

REPUBLIC OF KENYA




Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

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

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

NG-CONSTITUENCY DEVELOPMENT FUND – GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

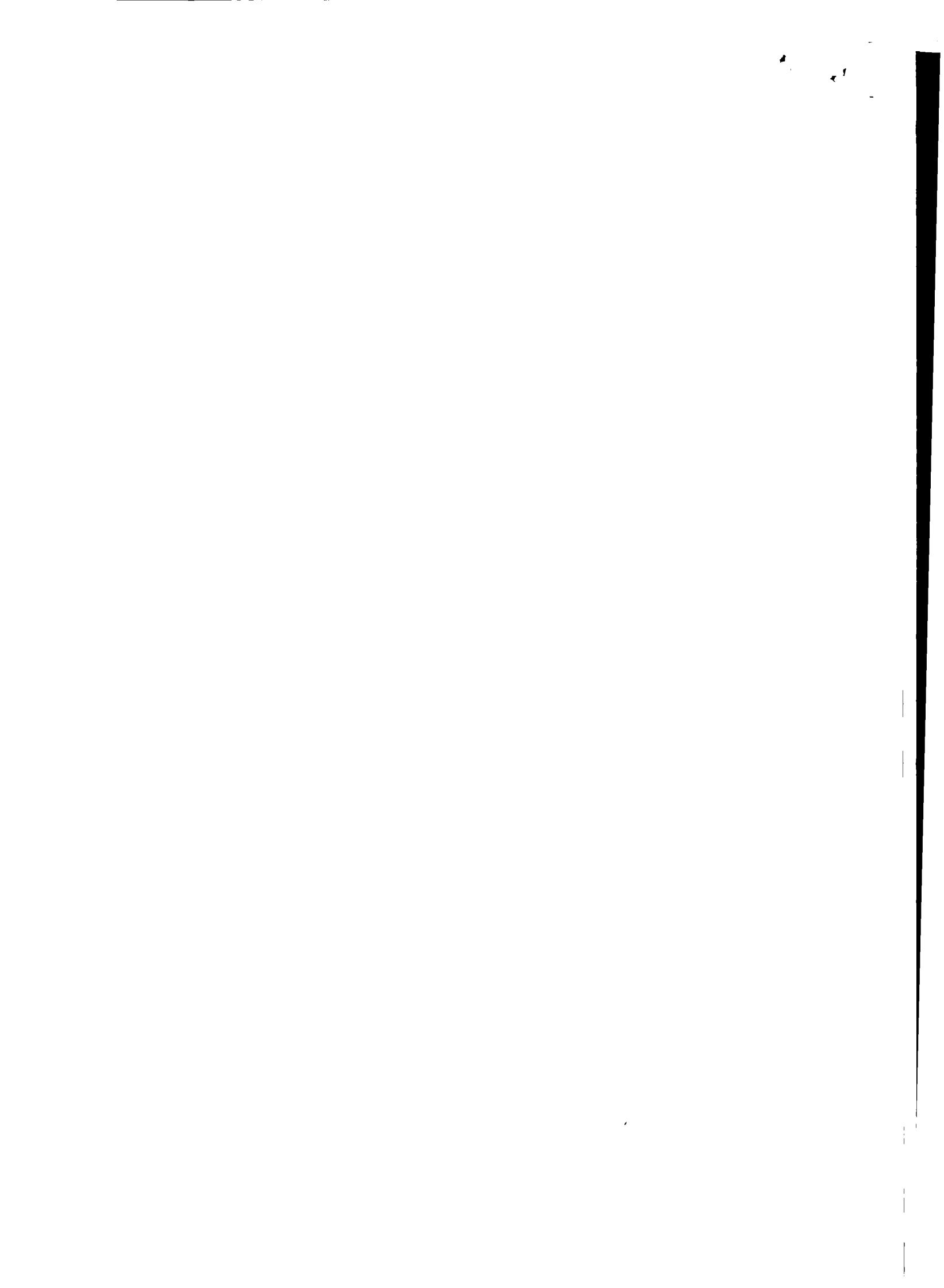


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- GEM
CONSTITUENCY**

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)**



NG-CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The Constituencies Development Fund (CDF) was established under the Constituencies Development Fund (CDF) Act, 2003, amended in 2007 and repealed by the CDF Act of 2013. In 2015, the CDF Act of 2013 was declared unconstitutional and a new Act was enacted in 2015, being the National Government Constituencies Development Fund Act, NG-CDF Act, 2015. The National Government Constituencies Development Fund (NG-CDF) is under the Ministry of Devolution and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government Development Agenda at the constituency level.

