


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 AUG 2024	DAY: WEDNESDAY
TABLED BY:	HON. OWEN BAYA MP DEPUTY LEADER OF THE MAJORITY PARTY
CLERK-AT THE-TABLE:	RUTHER NGINYO

PARLIAMENT
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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
NAKURU TOWN EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



NAKURU TOWN EAST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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



Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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Nakuru Town East Constituency
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1. Glossary of Terms

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC-Project Management Committee

FY-Financial Year

2. 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 2022. 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;

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- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

The Nakuru Town East 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)

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Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Edward Waya Ratemo
2.	Sub-County Accountant	Lee Omanje
3.	Chairman NGCDFC	Fatuma Yusuf
4.	Member NGCDFC	Benard Kibet

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Nakuru Town East 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.

(d) Nakuru Town East Constituency NGCDF Headquarters

Lanet DO'S Office
Free Area Shopping Centre
P.O. Box 1746.
Nakuru

(e) Nakuru Town East Constituency NGCDF Contacts

Telephone: (254) 703107009
E-mail: nakurueastngcdf@gmail.com
Website: www.go.ke

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(f) Nakuru Town East Constituency NGCDF Bankers

Family Bank
Nakuru Finance Branch
P.O.Box 74145-00200
Nairobi, Kenya

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

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3. NG-CDF Chairlady's Report



Fatuma Yusuf

On behalf of the Nakuru town east NG-CDF, the following is the overview on the operations of our constituency fund during the financial year 2022/2023

The Nakuru town east National Government Constituencies Development Fund in the Financial Year 2022/2023 was allocated Kshs. 145,087,603

We had a total receipt of Kshs. **105,550,000** from the Board as at 30th June 2023. The receipt comprises of both the allocation of the current financial year and the amount which rolled over from the previous financial year.

The budget performance for this financial year was not comparatively achieved as targeted due late approval and disbursement of funds from NG-CDF Board.

At the close of the Financial Year, not all of the projects allocated funds were complete due to the delay in funds receipt from NG-CDF Board.

NG-CDF has also aided in providing good learning environment by assisting in the construction, furnishing and rehabilitation of classrooms.

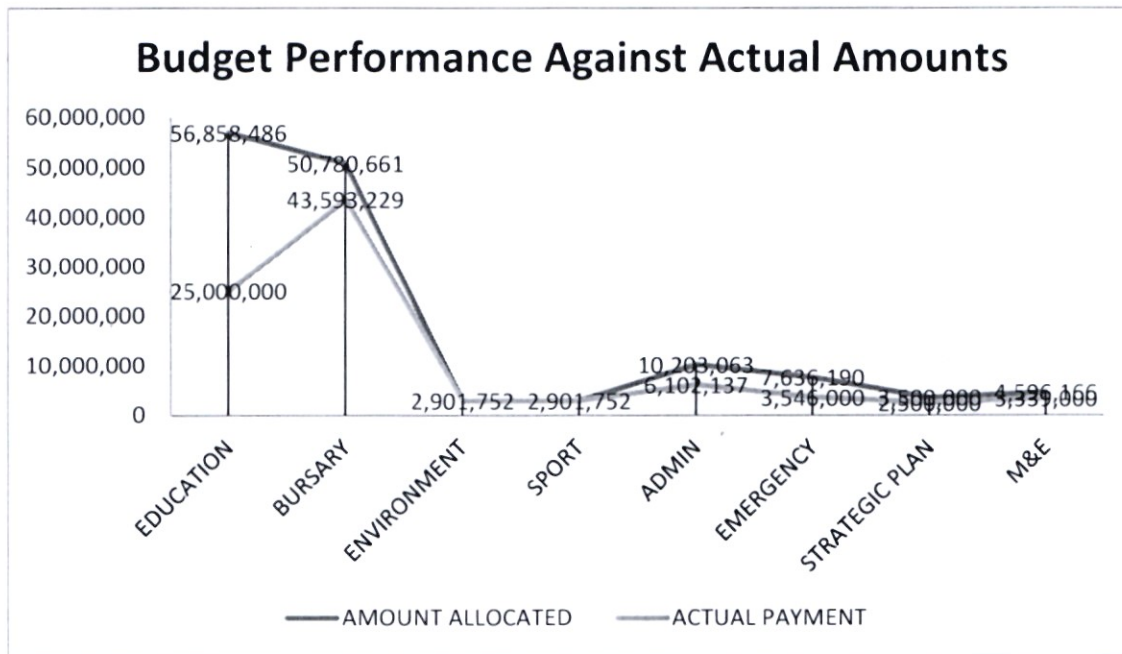
All the projects funded in the FY 2022/2023 were allocated funds to full completion. However funds disbursement delay has delayed implementation of some funded projects to completion as at the close of the Financial Year.

Table of budget performance against actual amounts

NO.	SECTOR	AMOUNT ALLOCATED	ACTUAL PAYMENT
1.	EDUCATION	56,858,486	25,000,000
2.	BURSARY	50,780,661	43,593,229
3.	ENVIRONMENT	2,901,752	2,901,752

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4.	SPORT	2,901,752	2,901,752
5.	ADMIN AND RECURRENT	10,203,063	6,102,137
6.	EMERGENCY	7,636,190	3,546,000
7.	STRATEGIC PLAN	3,500,000	2,500,000
8.	M&E	4,596,166	3,339,000



Other areas of key achievements are renovation of classrooms to improve students learning environment which has a bigger impact in learning due through creating more learning spaces, helping the government meet the required health standard in line with Covid Social Distant requirement in schools.

At the close of the financial year, all the projects allocated funds had not received funds from NG-CDF Board and most of the projects were ongoing. The on-going projects were being implemented well at a good pace.

IMPLEMENTATION CHALLENGES AND RECOMENDATION

The main challenge is delay and piecemeal in disbursement of funds which delays project completion within the financial year. The NG-CDFC recommends that funds be released to the constituency immediately the projects are approved.

The NG-CDFC encourages the PMCs to start the project procurement/ implementation immediately project cleared and code list received. The NG-CDFC immediately releases to the PMCs within a week of receipt from NG-CDF board to minimise delays in project implementation.

SAMPLE OF THE PROJECTS IMPLEMENTED



NAIROBI ROAD PRIMARY SCHOOL PERIMETER WALL



PANGANI SPECIAL PERIMETER WALL





TREE PLANTING AT MENENGAI FOREST AS PER THE SPECIAL PRESIDENTIAL FORESTRY AND RANGELANDS RESTORATION PROGRAMME.

Fatuma Yusuf
.....

Name: FATUMA YUSUF
CHAIRPERSON NGCDF COMMITTEE

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4. Statement Of Performance Against Predetermined Objectives for FY2022/23

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 Nakuru Town East Constituency 2022-2023 plan are to:

- i). Enhance access to education in the constituency.
- ii). Establish new institutions such as schools and centres.
- iii). Improve and enhance the state of existing road/bridges.
- iv). Improve and enhance ICT infrastructure.
- v). Enhance security in each and every part of the constituency.
- vi). Nurture talent and promote sports in the constituency.
- vii). Enhance better use and management of the environment to serve current and future generations.

