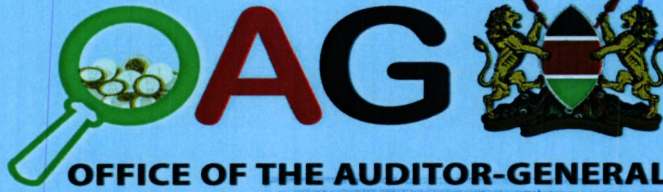


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Enhancing Accountability

THE NATIONAL ASSEMBLY
REPORT

DATE: 21 FEB 2023

DAY:
TUESDAY

TABLED
BY:

DEPUTY LEADER OF
MAJORITY PARTY

CLEARANCE
OF THE:

OF

14289 MWALU

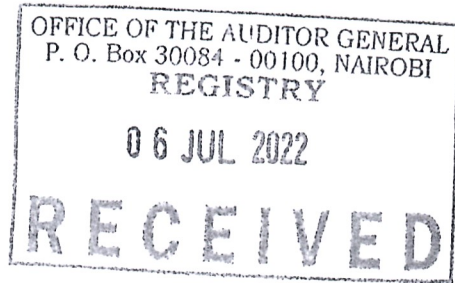
THE AUDITOR-GENERAL

ON

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

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





KABETE CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	ISABELLA N MWANGI
2.	Sub-County Accountant	BENARD HEHU
3.	Chairman NGCDFC	PAUL KINYANJUI GITAU
4.	Member NGCDFC	N/A

(d) Fiduciary Oversight Arrangements

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

(e) KABETE Constituency NGCDF Headquarters

P.O. Box 515-00614
WANGIGE HEALTH CENTRE COMPOUND
WANGIGE

(f) KABETE Constituency NGCDF Contacts

Telephone: (254) 0722 297710

E-mail: kabetecdf@gmail.com

Website: kabeteconstituency.co.ke

(g) KABETE Constituency NGCDF Bankers

FAMILY BANK

WANGIGE BRANCH

P.O Box 74145-00200

Nairobi,

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. NG-CDFC CHAIRMAN’S REPORT

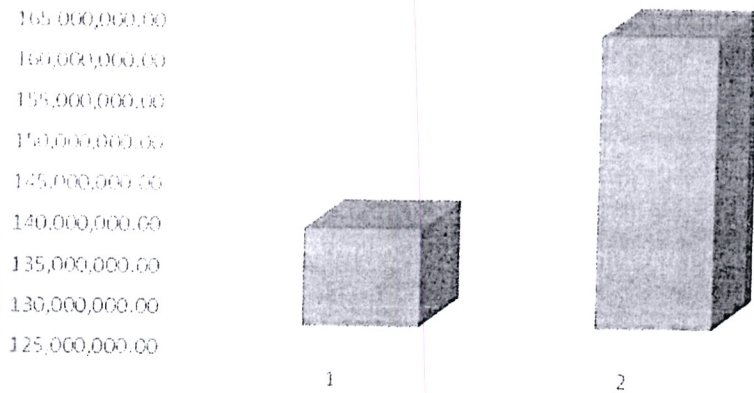


These are the unaudited financial statements for Kabete Constituency for the year ended 30th June 2021.

During the year, the constituency received Ksh 160,867,724.10 which is 17% more than the allocation for the year.

This extra amount is for the previous year that was dispatched in the current year.

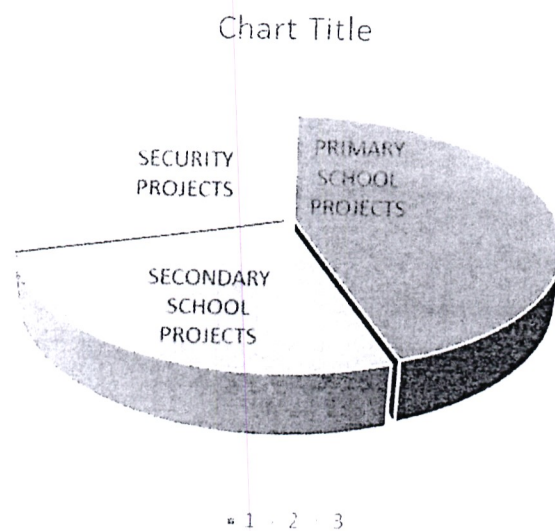
Chart Title



- Figure 1 shows the funds allocated to the constituency during the year
- Figure 2 shows the funds received in the constituency within the year

The funds were allocated to the various projects with reference to the project proposal that was informed by public participation meetings across the constituency.

