</b>	<b>68,503,000,000</b>	<b>54,436,654,652</b>	<b>122,939,654,652</b>			<b>420,400,000</b>	<b>0.3</b>
0401000 Preventive, Promotive & Reproductive Health	2,184,752,720	24,370,825,152	26,555,577,872	2,184,752,720	24,791,225,152	26,975,977,872			420,400,000	1.6
0402000 National Referral & Specialized Services	40,000,117,395	11,851,500,000	51,851,617,395	40,000,117,395	11,851,500,000	51,851,617,395				-
0403000 Health Research and Development	10,850,000,000	1,549,000,000	12,399,000,000	10,850,000,000	1,549,000,000	12,399,000,000				-
0404000 General Administration, Planning & Support Services	7,747,571,056	1,082,000,000	8,829,571,056	7,747,571,056	1,082,000,000	8,829,571,056				-
0405000 Health Policy, Standards and Regulations	7,720,558,829	15,162,929,500	22,883,488,329	7,720,558,829	15,162,929,500	22,883,488,329				-
<b>1091 State Department for Infrastructure</b>	<b>69,478,000,000</b>	<b>151,815,567,854</b>	<b>221,293,567,854</b>	<b>69,478,000,000</b>	<b>163,165,567,854</b>	<b>232,643,567,854</b>			<b>11,350,000,000</b>	<b>5.1</b>
0202000 Road Transport	69,478,000,000	151,815,567,854	221,293,567,854	69,478,000,000	163,165,567,854	232,643,567,854			11,350,000,000	5.1
<b>1152 Ministry of Energy</b>	<b>14,696,000,000</b>	<b>80,971,855,000</b>	<b>95,667,855,000</b>	<b>14,896,000,000</b>	<b>80,971,855,000</b>	<b>95,867,855,000</b>			<b>200,000,000</b>	<b>0.2</b>
0211000 General Administration Planning and Support Services	411,000,000	208,000,000	619,000,000	611,000,000	208,000,000	819,000,000			200,000,000	32.3
0212000 Power Generation	2,914,000,000	17,584,000,000	20,498,000,000	2,914,000,000	17,584,000,000	20,498,000,000				-
0213000 Power Transmission and Distribution	11,238,390,083	60,984,855,000	72,223,245,083	11,238,390,083	60,984,855,000	72,223,245,083				-
0214000 Alternative Energy Technologies	132,609,917	2,195,000,000	2,327,609,917	132,609,917	2,195,000,000	2,327,609,917				-
<b>1169 State Department for Crop Development &amp; Agricultural Research</b>	<b>14,463,700,000</b>	<b>27,042,327,321</b>	<b>41,506,027,321</b>	<b>18,463,700,000</b>	<b>31,336,250,521</b>	<b>49,799,950,521</b>			<b>4,293,923,200</b>	<b>10.3</b>
0107000 General Administration Planning and Support Services	5,227,448,432	3,609,417,513	8,836,865,945	5,227,448,432	4,109,417,513	9,336,865,945			500,000,000	5.7
0108000 Crop Development and Management	3,483,779,576	21,241,195,500	24,724,975,076	3,483,779,576	25,035,118,700	28,518,898,276			3,793,923,200	15.3
0109000 Agribusiness and Information Management	138,940,750	1,470,714,308	1,609,655,058	138,940,750	1,470,714,308	1,609,655,058				-
0120000 Agricultural Research & Development	5,613,531,242	721,000,000	6,334,531,242	9,613,531,242	721,000,000	10,334,531,242			4,000,000,000	63.1
<b>1194 Ministry of Petroleum and Mining</b>	<b>21,349,000,000</b>	<b>3,302,000,000</b>	<b>24,651,000,000</b>	<b>37,946,436,071</b>	<b>3,302,000,000</b>	<b>41,248,436,071</b>			<b>16,597,436,071</b>	<b>67.3</b>
0215000 Exploration and Distribution of Oil and Gas	87,000,000	2,910,000,000	2,997,000,000	87,000,000	2,910,000,000	2,997,000,000				-
1007000 General Administration Planning and Support Services	20,933,425,590		20,933,425,590	37,530,861,661		37,530,861,661			16,597,436,071	79.3
1009000 Mineral Resources Management	266,574,410	162,300,000	428,874,410	266,574,410	162,300,000	428,874,410				-
1021000 Geological Survey and Geoinformation Management	62,000,000	229,700,000	291,700,000	62,000,000	229,700,000	291,700,000				-
<b>Total</b>	<b>739,783,045,430</b>	<b>478,085,868,551</b>	<b>1,217,868,913,981</b>	<b>767,512,972,325</b>	<b>509,673,324,989</b>	<b>1,277,186,297,314</b>			<b>31,587,456,438</b>	<b>4.9</b>