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:

Sector	Objective	Outcome	Indicator	Performance
Education	<i>To enhance schools security</i>	<i>Reduced number of breakings in schools and reduced loss of school property</i>	<i>Permanent Perimeter walls.</i>	<i>In FY 2022/2023 -we increased number of schools by 14 with permanent perimeter walls.</i>
Security	Not funded	Not funded	Not funded	Not funded
Environment	-To enhance sustainable environmental management	Increased forest cover	Number of trees planted	In the financial year 2022/2023 6,000 trees were planted on a 6 Ha land at the menengai forest
Sports	-To engage the youths on sport activities to promote talent, peace and unity	- United youths on matters of development.	-Number of youths engage in sport activities -new number of sports talents within the constituency	In the financial year 2022/2023 teams drawn across Nakuru Town East Constituencies

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		Improved talents in sport activities		held tournaments and winning teams awarded with trophies. also, the teams benefitted with balls and sport uniforms
Emergency	To fund institutions with funds to put in place infrastructures that are of emergency in nature.	A few institutions were allocated with funds to implement the projects.	A number of schools benefited from the same during the year.	In the financial year 2022/2023 3 institution benefited from the emergency funding.

5. Governance statement

The NGCDFC Members are appointed in accordance with the NG-CDF Act 2015 amended 2016 and 2022, Section 43 (1,2,3 & 4) ,and It's regulation 5(2) where call for application is made and vetting is done in line with Act and regulation, applications vetted and report submitted to NG-CDF Board.

The NGCDFC Members are removed in accordance with the guidelines outlined in the NG-CDF Act of 2015 amended 2016 and 2022, Section 43 (13 & 14)of the Act upon receipt of a complaint against a member.A vacancy arising as a result of the removal of a member under subsection (13) shall be filled in the manner set out in subsection (10) *“Whenever a vacancy occurs in the Constituency Committee by reason of resignation, incapacitation or demise of a member the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of thirty days”* and minutes of the meeting shall indicate the fact of the removal or appointment of a member.

Roles and functions of the NG-CDF Committee

- i. Build the capacity of project management committees and Sensitize the Community on the operations of the Fund;
- ii. Consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
- iii. Ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act;
- iv. Ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans;
- v. In approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the Constitution;
- vi. Consult with relevant government departments to ensure that cost estimates for projects are realistic;
- vii. in considering joint projects, ensure that the participating constituencies enter into negotiations for effective implementation of such projects;
- viii. Subject to the provisions of the Act and these Regulations, enter into a memorandum of understanding with collaborating partners, detailing all aspects of funding and implementation, before respective constituencies approve such a project for joint funding;

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- ix. Rank projects proposals in order of priority while ensuring that on-going projects take precedence;
- x. Ensure that all projects receive adequate funding and are completed within three years;
- xi. Where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified and ownership documents authenticated with relevant government agencies;
- xii. Ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board;
- xiii. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;
- xiv. Ensure that project reports are prepared and submitted to the Board;
- xv. Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- xvi. Ensure that the principles of public finance as provided for under Chapter Twelve of the Constitution and the Public Finance Management legislation are observed in the management of the Fund;
- xvii. Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;
- xviii. Collaborate with the officer of the Board seconded to the Constituency in the management of the Fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- xix. Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act;
- xx. Submit to the Board the report stipulated in section 5(5) of the Act, which report shall contain-
 - a) A list of all the new projects commenced during the financial year and their completion status; and
 - b) A list of all projects approved, funded and commenced during previous financial years, and their completion status;
- xxi. Enter into performance contracting with the Board on an annual basis;
- xxii. In exercising its discretion under section 32 of the Act, be guided by the principles of governance enshrined in Article 10 of the Constitution;
- xxiii. Receive returns from project management committees in accordance with regulation 15;
- xxiv. Maintain a database of project management committees and reports from the respective committees;
- xxv.

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- xxvi. Ensure that the reports referred to in paragraph (x) are received before funding is released for each phase of the project being implemented;
- xxvii. Record the names of all the signatories of the accounts of a project management committee as communicated to a Constituency Committee by the project management committee upon assumption of office;
- xxviii. Receive and address all complaints concerning the implementation of projects and collectively respond to audit queries concerning the Fund at the Constituency level;
- xxix. Ensure that the committee does not enter into commitments for which funding has not been allocated;
- xxx. Ensure projects are labelled in accordance with the guidelines issued by the Board; and
- xxxi. Perform any other function assigned to it by the Board

Upon constitution of new Committee, members are inducted and shown their mandates on project management and their mandates as committee members. NGCDFC Members are trained in line with the provisions of the act to build their capacity on project management and implementation. As at the close of the financial year NG-CDFC committee had conducted a total of 22 meetings including the sub-committees. Allowances were paid in line with the provisions of the circular issued by the Board whereby the chairman is paid kshs 7000 and members kshs 5000 per sitting. The NG-CDFC declares conflict of interest before every meeting to ensure integrity in committee operations.

6. Environmental and Sustainability Reporting

Nakuru Town East 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 Nakuru Town East Ng Cdf, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Nakuru Town East 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 22/23 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*

3. Employee welfare

We invest in providing the best working environment for our employees. Nakuru Town East 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. Nakuru Town East 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-

Nakuru Town East NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Nakuru Town East 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.

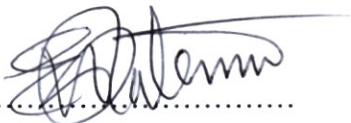
The NG CDFC during bursary programme engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

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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.

Nakuru Town East NG-CDF has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....
Name: EDWARD .W. RATEMO

Fund Account Manager.

7. 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-Nakuru Town East 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, 2023. 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-Nakuru Town East 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 NGCDF-Nakuru Town East Constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Nakuru Town East Constituency further confirms the completeness of the accounting records maintained for the NGCDF-Nakuru Town East 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.

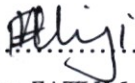
The Accounting Officer in charge of the NGCDF Nakuru Town East Constituency confirms that the NGCDF-Nakuru Town East Constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were

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properly accounted for. Further the Accounting Officer confirms that the NGCDF-Nakuru Town East Constituency 's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Nakuru Town East Constituency financial statements were approved and signed by the Accounting Officer on 30/6 2023.



.....
Name: FATUMA YUSUF
Chairlady – NGCDF Committee



.....
Name: EDWARD RATEMO
Fund Account Manager

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NAKURU TOWN EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Nakuru Town East Constituency set out on pages 1 to 48, which comprise of the statement of financial assets and liabilities as at

30 June, 2023 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Nakuru Town East Constituency as at 30 June, 2023 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 (Amended 2022) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variances in Compensation of Employees Expenditure

The statement of receipts and payments reflects compensation of employees amounting to Kshs.3,609,837 as disclosed in Note 4 to the financial statements. However, the amount differs with the general ledger balance of Kshs.2,664,650 resulting in an unexplained variance of Kshs.945,187.

