

REPUBLIC OF KENYA




Enhancing Accountability



REPORT

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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2019**



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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

Table of Content

Page

| | |
|--|------|
| I KEY CONSITUTENCY INFORMATION AND MANAGEMENT | ii |
| II FORWARD BY THE NGCDF COMMITTEE CHAIRMAN | v |
| III STATEMENT OF NGCDF COMMITTEE MANAGEMENT RESPONSIBILITIES | vii |
| IV REPORT OF AUDITOR GENERAL | viii |
| V STATEMENT OF RECEIPTS AND PAYMENTS | 1 |
| VI STATEMENT OF ASSETS AND LIABILITIES | 2 |
| VII STATEMENT OF CASHFLOW | 3 |
| VIII SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED | 4 |
| IX BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES | 6 |
| X SIGNIFICANT ACCOUNTING POLICIES | 13 |
| XI NOTES OF THE FINANCIAL STATEMENTS | 17 |

NG-CDF SABOTI CONSTITUTION
FUND ACCOUNT MANA.
P.O. Box 1110 - 10200, KIT
27/8/2020

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

Reports and Financial Statements

For the year ended June 30, 2019

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 SABOTI 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 2018 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|-----------------------|---------------------|
| 1. | A.I.E holder | John E. W.Gitonga |
| 2. | Sub-County Accountant | Annetty V.W. Angote |
| 3. | Chairman NGCDFC | Benard Wanjala |
| 4. | Member NGCDFC | Catherine Chemiati |

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1330-30200
Teachers Plaza
Kitale, KENYA

NGCDF SABOTI CONSTITUENCY
FUND ACCOUNTS
P.O. BOX 1330-30200 KITALE
27/8/2020

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

(f) NGCDF SABOTI Constituency Contacts

Telephone: (254) 721210316
E-mail: ngcdfsaboti.go.ke
Website: www.ngcdfsaboti.go.ke

(g) NGCDF SABOTI Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Cooperative Bank
Kitale Branch
P.O.BOX...
KITALE 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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This report and financial statement represents the financial position of Saboti constituency for the financial year 2018/2019. It lays down the receipts and expenditures of all the funds that Saboti NG-CDF received from the NG-CDF BOARD.

I wish to make the following remarks;

a). Year Performance

In the financial year 2018/2019 Saboti NG-CDF was able to achieve the following comparative performance in various sectors;

| PAYMENTS | Final Budget | total expenditure | budget utilization difference | % of utilization |
|-------------------------------------|---------------------|--------------------------|--------------------------------------|-------------------------|
| Compensation of Employees | 4,654,635 | 2,342,068 | 2,312,567 | 50.3% |
| Use of goods and services | 6,790,992 | 5,218,520 | 1,572,472 | 76.8% |
| Transfers to Other Government Units | 83,237,956 | 68,225,302 | 15,012,654 | 82.0% |
| Other grants and transfers | 63,618,595 | 37,501,692 | 26,116,903 | 58.9% |
| Acquisition of Assets | 6,228,838 | - | 6,228,838 | 0.0% |
| Other payments | 11,532,932 | 4,000,000 | 7,532,932 | 34.7% |
| Other payments(Retention) | | | | |
| TOTAL | 176,063,949 | 117,287,582 | 58,776,366 | 66.6% |

b).NG-CDF SABOTI has been able to achieve the following;

1. It has 14 ongoing primary school projects, 11 ongoing secondary school projects, 0 tertiary institution projects and 4 security projects which will result in improved infrastructure in our institutions.
2. Funded 1,267 needy students in both secondary and tertiary institutions which has resulted in students' retention in school and improved their academic performance in the FY 2018/2019.
3. Increased forest cover by distributing tree seedlings to various schools in the constituency.

c). Emerging issues related to NG-CDF in SABOTI Constituency are;

1. All learning institutions i.e. secondary schools, primary schools and tertiary institutions depend on NG-CDF 100% on development as directed by ministry of education
2. Need to compete with counties to justify the long existence of NG-CDF

d). NG-CDF Implementation challenges in SABOTI Constituency are;

1. Overdependence of the fund by the public on all development related issues. (Here public participation is involved in identification of projects for funding and bursary beneficiaries within the constituency).
2. Funds disbursement from the board is at times untimely leading to unnecessary adjustments. (NG-CDF committee disburses funds as soon as it receives).
3. Many projects allocated funds- leading to projects receiving insufficient funds (NG-CDF is focusing on allocating enough funds to complete the project within 2 years).

Through my leadership, NG-CDF Saboti constituency will endeavour to fulfil its mandate in disbursement and monitoring of projects funds as per the guidelines of the NG-CDF ACT 2015

BENARD WANJALA
 CHAIRMAN NGCDF COMMITTEE



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

Reports and Financial Statements

For the year ended June 30, 2019

III STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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-SABOTI 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, 2019. 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-SABOTI 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, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-SABOTI 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.