Below is the representation of this allocation:



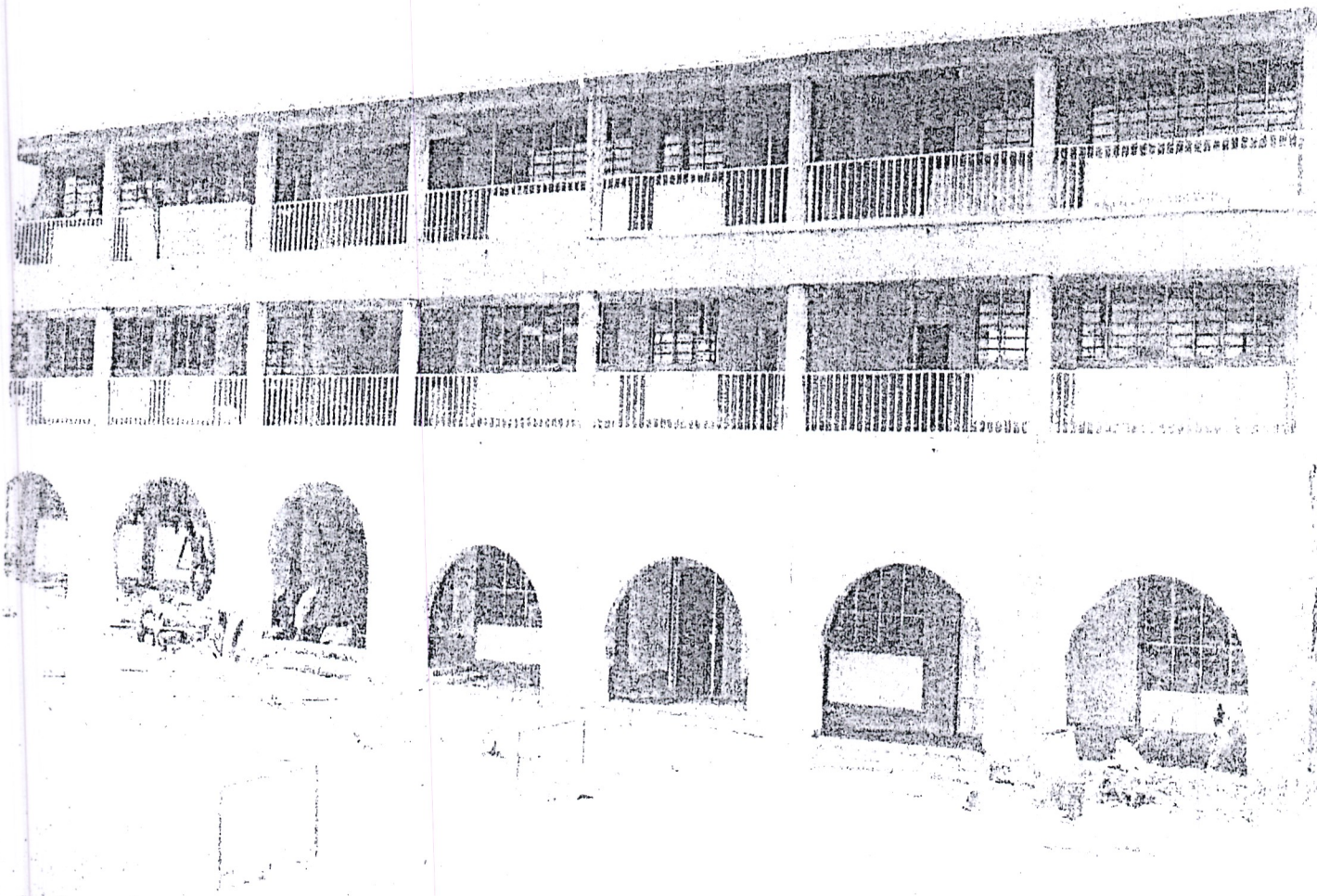
The successful projects in that year are:

1. Completion of a new day secondary school (Uthiru day secondary school).
 - This is a storeyed block of 12 classrooms.
 - This will ensure that children in that locality are able to transition to secondary school hence supporting the 100% transition from primary school to secondary school.



ABOVE PHOTO: COMPLETE BLOCK OF 12 CLASSROOMS AT UTHIRU DAY SECONDARY SCHOOL

2. Completion of a storeyed block of 9 classrooms in Muguga model primary school. This ensured that pupils stopped learning in mabati classrooms and are now in a neat and modern learning environment.