In the circumstances, the accuracy and completeness of compensation of employees amount of Kshs.3,609,837 could not be confirmed.

2. Unsupported Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers balance of Kshs.52,942,733 as disclosed in Note 8 to the financial statements which includes bursary to secondary and bursary to tertiary institutions amounting to Kshs.39,225,229 and Kshs.1,668,000, respectively. However, the bursaries were not supported by returns acknowledging receipt of funds and confirming that the amounts have been credited to the fees accounts for the targeted beneficiaries.

Further, included in the bursary to secondary schools and tertiary institutions are disbursements totalling Kshs.2,306,500 which were not supported by list of beneficiaries reflecting student's name and admission number.

In the circumstances, the accuracy and completeness of the bursary disbursements amounting to Kshs.40,893,229 could not be confirmed.

3. Unsupported National Health Insurance Fund Expenditure

The statement of receipts and payments reflects other grants and transfers balance of Kshs.52,942,733 as disclosed in Note 8 to the financial statements which includes National Health Insurance Fund (NHIF) amounting to Kshs.2,700,000. Review of

documents revealed that expenditure relates to NHIF payments for seven hundred and fifty (750) beneficiaries. However, the criteria for identifying the beneficiaries was not provided for audit and no documentary evidence was provided to confirm that the beneficiaries were residents of Nakuru East Constituency. Further, the NHIF numbers of the beneficiaries confirmations from NHIF were not provided for audit.

In the circumstances, the accuracy and completeness of payments in respect of social security programmes of Kshs.2,700,000 could not be confirmed.

4. Unsupported Project Management Committees Account Balances

Note 19.4 to the financial statements reflects Project Management Committees (PMC) account balance totalling Kshs.2,148,928 as disclosed in Annex 5 to the financial statements. However, the cash books and bank reconciliations in support of the PMC bank account balances were not provided for audit. Further, the PMC bank balances had not been transferred to the Constituency account. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the Constituency bank account.

In the circumstances, the accuracy and completeness of the PMC account balances of Kshs.2,148,928 as at 30 June, 2023 could not be confirmed.

5. Unsupported Other Grants and Transfers

The statement of receipts and payments reflects other grants and transfers amount of Kshs.52,942,733 as disclosed in Note 8 to the financial statements which includes transfers to primary schools and transfers to secondary schools amounting to Kshs.23,500,000 and Kshs.1,500,000 respectively. However, the Fund made payments of Kshs.5,400,000 for purchase of a motor vehicle for a special school whose ownership document was not provided for audit.

In the circumstances, the completeness and ownership of the motor vehicle could not be confirmed.

6. Unsupported Transfers to Other Government Units

The statement of receipts and payments reflects transfers to other government units totalling Kshs.25,000,000 as disclosed in Note 7 to the financial statements. Review of records revealed that the transfers were in respect of construction of administration blocks classrooms, dormitories, multipurpose halls, ablution blocks and perimeter walls in primary and secondary schools amounting to Kshs.21,000,000. However, procurement records such as tender advertisement, bids/quotations, tender evaluation minutes, signed contracts, inspections and acceptance reports, joint measurements, Project Management Committee records such as cashbooks, bank statements and expenditure returns were not provided. Further, the constructions were not registered with National Construction Authority. This was contrary to Regulation 17 of the National Construction Authority Regulations, 2014 which states that all construction works, contracts or projects either in the public or private sector to be registered with the Authority.

In the circumstances, the accuracy and completeness of transfers to other Government units amounting to Kshs.21,000,000 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund- Nakuru Town East Constituency Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis amount of Kshs.165,651,541 and Kshs.109,563,944, respectively, resulting to under-funding of Kshs.56,087,603 or 34% of the budget. However, the Fund spent Kshs.90,279,870 against actual receipts of Kshs.109,563,944 resulting to an under-utilization of Kshs.19,284,074 of 17% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given indications of how and when the issues will be resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, on Lawfulness and Effectiveness in Use of Public Resources Section of my report, I confirm that nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Irregular Payment of Committee Allowances

The statement of receipts and payments reflects committee expenses amounting to Kshs.3,597,000 as disclosed in Note 5 to the financial statements which includes sitting allowances amounting to Kshs.3,197,000, out of which an amount of Kshs.600,000 was paid to non-committee members. However, there was no guideline on payment of sitting allowance to non-committee members. This was contrary to Regulation, 33 of the National Government Constituencies Development Fund Regulations, 2016 which states that the Cabinet Secretary shall, with the National Assembly Select Committee on National Government Constituencies Development Fund, issue guidelines on allowances payable to members of a Constituency Committee and other Government officers involved in the management of the Fund.

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

2. Stalled Construction of Classrooms

The statement of receipts and payments reflects transfers to other government units amounting to Kshs.25,000,000. The amount includes Kshs.4,500,000 transferred to a primary school for the construction of a three storied building of nine (9) classrooms to be funded in three consecutive years financial years. Review of records revealed that Kshs.4,500,000 was transferred to the project in the financial year 2021-2022 and additional amount of Kshs.4,500,000 transferred in the year under review, all totalling Kshs.9,000,000. However, the cashbooks, bank statements, procurement records and expenditure returns for the project were not provided for audit. Further, physical inspection of the project in March, 2024 revealed the project had stalled at the ground floor level.

In the circumstances, the value for money on the expenditure of Kshs.9,000,000 incurred in the construction of classrooms could not be confirmed.

3. Irregular Expenditure on Strategic Plan

The statement of receipts and payments reflects other payments amounting to Kshs.2,500,000 in respect of the strategic plan as disclosed in Note 11 to the financial statements. Review of records revealed that a consultant was contracted, using request for quotation method of procurement, to prepare a five (5) years strategic plan at a contract sum of Kshs.3,500,000. However, the consultancy services cost of Kshs.3,500,000 exceeded the Kshs.3,000,000 threshold for use of request for quotation method as prescribed in the Second Schedule of the Public Procurement and Disposal Regulations, 2020.

In the circumstances, Management was in breach of the law and value for money on expenditure incurred on preparation of the strategic plan could not be confirmed.

4. Projects Implementation Status

The statement of receipts and payments reflects transfers to other government units amounting to Kshs.25,000,000. During the year under review, eleven (11) projects with a total allocation of Kshs.21,400,000 were physically inspected in March, 2024. However, projects worth Kshs.14,017,500 had anomalies comprised of one (1) primary school project which had stalled, two (2) primary school projects were not done as per the Bill of Quantities specifications, whereas one (1) primary project school had poor workmanship.