(b) Key Management

The GEM Constituency's day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (CDFB)
- ii. National Government Constituency Development Fund Committee (CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Mary Mwaki
2.	Accountant	Carrylus Ogolla
3.	Chairman	Daniel W.O. Onyiego
4.	Member NGCDFC	Judith Wajewa

(d) Fiduciary Oversight Arrangements

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

(e) NG-CDF GEM Constituency Headquarters

P.O. Box 132-50102
GEM Sub-County HQs CDF building
GEM, KENYA

NG-CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

(f) NGCDF GEM Constituency Contacts

Telephone: (254) 0723052513
E-mail: cdfGem@ngcdf.go.ke
Website: [www.cdf GEM.go.ke](http://www.cdfGEM.go.ke)

(g) NGCDF GEM Constituency Bankers

1. COOPERATIVE BANK
YALA BRANCH
A/C NO.01141256320000

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**II. FORWARD BY THE CHAIRMAN CONSTITUENCY DEVELOPMENT
FUND COMMITTEE (NG-CDFC)**

Good financial governance is prudent in ensuring efficiency, effectiveness, responsiveness and accountability of public funds. These are tenets of financial management as enshrined in the Financial Management Act and other key government statutes. Discipline as exemplified in our financial statement herein, has been a key vanguard in navigating this FY. Our financial statements are excellent, but the real benefit of our success is what it means to the constituents we serve. To this, I am incredibly proud of the team that ensured all this is possible and I therefore convey my utmost gratitude to the FAM, the DA and the internal Audit team.

Through our project implementation, we have made tremendous and significant contribution to the wider society. The ripple effect of our multiple projects in the constituency is highly manifested by increase in job creation for the locals (especially youths, women and people with special needs), increase in literacy levels and an amazing reduction in school dropout rates, easy access to basic services through improved infrastructural development and equitable development in the whole constituency. Perhaps all these stem from the highlight during the 2018/19 FY, being evaluated as among the best constituency in western region and nationally under performance contracting.

We have faced profound challenges during this financial year. The first being late disbursements and also notably is the recent court declaration regarding the status of the fund that has sent shivers running down the spines of our constituents, this pegged a doubt on sustainability of the fund and also reduced funding to our constituency. The piece meal funding approach as adopted by the NG-CDF-Board has greatly curtailed timely implementation of our projects. However, what was important in all the challenges we faced is the indomitable will to carry on with our agenda despite the heavy weight bestowed on our backs.

We are not complacent; we recognize the road ahead is bumpy. We however continue to have a strong future because we base our strategies and tactics on strong values, strong commitment and a strong culture to the best interest of the constituents. Highlighted below are some of flagship projects that the committee was able to initiate over the past financial year



DINING HALL AT MUTUMBU GIRLS SECONDARY SCHOOL IN NORTH GEM WARD



CONSTRUCTION OF CLASSROOMS AT SIDADA PRIMARY SCHOOL IN NORTH GEM WARD FUNDED BY GEM NG-CDF



GEM NG-CDF INSPECTING A CLASSROOM AT SIRIWO PRIMARY DURING M&E



LABORATORY BLOCK AT NYAPIEDHO MIXED SECONDARY SCHOOL IN WEST GEM WARD.



AKALA POLICE STATION IN SOUTH GEM FULLY FUNDED BY GEM NG-CDF

A handwritten signature in black ink, appearing to read "D. Onyiego", written over a dotted line.

DANIEL WASHINGTON ONYIEGO,
CHAIRMAN GEM NG-CDFC.

NG-CONSTITUENCY DEVELOPMENT FUND- GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

I. STATEMENT OF CDF 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 agency shall prepare financial statements in respect of that agency. 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.