ABOVE PHOTO: MUGUGA MODEL CLASSROOM BLOCK

CHALLENGES EXPERIENCED:

The main challenge is the delay in development of bill of quantities from the public works department.

This has improved drastically after getting the services from the Kiambu County office which has more technical staff.

.....
PAUL KINYANJUI GITAU
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 *KABETE Constituency 2018-2022* plan are to:

- a) To improve the teaching and learning environment by implementing projects geared towards improving educational infrastructure in the constituency.
- b) To strengthen the security systems in the constituency
- c) Build capacity of the youth to improve on entrepreneurship, innovation, creativity and economic independence
- d) Build capacity of the persons with disability to improve on entrepreneurship, innovation, creativity and economic independence
- e) To incorporate environmental protection in socio economic and infrastructural development projects
- f) To lobby for collaborations and partnerships to complement Kabete NG CDF development projects

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure buildings in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	<p>In FY 20/21</p> <ul style="list-style-type: none"> -we increased 9 number of classrooms, 1 dormitory, 2 dining halls in various schools/institutions - Bursary beneficiaries at all levels were vetted and awarded bursaries.
Security	To strengthen the security systems in the constituency	Improved security infrastructure and reduce cases of insecurity in the constituency	<ul style="list-style-type: none"> -Number of improved infrastructures for security posts, chiefs and sub chiefs. -Number of roads fitted with street lights to enhance 	<p>In FY 2019/2020:</p> <ul style="list-style-type: none"> -Fitted 13 roads with street lights to improve on security -Constructed a police canteen at Kingeero police

KABETE Constituency

National Government Constituencies Development Fund (NGCDF)

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

			security -Number of trainings for supporting the Nyumba kumi initiatives	division
Environment	To incorporate environmental protection in socio economic and infrastructural development projects	-Tree planting and proper landscaping in all the projects in the constituency -Water harvesting in all the projects in the constituency	-Number of projects planted with trees and proper landscaping done. -Number of projects fitted with gutters and water storage tanks	In the FY 2020/2021: -Fitted 7 schools with gutters and water storage tanks -Planted trees and did a proper landscaping in 10 schools
Sports	To build capacity of the youth to improve on entrepreneurship, innovation, creativity and economic independence	-Improved, entrepreneurship, innovation, training and creativity among the youth -Provide and support sporting activities for the youth	-Number of youths who have undertaken short courses such as driving, tailoring, catering, hair beauty and other courses. -Number of youths who have received bursaries to undertake courses in technical training institutes in order to improve on their skills	In FY 2020/2021: -Sponsored 400 students for driving course, 165 for boda boda riding course, 425 students for catering course, 25 students for tailoring course and 75 for computer courses.
Emergency	To prepare the NGCDF committee, staff and community	Improve on disaster management and preparedness in	Number of trainings on disaster preparedness and	In Financial year 2020/2021: -Conducted 5 trainings (one per

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

	at large on disaster management	the constituency	management in the constituency.	ward) on management of Covid 19 virus -Distributed 900 pieces of sanitizers and trained the community on how to use them in order to curb the spread of the Corona virus
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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KABETE NG-CDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of KABETE NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** KABETE NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, water harvesting, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

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

Public Awareness

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

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

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-KABETE Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-KABETE Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- KABETE Constituency further confirms the completeness of the accounting records maintained for the constituency, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

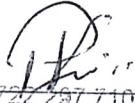
The Accounting Officer in charge of the NGCDF KABETE Constituency confirms that the constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the constituency's financial statements have been prepared in a

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


form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-KABETE Constituency financial statements were approved and signed by the Accounting Officer on _____ 2022.

FUND ACCOUNTS MANAGER
KABETE NGCDF

Tel: 0722 297 710
Chairman NGCDF Committee

Name:

FUND ACCOUNTS MANAGER
KABETE NGCDF

Tel: 0722 297 710
Fund Account Manager
P.O. Name: 15-00614, WANGIGE

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kabete Constituency set out on pages 21 to 63,

which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and, and the summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Kabete Constituency as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1. Variance between Financial Statements and Supporting Schedules

The statement of receipts and payments and the corresponding Note 7 to the financial statements reflects other grants and transfers amounting to Kshs.25,793,407. However, the supporting schedules provided for audit reflects an amount of Kshs.25,887,300 resulting to an unreconciled variance of Kshs.93,893.

1.2. Inaccuracies in Statement of Budget Execution by Sectors and Projects

The statement of budget execution by programmes and sub-programmes reflects committee allowances under actual on comparable basis column amounting to Kshs.3,352,101. However, the statement of receipts and payments reflects under Note 5 use of goods and services, committee allowances amounting to Kshs.1,329,000, resulting to an unreconciled variance of Kshs.2,023,101.