In the circumstances, value for money on the projects amounting to Kshs.14,017,500 could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, 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 to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the Fund's financial statements and audit of compliance, I consider internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2024

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**


9. Statement of Receipts and Payments for the Year Ended 30th June 2023

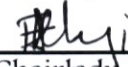
	Note	FY2022/2023	FY2021/2022
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	105,550,000	191,677,758
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	-	-
Total Receipts			
		105,550,000	191,677,758
Payments			
Compensation Of Employees	4	3,609,837	3,767,225
Committee expenses	5	3,597,000	6,089,000
Use Of Goods and Services	6	2,234,300	6,602,426
Transfers To Other Government Units	7	25,000,000	81,502,625
Other Grants and Transfers	8	52,942,733	102,842,390
Acquisition Of Assets	9	-	6,000,000
Oversight Committee Expenses	10	396,000	
Other Payments	11	2,500,000	1,000,000
Total Payments		90,279,870	207,803,666
Surplus/(Deficit)		15,270,130	(16,125,908)

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

The Constituency financial statements were approved by the NGCDFC on 30/6 2023 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairlady NG-CDF
Committee

Name: Edward Ratemo

Name: LEE OMANJE
ICPAK M/No: 9066

Name: Fatuma Yusuf



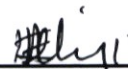
**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

10. Statement Of Assets and Liabilities As At 30th June, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	19,284,074	4,013,944
Cash Balances (cash at hand)	12B	-	-
Total Cash and Cash Equivalents		19,284,074	4,013,944
Accounts Receivable			
Outstanding Imprests	13	-	-
TOTAL FINANCIAL ASSETS		19,284,074	4,013,944
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	14A	-	-
Gratuity	14B	-	-
NET FINANCIAL SSETS		19,284,074	4,013,944
REPRESENTED BY			
Fund balance b/fwd 1st July...	15	4,013,944	20,139,852
Prior year adjustments	16	-	
Surplus/Defict for the year		15,270,130	(16,125,908)
NET FINANCIAL POSITION		19,284,074	4,013,944

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

The Constituency financial statements were approved by NG CDFC on 30/6 2023 and signed by:

		
Fund Account Manager	National Sub-County Accountant	Chairlady NG-CDF Committee
Name: Edward Ratemo	Name: LEE OMANJE ICPAK M/No: 9066	Name: Fauma Yusuf

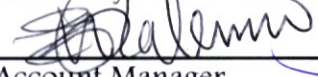
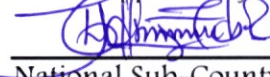
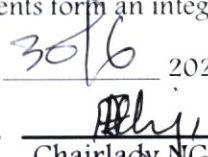
**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

11. Statement Of Cash Flows for The Year Ended 30th June 2023

		2022-2023	2021-2022
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	105,550,000	191,677,758
Other Receipts	3	-	-
		105,550,000	191,677,758
Payments for operating activities			
Compensation of Employees	4	3,609,837	3,767,225
Committee expenses	5	3,597,000	6,089,000
Use of goods and services	6	2,234,300	6,602,426
Transfers to Other Government Units	7	25,000,000	81,502,625
Other grants and transfers	8	52,942,733	102,842,390
Oversight Committee Expenses	10	396,000	
Other Payments	11	2,500,000	1,000,000
Total Payments		90,279,870	201,803,666
Total receipts less total payments		15,270,130	(10,125,908)
Adjusted for:			
Decrease/(Increase) in Accounts receivable	17	-	-
Increase/(Decrease) in Accounts Payable	18	-	-
Prior year Adjustments	16	-	-
Net Adjustments		-	-
Net cash flow from operating activities		0	0
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(6,000,000)
Net cash flows from Investing Activities		-	(6,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		15,270,130	(16,125,908)
Cash and cash equivalent at BEGINNING of the year	12	4,013,944	20,139,852
Cash and cash equivalent at END of the year		19,284,074	4,013,944

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

The Constituency financial statements were approved by NG CDFC on 30/6 2023 and signed by:

 Fund Account Manager	 National Sub-County Accountant	 Chairlady NG-CDF Committee
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Name: Edward Ratemo

Name: LEE OMANJE
ICPAK M/No: 9066

Name: Fatuma Yusuf

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

12. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipt/Payments	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		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	145,087,603	4,013,944	16,550,000	165,651,541	109,563,944	56,087,603	
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts				0	-	-	
TOTAL RECEIPTS	145,087,603	4,013,944	16,550,000	165,651,541	109,563,944	56,087,603	66.1%
PAYMENTS							
Compensation of Employees	3,965,141	1,409,958	0	5,375,099	3,609,837	1,765,262	67.2%
Committee expenses	5,304,871	293,538	0	5,598,409	3,993,000	1,605,409	86.7%
Use of goods and services	5,238,749	37,843	0	5,276,592	2,234,300	3,042,292	42.3%
Transfers to Other Government Units	56,858,486	1,078,000	11,700,000	69,636,486	25,000,000	44,636,486	35.9%
Other grants and transfers	64,220,355	1,194,605	491,502	65,906,462	52,942,733	12,963,729	80.3%
Acquisition of Assets	0	0	3,358,498	3,358,498	-	3,358,498	0.0%
Other Payments	9,500,000	0	0	9,500,000	2,500,000	7,000,000	26.3%
Funds pending approval			1,000,000	1,000,000		1,000,000	
TOTAL	145,087,603	4,013,944	16,550,000	165,651,541	90,279,870	75,371,677	54.5%

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

Explanatory Notes.

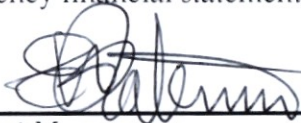

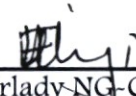
Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

- (a) During the financial FY2022/2023, there was underutilization for compensation of employees at 67.2% due to unpaid gratuity and late disbursement of funds.
- (b) During the financial year 2022/2023, there was underutilization for committee expenses at 86.7% due to late disbursement of funds from the board hence delay for the execution of the committee mandate.
- (c) Use of good and services was at 42.3% mainly due to the late disbursement of funds from the board.
- (d) The transfer of funds to other government units was at 35.9% due to late disbursement of funds from the board
- (e) During the financial year there was underutilization of funds for other grants at 80.3% mainly due to late disbursement of funds from the board.
- (f) During the financial year 2022/2023 the constituency oversight committee expenditure stood at 27.3% which was due to late disbursement of funds from the board.
- (g) During the FY 2022/2023, other payments stood at 26.3% mainly due to the late disbursement of funds from the board.

