

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 24 NOV 2022	
DAY: Thursday	
TABLED BY:	LOM
CLERK-AT THE TABLE:	F Nginyo

REPORT

PARLIAMENT
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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
KITUTU MASABA CONSTITUENCY**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
KITUTU MASABA**

ANNUAL REPORT 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)**

***KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At 30th June 2021***

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

**KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At June 30, 2021**

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 KITUTU MASABA Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	Amos Apollo
2.	Sub-County Accountant	Roseline Muthama
3.	Chairman NGCDFC	Robinson Ngima
4.	Member NGCDFC	Teresa Ongera

(d) Fiduciary Oversight Arrangements

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

Tombe Market
P.O. Box 3100 – 40200
Tel: 0721489083
Nairobi, KENYA

(f) KITUTU MASABA Constituency NGCDF Contacts

Tombe Market
P. O. Box 3100-40200
Kisii, Kenya
Telephone: (254) 721489083
E-mail: kitutumasaaba@go.ke
Website: www.kitutumasaabangcdf.go.ke

(g) KITUTU MASABA Constituency NGCDF Bankers

Co-Operative Bank of Kenya
Bank Account No. 01141477003400
Kisii Branch
P.O Box
Kisii

(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-CDFCF CHAIRMAN'S REPORT

Include among others the following:

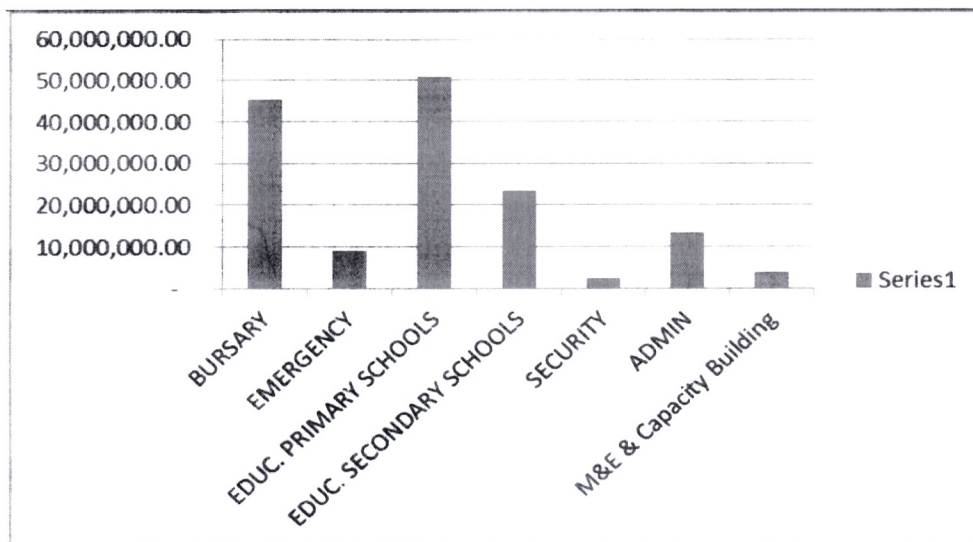


**Mr. Robinson Agasa Ngima – Chairman
 NGCDFC - Kitutu Masaba**

During the 2020-2021 financial our budget was Kshs. 137,088,879.31. We have so far received Kshs. 92,000,000 and Kshs. 69,984,749 being balance from the previous approved budgets totalling to Kshs. 161,984,749.00 . Our expenditure per sectors are as follows.

Item/Description	Amount
Bursary	45,469,500
Emergency	8,930,000
Educ. Primary Schools	50,788,927
Educ. Secondary Schools	23,356,000
Security	2,390,350
Admin	13,368,790
M&E & Capacity Building	3,904,500
Total Expenses	148,208,067

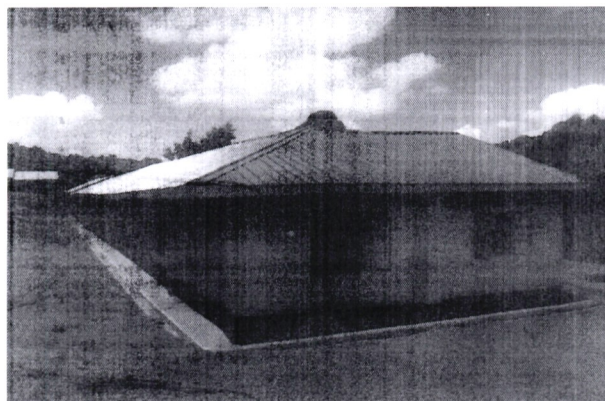
KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At June 30, 2021



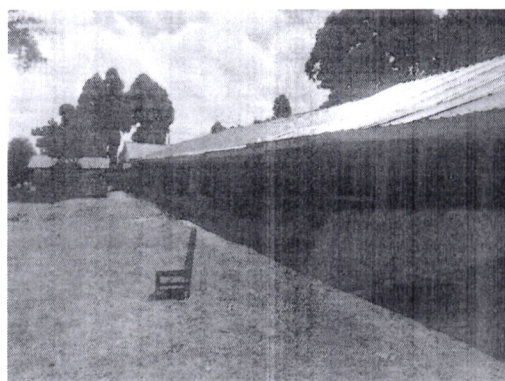
We have so far done so many projects in education sector, security and bursaries. Out of the many projects, the following are our main success achievements

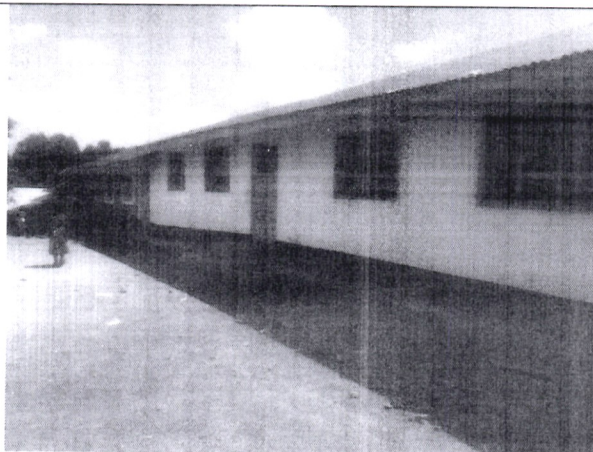
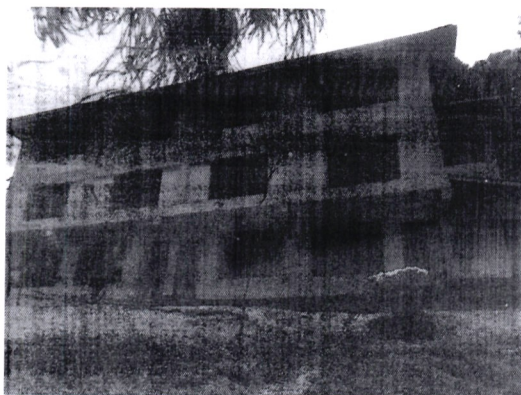
The Key achievements for the constituency are presented in the photos below:

*Riakworo DEB primary school and Secondary schools
 Funded Kshs. 1,700,000*

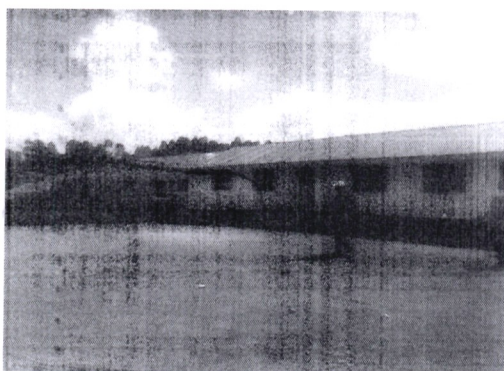


Riakworo Primary school





Riakworo Secondary school (renovation of classrooms)



Kiomakondo primary
(Renovation of 7 classrooms i.e Roof replacement
Painting, doors, windows and floors)



Omoyo Girls secondary school
(Renovation- Roof replacement of
entire school)

Bursary

We have funded close to 6,000 students in tertiary institution amounting to Kshs. 46m as the exercise continues. Most of these beneficiaries are needy and bright students across the constituency.

1. Emerging issues in our constituency

The constituency consists of two sub counties and so funds are insufficient
Many education sector institutions have not been fully registered hence opening of bank accounts is a challenge

The implementation challenges and recommendations for way forward.

i. Registration of schools.

Many of our institutions haven't been fully registered with the ministry of education. Most of those institutions have provisional certificated of which banks do not accept in opening bank accounts.

Way forward

— We have discussed with the line ministry to fast track the process of registration.

— We no longer fund any projects which is not fully registered with the ministry.

ii. Procurement

— Most of the institutions management lack knowledge on procurement procedures. This results to many audit issues from the auditors about tendering and procuring materials during implementation of projects.

Way forward

The committee has incorporated all PMCs and Procurement officers in the entire process of procurement and implementation of the funded projects

iii. Vast (Big/Large) Constituency

Our constituency has two sub counties hence too many projects scrambling for same fund. This has lead to inadequate funding of projects.

Way forward

- The constituency needs more allocation.
- Constituency to be split into two.

iv. High cost of construction of infrastructural facilities

The cost of constructing a classroom in our constituency is expensive due to the fact that the terrain of the entire constituency is hilly, sand is transported from far counties at the lake Victoria, some lower areas have black cotton soil hence foundations have to be fully supported with iron bars that are extremely expensive.

Way forward

The committee has increased the allocation per classroom construction from Kshs. 500,000 to 850,000-Kshs. 1m depending on the location of the project.

We have also talked with the County government of Nyamira to help construct roads linking schools for easy transportation of building materials.

v. So many schools (242) in our constituency

Our constituency has 185 primary schools and 57 secondary schools. Funding these projects becomes difficult.

Many of these institutions were started without the ministry approval and no plan, hence funding them is not easy.

The non-funded institutions which are not registered feel neglected by the agency.

Way forward

We are only funding the ministry of education approve institutions.



Signature

CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED 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 *KITUTU MASABA Constituency 2018-2022* plan are to:

1. DEVELOPMENT

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	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels	In FY 20/21 -we increased number of classrooms, dormitories, laboratories etc following schools/institutions from 16 to 21 secondary schools and 31 to 40 primary schools refer to budget execution attached - Bursary beneficiaries increased from 4800 to 6100 as per the attached schedules
Security	To have all security service delivery done from one central AP posts, chiefs, ACC offices, DCC offices	Increased and easy security service delivery at all administration posts.	- number of usable physical infrastructure build in security institutions -	In FY 20/21 -we increased number of security centres from 3 to 6 as per budget execution attached schedules.

KITUTU MASABA Constituency**National Government Constituencies Development Fund (NGCDF)****Reports and Financial Statements As At June 30, 2021**

Constituency Sector	Objective	Outcome	Indicator	Performance
	offices		-	schedules.
Environment	To have all institutions plant trees, built toilets and water tanks	Increased trees planting, harvesting of water by installing tanks and building toilets	- number of usable physical hygiene toilets, environmental conservation by planting more trees and water tanks	Due to corona virus, we could not implement the environmental projects. However, we are yet to implement it within this financial year.
Sports	To have constituency sports tournaments conducted	Increased number of youths participating in sports, culture and physical activities within the constituency	- number of usable physical sports equipment's, i.e uniforms, balls, nets, shoes, game skits etc to participating teams.	Due to corona virus, we could not implement the sports projects. However, we are yet to implement it within this financial year.
Emergency	To have all unforeseen emergency cases especially sunken toilets, blown off roofs in educational institutions done.	Increased number of emergency cases attended to reinstall the situations.	- number of usable physical toilets, blown roofs and any other unforeseen emergency done in primary, secondary, tertiary institutions and security premises	In FY 20/21 -we increased number of emergency case from 17 to 24 mostly in educational institutions as per attached schedules of budget execution.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KITUTU MASABA 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 KITUTU MASABA NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** KITUTU MASABA 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

In all learning institutions benefitting from environmental activities, students and pupils are usually involved directly in planting of trees, building contour and formation of trenches to conserve soil erosion.

- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.
Youth/community seminars are conducted periodically to sensitize the public on the dangers of drug abuse.*

- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*

The conservation of environment by planting trees, contours and gabions, water harvesting and toilets are sponsored by NGCDF Kitutu Masaba agency.

Sports tournaments are conducted in the constituency from ward level by forming various teams and competing where various sports items i. e uniforms, balls, etc are provided

- *NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.
The NGCDFC Kitutu Masaba have discussed the issues and will soon have them implemented by their staff.*

3. Employee welfare

We invest in providing the best working environment for our employees. KITUTU MASABA 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. KITUTU MASABA 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-

KITUTU MASABA NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

KITUTU MASABA 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.

