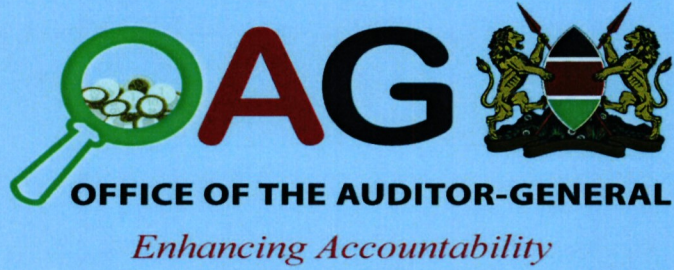

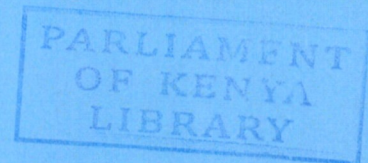


REPUBLIC OF KENYA



 REPORT THE NATIONAL ASSEMBLY	
DATE: 08 FEB 2022	DAY: <u>Tue</u>
TABLED BY: <u>LDM</u>	OF
CLERK-AT THE-TABLE: <u>Bi. Imrasi</u>	



THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2020**



Revised Template 30th June 2020



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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TONGAREN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The NGCDF TONGAREN Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Paul N. Adome
2.	Sub-County Accountant	Kenneth O. Onyango
3.	Chairman NGCDFC	Maurice Chagalwa
4.	Member NGCDFC	Christopher Simiyu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -TONGAREN Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) NGCDF TONGAREN Constituency Headquarters

P.O. Box 214-50211, NAITIRI
NG-CDF Tongaren Building
Bungoma North Sub county headquarters
Mukuyuni, KENYA

(f) NGCDF TONGAREN Constituency Contacts

Telephone: (+254) 721776554
E-mail: cdf Tongaren@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF TONGAREN Constituency Bankers

1. Co-operative Bank of Kenya
Kimilili Branch
P.O. Box 214
Naitiri-50211
KENYA.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I am pleased to present the unaudited financial statements for Tongaren Constituency for the financial year ended 30th June 2020. During the year, the Constituency was allocated a total of Kshs 137,367,724.14 as normal allocation.

On receipt of the above allocations, Tongaren National Government Constituencies Development Fund Committee (NGCDFC) pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency. It is noteworthy that during the FY 2019/2020, we received 60% of the normal Constituency funding equivalent to Kshs 98,000,000 and these funds were then disbursed to projects.

Sector Prioritization

During the year, a total of Kshs 98,000,000 was allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools. The funding consisted of Kshs 39,367,724.14 not received during the FY 2019/2020.

Sectoral Analysis of Funding

Over the past 10 years, the Constituency has received a total of over Kshs 700M which were subsequently been disbursed to various projects in such sectors as education, security, in addition to the statutory bursary, emergency, sports, environment, administration and monitoring and evaluation votes. The funding has benefitted over 500 projects and the breakdown in terms of the number of projects funded in these leading sectors over the last two years is as hereunder provided;

Sector	2018/19	2017/18	2016/17	Total
Primary Schools	29	29	21	79
Secondary Schools	20	20	17	67
Tertiary Institutions	2	1	2	5
Security	6	4	3	13
Total No Funded	54	54	43	161

Source: Tongaren NGCDF Records (2020)

It is therefore notable that within the education sector, primary schools have realized the highest number of projects funded in the Constituency followed by secondary schools and finally tertiary institutions. Overall, the ranking based on highest number projects funded over the period is has primary Schools as the leading sector followed by secondary Schools, security and finally tertiary Institutions.

The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects eligible to be funded. Under this Act only projects falling within the functions of the National Government as outlined in the Constitution of Kenya 2010 will be funded. This effectively means that the Fund has since been concentrating primarily on education, security, sports and environment sectors as well as other national government residual functions. During the FY 2017/2018, the Committee undertook to expedite the disbursement of funds to earmarked projects in accordance with the provisions of the NGCDF Act, 2015, as amended in 2016, and the requirements of the Annual Performance Contract. The disbursements saw the implementation of approved project activities across the Constituency.

TONGAREN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Achievements and Major Undertakings

During the year, the Committee disbursed a total of Kshs 35,000,000 as bursary to needy students in secondary, tertiary institutions and this benefitted over 2,500 students in addition to 90 students in two driving schools. Major physical facilities funded are infrastructure such as classrooms, twin laboratories, dormitories, and libraries. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families.

Budgetary Appropriations

During the financial year 2019/20, the overall budget utilization stood at 72 percent based on the funds received. This was achieved due to expeditious disbursement of funds received to earmarked projects by the NGCDF Committee. During the period Kshs 98,000,000 was received against the total allocation of Kshs.137,367,724.14

Development Planning

The Constituency Development Funds continue to draw interest of beneficiaries and communities alike. This has seen the receipt of many proposals from communities spanning various sectors. To ensure focus and expedite Constituency development, the Committee has finalized its strategic plan which is a formalized road map that spells out where the Constituency is going over the next five years in project identification, implementation and management taking cognizance of the global Sustainable Development Goals, Kenya Vision 2030 and the big four agenda and related County Integrated Development Plans. The NGCDF Committee is convinced that the strategic plan shall help the Constituency in setting priorities, focusing energy and resources, strengthening operations and ensuring that the Committee, its employees and other stakeholders are working towards a common goal and results.