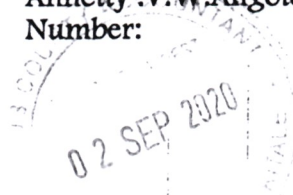
The Accounting Officer in charge of the NGCDF-SABOTI Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-SABOTI Constituency financial statements were approved and signed by the Accounting Officer on 27/8/2020 2019.

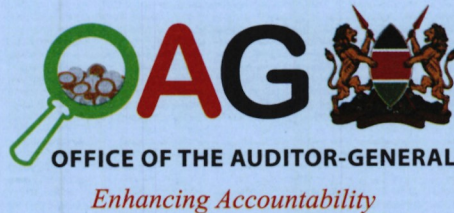

Fund Account Manager
John Eric Gitonga


Sub-County Accountant
Annetty V.W. Angote ICPAK Member
Number:



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - SABOTI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Saboti Constituency set out on pages 1 to 32, which comprise of the statement of financial assets as at 30 June, 2019, 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Saboti Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the 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. Unsupported Committee Account Balances

Annex 4 to the financial statements reflects Project Management Committee (PMC) account balances totalling to Kshs.11,596,366. However, the cash books and certificates of bank balance were not provided and there was an uncorrected casting error of Kshs.3,859,904. In addition, the summary of fixed asset register is also erroneously referred to as Annex 4.

Consequently, the accuracy, completeness and validity of the PMC bank balance of Kshs.11,596,366 as at 30 June, 2019 could not be ascertained.

2. Unsupported Unutilised Funds

Disclosed in Note 9 to the financial statements are unutilised funds totalling to Kshs.58,776,366. However, the details of the payees were not provided in Annex 3 to the financial statements.

Consequently, the accuracy, completeness and validity of the unutilised funds totalling to Kshs.58,776,366 as at 30 June, 2019 could not be ascertained.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.176,063,948 and Kshs.173,883,134 respectively, resulting to an under-funding of Kshs.2,180,815 or 1% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.176,063,948 and Kshs. 117,287,582 respectively, resulting to an under-funding of Kshs.58,776,366 or 33%.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. The Management has indicated the issues as resolved. However, Parliament has not discussed the report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Delay in Project Implementation

According to the Project Implementation Status Report as at 30 June, 2019, the Fund had planned to implement seventy-four (74) projects during the 2018/2019 financial year at a total cost of Kshs.103,904,225. As at 30 June, 2019, seventy-two (72) projects with disbursements totalling to Kshs.95,840,075 were shown as complete while two (2) projects costing Kshs.8,064,150 were incomplete.

Further, construction of two (2) classrooms at Cheptumbelio Secondary School at an amount of Kshs.2,064,150 was ongoing at approximately 80% complete, construction of twin lab at Bishop Crowley Secondary School for an amount of Kshs. 950,000 was also ongoing while the construction of the NGCDFC Office block at a cost of Kshs.6,000,000 had not commenced although it was indicated that tendering process had commenced.

In the circumstances, I am unable to confirm whether the public will obtain value for money from the delayed projects during the year ended 30 June, 2019.

2. Late Payment of Statutory Deductions

During the financial year under review, the Management delayed remittance of employees' statutory deductions for the months of August, September and October, 2018 to the statutory bodies. This is contrary to Section 19(4) of the Employment Act, 2007 which states that an employer who deducts an amount from an employee's remuneration shall pay the amount so deducted in accordance with the time period and other requirements specified in the law, agreement court order or arbitration as the case may be. The deductions for the months of August, September and October were paid in November and December.

Consequently, the Management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 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 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 overall 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 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.


 Nancy Gathungu
AUDITOR-GENERAL

Nairobi


01 November, 2021

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

V STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2018 - 2019 Kshs | 2017 - 2018 Kshs |
|-------------------------------------|------|--------------------------|-------------------------|
| RECEIPTS | | | |
| Transfers from NGCDF board | 1 | 164,199,233 | 40,850,481 |
| TOTAL RECEIPTS | | 164,199,233 | 40,850,481 |
| PAYMENTS | | | |
| Compensation of employees | 2 | 2,342,068 | 1,447,364 |
| Use of goods and services | 3 | 5,218,520 | 6,146,878 |
| Transfers to Other Government Units | 4 | 68,225,302 | 0 |
| Other grants and transfers | 5 | 37,501,692 | 33,203,114 |
| Acquisition of Assets | 6 | - | 495,000 |
| Other Payments | 7 | 4,000,000 | 0 |
| TOTAL PAYMENTS | | 117,287,582 | 41,292,356 |
| SURPLUS/(DEFICIT) | | <u>46,911,650</u> | <u>(441,875)</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 27/8/2019 and signed by:


 Fund Account Manager
 John Eric Gitonga Annetty .V.W.Angote
 ICPAK Member Number:


 Sub-County Accountant

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SABOTI CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2019

VII . STATEMENT OF ASSETS AND LIABILITIES

| | Note | 2018-2019 Kshs | 2017-2018 Kshs |
|--|------|-------------------|-------------------|
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 8 | 56,595,551 | 9,683,900 |
| Total Cash and Cash Equivalents | | | |
| TOTAL FINANCIAL ASSETS | | 56,595,551 | 9,683,900 |
| NET FINANCIAL ASSETS | | 56,595,551 | 9,683,900 |
| REPRESENTED BY | | | |
| Fund balance b/fwd | | 9,683,900 | 10,125,775 |
| Surplus/Deficit for the year | | 46,911,650 | (441,875) |
| NET FINANCIAL POSITION | | 56,595,551 | 9,683,900 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 27/8 2019 and signed by:


 Fund Account Manager
 John Eric Gitonga Annetty .V.W.Angote
 ICPAK Member Number:


 Sub-County Accountant



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

VII. STATEMENT OF CASHFLOW

| CASH FLOWS FROM OPERATING ACTIVITIES | | 2018 - 2019 | 2017 - 2018 |
|--|---|--------------------------|-------------------------|
| Receipts | | | |
| Transfers from NGCDF Board | 1 | 164,199,233 | 40,850,481 |
| Total receipts | | 164,199,233 | 40,850,481 |
| Payments | | | |
| Compensation of Employees | 2 | 2,342,068 | 1,447,364 |
| Use of goods and services | 3 | 5,218,520 | 6,146,878 |
| Transfers to Other Government Units | 4 | 68,225,302 | 0 |
| Other grants and transfers | 5 | 37,501,692 | 33,203,114 |
| Other Payments | 7 | 4,000,000 | 0 |
| Total payments | | (117,287,582) | (40,797,356) |
| Total Receipts Less Total Payments | | 46,911,650 | 53,125 |
| Net cash flow from operating activities | | 46,911,650 | 53,125 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | 6 | (0) | (495,000) |
| Net cash flows from Investing Activities | | 0 | (495,000) |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | | |
| Cash and cash equivalent at BEGINNING of the year | | 9,683,900 | 10,125,775 |
| Cash and cash equivalent at END of the year | 8 | <u>56,595,551</u> | <u>9,683,900</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 27/8/2019 and signed by:

Fund Account Manager
John Eric Gitonga Annetty .V.W.Angote
ICPAK Member Number:

Sub-County Accountant



VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilisation Difference e=c-d | % of Utilisation f=d/c % |
|--|----------------------|-------------------|-----------------------|---------------------------------------|--|--------------------------------|
| RECEIPTS | | | | | | |
| Transfers from NGCDF Board | 109,040,876 | 67,023,073 | 176,063,949 | 173,883,134 | 2,180,815 | 98.8% |
| Proceeds from Sale of Assets | | | | | | |
| Other Receipts | | | | | | |
| | 109,040,876 | 67,023,073 | 176,063,949 | 173,883,134 | 2,180,815 | 98.8% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 4,050,000 | 604,635 | 4,654,635 | 2,342,068 | 2,312,567 | 50.3% |
| Use of goods and services | 5,763,678 | 1,027,314 | 6,790,992 | 5,218,520 | 1,572,472 | 76.8% |
| Transfers to Other Government Units | 43,712,266 | 39,525,690 | 83,237,956 | 68,225,302 | 15,012,654 | 82.0% |
| Other grants and transfers | 49,514,931 | 14,103,664 | 63,618,595 | 37,501,692 | 26,116,903 | 58.9% |
| Acquisition of Assets | 6,000,000 | 228,838 | 6,228,838 | - | 6,228,838 | 0.0% |
| Other Payments | | 11,532,932 | 11,532,932 | 4,000,000 | 7,532,932 | 34.7% |
| TOTALS | 109,040,876 | 67,023,073 | 176,063,949 | 117,287,582 | 58,776,366 | 66.6% |

(a) [For the revenue items, indicate whether they form part of the ALA by inserting the "ALA" alongside the revenue category.]