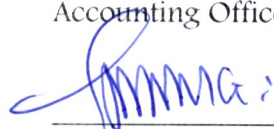
The Accounting Officer in charge of the NGCDF-KITUTU MASABA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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-KITUTU MASABA 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 *KITUTU MASABA* 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- KITUTU MASABA 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 KITUTU MASABA Constituency confirms that the *KITUTU MASABA* 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 *KITUTU MASABA* 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

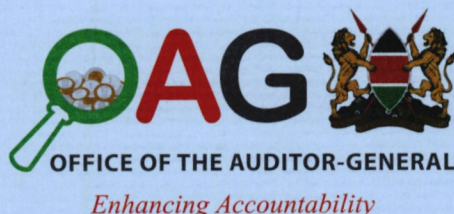
The NGCDF- KITUTU MASABA Constituency financial statements were approved and signed by the Accounting Officer on 23/8/21 2021.



Chairman NGCDF Committee
Name:



REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUTU MASABA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

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, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Kitutu Masaba Constituency set out on pages 15 to 43, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant

accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Kitutu Masaba 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. Unexplained Variances in Other Receipts

The statement of receipts and payments reflects other receipts of Kshs.5,178,037 as disclosed in Note 3 to the financial statements. Review of records revealed that the amount relates to reversed cheques arising from unutilized funds from Project Management Committees (PMC). However, recasting of the reversed cheques recorded in the cashbook totalled to Kshs.10,217,899 resulting to an unexplained and unreconciled variance of Kshs.5,039,862.

In the circumstances, the accuracy and completeness of the other receipts of Kshs.5,178,037 could not be confirmed.

2. Unreconciled Variance in Emergency Expenditure

The statement of receipts and payments reflects other grants and other payments balance of Kshs.56,789,850 which includes emergency projects of Kshs.8,930,000 as disclosed in Note 7 to the financial statements. Included in the Kshs.8,930,000 is a payment voucher of Kshs.1,830,000 which was posted to the cash book as Kshs.1,053,000 resulting to an unexplained and an unreconciled variance of Kshs.777,000.

In the circumstances, the accuracy and correctness of the Kshs.8,930,000 on emergency projects could not be confirmed.

3. Inaccuracies in the Summary Statement of Appropriation

- i. The statement of receipts and payments reflects Kshs.161,984,749 in respect of transfer from the Board while the summary statement of appropriation reflects Kshs.143,030,080 resulting to an unreconciled variance of Kshs.18,954,669.
- ii. The summary statement of appropriation reflects an actual figure on comparable basis of Kshs.148,208,117 in respect of total payments while the budget execution by sectors and projects report reflects a balance of Kshs.233,240,173 resulting to an unreconciled variance of Kshs.85,032,056.

In the circumstances, the accuracy and completeness of the summary statement of appropriation could not be confirmed.

4. Unconfirmed Project Management Committee (PMC) Bank Balances

Annexure 5 to the financial statements reflects Project Management Committee (PMC) bank balance of Kshs.1,762,098. However, Management did not provide for audit the certificate of bank balances for seventeen (17) PMC Equity Bank accounts with a balance of Kshs.318,172.

In the circumstances, the accuracy of the PMC bank balance of Kshs.318,172 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Kitutu Masaba Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects total budgeted receipts of Kshs.282,234,252 and actual receipts of Kshs.148,208,117 resulting to an underfunding of Kshs.134,026,135 or 47%. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.282,234,252 and Kshs.148,208,117 respectively resulting in an under expenditure of Kshs.134,026,135, or 47%.

The underfunding affected the planned activities and 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 Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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

1.0 Transfers to Other Government Entities

1.1 Unsupported Purchase of School Buses for Three (3) Secondary schools

The statement of receipts and payments reflects transfers to other government entities balance of Kshs.74,144,927 which includes transfers to secondary schools of Kshs.23,356,000 as disclosed in Note 6 to the financial statements.

Review of expenditure documents revealed that an amount of Kshs.6,964,653 was disbursed to three (3) secondary schools namely St Cyprian Biticha, Kebiricha and St Theresa Gekano as the Government co-funding for the purchase of school buses. However, Management did not provide contract documents, delivery notes and the original log books for audit.

In the circumstances, the propriety and the value for money for the expenditure of Kshs.6,964,653 could not be confirmed.

1.2 Stalled Construction of Classrooms in Two (2) Primary Schools

The statement of receipts and payments reflects transfers to other government entities balance of Kshs.74,144,927 which includes transfers to primary schools of Kshs.50,788,927 as disclosed in Note 6 to the financial statements. Review of expenditure documents revealed that Kshs.2,000,000 was transferred for construction and completion of classrooms at Nyaigesa and Chitago Primary Schools each at a cost of Kshs.1,000,000. However, physical inspection of the projects in April, 2022 revealed that the two projects had stalled and was incomplete.

In the circumstances, the value for money for the Kshs.2,000,000 spent could not be confirmed.

1.3 Stalled Construction of Classrooms in Kiendege Secondary School

The statement of receipts and payments reflects transfers to other government entities expenditure balance of Kshs.74,144,927 which includes transfers to secondary schools of Kshs.23,356,000 as disclosed in Note 6 to the financial statements. Review of expenditure documents established that Kshs.1,000,000 was disbursed towards construction of classrooms at Kiendege secondary school. However, physical inspection of the projects indicated that the construction had stalled and incomplete.

In the circumstances, the value for money on the expenditure of Kshs.1,000,000 could not be confirmed.

1.4 Failure to Brand Completed Projects

The statement of receipts and payments reflects transfers to other government entities balance of Kshs.74,144,927 which includes transfers to secondary schools of

Kshs.23,356,000 and transfers to primary schools of Kshs.50,788,927 as disclosed in Note 6 to the financial statements.

However, physical inspection in April, 2022 revealed that various projects in four (4) primary schools and five (5) secondary schools implemented at a cost of Kshs.9,000,000 were complete and in use. However, the projects were not branded contrary to Regulation 11(1)(c) of the National Government Constituencies Development Regulations, 2016 which states that the functions of a Constituency Committee is to ensure projects are labelled in accordance with the guidelines issued by the Board.