Challenges

Despite the above impressive performance and plans, the Committee has noted various challenges in project implementation and management during the FY 2019/20. These encompass failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed. To mitigate the above, the committee during the year 2017/2018 scaled up its capacity building programmes for NGCDF Committee, Project Management Committees and staff on various aspects of NGCDF projects management. These programmes contributed to minimizing the challenges and improving overall performance by Project Management Committees. The NG-CDFC plans to continue with the capacity building as well as monitoring and evaluation programmes during the FY 2019/20.

I wish to sincerely thank the NGCDF Committee, NG-CDFC staff, Project Management Committees and other stakeholders for the cooperation and support that saw the achievement of the above milestones. Going forward, the Committee envisions to even perform better and attain better assessments in its performance targets for FY 2018/2019.


MAURICE CHANGALWA
CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of NGCDF-TONGAREN Constituency's 2018-2022 plan are to:

- To increase enrolment level in schools
- To decrease illiteracy level
- To reduce school drop outs
- To improve the quality of education
- To increase access to health care
- To expand economic opportunities
- To reduce social evil

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primar, secondary, and tertiary institutions number of bursary beneficiaries at all levels	In FY 2019/20 we increased number of classrooms to 146 and bursary beneficiaries at all levels from 1,500 to 2,000 students across the constituency.
Security	To have safe and secure environment for business, learning and where the residents go about their lives without fearing for their lives and properties	Decrease in the number of insecurity related incidents. Improved security and more secure business environment	Numbers of usable physical infrastructure build in the security sector. Police stations, Chief's offices and County Commissioners security facilities. Increased deployment of	In the FY 2019/20 we have increased number of physical infrastructure in the security sector from two six

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TONGAREN CONSTITUENCY
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			more police officers	
Environment	To have well conserved and clean environment	Increased tree cover and sustainable waste management and disposal practices contributing to mitigation of negative effects of climate change	Number of tree seedling planted in both public and private land	In FY 2019/20 we increased number of trees planted to 400 in various public schools
Sports	To nurture sporting talent, this pillar also makes special provision for Kenyans with various disabilities and previously marginalized communities.	Increased engagement and persons earning a decent living from exploiting their sporting talent. Reduced unemployment rate among the youth.	Number of youth, women and persons living with disabilities taking up sporting activities. Number of usable physical sporting infrastructure build.	In FY 2019/20 we purchased over 1,000 sports kits and uniforms awaiting for distribution to various schools across the constituency.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Tongaren Constituency 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 -

Tongaren NG-CDFC strongly believes that service provision should not be at the expense of people and the planet. We have made it our mantra to increase sustainable practices in our daily activities and particularly in:

- *Risk management*
- *Sourcing of office consumables and building materials for the projects we fund.*

In compliance with the United nations sustainable development goals, on basic literacy, food security, decent housing and universal health care. These noble efforts however continue to face broad political and macroeconomic activities that affect sustainability priorities, for instance increase in population and outbreak of Covid-19 are panning out to be enormous challenges to the attainment of these strategies

Key achievements among others include:

- increased enrolment in schools for all children going to school
- Increased number of usable physical infrastructure built in primary, secondary and tertiary institutions
- Transparency and accountability in management of our projects.

2. Environmental performance

As climate issues intensify, Tongaren NG-CDF operations and people are helping to create a sustainable future, based on a policy that reduces the organization climate related issues. This policy is evident in among others: the successful planting of trees in various schools across the constituency.

3. Employee welfare

Tongaren NG-CDF hiring process is strictly guided by the provisions of the employment act 2007, Public Service Commission regulation and Salaries and Remunerations Circulars. Taking into account the gender ratio, people with disability, youth and women with aim of building a gender balanced organisation.

4. Market place practices-

Tongaren NG-CDFC aims to support grassroot level development aimed at poverty reduction and achieving equitable distribution of resources in line with the provisions of NG-CDF act 2015. The organisation should outline its efforts to:

- Responsible Supply chain and supplier relations*
At the stages of project implementation the CDFC promptly transfers funds to the PMCs account with 7 days of receipt from the board thereafter guided during tendering process to ensure that local benefit competitively in the supply off matrials to the project. Payment to suppliers are promptly done on presentation of requisite supporting documents.
- Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices*
Tongaren NG-CDF is working with relevant government agencies with expertise on management of projects to safeguard consumer rights and interests so as to provide

Reports and Financial Statements

For the year ended June 30, 2020

high quality services to the public. Also, tenders are advertised publicly and no discrimination is entertained that locks out any interested bidder.

5. Community Engagements-

Public participation is employed in project identification, implementation and monitoring as per the provisions of NG-CDF act 2015.