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

- i. Late availability of funds
- ii. Late availability of funds
- iii. Late availability of funds
- iv. Late availability of funds
- v. Late availability of funds

**Reports and Financial Statements
For the year ended June 30, 2019**

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-SABOTI Constituency financial statements were approved on 27/9/2019 and signed by:

| | |
|---|---|
|  |  |
| Fund Account Manager John Eric Gitonga | Sub-County Accountant Annetty .V.W. Angote |
| | ICPAK Member Number: |

OF SABOTI
AND ACCOUNT MAN
OF BOX 1700 - 30200 KITHALE



IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

| | | | | | | |
|---|--------------|--------------|--------------|-----------|------------|--|
| 1.0 Administration and Recurrent | | | | | | |
| 1.1 Compensation of employees | 4,050,000 | 604,635 | 4,654,635 | 2,342,068 | 2,312,567 | |
| 1.2 Committee allowances | 1,650,000 | 0 | 1,650,000 | | | |
| 1.3 Use of goods and services | 642,452 | 513,657 | 1,156,109 | | | |
| 2.0 Monitoring and evaluation | | | | | | |
| 2.1 Capacity building | 1,051,226 | 0 | 1,051,226 | | | |
| 2.2 Committee allowances | 1,520,000 | 0 | 1,520,000 | | | |
| 2.3 Use of goods and services | 700,000 | 513,657 | 1,213,657 | | | |
| 3.0 Emergency | | | | | | |
| 3.1 Primary Schools | 5,738,993.45 | 2,637,931.60 | 8,376,925.05 | 7,700,000 | 676,925.05 | |
| 3.2 Secondary schools | | | | | | |
| 3.3 Tertiary institutions | | | | | | |
| 3.4 Security projects | | | | | | |
| 4.0 Bursary and Social Security | | | | | | |
| 4.1 Primary Schools | | | | | | |
| 4.2 Secondary Schools | 17,157,153 | 8,525,621.50 | 25,682,774.5 | | | |
| 4.3 Tertiary Institutions | 17,157,153 | 8,525,621.50 | 25,682,774.5 | | | |
| 4.4 Universities | | | | | | |
| 4.5 Social Security | | | | | | |
| 5.0 Sports | | | | | | |
| 5.1 | 2,180,817 | 227,586 | 2,408,403 | 227,586 | 2,180,817 | |
| 5.2 | | | | | | |
| 5.3 | | | | | | |
| 6.0 Environment | | | | | | |

Reports and Financial Statements
For the year ended June 30, 2019

| | | | | | | |
|---|---------------------------------|-------------------|-------------------|-----------|-----------|---------|
| 6.1 | | 2,180,817 | 227,586 | 2,408,403 | 2,408,403 | 0 |
| 6.2 | | | | | | |
| 6.3 | | | | | | |
| 7.0 Primary Schools Projects (List all the Projects) | | 16,700,000 | 10,700,000 | | | |
| | BERUR PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | LUNGAI PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | PANGO PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | RAFIKI PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | MUNGOMA PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | CHETOTO PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | TOWNSHIP PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | MASINDE MUIRO PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | LUKHOME PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | MACHEWA PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | ST JAMES BONDENI PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | WETANGULA PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | SUKWO PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | LAGAMET PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | KIPSAGAM PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | KOYKOY PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | MENGO PRIMARY SCHOOL | | 500,000 | 500,000 | 500,000 | 0 |
| | MILEMBE PRIMARY SCHOOL | | 250,000 | 250,000 | 250,000 | 0 |
| | SABOTTI PRIMARY SCHOOL | | 150,000 | 150,000 | 0 | 150,000 |
| | CHEPKOILEL DEB PRIMARY SCHOOL | | 1,800,000 | 1,800,000 | 1,800,000 | 0 |
| | CENTRAL PRIMARY SCHOOL | 1,500,000 | 0 | 1,500,000 | 1,500,000 | 0 |
| | KITALE UNION PRIMARY SCHOOL | 400,000 | 0 | 400,000 | 400,000 | 0 |

Reports and Financial Statements
For the year ended June 30, 2019

| | | | | | |
|---|----------------------|---------|-----------|-----------|-----------|
| KALOENI ANNEX PRIMARY SCHOOL | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 |
| EUGENE WAMALWA PRIMARY SCHOOL | 1,000,000 | 0 | 1,000,000 | 0 | 1,000,000 |
| SOIL CONSERVATION PRIMARY SCHOOL | 1,000,000 | 0 | 1,000,000 | 0 | 1,000,000 |
| ST JOSEPH PRIMARY SCHOOL | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 |
| TOP STATION PRIMARY SCHOOL | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 |
| MAENI PRIMARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 1,200,000 | 0 |
| CHEMICHEMI PRIMARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 0 | 1,200,000 |
| SANGO PRIMARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 0 | 1,200,000 |
| BERURUR PRIMARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 1,200,000 | 0 |
| MULIRO PRIMARY SCHOOL | 800,000 | 0 | 800,000 | 800,000 | 0 |
| MUROKI PRIMARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 0 | 1,200,000 |
| TOWNSHIP PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| EUGENE WAMALWA PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 0 | 250,000 |
| KITALE UNION PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| LUKHUNA PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| LUKOSI PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| LUKHOME PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| MWITA PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 0 | 250,000 |
| LUNGAI PRIMARY SCHOOL | 250,000 | 0 | 250,000 | 250,000 | 0 |
| MAENI PRIMARY SCHOOL | 400,000 | 0 | 400,000 | 400,000 | 0 |
| MULIRO PRIMARY SCHOOL | 600,000 | 0 | 600,000 | 600,000 | 0 |
| 8.0 Secondary Schools Projects (List all the Projects) | 20,548,114.07 | | | | |
| SENATOR WAMALWA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 650,000 | 0 |
| SIKULU SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 650,000 | 0 |