In the circumstances, the accuracy and completeness of the statement of receipts and payments could not be confirmed.

2. Unsupported Expenses

The statement of receipts and payments and the corresponding Note 5 reflects use of goods and services amounting to Kshs.9,482,222. Review of the payments indicated that an amount of Kshs.710,000 was paid for per diem and ground transport for various services and works done. However, work programmes and hotels procurement documents were not provided for audit review.

Further, the Fund's staff were paid allowances amounting to Kshs.345,000 during functions relating to the Fund for facilitation and other attendance allowances. However,

the payment of allowances was not authorized and supporting documents were not provided for audit.

In addition, the contract for provision of security services was awarded to a security company on 31 March, 2014 at a contract sum of Kshs.15,000 per month for a period of one year totalling to Kshs.180,000. However, except for an invoice, the Management did not provide the contract and an approved list of suppliers where the Company was pre-qualified for audit.

In the circumstances, the accuracy and completeness of use of goods and services amounting to Kshs.1,235,000 could not be confirmed.

3. Unsupported Cash and Cash Equivalents

The statement of assets and liabilities and the corresponding Note 10A reflects cash and cash equivalents balance of Kshs.67,174,050. However, review of the bank reconciliation statement for June, 2021 reflected stale cheques amounting to Kshs.4,666,338 which relate to unbanked bursary cheques. The stale cheques had not been reversed in the cash book.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.67,174,050 could not be confirmed.

4. Unsupported Project Management Committee (PMC) Returns

Disclosed in Note 17.4 to the financial statements is PMC account balances of Kshs.61,650,131. However, Management did not provide Project Management Committee quarterly reports to the Constituency Committee reflecting how the funds were utilized.

In the circumstances, the accuracy and completeness of PMC account balances of Kshs.61,650,131 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 - Kabete 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 reflects final receipts budget and actual on comparable basis of Kshs.215,656,904 and Kshs.170,068,024 respectively, resulting to an underfunding of Kshs.45,588,880 or 21% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.215,656,904 and Kshs.102,893,974 respectively resulting to an under expenditure of Kshs.112,762,930 or 52% of the budget.

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

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, I confirm that, nothing 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

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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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


CPA Nancy Gathunga, CBS
AUDITOR-GENERAL

Nairobi

29 July, 2022

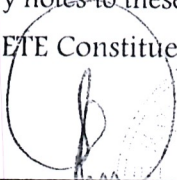
KABETE Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

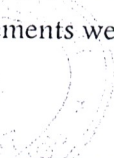
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	160,867,724	68,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
TOTAL RECEIPTS		160,867,724	68,000,000
PAYMENTS			
Compensation of employees	4	2,967,202	2,107,281
Use of goods and services	5	9,482,222	8,900,346
Transfers to Other Government Units	6	64,651,142	50,908,993
Other grants and transfers	7	25,793,407	17,049,657
Acquisition of Assets	8	-	-
Other Payments	9	=	=
TOTAL PAYMENTS		102,893,974	78,966,277
SURPLUS/(DEFICIT)		<u>57,973,750</u>	<u>(10,966,277)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KABETE Constituency financial statements were approved on _____ 2022 and signed by:


 Tel: 020 297 710
 P. O. Box 515-00614, WANGIGI
Fund Account Manager


**National Sub-County
 Accountant**


**Chairman NG-CDF
 Committee**

Name: ISABELLA N. MWANGI

Name: BENARD HEHU
 ICPAK M/No: 14229

Name: PAUL KINYANJUI

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


VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	67,174,050.00	9,200,300.00
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		67,174,050.00	9,200,300.00
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		67,174,050.00	9,200,300.00
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	0	0
TOTAL FINANCIAL LIABILITES		0	0
NET FINANCIAL ASSETS		<u>67,174,050.00</u>	<u>9,200,300.00</u>
REPRESENTED BY			
Fund balance b/fwd	13	9,200,300.00	20,166,577.00
Prior year adjustments	14	-	-
Surplus/Deficit for the year		57,973,750.00	(10,966,277.00)
NET FINANCIAL POSITION		<u>67,174,050.00</u>	<u>(9,200,300.00)</u>

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

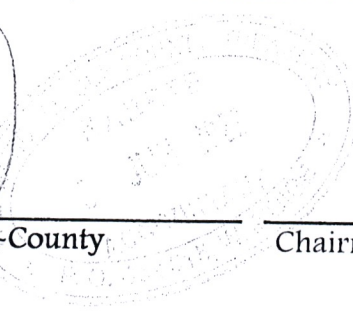
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KABETE Constituency financial statements were approved on