6. Covid-19 Mitigation Measures.

Tonagren NG-CDF heeded the ministry of health measures to help in halting the spread of Covid-19 where we donated:

- 60,000 face masks
- 20,000 sanitizers, and
- 100 hand wash tanks

V. STATEMENT OF ENTITY 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-Tongaren 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, 2020. 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-TONGAREN 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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-TONGAREN Constituency further confirms the completeness of the accounting records maintained for the *entity*, 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-TONGAREN Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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.

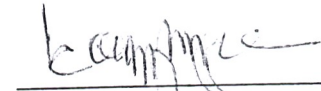
Approval of the financial statements

The NGCDF-TONGAREN Constituency financial statements were approved and signed by the Accounting Officer on _____ 2020.



Paul N. Adome
Fund Account Manager

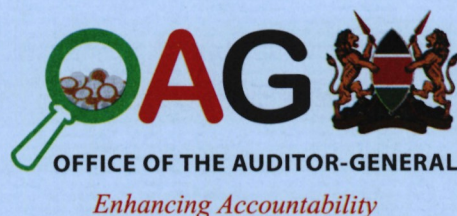
Fund Account Manager
TONGAREN NGCDF



Kenneth O. Onyango
Sub-County Accountant

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TONGAREN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Tongaren Constituency set out on pages 13 to 41, which comprise the statement of assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined 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 effects 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 - Tongaren Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Failure to Maintain and Update Fixed Assets Register

Annex 4 to the financial statements on summary of fixed assets register reflects a historical assets cost balance of Kshs.12,957,680 as at 30 June, 2020. However, the assets register availed for audit reflected assets with a total cost of Kshs.12,501,999 resulting into an unreconciled variance of Kshs.455,681. Further, the codes and values for some of the assets recorded in the assets register were not reflected.

In the circumstances, it was not possible to ascertain the completeness and accuracy of the summary of fixed assets register.

2.0 Misclassification of Expenditure for Purchase of School Bus

The statement of receipts and payments reflects Kshs.9,861,327 and Kshs.40,375,861 being the expenditure on use of goods and services and transfers to other government entities respectively. However, disbursements amounting to Kshs.894,729 for the purchase of a school bus for St. Juliana School was included under use of goods and services instead of transfers to other government entities.

Consequently, the accuracy of the expenditure on use of goods and services and on transfers to other government units could not be confirmed.

3.0 Cash and Cash Equivalents

The statement of assets and liabilities and Note 10A to the financial statements reflect cash and cash equivalents of Kshs.9,110,503 as at 30 June, 2020. However, the bank reconciliation statement for the month of June, 2020 reflected unpresented cheques of Kshs.4,433,351 of which cheques worth Kshs.1,624,341 were stale as at 30 June, 2020. In addition, the bank reconciliation statement reflected a bank balance of Kshs.13,543,853 as at 30 June, 2020 which differed with the bank balance of Kshs.53,116,017 reflected in the certificate of bank balance as at the same date. The variance of Kshs.39,572,164 has not been reconciled.

In the circumstances, the accuracy of the reported cash and cash equivalents balance of Kshs.9,110,503 as 30 June, 2020 could not be confirmed.

4.0 Unsupported Project Management Committee (PMC) Bank Balances and Unutilized Funds

Note 17.4 to the financial statements and Annex 5 reflect balances amounting to Kshs.9,310,895 held in PMC bank accounts as at 30 June, 2020. However, the certificates of bank balance and bank statements of the relevant project management committee accounts were not provided for audit. Further, the comparative balance is shown as Kshs.9,310,895 instead of Kshs.40,062,947 as reflected in the audited financial statements for the year ended 30 June, 2019.

In addition, Note 17.3 to the financial statements reflects unutilized funds of Kshs.48,478,227. However, the details of the unutilized funds have not been provided under Annex 3 as required.

In the circumstances, the accuracy of the reported PMC bank balances and the unutilized funds could not be confirmed.

5.0 Progress on Follow-Up of Auditor's Recommendations

The status of the matters raised in the audit report of the prior years has not been disclosed under the progress on follow up of auditor recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

The financial reporting guidelines issued by the Board have therefore not been adhered to.

6.0 Unsupported Expenditure on Tree Planting

The statement of receipts and payments reflects other grants transfers of Kshs.44,174,450 which as reflected under Note 7 to the financial statements included expenditure of Kshs.1,994,000 on environment projects. The amount was paid to a local firm for the supply of tree seedlings. However, records of the procurement proceedings and approval for the engagement of the firm were not provided. In addition, evidence of delivery and planting of the 85,000 seedlings by the intended schools or institutions was not provided.

Consequently, the accuracy and validity of the expenditure amounting to Kshs.1,994,000 could not be confirmed.

7.0 Unsupported Covid Related Expenses

The other grants and transfers balance of Kshs.44,174,450 reflected under Note 7 to the financial statements, included expenditure of Kshs.5,577,633 on emergency projects of which Kshs.1,898,807 was incurred on purchase of materials for making masks, mask making and distribution costs. However, details of the institutions or persons contracted to make the masks, and evidence relating to the number of masks made and delivered to the Fund offices for onward distribution to the residents were not provided.