Reports and Financial Statements
For the year ended June 30, 2019

| | | | | |
|---|---------|---------|---------|---------|
| LUANDA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| SANGO SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| TELDET SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| CHEPKOILEL SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| ST ANTHONY'S KINYORO SECONDARY SCHOOL | 650,000 | 650,000 | 0 | 650,000 |
| ST PHILLIPS GRASSLAND SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| SOIL CONSERVATION SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| ST MICHAEL'S TOP STATION SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| MATISI FRIENDS SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| TRANS-NZOIA MIXED SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| MASINDE MULIRO SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| BOMA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| MWITHA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| ST BENEDICTCHEMI CHEMI SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| LUKOSI SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| LUKHOMF FRIENDS SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| STMONICA'S GITUAMBA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| CHEBUKAKA SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| ST ANDREWS SUKWU SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |
| MUROKI SECONDARY SCHOOL | 650,000 | 650,000 | 650,000 | 0 |

Reports and Financial Statements
For the year ended June 30, 2019

| | | | | | |
|---------------------------------------|--|------------|------------|-----------|------------|
| HOLY TRINITY SECONDARY SCHOOL | | 650,000 | 650,000 | 650,000 | 0 |
| FARM PRISON SECONDARY SCHOOL | | 750,000 | 750,000 | 750,000 | 0 |
| MWITHA SECONDARY SCHOOL | | 1,900,000 | 1,900,000 | 1,900,000 | 0 |
| MWITHA SECONDARY SCHOOL | | 800,000 | 800,000 | 800,000 | 0 |
| ST AUGUSTINE B SECONDARY SCHOOL | | 848,275 | 848,275 | 848,275 | 0 |
| MATTISI GIRLS SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 1,200,000 | 0 |
| SOIL SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 0 | 1,200,000 |
| FARM PRISON SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 1,200,000 | 0 |
| RAFIKI SECONDARY SCHOOL | | 850,000 | 850,000 | 0 | 850,000 |
| BISHOP CROWLEY SECONDARY SCHOOL | | 950,000 | 950,000 | 950,000 | 0 |
| LUKOSI SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 1,200,000 | 0 |
| ST JOHN SIKINWA SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | | |
| ST PATRICK KOY KOY SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 1,200,000 | 0 |
| ST ACQUINAS KAPRETWA SECONDARY SCHOOL | | 1,200,000 | 1,200,000 | 1,200,000 | 0 |
| SANGO SECONDARY SCHOOL | | -1,200,000 | 1,200,000 | 0 | 1,200,000 |
| SENATOR WAMALWA SECONDARY SCHOOL | | 650,000 | 650,000 | 650,000 | 0 |
| CHEPTUMBELIO SECONDARY SCHOOL | | 800,000 | 800,000 | 800,000 | 0 |
| TRANS NZOIA SECONDARY SCHOOL | | 650,000 | 650,000 | 650,000 | 0 |
| MASINDE MULIRO SECONDARY SCHOOL | | 800,000 | 800,000 | 800,000 | 0 |
| CALEB AMISI CENTRE OF EXCELLENCE | | 2,400,000 | 2,400,000 | 0 | 2,400,000 |
| CALEB AMISI CENTRE OF | | 498,114.07 | 498,114.07 | 0 | 498,114.07 |