Annex II: FY 2022/23 Gross Expenditure Estimates Changes after factoring Approvals granted under Article 223 of the Constitution

Vote & Programme	Approved Estimates				Revised Estimates				Gross Change			
	GROSS CURRENT ESTIMATES KSHS	GROSS CAPITAL ESTIMATES KSHS	GROSS TOTAL ESTIMATES KSHS	GROSS CURRENT ESTIMATES KSHS	GROSS CAPITAL ESTIMATES KSHS	GROSS TOTAL ESTIMATES KSHS	GROSS CURRENT ESTIMATES KSHS	GROSS CAPITAL ESTIMATES KSHS	GROSS TOTAL ESTIMATES KSHS	% Gross Change		
<b>1011 Executive Office of the President</b>	<b>17,083,926,379</b>	<b>5,983,070,000</b>	<b>23,066,996,379</b>	<b>20,251,417,203</b>	<b>7,087,015,446</b>	<b>27,338,432,649</b>	<b>3,167,490,824</b>	<b>1,103,945,446</b>	<b>4,271,436,270</b>	<b>18.5</b>		
0702000 Cabinet Affairs	1,594,629,154	252,250,000	1,846,879,154	1,594,629,154	252,250,000	1,846,879,154				-		
0703000 Government Advisory Services	649,300,000	75,000,000	724,300,000	649,300,000	75,000,000	724,300,000	810,000,000		810,000,000	18.5		
0704000 State House Affairs	4,080,817,716	286,850,000	4,367,667,716	4,890,817,716	286,850,000	5,177,667,716	500,000,000		500,000,000	29.2		
0734000 Deputy President Services	1,690,451,519	20,400,000	1,710,851,519	2,190,451,519	20,400,000	2,210,851,519	1,857,490,824		1,857,490,824	20.5		
0745000 Nairobi Metropolitan Services	9,068,727,990	5,348,570,000	14,417,297,990	10,926,218,814	6,452,515,446	17,378,734,260				-		
<b>1021 State Department for Interior and Citizen Services</b>	<b>136,753,574,522</b>	<b>6,778,886,159</b>	<b>143,532,460,681</b>	<b>136,878,574,522</b>	<b>6,778,886,159</b>	<b>143,657,460,681</b>	<b>125,000,000</b>	<b>-</b>	<b>125,000,000</b>	<b>0.1</b>		
0601000 Policing Services	101,321,401,128	1,795,000,000	103,116,401,128	101,321,401,128	1,795,000,000	103,116,401,128				-		
0603000 Government Printing Services	735,289,874	300,000,000	1,035,289,874	735,289,874	300,000,000	1,035,289,874				-		
0605000 Migration & Citizen Services										-		
Management	2,779,484,059	950,000,000	3,729,484,059	2,779,484,059	950,000,000	3,729,484,059				-		
0625000 Road Safety	2,304,400,000	520,856,159	2,825,256,159	2,304,400,000	520,856,159	2,825,256,159				-		
0626000 Population Management Services	4,003,392,724	1,232,000,000	5,235,392,724	4,003,392,724	1,232,000,000	5,235,392,724				-		
0629000 General Administration and Support Services	24,551,166,737	1,881,030,000	26,432,196,737	24,676,166,737	1,881,030,000	26,557,196,737	125,000,000		125,000,000	0.5		
0630000 Policy Coordination Services	1,058,440,000	100,000,000	1,158,440,000	1,058,440,000	100,000,000	1,158,440,000				-		
<b>1041 Ministry of Defence</b>	<b>128,215,300,000</b>	<b>3,468,000,000</b>	<b>131,683,300,000</b>	<b>131,715,300,000</b>	<b>3,468,000,000</b>	<b>135,183,300,000</b>	<b>3,500,000,000</b>	<b>-</b>	<b>3,500,000,000</b>	<b>2.7</b>		
0801000 Defence	124,969,600,000	3,468,000,000	128,437,600,000	128,469,600,000	3,468,000,000	131,937,600,000	3,500,000,000		3,500,000,000	2.7		