In the circumstances, the accuracy and validity of the expenditure could not be confirmed.

8.0 Unsupported expenditure on Renovations

The expenditure of Kshs.5,577,633 on emergency projects included Kshs.438,030 on renovation of the National Registration Bureau Office at Tongaren. However, payment vouchers, records of the procurement proceedings and works completion certificates were not provided. In addition, it could not be confirmed that the expenditure satisfied the definition of emergency as provided under Section 8(3) of National Government Constituencies Development Fund Act, 2015. Further, no evidence was provided that the expenditure was reported to the Board as required under Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016.

Consequently, the accuracy and validity of the expenditure could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.145,303,991 and Kshs.105,936,267 respectively, resulting into an under-funding of Kshs.39,367,724 or 27% of the budget. Similarly, the Fund expended Kshs.96,825,764 against an approved budget of Kshs.145,303,991 resulting to an under-expenditure of Kshs.48,478,227 or 33% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

ICT Hubs – Poor Internet Connectivity in the Constituency

The Fund incurred an expenditure of Kshs.5,239,395 between October, 2018 and June, 2019 for installation of five (5) ICT hubs at Tongaren CDF office, Brigadier Market, Naitiri Primary School, Ndalu Primary School and Tongaren Market. The WiFi connectivity was expected to be within a radius of 500 metres from the point of installation for all the hubs. However, an audit inspection of the hubs revealed that the WiFi signals were very weak and hence are not in effective use. Tongaren Constituency Development Fund Office and Brigadier Market that were considered to have the strongest signals could barely cover a radius of 20 metres against the expected 500 metres.

Further, in June, 2019, the Ministry of Information, Communication and Technology supplied sixty-five (65) laptops to facilitate access of the internet by the general public. However, documents to support the transaction were not provided for audit. In addition, at the time of the audit in March, 2021 - (21 months after delivery), fifty-nine (59) laptops were still lying in the Fund's Office store while six laptops were not accounted for.

It could also not be confirmed that public participation was carried out in the Constituency to determine if installation of the bandwidth (internet) was a priority to the people because majority of the residents were not aware of the existence of the free internet service.

In the circumstances, therefore, the residents of Tongaren may not have received value for the expenditure incurred on internet connectivity (ICT Hubs) in the Constituency.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain 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 the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TONGAREN CONSTITUENCY**

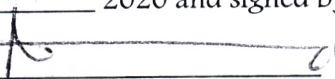
Reports and Financial Statements

For the year ended June 30, 2020

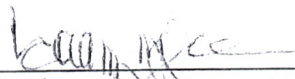
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020 Kshs	2018 - 2019 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	99,000,000	162,825,359
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		99,000,000	162,825,359
PAYMENTS			
Compensation of employees	4	2,414,126	3,586,488
Use of goods and services	5	9,861,327	11,583,906
Transfers to Other Government Units	6	40,375,861	95,711,523
Other grants and transfers	7	44,174,450	42,198,690
Acquisition of Assets	8	-	-
Other Payments	9	-	5,846,284
TOTAL PAYMENTS		96,825,764	158,926,891
SURPLUS/DEFICIT		2,174,236	3,898,468

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TONGAREN Constituency financial statements were approved on _____ 2020 and signed by:


Paul N. Adome
Fund Account Manager

**Fund Account Manager
TONGAREN NG CDF**



Kenneth O. Onyango
Sub-County Accountant

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TONGAREN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

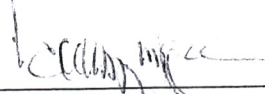
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020 Kshs	2018 - 2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	9,110,503	6,936,267
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		9,110,503	6,936,267
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		9,110,503	6,936,267
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		9,110,503	6,936,267
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	6,936,267	3,037,799
Surplus/Defict for the year		2,174,236	3,898,468
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		9,110,503	6,936,267

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TONGAREN Constituency financial statements were approved on _____ 2020 and signed by:


Paul N. Adome
Fund Account Manager

Fund Account Manager
TONGAREN NGCDF



Kenneth O. Onyango
Sub-County Accountant

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TONGAREN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**


IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	99,000,000	162,825,359
Other Receipts	3		-
		99,000,000	162,825,359
Payments for operating expenses			
Compensation of Employees	4	2,414,126	3,586,488
Use of goods and services	5	9,861,327	11,583,906
Transfers to Other Government Units	6	40,375,861	95,711,523
Other grants and transfers	7	44,174,450	42,198,690
Other Payments	9	-	5,846,284
		96,825,764	158,926,891
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15		
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		2,174,236	3,898,468
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8		-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		2,174,236	3,898,468
Cash and cash equivalent at BEGINNING of the year	13	6,936,267	3,037,799
Cash and cash equivalent at END of the year		9,110,503	6,936,267

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TONGAREN Constituency financial statements were approved on _____ 2020 and signed by:


Paul N. Adome
Fund Account Manager

Fund Account Manager
TONGAREN NGCDF


Kenneth O. Onyango
Sub-County Accountant

Reports and Financial Statements
For the year ended June 30, 2020

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	7,936,267	145,303,991	105,936,267	39,367,724	72.9%
Proceeds from Sale of Assets	-	-	-	-	-	0.0%
Other Receipts	-	-	-	-	-	0.0%
TOTAL RECEIPTS	137,367,724	7,936,267	145,303,991	105,936,267	39,367,724	72.9%
PAYMENTS						
Compensation of Employees	3,763,072	0	3,763,072	2,414,126	1,348,946	64.2%
Use of goods and services	7,753,491	6,936,267	14,689,757	9,861,327	4,828,430	67.1%
Transfers to Other Government Units	59,000,000	0	59,000,000	40,375,861	18,624,139	68.4%
Other grants and transfers	48,898,241	1,000,000	49,898,241	44,174,450	5,723,791	88.5%
Acquisition of Assets	-	-	-	-	-	0.0%
Other Payments	-	-	-	-	-	0.0%
Not Approved	17,952,920.00	0	17,952,920	-	17,952,920	0.0%
TOTAL	137,367,724	7,936,267	145,303,991	96,825,764	48,478,227	66.6%

NB. There was no AIA realized during the financial year. We were unable to meet the target of 90% simply because most of the projects were still pending for approval at the board and also the funds were not released. The overutilization 115.9% seen was as a result of many activities carried during the financial year most related to Covid-19 pandemic.

The NGCDF-TONGAREN Constituency financial statements were approved on _____ 2020 and signed by:

Paul N. Adome
Fund Account Manager

Kenneth O. Onyango
Sub-County Accountant

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TONGAREN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	2019/2020	2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration					
Employees' Salaries	3,763,072.00	-	3,763,072.00	2,414,125.70	1,348,946.30
Committee Expenses	1,044,000.00	1,900,000.00	2,944,000.00	3,947,225.82	-1,003,225.82
Goods and Services	3,003,096.97	4,000,000.00	7,003,096.97	8,938,570.08	-1,935,473.11
Sub-Total	7,810,168.97	5,900,000.00	13,710,168.97	15,299,921.60	-1,589,752.63
2.0 Monitoring and Evaluation					
Goods and Services	800,000.00	1,000,000.00	1,800,000.00	2,420,706.00	-620,706.00
Committee Expenses	2,206,393.79	-	2,206,393.79	978,975.20	1,227,418.59
Capacity Building of NG-CDFs/PMCs	700,000.00	36,266.69	736,266.69	738,100.00	-1,833.31
Sub-Total	3,706,393.79	1,036,266.69	4,742,660.48	4,137,781.20	604,879.28
3.0 Emergency					
Emergency	7,198,241.38	-	7,198,241.38	5,577,633.00	1,620,608.38
Sub-Total	7,198,241.38	-	7,198,241.38	5,577,633.00	1,620,608.38
4.0 Bursary and Social Security Programme					
Bursary Secondary Schools	13,500,000.00	-	13,500,000.00	14,697,613.00	-1,197,613.00
Bursary Tertiary Schools	18,500,000.00	-	18,500,000.00	18,473,514.00	26,486.00
Bursary Special Schools	3,000,000.00	-	3,000,000.00	2,931,690.00	68,310.00
Sub-Total	35,000,000.00	-	35,000,000.00	36,102,817.00	-1,102,817.00
5.0 Sports					
	2,000,000.00	-	2,000,000.00	-	2,000,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TONGAREN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