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

2.0 Other Grants and Transfers

2.1 Payment to a Driving School

The statement of receipts and payments reflects other grants and other payments balance of Kshs.56,789,850 which includes bursaries of Kshs.45,469,500 as disclosed in Note 7 to the financial statements. Review of expenditure documents revealed that payments of Kshs.2,597,500 were made to a local driving school towards training of motorcycle riders. However, no procurement documents were provided in respect of the expenditure.

In the circumstances, the regularity and value for money on the expenditure of Kshs.2,597,500 could not be confirmed.

2.2 Failure to Constitute a Bursary Sub-Committee

The statement of receipts and payments reflects other grants and other payments balance of Kshs.56,789,850 which includes bursaries of Kshs.45,469,500 as disclosed in Note 7 to the financial statements.

However, it was observed that the Constituency did not maintain a register in which the details of the bursary forms issued, completed, returned and submitted for consideration were entered.

Further, no evidence was provided to confirm that the bursary subcommittee as constituted co-opted two members, one whom must be the area education officer or representative of the of Ministry of Education, contrary to the provisions of the CDF Board circular reference VOL1/111, dated 13 September, 2010 which requires formation of a subcommittee of Constituency Development Fund to manage the bursary scheme including two (2) co-opted members one of whom must be an education officer or an officer seconded from the Ministry of Education.

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

2.3 Utilization of Emergency Reserves

The statement of receipts and payments reflects other grants and other payments balance of Kshs.56,789,850 which includes emergency projects of Kshs.8,930,000 as disclosed in Note 7 to the financial statements. However, Management did not report occurrences of emergency to the Board within 30 days as required by the Regulation 20(2) of the National Government Constituency Fund Regulations, 2016.

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

2.4 Delayed Renovation of Manga Law Courts

The statement of receipts and payments reflects other grants and other payments expenditure amount of Kshs.56,789,850 which includes security projects of Kshs.2,390,350 as disclosed in Note 7 to the financial statements. Review of expenditure documents revealed that the Kshs.2,390,350 was paid to a local contractor for renovation, fencing and construction of toilets in Manga Law Courts. However, review of the procurement documents revealed the following anomalies in the implementation of the project;

- i. Two (2) bidders were concluded to be non-responsive despite having met all the requirements in the tender documents contrary to the provisions of Section 79(1) of the Public Procurement and Asset Disposal Act, 2015 which provides that a tender is responsive if it conforms to all the eligibility and other mandatory requirements in the tender documents.
- ii. The contract agreement between Fund and the contractor was not provided for audit. It was thus not possible to ascertain whether the Management complied with Section 104(d) of Public Procurement and Asset Disposal Act, 2015 which provides that an accounting officer of a procuring entity shall ensure that the resulting contract is in writing and signed by both parties.
- iii. Physical inspection in April, 2022 revealed that the project was not complete despite the supplier being fully paid. The value for money for the expenditure of Kshs.2,390,350 could not be confirmed.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 its services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of 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 Nahey Gathungu, SBS
AUDITOR-GENERAL

Nairobi

22 September, 2022

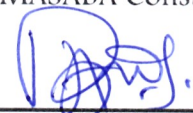
KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At June 30, 2021

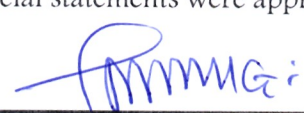
2. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	161,984,749	122,228,807
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	5,178,037	-
TOTAL RECEIPTS		167,162,786	122,228,807
PAYMENTS			
Compensation of employees	4	1,743,368	1,592,031
Use of goods and services	5	15,529,972	9,302,990
Transfers to Other Government Units	6	74,144,927	51,180,000
Other grants and transfers	7	56,789,850	21,900,779
Acquisition of Assets	8	-	696,000
Other Payments	9	-	-
TOTAL PAYMENTS		148,208,117	84,671,800
SURPLUS/ (DEFICIT)		<u>18,954,669</u>	<u>37,557,007</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUTU MASABA Constituency financial statements were approved on 25 AUG 2021 and signed by:


Fund Account Manager
Name: AMOS APOLLO


National Sub-County Accountant
Name: ROSELINE MUTHAMA
ICPAK M/No: 9014


Chairman NG-CDF Committee
Name: Robinson Ngima

3. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE, 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	86,604,281	67,649,612
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		86,604,281	67,649,612
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		86,604,281	67,649,612
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITES		86,604,281	67,649,612
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd	13	67,649,612	30,092,605
Prior year adjustments	14		
Surplus/Deficit for the year		18,954,669	37,557,007
NET FINANCIAL POSITION		86,604,281	67,649,612

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

Fund Account Manager
 Name: AMOS APOLLO

National Sub-County Accountant
 Name: ROSELINE MUTHAMA
 ICPAK M/No: 9014

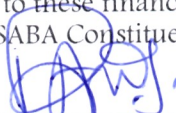
Chairman NG-CDF Committee
 Name: Robinson Ngima

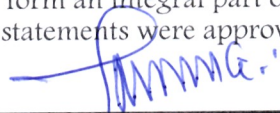
STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE, 2021

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	161,984,749	122,228,807
Other Receipts	3	5,178,037	-
Total receipts		167,162,786	122,228,807
Payments for operating activities			
Compensation of Employees	4	1,743,368	1,592,031
Use of goods and services	5	15,529,972	9,302,990
Transfers to Other Government Units	6	74,144,927	51,180,000
Other grants and transfers	7	56,789,850	21,900,779
Other Payments	9		
Total payments		148,208,117	83,975,800
Total Receipts Less Total Payments		18,954,669	38,253,007
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	
Prior year adjustments	14	-	
Net cash flow from operating activities		18,954,669	38,253,007
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	696,000
Net cash flows from Investing Activities			(696,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		18,954,669	37,557,007
Cash and cash equivalent at BEGINNING of the year	10	67,649,612	30,092,605
Cash and cash equivalent at END of the year		<u>86,604,281</u>	<u>67,649,612</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUTU MASABA Constituency financial statements were approved on _____ 2021 and signed by:


Fund Accountant Manager
Name: AMOS APOLLO


National Sub-County Accountant
Name: ROSELINE MUTHAMA
ICPAK M/No: 9014


Chairman NG-CDF Committee
Name: Robinson Ngima

KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At 30th June 2021

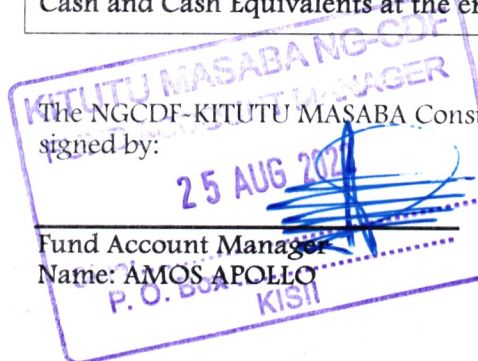
4. SUMMARY STATEMENT OF APPROPRIATION FOR THE YEAR ENDED 30TH JUNE 2021

Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b		c=a+b	d	e=c-d	f=d/c %
RECEIPTS							
Transfers from NG-CDF Board	137,088,879	67,649,611	72,317,724	277,056,215	143,030,080	134,026,135	52%
Proceeds from Sale of Assets				-	-	-	
Other Receipts				5,178,037	5,178,037	-	100%
TOTAL RECEIPTS	137,088,879	67,649,611	72,317,724	282,234,252	148,208,117	134,026,135	53%
PAYMENTS							
Compensation of Employees	2,809,000			2,809,000	1,743,368	1,065,632	62%
Use of goods and services	9,528,999	7,372,584	4,051,547	20,953,130	15,529,972	5,423,158	74%
Transfers to Other Government Units	63,400,000	59,077,027	20,187,474	147,742,539	74,144,927	73,597,612	50%
Other grants and transfers	61,350,880	1,200,000	48,078,703	110,729,584	56,789,850	53,939,734	51%
Acquisition of Assets				-	-	-	
Other Payments				-	-	-	
TOTAL	137,088,879	67,649,611	72,317,724	282,234,252	148,208,117	134,026,135	53%

KITUTU MASABA Constituency
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- i. Underutilization of sectors as:-
- b. Compensation of Employees at 62% was due to late release of staff gratuity that is yet to be paid in the current financial year of disbursement
 - c. Transfers to Government units at 50% was due to the effects and restitutions imposed by the Ministry of health to control spread of Covid 19 pandemic. This resulted to slow absorption of funds to projects.
 - d. Other Grants and other transfers at 51% was also due to Covid 19 pandemic.
- iii. Overutilization of Sectors as
- Use of goods and services at 479% was due to the transferred balances from Co-operative bank account to Equity bank of Kshs. 85m. This was treated as an expense in the cash book causing huge sums of balances.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	48,994,079
Less undisbursed funds receivable from the Board as at 30th June 2021	37,610,202
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 202021	86,604,281



The NGCDF-KITUTU MASABA Constituency financial statements were approved on 25/8 2021 and signed by:

Fund Account Manager
 Name: AMOS APOLLO

National Sub-County Accountant
 Name: ROSELINE MUTHAMA
 ICPAK M/No: 9014

Chairman NG-CDF Committee
 Name: Robinson Ngima

5. SUMMARY STATEMENT OF APPROPRIATION FOR THE YEAR ENDED 30TH JUNE 2021 : RECURRENT AND DEVELOPMENT COMBINED

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	2,809,000	753,860	-	3,562,860	1,743,368	1,819,492	49
1.2 Committee allowances	2,635,721	1,588,524	652,349	4,876,593	1,486,800	3,389,793	30
1.3 Use of goods and services	2,780,611	1,356,480	1,326,779	5,463,870	4,916,875	546,995	90
1.4 Transfer of bank Balance Co-op to Equity	-	-	-	85,032,057	85,032,057	-	-
Total	8,225,332	3,698,864	1,979,128	5,178,037	93,179,100	5,178,037	89
2.0 Monitoring and evaluation							
2.1 Capacity building	1,460,664	689,465	326,458	2,476,587	1,565,000	911,587	479
2.2 Committee allowances	1,301,940	1,254,000	698,560	3,254,500	1,339,500	1,915,000	192
2.3 Use of goods and services	1,350,062	1,730,255	1,047,400	4,127,717	2,016,343	2,111,375	193
Total	4,112,666	3,673,720	2,072,418	9,858,804	4,920,843	4,937,962	237
3.0 Bursary	46,675,118.90	-	48,078,703.45	94,753,822	48,078,703	46,675,119	100
Total			48,078,703	48,078,703	48,078,703	-	100
3.0 Emergency	7,192,207	-	-	7,192,207	-	7,192,207	-
3.1 Primary Schools							
Ikonge SDA Primary school					200,000	(200,000)	-
Kiendege DEB primary school					100,000	(100,000)	-
Nyabogyo prim. School (jonathan					350,000	(350,000)	-

KITUTU MASABA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At June 30, 2021

isanda)								
Tombe SDA primary school				-	200,000	(200,000)	-	
kenyerere sda primary bitundugusu primary school				-	300,000	(300,000)	-	
risa deb primary school				-	300,000	(300,000)	-	
Nyaikuro secondary school				-	350,000	(350,000)	-	
Mokomoni SDA Primary school				-	500,000	(500,000)	-	
Nyambaso SDA primary school				-	300,000	(300,000)	-	
Nyaisa SDA Primary school				-	300,000	(300,000)	-	
botana dok primary school				-	300,000	(300,000)	-	
Nyariacho DEB primary school				-	300,000	(300,000)	-	
Kiabiraa DEB primary school				-	300,000	(300,000)	-	
St. Andrews Nyamwanga sec. school				-	300,000	(300,000)	-	
Ironge DOK Primary school				-	300,000	(300,000)	-	
Totals				-	4,700,000		-	
3.2 Secondary schools				-			-	
Nyaikuro secondary school				-	500,000	(500,000)	-	
St. Andrews Nyamwanga Secondary school				-	300,000	(300,000)	-	
nyaibasa sec school				-	300,000	(300,000)	-	
nyakongo high school				-	500,000	(500,000)	-	
st. pauls nyachichi sec. school				-	530,000	(530,000)	-	
Nyakongo DOK Primary school				-	300,000	(300,000)	-	
St. Paul's Nyachichi Secondary school				-	500,000	(500,000)	-	
st. Albert Girango secondary school				-	500,000	(500,000)	-	
Totals				-	3,430,000		-	

Kitutu Masaba Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements As At June 30, 2021