Reports and Financial Statements
For the year ended June 30, 2019

| | | | | | | | |
|---|------------------|---------|-----------|---|-----------|---------|-----------|
| EXCELLENCE | | | | | | | |
| WETANGULA SECONDARY SCHOOL | 1,200,000 | 0 | 1,200,000 | 0 | 1,200,000 | 0 | 1,200,000 |
| MATISI FRIENDS SECONDARY SCHOOL | 800,000 | 0 | 800,000 | 0 | 800,000 | 0 | 0 |
| ST ANDREWS SUKWO SECONDARY SCHOOL | 700,000 | 0 | 700,000 | 0 | 700,000 | 0 | 0 |
| ST MICHAEL SECONDARY SCHOOL | 650,000 | 0 | 650,000 | 0 | 650,000 | 0 | 650,000 |
| 9.0 Tertiary institutions Projects (List all the Projects) | | | | | | | |
| 9.1 | | | | | | | |
| 9.2 | | | | | | | |
| 9.3 | | | | | | | |
| 9.4 | | | | | | | |
| 10.0 Security Projects | 5,100,000 | | | | | | |
| MBITIKO POLICE POST | | 495,000 | 495,000 | | | | |
| MBITIKO POLICE POST | | 400,000 | 400,000 | | | | |
| KINYORO ADMINISTRATION POLICE CAMP | 900,000 | 0 | 900,000 | | | | |
| MUROKI ADMINISTRATION POLICE POST | 900,000 | 0 | 900,000 | | | 900,000 | 0 |
| SABOTI POLICE POST | 850,000 | 0 | 850,000 | | | | |
| TUWAN CHIEF'S CAMP | 400,000 | 0 | 400,000 | | | 400,000 | 0 |
| RENGECHA ADMINISTRATION POLICE CAMP | 900,000 | 0 | 900,000 | | | | |
| CHEMICHEMI ADMINISTRATION POLICE CAMP | 1,150,000 | 0 | 1,150,000 | | | | |
| 11.0 Acquisition of assets | | | | | | | |
| 11.1 Motor Vehicles (including motorbikes) | 6,464,152 | 0 | 6,464,152 | 0 | 6,464,152 | 0 | 6,464,152 |
| 11.2 Construction of CDF office | 6,000,000 | 0 | 6,000,000 | 0 | 6,000,000 | 0 | 6,000,000 |

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

**Reports and Financial Statements
For the year ended June 30, 2019**

X. 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-**SABOTI** 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

SIGNIFICANT ACCOUNTING POLICIES

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.

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 2019, 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.

SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

Reports and Financial Statements

For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

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 2018 for the period 1st July 2018 to 30th June 2019 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 2019.

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 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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

XI. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | | 2018-2019 | 2017-2018 |
|--------------|---|-----------------------|-------------------|
| | | Kshs | Kshs |
| NGCDF Board | | | |
| AIE NO | 1 | 57,339,174.15 | 5,500,000 |
| AIE NO | 2 | 10,000,000.00 | 35,350,481 |
| AIE NO | 3 | 12,000,000.00 | |
| AIE NO | 1 | 8,000,000.00 | |
| AIE NO | 2 | 12,000,000.00 | |
| AIE NO | 3 | 12,000,000.00 | |
| | | 52,860,058.50 | |
| TOTAL | | 164,199,232.65 | 40,850,481 |

2. COMPENSATION OF EMPLOYEES

| | | 2018-2019 | 2017-2018 |
|--------------------------------------|--|------------------|-----------------|
| | | Kshs | Kshs |
| Basic wages of contractual employees | | 2,342,068 | 1,447,36 |
| Total | | 2,342,068 | 1,447,36 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

| | 2018-2019 | 2017-2018 |
|--------------------------------------|------------------|------------------|
| | Kshs | Kshs |
| Committee Expenses | 3,303,000 | 4,782,843 |
| Utilities, supplies and services | 1,497,643 | 1,364,035 |
| Communication, supplies and services | 90,000 | - |
| Domestic travel and subsistence | 100,000 | - |
| Other operating expenses | 227,877 | - |
| Total | 5,218,520 | 6,146,878 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-----------|
| | Kshs | Kshs |
| Transfers to National Government entities | xx | xx |
| Transfers to primary schools (see attached list) | 28,728,177 | 0 |
| Transfers to secondary schools (see attached list) | 39,497,125 | 0 |
| TOTAL | 68,225,302 | 0 |

5. OTHER GRANTS AND OTHER PAYMENTS

| | 2018-2019 | 2017-2018 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Bursary – secondary schools (see attached list) | 14,662,703 | 11,405,400 |
| Bursary – tertiary institutions (see attached list) | 7,403,000 | 14,325,300 |
| Security projects (see attached list) | 5,100,000 | 4,000,000 |
| Sports projects (see attached list) | 227,586 | 1,736,207 |
| Environment projects (see attached list) | 2,408,403 | 1,736,207 |
| Emergency projects (see attached list) | 7,700,000 | |
| Total | 37,501,692 | 33,203,114 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non Financial Assets

| | 2018-2019 | 2017-2018 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Purchase of ICT Equipment, Software and Other ICT Assets | 0 | 495,000 |
| Total | 0 | 495,000 |

7. OTHER PAYMENTS

| | 2018-2019 | 2017-2018 |
|----------------|------------------|------------------|
| | Kshs | Kshs |
| Strategic plan | 4,000,000 | 0 |
| | 4,000,000 | 0 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8: Bank Accounts (cash book bank balance)

| Name of Bank, Account No. & currency | 2018-2019 | 2017-2018 |
|---|-------------------|------------------|
| | Kshs | Kshs |
| <i>Cooperative Bank of Kenya, Kitale Branch . Saboti NG-C DFA/C no.01141599096300</i> | 56,595,551 | 9,683,900 |
| | | |
| | | |
| Total | 56,595,551 | 9,683,900 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -

SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

BALANCES BROUGHT FORWARD

| | 2018-2019 Kshs | 2017-2018 Kshs |
|---------------|-------------------|-------------------|
| Bank accounts | 9,683,901 | 50,679,919 |
| Total | <u>9,683,901</u> | <u>50,679,919</u> |

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

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. UNUTILIZED FUND (See Annex 3)

| | Kshs | Kshs |
|---|-------------------|-------------------|
| Compensation of employees | 2,312,567 | 604,635 |
| Use of goods and services | 1,572,472 | 1,027,314 |
| Amounts due to other Government entities (see attached list) | 15,012,654 | 39,525,690 |
| Amounts due to other grants and other transfers (see attached list) | 26,116,903 | 14,103,664 |
| Acquisition of assets | 6,228,838 | 228,838 |
| Others (<i>specify</i>) | 7,532,932 | 11,532,932 |
| | 58,776,366 | 67,023,073 |

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

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: PMC account balances (See Annex 4)

| | 2018-2019 | 2017-2018 |
|--|----------------------|------------------|
| | Kshs | Kshs |
| PMC account Balances (see attached list) | 11,596,365.91 | 18,282 |
| | | |
| | 11,596,365.91 | 18,282 |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2019 | Comments |
|-------------------------------|-----------------|-----------------|---------------------|--------------------------|----------|
| | a | b | c | d=a-c | |
| Total | | | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2019 | Comments |
|---------------|-----------|-----------------|-------------------------|---------------------|--------------------------|----------|
| | | a | b | c | d=a-c | |
| Total | | | | | | |

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (Kshs) 2017/18 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost (Kshs) 2018/19 |
|--|---|---|---|---|
| Transport equipment | | | | |
| Office equipment, furniture and fittings | 99,300 | | | 99,300 |
| ICT Equipment, Software and Other ICT Assets | 544,225 | | | 544,225 |
| Other Machinery and Equipment | 484,950 | | | 484,950 |
| Total | 1,128,475 | | | 1,128,475 |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 SABOTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2019**

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2019

| PMC | Bank | Account number | Bank Balance 2018/19 | Bank Balance 2017/18 |
|------------------------------------|--------|----------------|-------------------------|----------------------------|
| Soil conservation primary | SIDIAN | 01026030002465 | 248,887 | |
| chemichemi | SIDIAN | 01026030007481 | 403,790 | |
| Sango primary school | SIDIAN | 01026030002473 | 300,000 | |
| Muroki Primary school | SIDIAN | 01026030007321 | 1,198,950 | |
| Mwitha Primary School | SIDIAN | 01026030002619 | 2,250 | |
| St.Joseph Primary School | SIDIAN | 01026030006118 | 1,800 | |
| St.John's Sikinwa Secondary School | SIDIAN | 01026030003641 | 397,700 | |
| Berur primary School | SIDIAN | 01026150026690 | 187 | |
| Lungai Primary School | SIDIAN | 01026030002945 | 3,720 | |
| Pango Primary School | SIDIAN | 01026030004271 | Nil | |
| Rafiki Primary School | SIDIAN | 01026030002198 | 1,264 | |
| Chetoto Primary School | SIDIAN | 01026030005383 | 2,900 | |
| Township Primary School | SIDIAN | 01026030002600 | 2,275 | |
| Masinde Muliro Primary School | SIDIAN | 01026030001108 | 298,700 | |
| Lukhome Primary School | SIDIAN | 01026030002635 | 1,800 | |
| Machewa Priamry School | SIDIAN | 01026030007311 | 800 | |
| Chepkoilel Primary School | SIDIAN | 01026030004220 | 780 | |
| Kaloleni Primary School | SIDIAN | 01026150026360 | 2,500 | |
| Kapretwa Primary School | SIDIAN | 01026030001302 | 203 | |
| Saboti Primary Schoool | SIDIAN | 01026030007301 | 887 | |
| Grassland Priamry School | SIDIAN | 01026030002996 | 4,100 | |
| Lukosi Pri School | SIDIAN | 01026030002759 | 1,880 | |
| Teldet Pri School | SIDIAN | 01026030001655 | 150,200 | |
| Maeni Pri School | SIDIAN | 01026150028697 | 207 | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
SABOTI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