6.0 Environment									
Planting of trees	2,000,000.00	1,000,000.00	3,000,000.00	1,995,000.00				1,005,000.00	
Sub-Total	2,000,000.00	1,000,000.00	3,000,000.00	1,995,000.00				1,005,000.00	
7.0 Primary School Projects									
Arch Bishop Wabukala Pri. Sch.	1,200,000.00	-	1,200,000.00	0.00				1,200,000.00	
Dr. Eseli primary School	900,000.00	-	900,000.00	900,000.00				0.00	
Kananachi primary school	300,000.00	-	300,000.00	300,000.00				0.00	
Lukhokwe primary school	1,000,000.00	-	1,000,000.00	1,000,000.00				0.00	
Lusokho PAG primary school	1,800,000.00	-	1,800,000.00	1,800,000.00				0.00	
Matisi CEB Primary School	1,200,000.00	-	1,200,000.00	0.00				1,200,000.00	
Mbakalo DEB Primary school	1,200,000.00	-	1,200,000.00	0.00				1,200,000.00	
Milima Boarding pri school	4,500,000.00	-	4,500,000.00	4,409,183.00				90,817.00	
Mitua Boarding primary school	4,500,000.00	-	4,500,000.00	4,476,211.00				23,789.00	
Mukhuuyu primary school	1,200,000.00	-	1,200,000.00	0.00				1,200,000.00	
Mukomari Primary School	1,200,000.00	-	1,200,000.00	0.00				1,200,000.00	
Sango PAG Primary school	2,100,000.00	-	2,100,000.00	900,000.00				1,200,000.00	
Shukuku primary school	900,000.00		900,000.00	900,000.00				0.00	
Sub-Total	22,000,000.00	-	22,000,000.00	14,685,394.00				7,314,606.00	
8.0 Secondary School Projects									
Digital School Aid	6,500,000.00	-	6,500,000.00	0.00				6,500,000.00	
Bishop Atundo Secondary sch	1,000,000.00		1,000,000.00	0.00				1,000,000.00	
Kewa DEB Secondary school	1,800,000.00		1,800,000.00	1,800,000.00				0.00	
Maliki boys secondary school	1,500,000.00		1,500,000.00	1,500,000.00				0.00	
Maliki mixed secondary sch	2,000,000.00		2,000,000.00	2,000,000.00				0.00	
Milimani secondary school	1,500,000.00		1,500,000.00	1,500,000.00				0.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TONGAREN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Milimani secondary school	400,000.00		400,000.00	400,000.00	0.00
Mitua Girls secondary school	1,500,000.00		1,500,000.00	0.00	1,500,000.00
Mukuyuni Friends Girls sec.	1,500,000.00		1,500,000.00	1,500,000.00	0.00
Musembe secondary school	2,000,000.00		2,000,000.00	2,000,000.00	0.00
RCEA Namunuyiri Girls Sec.	2,000,000.00	-	2,000,000.00	2,000,000.00	0.00
Sirakaru SA Secondary sch.	4,500,000.00		4,500,000.00	0.00	4,500,000.00
St.Annes Siangalamwe Sec.	900,000.00		900,000.00	900,000.00	0.00
St.Augustine Likhuna Girls	1,000,000.00		1,000,000.00	1,000,000.00	0.00
St.Joseph Binyenya sec. sch.	900,000.00		900,000.00	900,000.00	0.00
St.Juliana Sec. sch.-Narati	7,000,000.00		7,000,000.00	0.00	7,000,000.00
St. Patrick's Naitiri Boys	1,000,000.00		1,000,000.00	0.00	1,000,000.00
Sub-Total	37,000,000.00	-	37,000,000.00	15,500,000.00	21,500,000.00
9.0 Tertiary institutions projects					-
					-
					-
10.0 Security Projects					
Makhanga Assistant Chief Office	700,000.00		700,000.00	0.00	700,000.00
Nabing'enge AP Camp	500,000.00		500,000.00	500,000.00	0.00
Tongaren DCC office	1,500,000.00		1,500,000.00	0.00	1,500,000.00
Sub-Total	2,700,000.00	-	2,700,000.00	500,000.00	2,200,000.00
STRATEGIC PLAN	0.00				
ICT HUBS	0.00		-	-	0.00
PENDING FUNDS AT BOARD	17,952,920.00	-	17,952,920.00	3,152,920.00	14,800,000.00
GRAND TOTAL	137,367,724.14	7,936,266.69	145,303,990.83	89,789,216.72	55,514,227.03

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

XI. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits 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-TONGAREN 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.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
TONGAREN CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (Continued)

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

A fixed asset register is maintained by each public entity 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 Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

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

Reports and Financial Statements

For the year ended June 30, 2020

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 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. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they 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 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 and deposits, which are 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 June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF Board		
AIE NO. B104499	23,000,000	
AIE NO. B104165	15,000,000	
AIE NO. B104179	6,000,000	
AIE NO. B047664	20,000,000	
AIE NO. B041228	4,000,000	
AIE NO. B041289	30,000,000	
AIE NO. B030124		10,000,000
AIE NO. B007493		8,000,000
AIE NO. B005490		12,000,000
AIE NO. B042631		11,000,000
AIE NO. B042850		13,000,000
AIE NO. B041003		54,040,875
AIE NO. B005015		54,784,484
TOTAL	99,000,000	162,825,359

2. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	0	0
Other Receipts Not Classified Elsewhere	0	0
	0	0
Total	0	0

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,251,176	1,803,245
Personal allowances paid as part of salary	0	0
Pension and other social security contributions (Gratuity)	0	1,715,503
Employer Contributions Compulsory national social security schemes	162,950	67,740
Total	2,414,126	3,586,488

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses		
Utilities, supplies and services	673,660	360,000
Electricity	36,000	28,000
Communication, supplies and services	580,970	340,000
Water and sewerage charges	146,980	128,000
Domestic travel and subsistence	790,845	602,400
Printing, advertising and information supplies & services	267,000	156,000
Rentals of produced assets	0	0
Training expenses	820,100	660,000
Hospitality supplies and services	456,080	103,000
Other committee expenses	2,778,590	2,864,315
Committee Allowances	649,230	538,000
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	250,760	206,893
Fuel, oil,& Lubricants	1,117,000	206,893
Other operating expenses	69,000	97,654
Bank service commission and charges	75,880	110,000
Routine maintenance – vehicles and other transport equipment	776,740	665,259
Routine maintenance – other assets	382,492	311,303
Strategic plan	0	3,213,082
Total	9,861,327	11,583,906