3.3 Tertiary institutions Kitutu Masaba Tech & Voc College	-	-	-	-	-	-	-	-	-
Totals	-	-	-	-	500,000	(500,000)	-	-	-
3.4 Security projects Manga Law Court (Specter Ltd	-	-	-	-	300,000	(300,000)	-	-	-
Totals	-	-	-	-	300,000	-	-	-	-
4.2 Tertiary Institutions	-	-	-	-	-	-	-	-	-
4.3 Social Security	-	-	-	-	-	-	-	-	-
4.4 Special Needs	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
5.0 Sports	2,741,778	-	-	-	-	-	-	-	-
5.1	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
6.0 Environment	2,741,778	-	-	-	-	-	-	-	-
6.1	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
7.0 Primary Schools Projects	33,500,000	-	-	-	33,500,000	-	33,500,000	-	-
chitago deb primary	1,000,000	-	-	-	1,000,000	-	-	-	-
nyabiosi dok prima	1,000,000	-	-	-	1,000,000	-	-	-	-
eronge dok prim	1,000,000	-	-	-	1,000,000	-	-	-	-
Botana primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
Riyabe deb primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
Kierira DOK primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
Matangi primary	1,000,000	-	-	-	1,000,000	-	-	-	-
karantini primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
rigoma deb primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
kebirichi primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
Kuja Dok primary school	4,677,027	-	-	-	4,677,027	-	-	-	-
Nyangorora deb primary school	1,000,000	-	-	-	1,000,000	-	-	-	-
Nyai gesa dok primary	1,000,000	-	-	-	1,000,000	-	-	-	-

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school								
Nyamakoroto primary school	500,000	-	500,000	500,000	-			
Sengeru deb primary school	1,000,000	-	1,000,000	1,000,000	-			
Ogango deb primary school	1,000,000	-	1,000,000	1,000,000	-			
Morako primary school	1,000,000	-	1,000,000	1,000,000	-			
omogomba sada primary school	1,000,000	-	1,000,000	1,000,000	-			
Bitundugusu primary school	1,000,000	-	1,000,000	1,000,000	-			
kiangoso primary school	1,000,000	-	1,000,000	1,000,000	-			
Rianyabwanga deb primary school	1,000,000	-	1,000,000	1,000,000	-			
Irianyi primary school	1,000,000	-	1,000,000	1,000,000	-			
nyachichi primary school	1,000,000	-	1,000,000	1,000,000	-			
kiendege deb primary school	900,000	-	900,000	900,000	-			
kiomakondo primary school	1,000,000	-	1,000,000	1,000,000	-			
geke primary school	1,000,000	-	1,000,000	1,000,000	-			
mokomoni primary school	500,000	-	500,000	500,000	-			
riaranga dok primary school	1,000,000	-	1,000,000	1,000,000	-			
miriri primary school	500,000	-	500,000	500,000	-			
kenyanware primary school	1,000,000	-	1,000,000	1,000,000	-			
Nyamanagu model girls girls	1,000,000	-	1,000,000	1,000,000	-			
Nyasimwamu deb primary school	1,000,000	-	1,000,000	1,000,000	-			
Kiamwarimu primary school	500,000	-	500,000	500,000	-			
Rakworo DEB primary school	1,700,000	-	1,700,000	1,700,000	-			
Kiendege DEB primary school	1,000,000	-	1,000,000	1,000,000	-			
Kiabiraa deb primary school	1,000,000	-	1,000,000	1,000,000	-			
Botana primary school	500,000	-	500,000	500,000	-			

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Nyamakairo BEB primary school		500,000		500,000	500,000		-
Miriri primary school		500,000		500,000	500,000		-
mokomoni primary school		500,000		500,000	500,000		-
kerongo dok primary school		1,000,000		1,000,000	1,000,000		-
Mongoni primary school			1,200,000.00	1,200,000	1,200,000		-
Riakworo Primary school			1,750,000.00	1,750,000	1,750,000		-
Total			41,277,027	44,227,027	44,227,027		-
8.0 Secondary Schools Projects	23,400,000		2,950,000	23,400,000	23,400,000		23,400,000
Riamoni Sec. School		1,000,000		1,000,000	1,000,000		-
Matutu Fag Sec		1,000,000		1,000,000	1,000,000		-
Riakworo Sda Sec. School		1,000,000		1,000,000	1,000,000		-
Nyakongo High School		1,000,000		1,000,000	1,000,000		-
St. Danes Eronge Nsec. School		1,000,000		1,000,000	1,000,000		-
Bocharia FAG Sec. School		1,000,000		1,000,000	1,000,000		-
St. Francis Nyatieko		1,000,000		1,000,000	1,000,000		-
Kerongeta Sec. School		1,000,000		1,000,000	1,000,000		-
Nyaiyaba Sec. School		1,000,000		1,000,000	1,000,000		-
Sengereri Sec. School		1,000,000		1,000,000	1,000,000		-
St. Albert Girango Sec. School		1,000,000		1,000,000	1,000,000		-
Kiamwarimu Sec. School		500,000		500,000	500,000		-
Nyaukuro Sec. School		1,000,000		1,000,000	1,000,000		-
Kiendege Sec. School		1,000,000		1,000,000	1,000,000		-
Miriri Sec. School		1,000,000		1,000,000	1,000,000		-
Kenyereye Pag Secondary School		1,000,000		1,000,000	1,000,000		-
St. Joseph Nyaguku Sec. School		500,000		500,000	500,000		-
St. Joseph Nyaguku Sec. School		500,000		500,000	500,000		-
St. Alexander Kionakondo Sec. School		1,000,000		1,000,000	1,000,000		-
Kebirichi School Bus			7,452,250.00	7,452,250	7,452,250		-

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St Theresas Gekano		-	7,452,250.00	7,452,250	7,452,250	-	
Girls School Bus		-	2,332,976	2,332,976	-	2,332,976	
Mongoni Tec/Sec/Prim Road		17,500,000	17,237,476	58,137,476	32,404,500	25,732,976	
Total							
9.0 Tertiary institutions Projects	2,000,000	-	-	2,000,000	-	2,000,000	
Total	2,000,000	0.00	-	-	-	-	
10.0 Security Projects	6,500,000	-	-	2,000,000	-	2,000,000	
Nyaguku chiefs office		500,000		6,500,000	-	6,500,000	
Masaba North AP Post		1,000,000		500,000	500,000	-	
Adu Police Station				1,000,000	1,000,000	-	
Total	-	1,500,000	-	1,500,000	1,500,000	-	
11.0 Acquisition of assets							
11.1 Motor Vehicles							
11.2 Construction of CDF office							
11.3 Purchase of furniture and equipment							
11.4 Purchase of computers							
Total	-	-	-	-	-	-	
12.0 Other payments							
Total	-	-	-	-	-	-	
13.0 unallocated fund							
Unapproved projects							
AIA		1,000,000					
PMC savings							
Total	137,088,879.12	67,649,611	72,317,724	282,234,252	233,240,173	48,994,079	