0802000 Civil Aid	400,000,000	-	400,000,000	400,000,000	-	400,000,000				-		
0803000 General Administration, Planning and Support Services	2,625,700,000	-	2,625,700,000	2,625,700,000	-	2,625,700,000				-		
0805000 National Space Management	220,000,000	-	220,000,000	220,000,000	-	220,000,000				-		
<b>1052 Ministry of Foreign Affairs</b>	<b>17,236,179,618</b>	<b>1,796,120,000</b>	<b>19,032,299,618</b>	<b>17,376,179,618</b>	<b>1,796,120,000</b>	<b>19,172,299,618</b>	<b>140,000,000</b>	<b>-</b>	<b>140,000,000</b>	<b>0.7</b>		
0714000 General Administration Planning and Support Services	2,413,875,792	252,120,000	2,665,995,792	2,553,875,792	252,120,000	2,805,995,792	140,000,000		140,000,000	5.3		
0715000 Foreign Relation and Diplomacy	14,630,710,647	1,394,000,000	16,024,710,647	14,630,710,647	1,394,000,000	16,024,710,647				-		
0741000 Economic and Commercial Diplomacy	51,823,239	-	51,823,239	51,823,239	-	51,823,239				-		
0742000 Foreign Policy Research, Capacity Dev and Technical Cooperation	139,769,940	150,000,000	289,769,940	139,769,940	150,000,000	289,769,940				-		
<b>1065 State Department for University Education</b>	<b>102,857,278,998</b>	<b>6,980,716,330</b>	<b>109,837,995,328</b>	<b>102,857,278,998</b>	<b>7,119,316,330</b>	<b>109,976,595,328</b>	<b>138,600,000</b>	<b>138,600,000</b>	<b>138,600,000</b>	<b>0.1</b>		
0504000 University Education	101,521,038,573	6,925,716,330	108,446,754,903	101,521,038,573	7,064,316,330	108,585,354,903				0.1		
0506000 Research, Science, Technology and Innovation	991,125,412	55,000,000	1,046,125,412	991,125,412	55,000,000	1,046,125,412				-		
0508000 General Administration, Planning and Support Services	345,115,013	-	345,115,013	345,115,013	-	345,115,013				-		
<b>1066 State Department for Early Learning &amp; Basic Education</b>	<b>95,302,000,000</b>	<b>15,379,239,910</b>	<b>110,681,239,910</b>	<b>95,302,000,000</b>	<b>23,568,687,000</b>	<b>118,870,687,000</b>	<b>8,189,447,090</b>	<b>8,189,447,090</b>	<b>8,189,447,090</b>	<b>7.4</b>		
0501000 Primary Education	17,997,683,260	1,884,700,000	19,877,383,260	17,997,683,260	5,952,481,657	23,945,164,917	4,067,781,657		4,067,781,657	20.5		
0502000 Secondary Education	68,516,221,630	12,898,539,910	81,414,761,540	68,516,221,630	17,020,205,343	85,536,426,973	4,121,665,433		4,121,665,433	5.1		
0503000 Quality Assurance and Standards	3,638,785,872	446,000,000	4,084,785,872	3,638,785,872	446,000,000	4,084,785,872				-		
0508000 General Administration, Planning and Support Services	5,154,309,238	150,000,000	5,304,309,238	5,154,309,238	150,000,000	5,304,309,238				-		
<b>1071 The National Treasury</b>	<b>53,845,085,913</b>	<b>120,551,831,325</b>	<b>174,396,917,238</b>	<b>53,845,085,913</b>	<b>126,642,972,027</b>	<b>180,488,057,940</b>	<b>6,091,140,702</b>	<b>6,091,140,702</b>	<b>6,091,140,702</b>	<b>3.5</b>		
0203000 Rail Transport	-	31,928,000,000	31,928,000,000	-	31,928,000,000	31,928,000,000				-		
0204000 Marine Transport	-	3,120,638,636	3,120,638,636	-	3,120,638,636	3,120,638,636				-		