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	75,371,677
Less undisbursed funds receivable from the Board as at 30th June 2023	56,087,603
	19,284,074
Increase/(decrease) accounts payable	0
(decrease)/ increase accounts receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of 30 th June 2023	19,284,074

The Constituency financial statements were approved by NG CDFC on 30/6 2023 and signed by:

		
_____ Fund Account Manager	_____ National Sub-County Accountant	_____ Chairlady-NG-CDF Committee
Name: Edward Ratemo	Name: LEE OMANJE ICPAK M/No: 9066	Name: Fatuma Yusuf

Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

13. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

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				
	2022-2023						
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	3,965,141	1,409,958		5,375,099	3,609,837	1,765,262	67
1.2 Committee allowances	1,128,000	50,000		1,178,000	1,178,000	-	100
1.3 Use of goods and services	3,612,121	37,843		3,649,964	1,314,300	2,335,664	36
Total	8,705,262	1,497,801	-	10,203,063	6,102,137	4,100,926	60
2.0 Monitoring and evaluation							
2.1 Capacity building	1,270,000	243,538		1,513,538	1,250,000	263,538	83
2.2 Committee allowances	1,456,000			1,456,000	1,169,000	287,000	80
2.3 Use of goods and services	1,626,628			1,626,628	920,000	706,628	57
Total	4,352,628	243,538	-	4,596,166	3,339,000	1,257,166	73
3.0 Emergency							
3.1 Primary Schools							
Langa Langa Primary Sch					1,000,000	(1,000,000)	
Naka Primary School					946,000	(946,000)	
3.2 Secondary schools							
Nakuru East Secondary sch					1,600,000	(1,600,000)	
3.3 Tertiary institutions							
3.4 Security projects							

**Nakuru Town East Constituency
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3.5 Unutilised	7,636,190		226,457	7,862,647		7,862,647	-
Total	7,636,190	-	226,457	7,862,647	3,546,000	4,316,647	45
4.0 Bursary and Social Security				-			
4.1 Secondary Schools	39,289,661	0	215,032	39,504,693	39,225,229	279,464	99
4.2 Tertiary Institutions	8,791,000	0	12,599	8,803,599	1,668,000	7,135,599	19
4.3 Social Security	2,700,000	1,194,605	37,414	3,932,019	2,700,000	1,232,019	69
4.4 Special Needs				-	-		
Total	50,780,661	1,194,605	265,045	52,240,311	43,593,229	8,647,082	83
5.0 Sports				-		-	
5.1	2,901,752			2,901,752	2,901,752	-	100
Total	2,901,752	-	-	2,901,752	2,901,752	-	100
6.0 Environment							
	2,901,752			2,901,752	2,901,752	0	100
				-		-	
Total	2,901,752	-	-	2,901,752	2,901,752	0	100
7.0 Primary Schools Projects							
MburuGichua Primary School	1,000,000			1,000,000		1,000,000	-
Naka Primary School	4,500,000			4,500,000	4,500,000	-	100
St. Marys boarding School Primary School	2,000,000			2,000,000		2,000,000	-
Lakeview primary	1,232,000			1,232,000	1,232,000	-	100
St. Theresas primary school	962,500			962,500	962,500	-	100
Kaloleni primary school	1,155,000			1,155,000	1,155,000	-	100
Nakuru Primary School	1,000,000			1,000,000		1,000,000	-
Lion hill primary school	1,386,000			1,386,000		1,386,000	-
Menengai Integrated Primary School	3,000,000			3,000,000		3,000,000	-

**Nakuru Town East Constituency
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St. John Primary School	1,000,000			1,000,000		1,000,000	-
Crater primary school	1,501,500			1,501,500	1,501,500	-	100
St Johns primary school	1,650,000			1,650,000		1,650,000	-
Racetrack primary school	3,400,000			3,400,000		3,400,000	-
MirugiKariuki Primary School	2,000,000			2,000,000		2,000,000	-
Kiratina primary school	7,075,386			7,075,386		7,075,386	-
St pauls primary	1,155,000			1,155,000	991,500	163,500	86
Menengai integrated primary school	2,000,000			2,000,000	2,000,000	-	100
Nairobi road primary school	1,232,000			1,232,000		1,232,000	-
Baharini primary	693,000			693,000	693,000	-	100
Kisulisuli primary school	1,617,000			1,617,000	1,617,000	-	100
Hyrax primary school	1,925,000			1,925,000		1,925,000	-
Lenana primary school	1,062,600			1,062,600		1,062,600	-
Nakuru teachers primary school	962,500			962,500		962,500	-
Kimathi primary school	1,000,000			1,000,000		1,000,000	-
Pangani special school	1,347,500			1,347,500	1,347,500	-	100
Pangani Special Primary School			5,400,000.00	5,400,000	5,400,000	-	100
Menengai Integrated Primary School			4,000,000.00	4,000,000	2,100,000	1,900,000	53
Hyrax Primary School			500,000.00	500,000		500,000	-
Baharini Primary School			300,000.00	300,000		300,000	-
Total	45,856,986	-	10,200,000	56,056,986	23,500,000	32,556,986	42
8.0 Secondary Schools Projects						-	
Kivumbini Secondary School	1,500,000			1,500,000		1,500,000	-
Nakuru Central Secondary school	2,000,000			2,000,000		2,000,000	-
Kimathi secondary school	2,000,000			2,000,000		2,000,000	-
Upperhill mixed secondary school	1,501,500			1,501,500		1,501,500	-

Nakuru Town East Constituency
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Nakuru day secondary school	1,000,000			1,000,000		1,000,000	-
Nakuru East mixed Secondary School	1,000,000			1,000,000		1,000,000	-
Langalanga secondary school	2,000,000			2,000,000		2,000,000	-
Natewa Secondary School			1,000,000.00	1,000,000	1,000,000	-	100
St. maria veronica secondary school			500,000.00	500,000	500,000	-	100
Menengai high school		1,078,000		1,078,000		1,078,000	-
Total	11,001,500	1,078,000	1,500,000	13,579,500	1,500,000	12,079,500	11
9.0 Tertiary institutions Projects				-		-	
						-	
Total	0		-	-	-	-	
10.0 Security Projects				-		-	
						-	
Total	0	-	-	-	-	-	
11.0 Acquisition of assets				-		-	
Motor Vehicle	0						
Construction of CDF office	0		1,648,498	1,648,498	-	1,648,498	-
Purchase of computers	0		1,710,000	1,710,000	-	1,710,000	-
	0		-	-			
Total	0	-	3,358,498	3,358,498		3,358,498	-
12.0 Oversight Committee Expenses (itemize)				-		-	
Sitting Allowance	600,000			600,000	396,000	204,000	66
Daily Subsistence Allowance	300,000			300,000		300,000	-
Monitoring & Evaluation Allowance	150,000			150,000		150,000	-
Hire of training facilities	75,871			75,871		75,871	-

**Nakuru Town East Constituency
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Payment of catering services	40,000			40,000		40,000	-
Payment of instructors	25,000			25,000		25,000	-
Payment of travel allowance for 4 members	60,000			60,000		60,000	-
Purchase of fuel and lubricants	200,000	-		200,000	-	200,000	-
	0	-		-	-	-	
	0	-		-			
Total	1,450,871	-	-	1,450,871	396,000	1,054,871	27
12.0 Other payments				-		-	
	4,500,000			4,500,000		4,500,000	-
	1,500,000			1,500,000		1,500,000	-
Strategic Plan	3,500,000			3,500,000	2,500,000	1,000,000	71
				-		-	
				-		-	
				-		-	
				-		-	
Total	9,500,000	-	-	9,500,000	2,500,000	7,000,000	26
13.0 unallocated fund							
Unapproved projects			1,000,000	1,000,000		1,000,000	-
AIA						-	
PMC savings							
Total		-	1,000,000	1,000,000	-	1,000,000	-
	145,087,603	4,013,944	16,550,000	165,651,547	90,279,870	75,371,677	54

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

14. 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-Nakuru Town East 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.

Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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Significant Accounting Policies continued

6. Cash and Cash Equivalent.

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

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30th June 2022 for the period 1st July 2022 to 30th June 2023 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.

**Nakuru Town East Constituency
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Significant Accounting Policies Continued

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 2023.

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.

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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15. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022-2023	2021-2022
Normal Allocation	Kshs	Kshs
B105235		33,000,000
B105633		34,000,000
B105715		16,000,000
B128646		17,000,000
B128960		14,000,000
B154156		15,000,000
B164386		18,000,000
B155541		15,088,879
A888986		5,000,000
Bo89063		12,500,000
B089063		12,088,879
B207607	16,000,000.00	
B185202	7,000,000.00	
B185737	15,000,000.00	
B185475	6,000,000.00	
B206053	5,000,000.00	
B205847	12,000,000.00	
B206394	12,000,000.00	
B207972	16,000,000.00	
A888911	5,400,000.00	
A888921	2,600,000.00	
B185365	2,600,000.00	
B214535	5,950,000.00	
TOTAL	105,550,000	191,677,758

2. Proceeds From Sale of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Others (specify)	-	-
Total	-	-

**Nakuru Town East Constituency
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3. Other Receipts

	2022-2023	2021-2022
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

**Nakuru Town East Constituency
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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

Description	2022-2023	2021-2022
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,550,216	3,209,894
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Other personal allowances	66,450	
Leave allowance	-	
Gratuity-contractual employees	897,203	530,131
Employer Contributions Compulsory national social security schemes	95,968	27,200
TOTAL	3,609,837	3,767,225

5. Committee Expenses

	2022-2023	2021-2022
	Kshs	Kshs
Sitting allowance	3,197,000	1,089,000
Other committee expenses	400,000	5,000,000
C.O.C	396,000	0
Total	3,993,000	6,089,000

Nakuru Town East Constituency
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6. Use of Goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	-	
Communication, supplies and services	-	174,660
Domestic travel and subsistence	14,000	
Printing, advertising and information supplies & services	-	
Rentals of produced assets		
Training expenses	220,000	1,200,000
Hospitality supplies and services	137,500	
Insurance costs		
Specialised materials and services	-	
Office and general supplies and services	1,302,300	1,984,360
Fuel , oil & lubricants	500,000	2,578,270
Other operating expenses	-	
Bank Service, commision and charges	60,500	300,000
Security operations	-	
Routine maintenance - vehicles and other transport equipment	-	365,136
Routine maintenance- other assets	-	
TOTAL	2,234,300	6,602,426

Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
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Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to Primary Schools	23,500,000	56,805,625
Transfers to Secondary Schools	1,500,000	24,697,000
Transfers to Tertiary Institutions	-	
TOTAL	25,000,000	81,502,625

8. Other Grants and Other transfers

Description	2022-2023	2021-2022
	Kshs	Kshs
Bursary - Secondary (see attached list)	39,225,229	62,218,908
Bursary - Tertiary (see attached list)	1,668,000	18,928,400
Bursary- Special Schools	-	
Mocks & CAT (see attached list)	-	
Social Security programmes (NHIF)	2,700,000	1,804,000
Security Projects (see attached list)	-	5,500,000
Sports Projects (see attached list)	2,901,752	2,741,777
Environment Projects (see attached list)	2,901,752	4,683,555
Emergency Projects (see attached list)	3,546,000	6,965,750
Roads Projects	-	
TOTAL	52,942,733	102,842,390

**Nakuru Town East Constituency
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Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	2022-2023	2021-2022
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		
Purchase of office furniture and General Equipment	-	4,200,000
Purchase of ICT Equipment, Software and Other ICT Assets	-	1,800,000
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets		
TOTAL	-	6,000,000

10. Oversight committee expenses

	2022-2023	2021-2022
	kshs	Kshs
COC Members Allowances	396,000	-
TOTAL	396,000	-

11. Other Payments

	2022-2023	2021-2022
	Kshs	Kshs
Strategic Plan	2,500,000	-
ICT Hubs	-	-
Others		1,000,000
TOTAL	2,500,000	1,000,000

**Nakuru Town East Constituency
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12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022-2023	2021-2022
	Kshs	Kshs
12 A: Bank Accounts (Cash Book Bank Balance)		
	2022-2023	2021-2022
	Kshs	Kshs
<i>Family Bank, Nakuru Finance Branch A/C no. 018000049926</i>	19,284,074	4,013,944
12 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	19,284,074	4,013,944

13. 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>
Total				

**Nakuru Town East Constituency
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Notes to the Financial Statement Continued

14. Deposits and Retention

14 A. Retention	2022-2023	2021-2022
	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	-	-

14 B. Gratuity	2022-2023	2021-2022
	KShs	KShs
Gratuity as at 1 st July (A)	-	-
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	-	-

15. Fund Balance B/F

	(1 st July 2022)	(1 st July 2021)
	Kshs	Kshs
Bank accounts	4,013,944	20,139,852
Cash in hand	-	-
Imprest	-	-
Total	-	-
Less		
Payables: - Retention	-	-
Payables – Gratuity		
Fund Balance Brought Forward	4,013,944	20,139,852

**Nakuru Town East Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

16. Prior Year Adjustments

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

17. Changes In Accounts Receivable – Outstanding Imprests

	2022-2023	2021-2022
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
closing accounts in account receivables D= A+B-C	-	
Net changes in accounts Receivables D – A		

18. Changes In Accounts Payable – Deposits and Retentions

	2022-2023	2021-2022
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account payables D= A+B-C		
Net changes in accounts payables D-A		

**Nakuru Town East Constituency
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Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

	2022-2023	2021-2022
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

19.2: Pending Staff Payables (See Annex 2)

	2022-2023	2021-2022
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
Total	-	-

19.3: Unutilized Fund (See Annex 3)

	2022-2023	2021-2022
	Kshs	Kshs
Compensation of employees	1,765,262	1,409,958
Committee expense	550,538	293,538
Use of goods and services	3,042,292	37,843
Amounts due to other Government entities (see attached list)	44,636,486	11,978,000
Amounts due to other grants and other transfers (see attached list)	12,963,729	2,486,109
Acquisition of assets	1,054,871	3,358,498
Oversight Committee Expenses	3,358,498	0
Other Payments (<i>specify</i>)	7,000,000	0
Funds pending approval	1,000,000	1,000,000
Total	75,371,677	20,563,946

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19.4: PMC account balances (See Annex 5)

	2022-2023	2021-2022
	Kshs	Kshs
PMC account balances (see attached list)		
Total	2,148,928	12,789,802

19.5: Related party transactions

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20. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