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	14,686,394	42,300,000
Transfers to secondary schools (see attached list)	25,689,467	53,411,523
Transfers to tertiary institutions (see attached list)	0	
Transfers to health institutions (see attached list)	0	
TOTAL	40,375,861	95,711,523

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	14,697,613	13,381,858
Bursary – tertiary institutions (see attached list)	18,473,514	15,422,665
Bursary – special schools (see attached list)	2,931,690	975,940
Mock & CAT (see attached list)	0	
Security projects (see attached list)	500,000	2,000,000
Sports projects (see attached list)	0	1,990,000
Environment projects (see attached list)	1,994,000	1,995,000
Emergency projects (see attached list)	5,577,633	6,433,227
Total	44,174,450	42,198,690

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
	0	0
Total	0	0

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
ICT Hub	0	0
	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Cooperative Bank-Kimilili a/c no.01141470213900	9,110,503	6,936,267
Total	9,110,503	6,936,267
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

Total

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	6,936,267	3,037,799
Cash in hand		
Imprest		
Total	6,936,267	3,037,799

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,348,946	-
Use of goods and services		6,936,268
Amounts due to other Government entities (see attached list)	25,660,686	-
Amounts due to other grants and other transfers (see attached list)	3,515,674	-
Acquisition of assets		-
Not approved	17,952,920	1,000,000
	48,478,227	7,936,268

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17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	9,310,894.50	9,310,894.50
Total	9,310,894.50	9,310,894.50

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		A	b	C	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	-	-	-	-
Buildings and structures	6,500,000	-	-	6,500,000
Transport equipment	5,554,490	-	-	5,554,490
Office equipment, furniture and fittings	374,690	-	-	374,690
ICT Equipment, Software and Other ICT Assets	513,500	-	-	513,500
Other Machinery and Equipment	15,000	-	-	15,000
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	12,957,680	-	-	12,957,680

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	BANK	ACCOUNT NO.	BANK BALANCE 2019/20	BANK BALANCE 2018/19
ARCH BISHOP WABUKALA ACK PRI	CO-OPERATIVE	01139469121800	1,193.50	1,193.50
BILIBILI SECONDARY SCHOOL	CO-OPERATIVE	01141687645200	2,417.15	2,417.15
BINYENYA PRI SCH	CO-OPERATIVE	01139049676502	15,217.50	15,217.50
BISHOP PHILIP ANYOLO SEC SCH	CO-OPERATIVE	01139599967900	14,617.50	14,617.50
BITUYU RC PRI SCH	CO-OPERATIVE	01139085890900	1,211	1,211
BUNAMBO SEC SCH	CO-OPERATIVE	01141470583400	5,629.35	5,629.35
CHUMA PRI SCH	CO-OPERATIVE	01139694800500	2,702.50	2,702.50
DR. ESELI PRI SCH	CO-OPERATIVE	01141469822900	921,530.50	921,530.50
ELUUYA FRIENDS GIRLS SEC SCH	CO-OPERATIVE	01141687120100	58,690.50	58,690.50
FRIENDS KIMININI SECONDARY SCHOOL	CO-OPERATIVE	01139599580403	2,165,312.50	2,165,312.50
FRIENDS SEC SCH MUSEMBE	CO-OPERATIVE	01141470394800	627,447.50	627,447.50
KAKAMWE CHIEF'S OFFICE	CO-OPERATIVE	01141687671400	1.275	1.275
KANANACHI PRIMARY SCHOOL	CO-OPERATIVE	01141688395400	15,168	15,168
KAPCHONGE D.E.B PRI	CO-OPERATIVE	01139050340901	1,382.50	1,382.50
KARIMA RC PRI	CO-OPERATIVE	01141470226300	3,224.50	3,224.50
KEGODE PRIMARY SCHOOL	CO-OPERATIVE	01141687942600	215	215
KEWA SEC SCH	CO-OPERATIVE	01141687673300	1,812,982.50	1,812,982.50
KIBISI CHIEF'S OFFICE	CO-OPERATIVE	01141469521800	617.40	617.40
KIBISI PRIMARY SCHOOL	CO-OPERATIVE	01139469235100	13,036.50	13,036.50
KIBISI SECONDARY SCHOOL	CO-OPERATIVE	01141470584400	19,563.10	19,563.10
KWENA BRIDGE	CO-OPERATIVE	01141425572600	830	830
LUKHOKHWE PRIMARY	CO-OPERATIVE	01139469498200	1,001,032.50	1,001,032.50
LUKHUNA PRIMARY	CO-OPERATIVE	01139268740100	5,170	5,170
LUMUKILE PEFA PRI	CO-OPERATIVE	01141268129200	248,697.50	248,697.50
LUNAO PRIMARY SCHOOL	CO-OPERATIVE	01139694805000	123.50	123.50
LUNGAI FYM PRI	CO-OPERATIVE	01139049038501	1,316	1,316
LUNGAI HEALTH CENTRE	CO-OPERATIVE	01141469097400	1,060	1,060
LUNGAI MANYASA BRIDGE	CO-OPERATIVE	01141469212400	1,200	1,200