_____ 2022 and signed by:

FUND ACCOUNTS MANAGER
KABETE NG-CDF
1

tel: 022 297 710
P.O. Box 515-00614, WANGIGE
Fund Account Manager



National Sub-County
Accountant





Chairman NG-CDF Committee

Name:

Name:

Name:

ICPAK M/No:




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

STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	160,867,724	68,000,000
Other Receipts	3	-	-
Total receipts		160,867,724	68,000,000
Payments for operating activities			
Compensation of Employees	4	2,967,202	2,107,281
Use of goods and services	5	9,482,222	8,900,346
Transfers to Other Government Units	6	64,651,142	50,908,993
Other grants and transfers	7	25,793,407	17,049,657
Other Payments	9	-	-
Total payments		102,893,974	78,966,277
Total Receipts Less Total Payments		57,973,750	(10,966,277)
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	0	0
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	0	0
Prior year adjustments	14	0	0
Net cash flow from operating activities		57,973,750	(10,966,277)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	9	0	0
Net cash flows from Investing Activities		0	0
NET INCREASE IN CASH AND CASH EQUIVALENT		57,973,750	(10,966,277)
Cash and cash equivalent at BEGINNING of the year	10	9,200,300	20,166,577
Cash and cash equivalent at END of the year		<u>67,174,050</u>	<u>9,200,300</u>

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KABETE Constituency financial statements were approved on _____ 2022 and signed by:

 FUND ACCOUNTS MANAGER KABETE NGCDF		
Fund Account Manager	National Sub-County Accountant	Chairman NG-CDF Committee
Name:	Name:	Name:
	ICPAK M/No:	

Tel: 0722 297 710
P.O. Box 513-00614, WANGARI

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

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Opening Balance (C/Bk) and AIA	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			Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879	9,200,300	69,367,725	215,656,904	170,068,024	45,588,880	78.9%
Proceeds from Sale of Assets	0			0	-	-	0.0%
Other Receipts	0			0	-	-	0.0%
TOTAL RECEIPTS	137,088,879	9,200,300	69,367,725	215,656,904	170,068,024	45,588,880	78.9%
PAYMENTS							
Compensation of Employees	2,925,280	1,238,990	1,377,480	5,541,750	2,967,202	2,524,868	54.4%
Use of goods and services	9,412,718	1,371,627	2,087,571	12,871,916	9,482,222	3,439,373	73.3%
Transfers to Other Government Units	52,302,901		23,000,000	75,302,901	64,651,142	10,651,759	85.9%
Other grants and transfers	72,447,980	6,589,683	40,902,674	119,940,337	25,793,407	94,146,930	21.5%
Acquisition of Assets			2,000,000	2,000,000	-	2,000,000	0.0%
Other Payments	0			0	-	-	0.0%
TOTAL	137,088,879	9,200,300	69,367,725	215,656,904	102,893,974	112,762,930	47.7%

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

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

- i. The underutilisation on compensation of employees is due to the fact that gratuities for the staff that were budgeted for were not all paid out to the staff.
- ii. Under other grants and transfers, the underutilisation arose from the fact that the bursary allocation which takes up most of the allocation for that category was not utilised in the financial year.
- iii. The overall budget utilisation was 47.7% which is approximately 50% as most of the funds were received at the close of the financial year.

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

Description	Amount
Budget utilisation difference totals	112,762,930
Less undisbursed funds receivable from the Board as at 30 th June 2021	45,588,880
Add Accounts payable	67,174,050
Less Accounts Receivable	0
Add/ Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2020/2021	67,174,050

The NGCDF-KABETE Constituency financial statements were approved on _____ 2022 and signed by:

FUND ACCOUNTS MANAGER
Fund Account Manager
 Name: **ISABELLA N. MWANGI**
 P.O. Box 515-00614, WANGIGI