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

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 20xx	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2022-2023	2021-2022	
Compensation of employees		1,765,262	1,409,958	
Committee expense		550,538	50,000	
Use of goods & services		3,042,292	281,381	
Amounts due to other Government entities				
MburuGichua Primary School		1,000,000		
St. Marys boarding School Primary School		2,000,000		
Nakuru Primary School		1,000,000		
Lion hill primary school		1,386,000		
Menengai Integrated Primary School		3,000,000		
St. John Primary School		1,000,000		
St johns primary school		1,650,000		
Racetrack primary school		3,400,000		
MirugiKariuki Primary School		2,000,000		
Kiratina primary school		7,075,386		
St pauls primary		163,500		
Nairobi road primary school		1,232,000		
Hyrax primary school		1,925,000		
Lenana primary school		1,062,600		
Nakuru teachers primary school		962,500		
Kimathi primary school		1,000,000		
Menengai Integrated Primary School		1,900,000		
Hyrax Primary School		500,000		
Baharini Primary School		300,000		
Pangani Special Primary School			5,400,000	

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Menengai Integrated Primary School			4,000,000	
Hyrax Primary School			500,000	
Baharini Primary School			300,000	
8.0 Secondary Schools Projects				
Kivumbini Secondary School		1,500,000		
Nakuru Central Secondary school		2,000,000		
Kimathi secondary school		2,000,000		
Upperhill mixed secondary school		1,501,500		
Nakuru day secondary school		1,000,000		
Nakuru East mixedSecondary School		1,000,000		
Langalanga secondary school		2,000,000		
Natewa Secondary School			1,000,000	
St. maria veronica secondary school			500,000	
Menengai high school		1,078,000	1,078,000	
Sub-Total		44,636,486	12,778,000	
Amounts due to other grants and other transfers				
3.0 Emergency		4,316,647.00	226,457	
4.0 Bursary and Social Security				
4.1 Secondary Schools		279,464	215,032	
4.2 Tertiary Institutions		7,135,599	12,599	
4.3 Social Security		1,232,019	1232019	
Sub-Total		12,963,729	1,686,107	
12.0 Oversight Committee Expenses (itemize)		-		
Sitting Allowance		204,000		
Daily Subsistence Allowance		300,000		
Monitoring & Evaluation Allowance		150,000		
Hire of training facilities		75,871		

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Payment of catering services		40,000		
Payment of instructors		25,000		
Payment of travel allowance for 4 members		60,000		
Purchase of fuel and lubricants		200,000		
Sub-Total		1,054,871		
Acquisition of assets				
Construction of CDF office		1,648,498	1,648,498	
Purchase of computers		1,710,000	1,710,000	
		3,358,498	3,358,498	
Sub-Total				
Other Payments				
NG-CDF office		4,500,000		
NG-CDF office		1,500,000		
Strategic Plan		1,000,000		
Sub-Total		7,000,000		
Funds pending approval		1,000,000	1,000,000	
Grand Total		75,371,677	20,563,944	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	-	-	-	-
Buildings and structures	10,000,000.00	-	-	10,000,000.00
Transport equipment	5,500,000.00	-	-	5,500,000.00
Office equipment, furniture and fittings	505,000	-	-	505,000
ICT Equipment, Software and Other ICT Assets	1,375,500	-	-	1,375,500
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	17,380,500	-	-	17,380,500

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Annex 5 –PMC Bank Balances As At 30th June 2023

PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
CDF NAKURU EAST (MAIN ACC)	FAMILY	018000049926		16,326,196
ABERDARE RANGES PRIMARY SCHOOL	FAMILY	018000088027	148	148
Afraha High School	FAMILY	018000093042	1,230	998,360
BAHARINI PRIMARY SCHOOL	FAMILY	018000079666	4,821	4,820
BONDENI PRIMARY SCHOOL	FAMILY	018000079633	1,580	1,580
FLAMINGO HIGH	FAMILY	018000080757	17,472	447,472
HARAMBEE KHALSA PRIMARY SCHOOL	FAMILY	018000078029	1,157	1,157
HILLCREST SECONDARY SCHOOL	FAMILY	018000073724	4,922	284,922
Hyrax Primary School	FAMILY	018000013854	287	407
JAMHURI PRIMARY SCHOOL	FAMILY	018000079720	1,381	1,381
KALONENI PRIMARY SCHOOL	FAMILY	018000070796	132	202,064
Kariba Road Primary School	FAMILY	018000081948	2,926	2,926
Kenyatta Primary School	FAMILY	018000086686	5,908	500,000
KIMATHI PRIMARY SCHOOL	FAMILY	018000078106	3,111	3,111
KIMATHI SECONDARY SCHOOL	FAMILY	018000073682	2,070	2,070
Kiratina Chiefs Office	FAMILY	018000073599	62	67
KISULISULI PRIMARY SCHOOL	FAMILY	018000068506	342	5,742
Kivumbini Secondary School	FAMILY	018000073816	4,675	1,009,694
Lakeview Primary School	FAMILY	019000047174	773	893

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PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
LANET PRIMARY SCHOOL	FAMILY	018000070827	1,040	40
LANGALANGA SECONDARY SCHOOL	FAMILY	018000068523	999	999
LENANA PRIMARY SCHOOL	FAMILY	018000079693	331	571
Lionhill Primary School	FAMILY	019000047173	502	
MARIA VERONICA SECONDARY	FAMILY	018000080710	10,939	280
Mburu Gichua Primary School	FAMILY	018000028041	1,044	1,044
MENENGAI HIGH	FAMILY	018000081096	360	360
Menengai Intergrated Primary School	FAMILY	018000089251	2,100	-
Mirugi Kariuki Primary School	FAMILY	018000086858	1,710	1,700
Nairobi Road Primary School	FAMILY	018000012451	5,097	5,097
NAIROBI ROAD SECONDARY SCHOOL	FAMILY	018000073657	11,527	11,527
Naka Primary School	FAMILY	018000089504	1,499,941	1,433,750
Nakuru Central Secondary School	FAMILY	018000024728	1,246	51,255
NAKURU DAY SECONDARY SCHOOL	FAMILY	018000068547	536	536
NAKURU EAST MIXED SEC	FAMILY	018000079362	3,863	14,261
NAKURU EAST PRIMARY SCHOOL	FAMILY	018000028038	1,240	-
NAKURU PRIMARY SCHOOL	FAMILY	018000070866	582	1,182
NAKURU TEACHES PRIMARY	FAMILY	018000070832	346	346
Natewa Secondary School	FAMILY	018000068568	16,464	16,464
NDIMU PRIMARY SCHOOL	FAMILY	018000081127	160	160