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LUNGAI MANYASA LUKHUNA RD	CO-OPERATIVE	01141470430900	3,627.95	3,627.95
LUNGAI SECONDARY SCHOOL	CO-OPERATIVE	01139469235600	13,400.50	13,400.50
LUNGAI SHED	CO-OPERATIVE	01141425248900	4,310.90	4,310.90
LUNYU AP CAMP	CO-OPERATIVE	01141687960100	10,553	10,553
LUNYU DEB PRI	CO-OPERATIVE	01141687910400	86.50	86.50
LUNYU MARKET LUUYA ROAD	CO-OPERATIVE	01141469238600	1,618.35	1,618.35
LUSOKHO PAG PRI	CO-OPERATIVE	01141469280500	1,801,407.50	1,801,407.50
LUTUKAI MUCHARIA BRIDGE	CO-OPERATIVE	01141469212200	1,450	1,450
LUTUKAI MUCHARIA BRIDGE	CO-OPERATIVE	01141470431000	4,974.50	4,974.50
LUTUKAI MUCHARIA ROAD	CO-OPERATIVE	01141469476600	200	200
LUUYA DEB PRIMARY SCHOOL	CO-OPERATIVE	01139609031300	2,916.15	2,916.15
MABUSI PRIMARY SCHOOL	CO-OPERATIVE	01141688396800	14,787	14,787
MACHAKHA PRI SCH	CO-OPERATIVE	01141687645300	64,679.10	64,679.10
MAINA PAG PRI SCH	CO-OPERATIVE	01141687678400	942.50	942.50
MAKHANGA S.A PRI	CO-OPERATIVE	01139050345701	1,884.50	1,884.50
MAKOLOLWE PAG PRIMARY	CO-OPERATIVE	01139050223000	860	860
MAKUMU PRI	CO-OPERATIVE	01141469823700	2,645.50	2,645.50
MAKUNGA SA PRI	CO-OPERATIVE	01141470797900	702.50	702.50
MAKUNGA SA SEC SCH	CO-OPERATIVE	01139469235700	50,213	50,213
MALIKI AP CAMP	CO-OPERATIVE	01141687135900	1,177.50	1,177.50
MALIKI MIXED SEC	CO-OPERATIVE	01139469489400	6,744	6,744
MALIKI PRI SCH	CO-OPERATIVE	01141470358000	2,289.50	2,289.50
MALIKI SEC SCH	KCB	1133424147	300,000	300,000
MANYASA FRIENDS SEC SCH	CO-OPERATIVE	01141694159900	12,405	12,405
MAPERA DEB PRI	NBK	01024019460000	0	0
MARESI FYM PRI	CO-OPERATIVE	01139694804700	1,048.50	1,048.50
MARINDA PRI SCH	CO-OPERATIVE	01141470216100	1,431.50	1,431.50
MATISI CEB PRIMARY SCHOOL	CO-OPERATIVE	01141688613100	104,973.92	104,973.92
MATISI PAG PRIMARY SCHOOL	CO-OPERATIVE	01139046926402	3,505	3,505
MBAKALO ACK PRIMARY SCHOOL	CO-OPERATIVE	01139502049000	3,2861.50	3,2861.50
MBAKALO BOYS SEC SCHOOL	CO-OPERATIVE	01141469026800	48,436.60	48,436.60

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MBAKALO CHIEFS OFFICE	CO-OPERATIVE	01141687487600	1,762.50	1,762.50
MBAKALO DEB PRI	CO-OPERATIVE	01141688618901	9,375	9,375
MBAKALO GIRLS SEC SCH	CO-OPERATIVE	01141469026900	28,398.75	28,398.75
MBAKALO POLICE STATION	CO-OPERATIVE	01141687942700	37,925	37,925
MBAKALO STADIUM	CO-OPERATIVE	01141469496800	1,108.30	1,108.30
MBIRIRA PRY SCH	CO-OPERATIVE	01139599247303	7,510	7,510
MFUPI PRI	CO-OPERATIVE	01141470499100	1,739.50	1,739.50
MILELE PRIMARY SCH	CO-OPERATIVE	01139694797800	3,457.50	3,457.50
MILIMA ASS CHIEFS OFFICE	CO-OPERATIVE	01141687906900	2,557	2,557
MILIMA BOARDING PRY SCHOOL	CO-OPERATIVE	01141687969300	8,555	8,555
MILIMA FRIENDS SEC SCHOOL	CO-OPERATIVE	01141687481100	55,996.70	55,996.70
MILIMANI PRIMARY SCHOOL	CO-OPERATIVE	01141688396800	14,787	14,787
Total			9,310,894.50	9,310,894.50

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported land acquisitions	Most of the land is under scheme land. We have met with school heads and education officers to assist in ensuring that the schools are able to get their title deeds soonest. Meanwhile, no future land purchases without true land title deed for the sale is availed.	The school headteachers assisted by Tongaren NG-CDF office	Not Resolved	31.12.2020