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-KITUTU MASABA 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 30th June 2020 for the period 1st July 2020 to 30th 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 30th 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	B041491		20,000,000
AIE NO	B047945		6,000,000
AIE NO	B049336		14,000,000
AIE NO	B104360		24,000,000
AIE NO	B047241		52,090,876
AIE NO	B104208		2,137,931
AIE NO	B047489		4,000,000
AIE NO	B104945	67,034,749	-
AIE NO	B104569	2,950,000	-
AIE NO	B140612	12,000,000	-
AIE NO	B128468	11,000,000	-
AIE NO	B132212	6,000,000	-
AIE NO	B126174	9,000,000	-
AIE NO	B126469	13,600,000	-
AIE NO	B138880	12,000,000	-
AIE NO	B119914	12,000,000	-
AIE NO	B128155	6,900,000	-
AIE NO	B124771	1,000,000	-
AIE NO	B119524	8,500,000	-
TOTAL		161,984,749	122,228,807

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts from sale of tender documents		-
Hire of plant/equipment/facilities		-
Unutilized funds from PMCs	5,178,037	-
Other Receipts Not Classified Elsewhere		-
		-
Total	5,178,037	-

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,608,744	1,358,981
Personal allowances paid as part of salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	-	-
Employer Contributions Compulsory national social security schemes	134,624	146,160
Other personal payments		86,890
Total	1,743,368	1,592,031

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	3,937,339	530,000
Utilities, supplies and services	6,032,685	2,194,250
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Other committee allowances	1,486,800	3,142,900
Training expenses	1,565,000	1,856,000
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	2,125,526	1,170,000
Other operating expenses	-	-
Bank service commission and charges	40,161	-
Routine maintenance – vehicles and other transport equipment	-	-
Other Operating Expenses (Transfer of funds from Co-op to Equity)	-	-
Routine maintenance - vehicles and other transport equipment	342,461	409,840
Total	15,529,972	9,302,990

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NOTES TO THE FINANCIAL STATEMENTS (Continued),

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	50,788,927	13,880,000
Transfers to secondary schools (see attached list)	23,356,000	37,300,000
Transfers to tertiary institutions (see attached list)	-	-
TOTAL	74,144,927	51,180,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	-	-
Bursary – tertiary institutions (see attached list)	-	-
Bursary – special schools (see attached list)	45,469,500	4,819,000
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	2,390,350	1,500,000
Sports projects (see attached list)	-	5,220,823
Environment projects (see attached list)	-	3,476,206
Emergency projects (see attached list)	8,930,000	6,884,750
Total	56,789,850	21,900,779

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	696,000
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total		696,000

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-
		-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Co-operative Bank, Account No. 01141477003400</i>	1,572,225	67,649,612
<i>Equity Bank A/c No. 1240280987998</i>	85,032,056	
Total	86,604,281	67,649,612
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

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

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 th June D= A+B-C	-	-

[Provide short appropriate explanations as necessary.]

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	596,912	468,720
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	596,912	468,720

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	67,649,612	30,092,605
Cash in hand	-	-
Imprest	-	-
Total	67,649,612	30,092,605

[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	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
TOTAL	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST*

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	-	-
Imprest issued during the year (B)	5,491,300	5,612,700
Imprest surrendered during the Year (C)	5,491,300	5,612,700
closing accounts in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2019 – 2020
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account receivables D= A+B-C		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services		

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	1,065,632	-
Use of goods and services	5,423,158	-
Amounts due to other Government entities (see attached list)	73,597,612	-
Amounts due to other grants and other transfers (see attached list)	53,939,734	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
Funds pending approval	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	1,762,098	616,287

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KM/AUDIT/2019/2020/1	The committee reported a total of Kshs. 1,500,000 as security expenditure in the financial statements. However, during the audit review it was noted that the general ledger had been overstated by Kshs. 500,000 being a cheque that had been reversed and replaced but was included as part of the ledger.	Its true that the security sector was overstated in the cash book ledger by kshs. 500,000 due to the fact that initially the payment the project (Nyaguku Chief's office) was paid to the PMC. During implementation stage, the NGCDF committee noted that there was serious conflict of interest between the community and the local chiefs.	This prompted the NG CDF committee to make a decision to implement the project through the sub-county's office where the Deputy Commissioner and the select committee from the community did the project.	Resolved Within 1 week

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Gesima Assistant County Commissioner's (ACC's) Residence	<p>raised into the new beneficiary who implemented the project was not cancelled rightfully.</p> <p><u>Action Taken.</u> The security sector in the financial statement has been adjusted accordingly and right figures posted correctly.</p>		
KM/AUDIT/2019/2020/2	<p>The committee spent a total of kshs. 500,000 under financial year 2017/2018 for completion of Gesima ACC's residence, the funds were for plastering, completion of the floor, fixing of windows and doors, painting and veranda. During projects verification exercise conducted on 22nd February 2021, the project was incomplete, the floor works was still pending, painting had been done partially and the veranda works were pending. The project had not been labelled.</p>	<p>Its true that some works for the finishing of Gesima ACC residence are pending since the BQ provided to our office by the PMC was underestimated. That resulted into some works not done however, the NG CDF is considering additional funds to complete pending works.</p>	Resolved	Within 1 week
KM/AUDIT/2019/2020/3	<p>The committee transferred kshs. 500,000 to Deputy County Commissioner (DCC) mang'a for construction of Nyaguku chief's office to completion as per the approved code list of 2017/2018 financial year. During project verification exercise conducted on 22nd February 2021 the project had stalled since no substantial</p>	<p>Its true Nyaguku chief's office has stalled for some time since the operationalization of accounts by the new DCC has taken some good time. The NG CDF committee had allocated Kshs. 500,000 for 2018-2019FY for</p>	Resolved	Within 1 week