THE NATIONAL ASSEMBLY  
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DATE: 29 NOV 2022

DAY: Tuesday

TABLED BY:

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CLERK-AT THE-TABLE:

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Vote and Programme Details	Current	Capital	Total	National Treasury Approval Dates	Amount Disbursed/Payment	Disbursement Dates	Remarks/Purpose
Marsabit-Shegel		850,000,000	850,000,000				
Shegel-Maikona		650,000,000	650,000,000				
Thika Town Roads		400,000,000	400,000,000				
<b>1152 Ministry of Energy</b>	<b>200,000,000</b>	-	<b>200,000,000</b>				
0211000 General Administration Planning and Support Services	200,000,000		200,000,000	2nd September, 2022			
Operations and Maintenance	200,000,000		200,000,000				
<b>1169 State Department for Crop Development &amp; Agricultural Research</b>	<b>4,000,000,000</b>	<b>4,293,923,200</b>	<b>8,293,923,200</b>		<b>4,500,000,000</b>		
<b>0120000 Agricultural Research &amp; Development</b>	<b>4,000,000,000</b>		<b>4,000,000,000</b>	21st July 2022	<b>4,000,000,000</b>	29th July and 4th August, 2022	Maize flour subsidy
Other Operating Expenses	100,000,000		100,000,000				
Subsidies to Non-Financial Private Enterp	3,367,000,000		3,367,000,000				
Acquisition of Strategic Stocks	533,000,000		533,000,000				
<b>0107000 General Administration Planning and Support Services</b>		<b>500,000,000</b>	<b>500,000,000</b>		<b>500,000,000</b>		Funds to carry out maintenance and improve efficiency for Nzozia Sugar Company
Capital Grants to Semi-Autonomous Government Agencies		500,000,000	500,000,000	2nd August 2022	500,000,000	5th August 2022	
<b>0108000 Crop Development and Managemnt</b>		<b>3,793,923,200</b>	<b>3,793,923,200</b>	26th September 2022			Funds to cater for fertilizer subsidy programme.
Capital Grants to Semi-Autonomous Government Agencies		3,793,923,200	3,793,923,200				
<b>1194 Ministry of Petroleum and Mining</b>	<b>16,597,436,071</b>	-	<b>16,597,436,071</b>		<b>16,597,436,071</b>		
1007000 General Administration Planning and Support Services	16,597,436,071		16,597,436,071	25th August, 2022	16,597,436,071	-	Funds to cater for fuel price stabilization
Oil Market Price Stabilization	16,597,436,071		16,597,436,071			16th Sep. 2022	
<b>Total</b>	<b>27,729,926,895</b>	<b>31,587,456,438</b>	<b>59,317,383,333</b>	-	<b>44,307,142,206</b>		