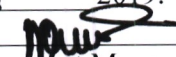
The Accounting Officer in charge of the Gem Constituency Development Fund is responsible for the preparation and presentation of the Gem NG-CDF financial statements, which give a true and fair view of the state of affairs of the Gem NG CDF for and as at the end of the financial year (period) ended on 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 Gem NG- CDF; (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 Gem NG-CDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

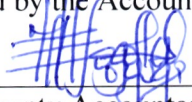
The Accounting Officer in charge of the NG-CDF Gem Constituency accepts responsibility for the Gem NG- CDF's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Gem NG-CDF's financial statements give a true and fair view of the state of Gem NG- CDF's transactions during the financial year ended June 30, 2019, and of the Gem NG- CDF's financial position as at that date. The Accounting Officer charge of the Gem NG-CDF further confirms the completeness of the accounting records maintained for the Gem NG-CDF, which have been relied upon in the preparation of the Gem NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Gem NG-CDF confirms that the Gem NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Gem NG-CDF'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 Gem NG-CDF'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

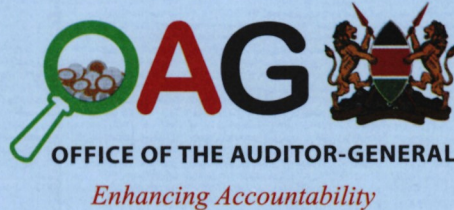
The Gem NG-CDF's financial statements were approved and signed by the Accounting Officer on 21-7- 2019.


Fund Account Manager
Name: Mary Mwaki


Sub-County Accountant
Name: Carrylus Ogolla
ICPAK Member Number 9340

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 - GEM 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 - Gem Constituency set out on pages 2 to 20, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Gem Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.42,191,065 as at 30 June, 2019. However, the bank reconciliation statement for the month of June, 2019 reflected unrepresented cheques amounting to Kshs.3,349,770 out of which cheques totalling to Kshs.693,703 were stale but had not been reversed in cashbook.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.42,191,065 as at 30 June, 2019, could not be confirmed.

2.0 Unreconciled Budget Adjustments Variance

The summary statement of appropriation - recurrent and development combined reflects an original budget of Kshs.109,040,876 and budget adjustments of Kshs.58,666,157. However, the budget adjustments balance is at variance with the previous year's budget under-utilization balance of Kshs.56,525,320 resulting into a variance of Kshs.2,140,837 which has not been explained or reconciled.

Consequently, the accuracy of the summary statement of appropriation - recurrent and development combined, could not be confirmed.

3.0 Prior Year Adjustments

The statement of assets and liabilities reflects prior year adjustments of Kshs.584,885 which as disclosed at Note 14 to the financial statements, comprised Kshs.516,885 and Kshs.68,000 in respect to cash book adjustment and cash in hand respectively. However, Paragraph 47(a) of International Public Sector Accounting Standards No. 3 - Accounting Policies, Changes in Accounting Estimates and Errors provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery, by restating the comparative amounts for prior period presented in which the error occurred.

In the circumstances, the accuracy of the Kshs.584,885 in respect to prior year adjustments, could not be confirmed.

4.0 Unreconciled Variances on Unutilized Funds

The summary statement of appropriation – recurrent and development combined, reflects a budget under-utilization of Kshs.105,537,894. However, Note 15.3 to the financial statements and Annex 3 reflect an unutilized funds balance of Kshs.105,437,894 resulting into an unreconciled variance of Kshs.100,000.

In the circumstances, the accuracy of the unutilized funds balance as at 30 June, 2019, 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 - Gem Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation – recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.167,707,033 and Kshs.102,034,483 respectively, resulting into an under-funding of Kshs.65,672,550 or 39% of the budget. Similarly, the Fund spent Kshs.62,169,139 against an approved budget of Kshs.167,707,033 resulting to an under-expenditure of Kshs.105,537,894 or 63% of the budget.