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	works had been done and the contractor was not on site. The foundation works had been done and partitions partially done up to 6 courses from the ground as per the photos attached. No materials were on site at the day of inspection.	the continuation of the project. The logistics for the continuing the projects are in place and anytime the project will be done to completion.		
	Included under note 7 is an amount of Kshs. 3,476,206 on environment activities against a ceiling budget of Kshs. 2,444,576 which is equivalent to 2% of the year's allocation of Kshs. 137,367,724 prescribed by the Act hence leading to an over expenditure by Kshs. 1,031,630	It's true the 2% of the year's allocation was surpassed due to the rollovers from previous financial years allocation which were not implemented. Reasons being the delays in disbursement and slow implementation by PMCs. Attached find the following i. code list for the roll overs of the same projects 2018/2019 ii. projects implementation status		
KM/AUDIT/2019/2020/4	The CDF Board approved budget for 2019/2020 for Kitutu Masaba NG-CDF amounted to Kshs 221,689,136 comprising of 2019/2020 allocation of Kshs. 137,367,724 and unspent balance brought forward from 2018/2019 of Kshs. 84,321,412. During the period under review, the NG-CDF Kitutu Masaba received transfers from NGCDF Board amounting to Kshs 152,321,412 and the actual expenditure for the Financial year under review was Kshs. 85,140,520 resulting to unspent balances of Kshs 67,180,892.	It's true during the 2019-2020 Financial year's expenditure, there was an unspent balance of Kshs. 67,180,892. This was due to the delayed receipts from the second and last phase from NGCDF Board. By the end of the years' financial closure i.e by 30 th June 2020 this amount formed the rollover and could be spent during the 2020-2021fy financial expenditure details. However, the fund has been released to NG CDF main	Resolved	Within 1 week

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KM/AUDIT/2019/2020/5	During the year under review, sixteen (16) projects under transfers to other government entities and emergency projects costing Kshs 10,250,000 were verified during the audit in February 2021 and all were confirmed to be complete and in use but they were not labelled as is required	The committee has put in place the mechanization to ensure that all NG-CDF projects are implemented as part of the implementation. The committee have put a routine to all schools to ensure labelling is part of the items in the BQ and it is done at the end of the projects before handing over is done.	Resolved	Within 1 week

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
Maureen Isaboke	Accounts clerk	01/05/2018	-	Renewed contract
Joseph Mwebi	Office clerk	01/05/2018	-	"
Peter Nyachoti	Driver	01/05/2018	-	"
Eric Ochoki Kombo	Security	01/05/2018	-	"
Felister Moige Samwel	Secretary	01/05/2018	-	"
Hezron Onsongo	security	01/05/2018	-	"
Richard Asinda	Driver	01/04/2020	-	On first contract
Casper Sitemba	Clerk of works	01/04/2020	-	"
	Sub-Total			
	Grand Total			

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
Compensation of employees		1,065,632	3,316,969	Yet to pay the staff gratuity
Use of goods & services		5,423,158	7,371,650	Carried forward balar to the new financial y 2021-2022.
Amounts due to other Government entities		73,597,612	36,991,654	Projects to be paid in new financial year 2C 2
Sub-Total		80,086,402	47,680,273	
Amounts due to other grants and other transfers		53,939,734	89,333,013	Other grants and o transfers to be paid in new financial year 2C 2
Sub-Total		53,939,734	89,333,013	
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Funds pending approval				
Grand Total		134,026,136	137,017,336	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				
Buildings and structures	27,500,000	-	-	27,500,000
Transport equipment	8,728,843	-	-	8,728,843
Office equipment, furniture and fittings	2,705,440	-	-	2,705,440
ICT Equipment, Software and Other ICT Assets	973,700	-	-	973,700
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	39,907,983	-	-	39,907,983

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance	Ba
			2020/21	Balan
				2019/
Metamaywa SDA Mixed secondary school	Equity Bank, Keroka	1240279624603	1,340	
Omoyo girls secondary school	Equity Bank, Keroka	1240279738419	7,689	
Mongoni secondary school	Equity Bank, Keroka	1240279738419	1,935	
Rikenye deb primary school	Equity Bank, Keroka	1240279918295	200	
Karantini sda boarding primary school	Equity Bank, Keroka	1240280031061	1,462	
Nyakongo secondary school	Equity Bank, Keroka	1240280034134	150	
Riakworo secondary school	Equity Bank, Keroka	1240280034799	248	
Nyasimwamu deb primary school	Equity Bank, Keroka	1240280035798	180	
St. Danes Eronge secondary school	Equity Bank, Keroka	1240280036499	98,975	
Riakworo ssda secondary school	Equity Bank, Keroka	1240280058178	925	
Nyabiosi dok primary school	Equity Bank, Keroka	1240280074199	74	
Riyabe deb primary school	Equity Bank, Keroka	1240280088705	175	
Nyaigesa dok primary school	Equity Bank, Keroka	1240280096829	98,925	
Botana dok primary school	Equity Bank, Keroka	1240280097300	18,611	
St. francis nyatieko secondary school	Equity Bank, Keroka	1240280114133	65	
Matangi deb primary school	Equity Bank, Keroka	1240280115807	925	
Bocharia pag primary school	Equity Bank, Keroka	1240280121390	3,962	
Kierira dok primary school	Equity Bank, Keroka	1240280122522	962	

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Kiamwarimu dok primary school	Equity Bank, Keroka	1240280170763	3,962
Rigoma deb primary school	Equity Bank, Keroka	1240280170916	999,462
Kuja dok primary school	Equity Bank, Keroka	1240280544704	1,337
Kerongeta primary school	Equity Bank, Keroka	1240280578439	3,150
Kebirichi deb primary school	Equity Bank, Keroka	1240280614076	880
Nyariacho deb primary school	Equity Bank, Keroka	1240280752535	299,550
Nyaikuro primary school	Co-Operative bank	11414476607300	18,391
iriany primary school	Co-Operative bank	11414016776700	2,400
Nyaikuro secondary school	Co-Operative bank	1141476607300	18,391
kenani dok primary school	Co-Operative bank	1141439063600	1,520
miriri deb primary school	Co-Operative bank	1141017514800	2,815
sengera manga high school	Co-Operative bank	114101993600	2,205
nyatieko sda primary school	Co-Operative bank	1100423364000	161,284
nyamare sda primary school	Co-Operative bank	1141017084400	1,445
nyasumi dok primary school	Co-Operative bank	1141477793400	1,445
rionguti dok primary school	Co-Operative bank	1141017512900	1,463
st. yuvinalis nyamakoroto sec. school	Co-Operative bank	1141477219400	1,325
kegogi pag primary school	Co-Operative bank	1141477321900	2,825
nyasumi dok primary school	Co-Operative bank	1141477793400	1,445
			1,762,098