Vote and Programme Details	Current	Capital	Total	National Treasury Approval Dates	Amount Disbursed/Payment	Disbursement Dates	Remarks/Purpose
Other Operating expenses	100,000,000		100,000,000	16th September, 2022			Operations and Maintenance
Temporary Committees Expenses	12,000,000		12,000,000	8th September, 2022			United Nations Secretary-General's Peace Building Fund
<b>1065 State Department for University Education</b>		<b>138,600,000</b>	<b>138,600,000</b>				
<b>0504000 University Education</b>		<b>138,600,000</b>	<b>138,600,000</b>	<b>22nd July 2022</b>			
Non-Residential Buildings (Offices, Schools, Hospitals, etc)		138,600,000	138,600,000				
<b>1066 State Department for Early Learning &amp; Basic Education</b>		<b>8,189,447,090</b>	<b>8,189,447,090</b>		<b>4,121,665,433</b>		
<b>0501000 Primary Education</b>		<b>4,067,781,657</b>	<b>4,067,781,657</b>	<b>22nd August 2022</b>			Donor funded project to support enhancement of quality and relevance in higher education, science and technology(HEST)
Other Capital Grants and Transfers		4,067,781,657	4,067,781,657				Funds on account of Kenya Primary Education Equity in Learning Programme( Foreign Financed project)
<b>0502000 Secondary Education</b>		<b>4,121,665,433</b>	<b>4,121,665,433</b>	<b>3rd August, 2022</b>	<b>4,121,665,433</b>	<b>14th Sep 2022</b>	Funds for Kenya Secondary Quality Improvement Project(SEQIP)- Foreign Funded project
Other Capital Grants and Transfers		4,121,665,433	4,121,665,433				
<b>1071 The National Treasury</b>		<b>6,091,140,702</b>	<b>6,091,140,702</b>		<b>6,091,140,702</b>		
<b>0718000 Public Financial Management</b>		<b>6,091,140,702</b>	<b>6,091,140,702</b>	<b>27th August, 2022</b>		<b>5th August, 2022</b>	Telkom Kenya
Capital Grants to Semi-Autonomous Government Agencies		6,091,140,702	6,091,140,702				
<b>1081 Ministry of Health</b>		<b>420,400,000</b>	<b>420,400,000</b>				
Capital Grants to Semi-Autonomous Government Agencies		420,400,000	420,400,000				
<b>0401000 Preventive, Promotive &amp; Reproductive Health</b>		<b>420,400,000</b>	<b>420,400,000</b>	<b>19th July 2022</b>			Donor funded project to cater for Framework for return of Assets from Corruption and Crime in Kenya
Framework for return of Assets from Corruption and Crime-Kenya (FRACCK)		420,400,000	420,400,000				
<b>1091 State Department for Infrastructure</b>		<b>11,350,000,000</b>	<b>11,350,000,000</b>		<b>9,450,000,000</b>		
0202000 Road Transport		11,350,000,000	11,350,000,000				Funds to cater for ongoing construction of roads
Lamu Ijara Garissa Road		2,800,000,000	2,800,000,000	3rd and 24th August, 2022	9,450,000,000	5th August, 2022	
Dualling of Nairobi Eastern Bypass		4,800,000,000	4,800,000,000				
Construction of Makupa Causeway		1,850,000,000	1,850,000,000				