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

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 matter 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

Delay in Supply and Installation of a Water Tank

The statement of receipts and payments reflects other grants and transfers balance of Kshs.28,526,572 which includes expenditure of Kshs.6,330,000 on security as disclosed at Note 7 to the financial statements. The expenditure, further includes an amount of Kshs.100,000 disbursed to Mutumbu Administration Police Camp Project Management Committee on 3 August, 2018, for supply and installation of a 10,000 litre water tank. However, as at the time of audit in February, 2020, the tank had not been supplied and installed, a year and half since the disbursement was made.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the ability of the Fund to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 noncompliance. 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 scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

01 October, 2021

NG-CONSTITUENCY DEVELOPMENT FUND – GEM CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018- 2019 Kshs	2017 – 2018 Kshs
RECEIPTS			
Transfers from CDF board	1	102,034,483	43,405,172
Other Receipts	3	-	171,000
TOTAL RECEIPTS		102,034,483	43,576,172
PAYMENTS			
Compensation of employees	4	2,206,700	1,983,487
Use of goods and services	5	4,930,052	6,375,330
Transfers to Other Government Units	6	26,456,724	6,046,234
Other grants and transfers	7	28,526,572	32,115,967
Acquisition of Assets	8	49,091	395,185
TOTAL PAYMENTS		62,169,139	46,916,203
SURPLUS/DEFICIT		39,865,345	(3,340,031)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GEM NG-CDF financial statements were approved on 31-7-2019 and signed by:



Fund Account Manager
Name: Mary Mwaki



Sub-County Accountant
Name: Carrylus Ogolla
ICPAK Member Number 9340

NG-CONSTITUENCY DEVELOPMENT FUND – GEM CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

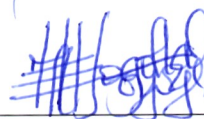
III. STATEMENT OF FINANCIAL ASSETS

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	42,191,065	1,740,837
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		42,191,065	1,740,837
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		42,191,065	1,740,837
FINANCIAL LIABILITES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
NET FINANCIAL ASSETS		42,191,065	1,740,837
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	1,740,837	5,080,836
Surplus/Defict for the year		39,865,345	-3,340,03
Prior year adjustments	14	584,885	-
NET LIABILITIES		42,191,067	1,740,836

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GEM CDF financial statements were approved on 31-07-2019 and signed by:



Fund Account Manager
Name: Mary Mwaki
ICPAC Member Number: _____



Sub-County Accountant
Name: Carrylus Ogolla
ICPAC Member Number 9340

NG-CONSTITUENCY DEVELOPMENT FUND – GEM CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

IV. STATEMENT OF CASHFLOW


CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from CDF Board	1	102,034,483	43,405,172.000
Other Receipts	3	-	171,000.000
Total Receipts		102,034,483	43,576,172.000
Payments			
Compensation of Employees	4	2,206,700	1,983,487.000
Use of goods and services	5	4,930,052	6,375,330.000
Transfers to Other Government Units	6	26,456,724	6,046,234.000
Other grants and transfers	7	28,526,572	32,115,967.000
	8	49,091	-
Other Payments	9	-	-
Total Payments		62,169,139	46,521,018.000
Total Receipts Less Total Payments		39,865,345	(2,944,846.000)
Adjusted for:			
Outstanding Imprest	11		
Retention	12A		
Gratuity Payable	12B		
Prior Year adjustment	14		
Net Adjustments		584,885	-
Net cash flow from operating activities		40,450,230	(2,944,846.000)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	(395,185.000)
Net cash flows from Investing Activities		-	(395,185.000)
NET INCREASE IN CASH AND CASH EQUIVALENT		40,450,230	(3,340,031.000)
Cash and cash equivalent at BEGINNING of the year	13	1,740,836	5,080,868.000
Cash and cash equivalent at END of the year		42,191,065	1,740,837

NG-CONSTITUENCY DEVELOPMENT FUND – GEM CONSTITUENCY

Reports and Financial Statements

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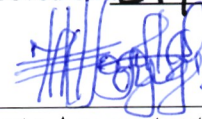
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The GEM CDF financial statements were approved on 31/7/ 2019 and signed by:



Fund Account Manager

Name: Mary Mwaki

Number _____



Sub-County Accountant

Name: Carrylus Ogolla

ICPAK Member 9340

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	A	B	c=a+b	D	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,876	58,666,157	167,707,033	102,034,483	65,672,549	60.8%
Proceeds from Sale of Assets			-	-	-	0.0%
Other Receipts	-	-	-	-	-	0.0%
TOTAL RECEIPTS	109,040,876	58,666,157.00	167,707,033	102,034,483	65,672,549	60.8%
PAYMENTS						
Compensation of Employees	3,236,000	1,150,576	4,386,576	2,206,700	2,179,876	50.3%
Use of goods and services	6,577,679	2,623,921	9,201,600	4,930,052	4,271,548	53.6%
Transfers to Other Government Units	49,696,348	29,262,862	78,959,210	26,456,724	52,502,486	33.5%
Other grants and transfers	39,530,849	18,822,589	58,353,438	28,526,572	29,826,866	48.9%
Acquisition of Assets	10,000,000	6,806,209	16,806,209	49,091	16,757,119	0.3%
Other Payments		0.00	-	-	-	0.0%
TOTAL	109,040,876	58,666,157	167,707,033	62,169,139	105,537,894	37.1%

(a) Ksh. 58,666,157 includes Ksh. 1,740,837, Balance brought forward on 1st July 2018 and Ksh.56,925320, an amount that had not been received from the NG-CDF Board as at 30th June 2018 as per the code-list
The GEM CDF financial statements were approved on 31-7-2019 and signed by:



Fund Account Manager
Name: Mary Mwaki



Sub-County Accountant
Name: Carrylus Ogolla
ICPAK Member Number 9340

I. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the Government and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the NG-CDF Gem Constituency.

2. Recognition of revenue and expenses

The NG- CDF Gem Constituency recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the NG-CDF Gem Constituency. In addition, the NG-CDF Gem Constituency recognises all expenses when the event occurs and the related cash has actually been paid out by the NG-CDF Gem Constituency.

3. In-kind contributions

In-kind contributions are donations that are made to the NG-CDF Gem 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 NG-CDF Gem Constituency includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

5. 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 NG-CDF Gem Constituency 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The Gem NG- CDF's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the Gem NG- CDF's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2019.

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

II. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
	Description	2018-2019	2017 - 2018
		Kshs	Kshs
			5,500,000
	A892822		37,905,172
17/07/2018	B005105	48,034,483.15	
7/02/2019	B030240	10,000,000.00	
8/3/2019	B006335	8,000,000.00	
13/3/2019	B00394	12,000,000.00	
29/06/2019	B042995	11,000,000.00	
29/06/2019	B042738	13,000,000.00	
		102,034,483	43,405,172
3 OTHER RECEIPTS			
	Description	2018-2019	2017 - 2018
		Kshs	Kshs
	Sale of Tender Documents	-	171,000
TOTAL		-	171,000
4 COMPENSATION OF EMPLOYEES			
	Description	2018-2019	2017 - 2018
		Kshs	Kshs
	Basic wages of contractual employees	2,024,934	1,983,487
	Employer contribution to NSSF	127,040	
	Gratuity-Paid	54,726	
	Gratuity-Accrued		
TOTAL		2,206,700	1,983,487
5 USE OF GOODS AND SERVICES			

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For the year ended June 30, 2019

Description		2018-2019	2017 - 2018
		Kshs	Kshs
Utilities, supplies and services		690,466	1,862,945
Printing, advertising and information supplies & services			1,134,553
Other committee expenses		976,660	
Committee allowance		2,387,926	3,377,832
Strategic Plan		875,000	
TOTAL		4,930,052	6,375,330
6. TRANSFER TO OTHER GOVERNMENT ENTITIES			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Transfers to Primary schools		22,956,724	5,046,234
Transfers to Secondary schools		3,500,000	
Transfers to Tertiary institutions			1,000,000
ICT			
TOTAL		26,456,724.00	6,046,234
7 OTHER GRANTS AND OTHER PAYMENTS			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Bursary -Secondary		13,176,600	16,423,000

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Bursary -Tertiary		3,612,000	7,836,000
Security		6,330,000	2,600,000
Sports		1,963,793	
Environment		600,000	100,000
Emergency Projects		2,844,179	5,156,967
TOTAL		28,526,572	32,115,967
8 ACQUISITION OF ASSETS			
Non Financial Assets		2018-2019	2017 - 2018
		Kshs	Kshs
Refurbishment of Buildings		49,091	395,185
TOTAL		49,091	395,185
9 Other Payments			
ICT HUB		-	-
TOTAL		-	-
10A: Bank Balances (cash book bank balance)			
Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Cooperative Bank, Yala Branchl NG-CDF	A/C no.01141256320000	42,191,065	1,740,837
12B GRATUITY	DATE EMPLOYED		
13 BALANCES BROUGHT FORWARD			