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PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
Pangani Primary School	FAMILY	018000093506	225	-
PANGANI SPECIAL SCHOOL	FAMILY	018000070689	79	679
Race Track Primary School	FAMILY	018000086696	2,991	3,591
RHINO PRIMARY SCHOOL	FAMILY	018000076318	1,094	1,094
RHINO SECONDARY SCHOOL	FAMILY	018000073725	356,982	2,804,527
ST JOHNS PRIMARY SCHOOL	FAMILY	018000079825	570	2,000,709
ST JOSEPH PRIMARY SCHOOL	FAMILY	018000076690	20,746	15,746
St Marys Boarding Primary School	FAMILY	018000088897	127,944	1,195,080
St Paul Primary School	FAMILY	019000051233	1,810	745,020
St Therasas Primary School	FAMILY	018000086722	121	-
ST XAVIERS PRIMARY SCHOOL	FAMILY	018000068414	570	799,170
Umoja Primary School	FAMILY	018000075577	15	84
UPPERHILL SECONDARY SCHOOL	FAMILY	018000073777	194	197,394
CDF OFFICE CONSTRUCTION	FAMILY	018000059114	309	309
Rhino Police Post	FAMILY	018000084315	9,590	9,590
Free Area Chiefs Office	FAMILY	018000091603	3,878	3,878
FREEHOLD PRIMARY SCHOOL	FAMILY	018000076347	3,506	3,506
Nakuru East Sub County Education Offices	FAMILY	018000091602	3,036	3,036
NGCDF Nakuru East Office equipment PMC ACCNT	FAMILY	018000091594	10	-
KALOLENI PRIMARY SCHOOL	FAMILY	018000070796	132	-

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PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
MENENGAI INTEGRATED PRIMARY	FAMILY	018000089251	2,100	-
CRATER PRIMARY SCHOOL	FAMILY	018000098921	-	-
Total			2,148,928	12,789,802

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Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
5	<p>1. Unsupported Sports Projects Expenditure</p> <p>The statement of receipts and payments reflects other grants and transfers amounting to Kshs.102,842,390. The amount includes sports projects expenditure amounting to Kshs.2,741,777 as disclosed under Note 7 to the financial statements in respect of Nakuru Town East Constituency Sports activity. However, procurement records such as user requisition, request for quotations, evaluation minutes, signed contract, inspection and acceptance committee reports, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure</p>	Sports file was availed	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
	returns were also not provided.			
4.3	<p>Unsupported Expenditure on Purchase of School Buses</p> <p>The statement of receipts and payments reflects transfer to other government units amounting to Kshs.81,502,625 . The amount includes an expenditure amounting to Kshs.14,000,000 incurred on the purchase of two school buses for Race Track Primary School and St Maria Veronica Secondary School. However, the expenditure was not supported with procurement records such as tender advertisements, tender evaluation minutes, signed contract, inspection and acceptance committee reports, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns and evidence that the projects</p>	Documents related to the purchase of the busses according to the government contract were availed.	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(24/5/24)</i>
	were implemented in consultation with relevant Government Departments.			
1	<p>Irregular Bursary Award The statement of receipts and expenditure reflects other grants and transfers amounting to Kshs.102,842,390. The amount includes bursary to secondary schools of Kshs.62,218,908 and tertiary institutions of Kshs.18,928,400 all totaling to Kshs.81,147,308. However, financial returns acknowledging receipts of the funds and confirming that the amounts have been credited to the beneficiaries' fees account were not provided for audit verification. Further, the criteria for vetting the bursary application, vetting committee minutes and names of beneficiaries were not</p>	The bursary form used to evaluate the beneficiaries and the acknowledgement receipts were availed.	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
	provided. It was therefore not confirmed how the beneficiaries vetted and recommended for award of bursary			
2	<p>Unconfirmed Compensation of Employees Expenditure</p> <p>The statement of receipts and payments reflects compensation of employees amounting to Kshs.3,767,225. However, the supporting schedule reflects an amount of Kshs.3,839,203 resulting to unexplained and unreconciled variance of Kshs.71,978.</p> <p>In the circumstances, the accuracy and completeness of compensation of employees amount of Kshs.3,767,225 for the year ended 30 June, 2022 could not be confirmed.</p>	Errors were corrected.	Resolved	
3	Unsupported Training Expenses	Documents were availed	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(24/5/24)</i>
	<p>The statement of receipts and payments and as disclosed in Note 5 to the financial statements reflects use of goods and services amounting to Kshs.12,691,426 which includes training expenses of Kshs.1,200,000. The expenditure was incurred on staff allowances, facilitation fees and refreshments for Constituency staff members attending a 5-day benchmarking exercise in Njoro Constituency. However, the expenditure was not supported with invitation letter, signed attendance list and training needs assessment report.</p> <p>In the circumstances, the accuracy, completeness and propriety of training expenses amounting to Kshs.1,200,000 could not be confirmed.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
4.1	<p>Construction of Perimeter Walls</p> <p>Note 6 to the financial statements reflects transfers to primary schools amount of Kshs.56,805,625. The amount includes an expenditure amounting to Kshs.49,805,625 incurred on the construction of perimeter walls for various primary schools. However, the expenditure was not supported with procurement records such as bills of quantities from qualified quantity surveyor, advertisements, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, interim or completion certificates, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure returns and evidence that the projects were implemented in</p>	Files related to the construction works were provided.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
	consultation with relevant Government departments.			
4.2	<p>Construction and Renovation of Classrooms</p> <p>Note 6 to the financial statements reflects transfers to secondary schools amount of Kshs.24,697,000. The amount includes an expenditure amounting to Kshs.17,697,000 incurred on construction and renovation of classrooms in various secondary schools. However, the expenditure was not supported with procurement records such as bills of quantities from qualified quantity surveyor, advertisements, tender evaluation minutes, signed contracts, inspection and acceptance committee reports, interim or completion certificates, Project Management Committee (PMC) accounting records such as cashbooks, bank statements and expenditure</p>	The required documents were availed	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (24/5/24)
	returns and evidence that the projects were implemented in consultation with relevant Government departments.			
6	<p>Unsupported Acquisition of Assets Expenditure</p> <p>The statement of receipts and payments and as disclosed in Note 8 to the financial statements reflects acquisition of assets amounting to Kshs.6,000,000. The amount includes purchase of computers, printers and other IT equipment of Kshs.1,800,000 and purchase of office furniture and general equipment of Kshs.4,200,000. However, the expenditure was not supported with procurement records such as list of prequalified suppliers, tender evaluation minutes, signed contracts, inspection and acceptance committee reports and inventory records.</p>	Documents were provided	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
	<p>In the circumstances, the accuracy, completeness and propriety of acquisition of assets expenditure amounting to Kshs.6,000,000 could not be confirmed.</p>			
7	<p>Unconfirmed Project Management Committee (PMC) Account Balances</p> <p>Note 17.4 to the financial statements on Other Important Disclosures reflects Nil Project Management Committee (PMC) account balances. The balance is a decrease of Kshs.4,527,189 from the previous year's balance of Kshs.4,527,189. However, cashbooks, bank statements and bank balance confirmation certificates were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the Nil PMC account balances could not be confirmed.</p>	<p>List of PMC account balances were provided</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (24/5/24)
	<p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Nakuru Town East 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 adverse opinion.</p>			



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Name: EDWARD .W. RATEMO
Fund Account Manager.