ANNEX I: SUMMARY OF THE APPROVALS GRANTED UNDER ARTICLE 223 OF THE CONSTITUTION IN THE FY 2022/23

Vote and Programme Details	Current	Capital	Total	National Treasury Approval Dates	Amount Disbursed/Payment	Disbursement Dates	Remarks/Purpose
<b>1011 Executive Office of the President</b>	<b>3,167,490,824</b>	<b>1,103,945,446</b>	<b>4,271,436,270</b>	-	<b>1,221,900,000</b>		
0745000 Nairobi Metropolitan Services	1,857,490,824	1,103,945,446	2,961,436,270	5th July, 2022	411,900,000	26th Sep 2022	Nairobi Metropolitan Services(Pending bills)
Specialised Materials and Supplies	877,154,258		877,154,258				
Other Operating expenses	980,336,566		980,336,566				
Construction and Civil Works		1,103,945,446	1,103,945,446			22 July,2022 & 31st August,2022	
<b>0704000 State House Affairs</b>	<b>810,000,000</b>		<b>810,000,000</b>	5th July, 2022	<b>810,000,000</b>		Operations and Maintenance
Other Operating Expenses	810,000,000		810,000,000				
<b>0734000 Deputy President Services</b>	<b>500,000,000</b>		<b>500,000,000</b>	21st September 2022			Implementation of the urgent planned activities.
Domestic Travel and Subsistence, and Other Transportation Cost	50,000,000		50,000,000				
Foreign Travel and Subsistence, and Other Transportation Cost	10,000,000		10,000,000				
Rentals of Produced Assets	10,000,000		10,000,000				
Hospitality Supplies and Services	45,000,000		45,000,000				
Fuel Oil and Lubricants	20,000,000		20,000,000				
Other Operating expenses	175,000,000		175,000,000				
Routine Maintenance- Vehicles and Other Transport Equipments	20,000,000		20,000,000				
Routine Maintenance- Other Assets	50,000,000		50,000,000				
Purchase of Vehicles and Other Transport Equipment	100,000,000		100,000,000				
Purchase of Office Furniture and General Equipment	20,000,000		20,000,000				
<b>1021 State Department for Interior and Citizen Services</b>	<b>125,000,000</b>		<b>125,000,000</b>	-	<b>125,000,000</b>		
<b>0629000 General Administration and Support Services</b>	<b>125,000,000</b>		<b>125,000,000</b>	3rd August, 2022	<b>125,000,000</b>	5th Sep 2022	Funds to cater for security operations
Security operations	125,000,000		125,000,000				
<b>1041 Ministry of Defence</b>	<b>3,500,000,000</b>		<b>3,500,000,000</b>		<b>2,200,000,000</b>		
0801000 Defence	3,500,000,000		3,500,000,000	3rd August, 2022 & 25th July,2022 & 30th August,2022	2,200,000,000	4th August,2022	Funds on account of Level Five Forces Research Hospital
<b>1052 Ministry of Foreign Affairs</b>	<b>140,000,000</b>		<b>140,000,000</b>				
<b>0714000 General Administration Planning and Support Services</b>	<b>140,000,000</b>		<b>140,000,000</b>				Operations and Maintenance
Temporary Committees Expenses	28,000,000		28,000,000	8th Sep,2022			



**REPUBLIC OF KENYA**  
**THE NATIONAL TREASURY & PLANNING**

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**STATEMENT ON THE FINANCIAL YEAR 2022/23**  
**ADDITIONAL EXPENDITURE GRANTED UNDER**  
**ARTICLE 223 OF THE CONSTITUTION**

**October 2022**

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## I. INTRODUCTION

1. In the FY 2022/23 the National Treasury has approved additional expenditures under Article 223 of the Constitution and pursuant to the provisions of the Public Finance Management Act, 2012 (PFMA, 2012). The approved expenditures seek to address unforeseen and unavoidable expenditures including security related; maize and fertilizer subsidies; fuel price market stabilization; provisions to cater for shortfalls of the ongoing road projects; pending bills; and funds for Development Partners funded projects.

- *Overall Expenditures*

2. The Overall Ministerial cumulative expenditure in the FY 2022/23 as a result of the approved additional expenditure under Article 223 of the Constitution has increased by 2.8 per cent from the approved Ministerial Budget Estimates. The Recurrent Expenditure has increased by 2.0 per cent while the Development Expenditure has increased by 4.4 per cent. This is within the 10 per cent threshold as required by the PFMA, 2012. Table 1 indicates the overall change in the Ministerial Budget Estimates.