National Sub-County Accountant

Chairman NG-CDF Committee

Name: **BENARD HEHU- ICPAK M/No: 14229** Name: **PAUL KINYANJUJI**

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

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	2020/2021			2020/2021	30/06/2021	
	Kshs		Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,925,280	1,238,990	1,377,480	5,541,750	3,016,882	2,524,868
1.2 Committee allowances	3,447,626	614,522.80		4,062,149	3,352,101	710,048
1.3 Use of goods and services	1,852,426	162,759.00		2,015,185	1,531,687	483,498
Total	8,225,332	2,016,272	1,377,480	11,619,084	7,900,670	3,718,414
2.0 Monitoring and evaluation						
2.1 Capacity building	1,900,000		600,000	2,500,000	1,395,000.00	1,105,000.00
2.2 Committee allowances	1,352,666	751,104.34	1,276,192	3,385,962	1,329,000.00	2,056,962.00
2.3 Use of goods and services	860,000		211,379	1,071,379	900,000	171,379
3.0 Emergency	7,192,207	3,980,000	4,148,241	15,320,448		15,320,448
3.1 Primary Schools	33,000,000		10,000,000	43,000,000	39,352,901	3,647,099
3.2 Secondary schools	19,302,901		13,000,000	32,302,901	25,298,241	7,004,660
3.3 Tertiary institutions						
3.4 Security projects	22,000,000		2,000,000	24,000,000	2,000,000	22,000,000

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

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.0 Bursary and Social Security						
4.1 Special needs	2,272,219			2,272,219	1,610,000	662,219
4.2 Secondary Schools	18,000,000	532,222.93	18,100,000	36,632,223	17,540,800	19,091,423
4.3 Tertiary Institutions	14,000,000		11,454,433	25,454,433	3,128,000	22,326,433
4.4 Universities						
4.5 Social Security	3,000,000		2,000,000	5,000,000		5,000,000
5.0 Sports	2,741,777	400,093.9	2,200,000	5,341,871		5,341,871
5.1						
5.2						
5.3						
6.0 Environment	1,241,777	1,514,607	1,000,000	3,756,384	1,514,607	2,241,777
6.1						
6.2						
6.3						
7.0 Primary Schools Projects (List all the Projects)						
7.1 Cura primary school	5,200,000			5,200,000		5,200,000
7.2 Muguga primary school	5,200,000			5,200,000		5,200,000
7.3 Kibichiku primary school	5,200,000			5,200,000		5,200,000
7.4 St Mary's kaumba primary school	5,200,000			5,200,000		5,200,000
7.5 Uthiru primary school	7,700,000			7,700,000		7,700,000
7.6 Kanjeru primary school	1,500,000			1,500,000		1,500,000

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

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.7 Kanyariri primary school	1,500,000			1,500,000		1,500,000
7.8 Wangige primary school	1,500,000			1,500,000		1,500,000
8.0 Secondary Schools Projects (List all the Projects)						
8.1 Cura secondary school	1,000,000			1,000,000		1,000,000
8.2 Nyathuna secondary school	500,000			500,000		500,000
8.3 Kibichiku secondary school	1,402,901			1,402,901		1,402,901
8.4 Kibiku secondary school	3,500,000			3,500,000		3,500,000
8.5 A.C.K Gikuni secondary school	1,500,000			1,500,000		1,500,000
8.6 Wangige secondary school	10,500,000			10,500,000		10,500,000
8.7 Kabete high school	900,000			900,000		900,000
9.0 Tertiary institutions Projects (List all the Projects)						
9.1						
9.2						
9.3						
9.4						
10.0 Security Projects						
10.1			2,000,000	2,000,000		2,000,000
10.2						
10.3						
11.0 Acquisition of assets						

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

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
11.1 Motor Vehicles (including motorbikes)						
11.2 Construction of NG CDF office	2,000,000			2,000,000		2,000,000
11.3 Purchase of furniture and equipment						
11.4 Purchase of computers						
11.5 Purchase of land						
12.0 Others						
12.1 Strategic Plan						
12.2 Innovation Hub						
12.2						
Funds pending approval**						
Total	137,088,879	9,200,300	69,367,725	215,656,904	102,893,974	112,762,930

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-KABETE Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the entity for all the years presented.

a) Recognition of Receipts

The entity recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30TH June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

Material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO	B104717	20,000,000	
AIE NO	A823521	35,000,000	
AIE NO	B104541	12,367,724	
AIE NO	B124718	8,000,000	
AIE NO	B.124954	8,500,000	
AIE NO	B.119808	12,000,000	
AIE NO	B.128098	6,900,000	
AIE NO	B.128410	6,000,000	
AIE NO	B132154	6,000,000	
AIE NO	B126117	8,000,000	
AIE NO	B138822	12,000,000	
AIE NO	B105139	1,500,000	
AIE NO	B126407	12,600,000	
AIE NO	B140553	12,000,000	
AIE NO	B041280		18,000,000
AIE NO	B047430		4,000,000
AIE NO	B047701		5,000,000
AIE NO	B047900		7,000,000
AIE NO	B041068		14,000,000
AIE NO	B104302		20,000,000
TOTAL		160,867,724	68,000,000