| PMC | Bank | Account number | Bank Balance 2018/19 | Bank Balance 2017/18 |
|---------------------------------------|--------|----------------|-------------------------|----------------------------|
| Kitale Union Pri School | SIDIAN | 01026030003321 | 1,200 | |
| Kitale School Pri | SIDIAN | 01026030007651 | 300,200 | |
| Wetang'ula Pri School | SIDIAN | 01026020003374 | 350,100 | |
| Sukwo Pri School | SIDIAN | 01026030002880 | 2,700 | |
| Lagamet Pri School | SIDIAN | 01026030010481 | Nil | |
| Kipsagam Primary School | SIDIAN | 01026030004956 | 200 | |
| Koykoy Pri School | SIDIAN | 01026030003119 | 147 | |
| Mengo Pri School | SIDIAN | 01026030002678 | 887 | |
| Milembe Primary School | SIDIAN | 01026030004247 | 3,900 | |
| Top Station Primary School | SIDIAN | 01026030008401 | 297,540 | |
| Senator Wamalwa Sec.School | SIDIAN | 01026030003690 | 304,000 | |
| Sikulu Sec School | SIDIAN | 01026050026400 | 600 | |
| Luanda Sec.School | SIDIAN | 01026030007651 | 300,200 | |
| St.Philip's Grassland Sec School | SIDIAN | 01026030008521 | 3,200 | |
| St.Michael's Top Station Sec.School | SIDIAN | 01026030004255 | 1,552,000 | |
| Rafiki Sec.School | SIDIAN | 01026030005154 | 549,000 | |
| Matisi Friends Sec School | SIDIAN | 01026030000772 | 217,900 | |
| Masinde Muliro Sec.School | SIDIAN | 01026030004131 | 2,400 | |
| Boma Secondary School | SIDIAN | 01026030001728 | 2,100 | |
| St.Monica's Gituamba Sec. School | SIDIAN | 01026030008091 | 68 | |
| Muroki Sec School | SIDIAN | 01026030000942 | 252,300 | |
| Holy Trinity Sec. School Saboti | SIDIAN | 01026150027799 | 18,800 | |
| St.Augustine Bondeni Secondary School | SIDIAN | 01026030002538 | 1,300 | |
| Sikulu Sec School | SIDIAN | 01026150026400 | 600 | |
| Sikinwa Sec School | SIDIAN | 01026030003641 | 397,700 | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 SABOTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2019**

| PMC | Bank | Account number | Bank Balance 2018/19 | Bank Balance 2017/18 |
|---------------------------------------|-------------|----------------|-------------------------|----------------------------|
| Tuwan Girls Sec School | SIDIAN | 01026030006723 | 440 | |
| Cheptumbelio Sec School | SIDIAN | 01026150028747 | 1,908,500 | |
| Sukwo Priamary School | SIDIAN | 01026030002880 | 2,700 | |
| Sango Sec School | COOP | 01139694810400 | 206,812.50 | |
| Teldet Sec School | COOP | 01139694833800 | 19,332.50 | |
| Chepkoilel Sec School | COOP | 01139599918300 | 704.25 | |
| St.Anthony's Kinyoro Sec. School | COOP | 01139694857500 | 305,212 | |
| Soil Conservation Secondary School | COOP | 01139694419900 | 72,042.52 | |
| Trans Nzoia Mixed Sec.School | COOP | 01139268342202 | 953,822.50 | |
| St.Peter's Mwitha Secondary School | COOP | 01139694616400 | 801,772 | |
| St.Benedict Chemichemi Sec School | COOP | 01139268924702 | 303,502.50 | |
| Lukosi Secondary School | COOP | 01141840335400 | 1,449,435 | |
| Lukhome Friends Secondary School | COOP | 01139599613702 | 3,922.75 | |
| Chebukaka Secondary School | COOP | 01139694857900 | 308,912.50 | |
| St.Andrew's Sukwo Sec.School | COOP | 01139694805900 | 357,572.50 | |
| Farm Prison Secondary School | COOP | 01139694831700 | 302,332.50 | |
| Matisi Girls Sec. School | COOP | 01139694446600 | 201,792.50 | |
| St.Lucia Girls Sec. School | COOP | 01139695263800 | 114,142.50 | |
| Mt.Elgon Pri School | COOP | 01139694821200 | 332.64 | |
| Lukhuna Pri School | COOP | 01139694821300 | 24,562 | |
| Mung'oma Pri School | COOP | 01139599134400 | 351,039.75 | |
| St.James Bondeni Primary School. | COOP | 01139694772800 | 2,638.50 | |
| TOTALS | COOP | | 11,596,365.91 | |

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 SABOTI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2019**

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) | Time frame: (Put date when you expect the issue to be resolved) |
|--|-----------------------------------|--------------------------|--|-----------------------------------|---|
| | Reversal of stale cheques | Cash Book was Reconciled | Sub Accountant | Resolved | |
| | Missing M&E Reports | Reports were availed | Fund Account Manager | Resolved | |
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