**Table 1: Overall Change in the FY 2022/23 Budget Estimates (Ksh. Million)**

Item	Approved Original Estimates	Revised Budget Estimates	Approvals under Article 223	% Change
Recurrent Budget Estimates	1,403,904.0	1,433,119.4	27,729.9	2.0
Development Budget Estimates	715,354.8	748,046.2	31,587.5	4.4
<b>Total</b>	<b>2,119,258.8</b>	<b>2,181,165.6</b>	<b>59,317.4</b>	<b>2.8</b>

3. The overall change in the FY 2022/23 Ministerial Budget (excluding Consolidated Fund Services and County allocations) from the approved Budget is an increase of **Ksh.59.3 billion** which reflects a 2.8 per cent increase. Out of this amount **Ksh.44.3 billion** has been disbursed to the Ministries/Departments/Agencies (MDAs).

## ***II. Adherence to Fiscal Principles***

4. The FY 2022/23 approvals granted under Article 223 of the constitution have adhered to the fiscal responsibility principles as set out in the Public Finance Management Act, 2012. These include;

*i. Over the medium term, a minimum of thirty percent of the National Budget shall be allocated to Development Expenditure.*

5. In line with this requirement, the National Government's Ministerial Development Budget in the FY 2022/23 as a result of approvals granted under Article 223 of the Constitution is 34.3 per cent of the total Ministerial Budget while Recurrent Budget is 65.7 per cent.

*ii. The National Government's expenditure on the compensation of employees (including benefits and allowances) for public officers shall not exceed 35 percentage of the National Government equitable share of revenue raised national plus other revenues generated by the National Government pursuant to Article 209(4) of the Constitution.*

6. The ministerial expenditure for compensation of employees in the FY 2022/23 after taking on board approvals granted under Article 223 of the Constitution is 25.7

per cent of the National Government's equitable share of revenues and other revenues raised nationally which is within the 35 percent threshold required in the PFM regulations.

iii. ***Over the medium term, the National Government's borrowings shall be used only for the purpose of financing development expenditure and not for recurrent expenditure.***

7. The Government's medium to long term borrowing is aimed at financing of Development projects. This borrowing is undertaken in line with the Medium Term Debt Strategy (MTDs) approved by Parliament.

iv. ***Fiscal risks shall be managed prudently***

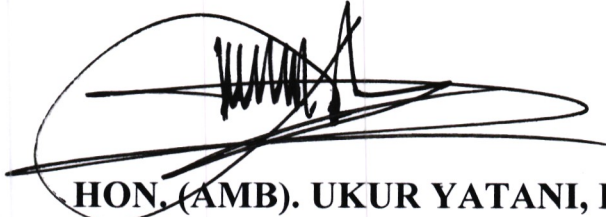
8. To manage fiscal risks prudently in accordance to the law, the Government regularly reviews its macroeconomic forecasts and the impact of the projections and their implications on the budget.

v. ***A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, taking into account any tax reforms that may be made in the future.***

9. On the principle of maintaining a reasonable degree of predictability with respect to the level of tax rates and tax bases, the Government will continue to carry out tax reforms through modernizing and simplifying tax laws. Further the National Treasury is in the process of preparing Medium Term Revenue Strategy which will guide revenue projections going forward.

10. Following the approvals granted under Article 223 of the Constitution, we note that some programmes have exceeded the 10 percent threshold. In this regard,

we are requesting for special approval of the expenditures which are beyond the 10 percent threshold in accordance with regulation 40(9) of the Public Finance Management Regulations, 2015 (See attached Annex 2).

A handwritten signature in black ink, consisting of several loops and a central vertical scribble, is written over a horizontal line.

**HON. (AMB). UKUR YATANI, EGH**  
**CABINET SECRETARY/NATIONAL TREASURY AND PLANNING**

**October 6, 2022**



THE NATIONAL ASSEMBLY	
DATE:	23 NOV 2022
TABLED BY:	
CLERK-AT THE TABLE:	