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,709,567	1,787,481
Personal allowances paid as part of salary		
House Allowance		
Transport Allowance		
Leave allowance		
Gratuity to contractual employees	1,207,956	260,400
Employer Contributions Compulsory national social security schemes	49,680	59,400
Total	2,967,202	2,107,281

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses		
Utilities, supplies and services	230,975	253,374
Water & Sewerage charges	31,720	-
Office Rent	-	-
Communication, supplies and services	1,190,420	1,203,074
Domestic travel and subsistence	320,000	280,000
Printing, advertising and information supplies & services	153,669	0
Rentals of produced assets	-	-
Training expenses	1,395,000	456,000
Hospitality supplies and services	480,000	450,000
Other committee expenses	3,547,368	3,831,000
Committee allowance	1,329,000	1,500,000
Insurance costs		38,659
Specialized materials and services	17,240	-
Office and general supplies and services	0	0
Fuel & Lubricants	0	0
Bank service commission and charges	0	89,043
Other operating expenses	599,680.00	617,247
Other operating expenses- taxes	10,270	181,949
Security operations	176,880	-
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
Total	9,482,222	8,900,346

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	39,352,901	25,758,993
Transfers to secondary schools (see attached list)	25,298,241	25,150,000
Transfers to tertiary institutions (see attached list)		
TOTAL	64,651,142	50,908,993

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	17,540,800	825,000
Bursary – tertiary institutions (see attached list)	3,128,000	284,000
Bursary – special schools (see attached list)	1,610,000	-
Mock & CAT (see attached list)		
Social Security programmes (NHIF)		
Security projects (see attached list)	2,000,000	12,101,057
Sports projects (see attached list)	-	789,600
Environment projects (see attached list)	1,514,607	-
Emergency projects (see attached list)	-	3,050,000
Total	25,793,407	17,049,657

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	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 Specialized 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

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
	Kshs (30/6/2020)	Kshs (30/6/2019)
<i>FAMILY BANK WANGIGE BRANCH, ACCOUNT NO. 102000030692.</i>	67,174,050	9,200,300
Total	67,174,050	9,200,300
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Name of Officer</i>	dd/mm/yy	0	0	0
<i>Total</i>				

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

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)	0	0
Retention held during the year (B)	0	0
Retention paid during the Year (C)	0	0
Closing Retention as at 30 th June D= A+B-C	0	0

[Provide short appropriate explanations as necessary.]

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	427,800	427,800
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	427,800	427,800

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2021)	2019-2020 (1 st July 2020)
	Kshs.	Kshs.
Bank accounts	9,200,300	20,166,577
Cash in hand	0	0
Imprest	0	0
Total	9,200,300	20,166,577

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	0	0	0
Cash in hand	0	0	0
Accounts Payables	0	0	0
Receivables	0	0	0
Others (<i>specify</i>)	0	0	0
TOTAL	0	0	0

****** *The adjusted balances are not carried down on the face of the financial statement.*

(Entity to provide disclosure on the adjusted amounts)

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST*

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
closing account payables D= A+B-C	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	2,524,868	5,541,750
Use of goods and services	3,439,373	12,871,916
Amounts due to other Government entities (see attached list)	10,651,759	75,302,901
Amounts due to other grants and other transfers (see attached list)	94,146,930	119,940,337
Acquisition of assets	2,000,000	2,000,000
Others (<i>specify</i>)	0	0
Funds pending approval	0	0
Total	A	B

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	61,650,131.21	15,064,895

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
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.					

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
12.					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

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

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
ACK Gikuni secondary school	Family bank	102000030790	2,989,007.27	0
Nyathuna secondary school	Family bank	102000034506	1,789,960	4,999,400
Cura primary school	Family Bank	101000001743	2,698,360	0
Gataara primary school	Family Bank	102000031228	1,093,396.50	999,562.50
Gathiga primary school	Family bank	1020000032420	703,307	0
Kabete high school	Family bank	102000030882	990,175.15	993,175.00
Kahuho primary school	Family bank	102000030791	1,548,742.00	0
Kamuguga primary school	Family Bank	102000032419	1,429,685	0
Kanjeru girls high school	Family bank	101000000617	4,994,760	0
Kanjeru primary school	Family bank	102000032418	1,502,654	1,412,100
Kanyariri secondary school	Family bank	102000030881	841,319.30	1,069,018
Karura Ka Nyungu Primary school	Family bank	102000030793	514,303.00	0
Kibichiku primary school	Family bank	102000030789	3,517,612.37	998,110
Kibiku primary school	Family bank	102000031940	1,476,056	1,579,610
Kingeero primary school	Family bank	102000031230	732,500	1,621,727

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Kirangari high school	Family bank	101000001024	1,223,261	0
Muguga Model primary school	Family Bank	102000031229	523,618.50	0
Muguga primary school	Family bank	102000031232	3,204,840.75	0
Ngure primary school	Family bank	102000031234	158,047	2,447,917
Nyathuna primary school	Family bank	102000031941	783,071.35	1,493,018.35
Rukubi primary school	Family bank	102000032417	653,127.15	0
Rungiri high school	Family bank	101000000597	1,994,260.00	0
St Kelvin, s high school	Family bank	101000000602	4,994,760.00	0
St Mary, s Kaimba primary school	Family bank	101000000605	1,994,260.00	2,000,000.00
Uthiru primary school	Family bank	102000031227	3,945,031.92	0
Uthiru day secondary school	Family bank	102000032954	3,012,306.00	2,359,284.00
Wangige primary school	Family bank	102000031231	877,316.95	0
Kibichiku secondary school	Family bank	102000034482	5,973,849.00	4,998,600.00
Ndurarua primary school	Family bank	102000030792	852,244.00	128,175.00
Cura secondary school	Family bank	1020000034484	4,638,300.00	4,998,100.00
Total			61,650,131.21	

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Lack of budget and financial review information	The requested analysis was availed	Resolved	Immediately
4.2	Compensation of employees-unexplained variance	The financial statement reflects a figure of Kshs. 2,107,281.00 as expenditure for compensation of employees where as the payment shows a figure of Kshs. 2,374,800.00 hence variance of Kshs. 267,519.00	Resolved	Immediately
4.3	Lack of clerk of works	The NG-CDF committee will be advised accordingly on the need to	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		hire a clerk of works.		
4.4	Transfer to Primary schools: stalled projects	The quoted primary school i.e., Gataara Primary School stalled when the committee moved from labour contracting to full contracting method of implementing projects. The delay in implementing the project came about as a result of delay in getting a quantified Bill of Quantities from the public works department for the remaining g works. This was rectified and the remaining works is implemented using the full contracting method	Resolved	Immediately
4.5	Transfer to Primary schools-Unavailed completion certificates	The refurbishment of the mentioned projects was	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.6	Transfer to Primary Schools: Failure to label complete projects	commenced by use of the labour contracting method	Resolved	Immediately
4.7	PMC Bank account balances	The mentioned complete projects have been labelled and evidence of this shown. The variance in Kingeero Primary School was as a result of cheques that had been issued to a contractor and had not cleared by the close of the F/Y. The credit balances that were omitted are now included.	Resolved	Immediately
4.8	Transfer to Primary Schools-Partial Implementation of projects:	The remaining balances in the project accounts will be utilized immediately to carry out the specified activities. The Bill of	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Quantities has been requested from the public works department.		
4.9	Transfer to Primary Schools-Delayed Implementation of projects	The Bill of quantities for the mentioned for the mentioned projects has been requested for from the public works department.	Resolved	Immediately
4.10	Non-Disclosure of PMC bank balances:	The balances in the project accounts are now included as evidence shown	Resolved	Immediately
4.11	Transfer to Secondary School-Delay projects implementation	The Procurement Process of the mentioned projects has commenced as evidenced shown	Resolved	Immediately
4.12	Transfer to Secondary schools: Failure to label projects	The projects were labelled as evidence shown	Resolved	Immediately
4.13	Transfer to Secondary School: Poor	More funds have been allocated in	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	workmanship	the F/Y 2020/2021 to complete the project and renovate the poor workmanship due to labour contracting. Full contracting will be used to complete the remaining works. A copy of the project proposal for financial year 2020/2021 was shown as evidence.		
4.14	Sports Project	During the financial year the office undertook a youth forum for registration of short courses which was more urgent. NG-CDFC minutes approving the same and report was attached		
4.15	Security Projects: Complete but idle projects	The Fund Accounts Manager is closely following upon the	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		utilization of the complete project. A letter has been written to the OCPD communicating of the need to start immediate utilization of the project.		
4.16	Security Projects-Over expenditure of Kshs. 140,000.00	The project had an allocation of Kshs. 980,000.00 board in the financial year 2019/2020 as evidenced by a copy of the proposal. The amount was approved by the NG-CDF board with 2 code lists for Kshs. 840,000.00 dated March 19, 2020 and Kshs. 140,000.00 dated July 22, 2020. Copies were provided as evidence.	Resolved	Immediately