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
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		2018-2019	2017 - 2018
		(1/7/2018	(1/7/2017)
		Kshs	Kshs
Bank accounts		42,191,065	5,080,867
Cash in hand			-
Imprest			-
TOTAL		42,191,065	5,080,867
Bank balance in te cashbook as at the end of June 2019			
14			
PRIOR YEAR ADJUSTMENTS			
		2018-2019	2017 - 2018
		Kshs	Kshs
cash book adjustment	18/09/2018	516,885	-
Cash in hand	28/02/2019	68,000	-
TOTAL		584,885	
These are stale bursary cheques which were reverted back to the cash book.			
15			
OTHER IMPORTANT DISCLOSURES			
15.2: PENDING STAFF PAYABLES			
(See Annex 2)			
		2018-2019	2017 - 2018
		Kshs	Kshs

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NGCDFC Staff		202,019	-
		202,019	-
15.3: UNUTILIZED FUND (See Annex 3)			
		2018-2019	2017 - 2018
		Kshs	Kshs
Compensation of employees		2,179,876	1,150,576
Use of goods and services		4,271,548	2,623,921
Amounts due to other Government entities		52,502,486	29,262,862
Amounts due to other grants and other transfers		29,726,866	18,822,589
Acquisition of assets		16,757,119	6,806,209
Others (specify)		105,437,894	58,666,157
15.4: PMC account balances (See Annex 5)			
			2018-2019
PMC	BANK	A/C NO	Kshs
			xxx
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date
	a	B	c

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
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Construction of buildings			
1.			
2.			
3.			
Sub-Total			
Construction of civil works			
4.			
5.			
6.			
Sub-Total			
Supply of goods			
7.			
8.			
9.			
Sub-Total			
Supply of services			
10.			
11.			
12.			
Sub-Total			
Grand Total			
Name of Staff	Job Group	Original Amount	Date Payable Contracted
		A	b
NGCDF Staff salary			
1.			
2.			
3.			
Sub-Total			

INSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY
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NGCDFC Staff gratuity			
1			
2			
3			
Sub-Total			
Others (specify)			
1			
2			
3			
Sub-Total			
Grand Total			
ANNEX 3 - ANALYSIS OF UNUTILIZED FUND			
Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance
		2018/19	2017/18
Compensation of employees		2,179,876	1,150,576
Use of goods & services		4,271,548	2,623,921
Amounts due to other Government entities		52,502,486	29,262,862
Sub-Total			31,296,522
Amounts due to other grants and other transfers		29,726,866	18,822,589
Sub-Total			18,822,589
Acquisition of assets		16,757,119	6,806,209

INSTITUTIONS DEVELOPMENT FUND – GEM CONSTITUENCY
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Others (specify)			
Sub-Total			
Grand Total		105,437,894	6,806,209
Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)
Land			
Buildings and structures	2,625,000		
Transport equipment	1,087,000		
Office equipment, furniture and fittings	350,000		
ICT Equipment, Software and Other ICT Assets	175,000		
Other Machinery and Equipment			
Heritage and cultural assets			
Intangible assets			
Total	4,237,000		
PMC	Bank	Account number	Bank Balance 2018/19
Mutumbu Primay School	Co-operative Yala	01141517725400	22,846.50
Mwadi Primary School	Co-operative Yala	01141517994400	527.50
Siriwo Primary school	Co-operative Yala	01141257520700	60.75

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY

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Uganga Primary School	Co-operative Yala	01141517913200	1,063
Migosi Primary	Co-operative Yala	0114174454800	78,000
Kojuok Primary	Co-operative Yala	01141740452600	1,485
Gongo Primary	Co-operative Yala	01141256395100	373
Nyabeda Primary School	Co-operative Yala	01141256463100	1,683
Ndegwe Primary	Co-operative Yala	01141256402600	33,860
Malanga Primary	Co-operative Yala	01141740442000	2,205
Ndere AP Camp	Co-operative Yala	01141740500100	99,275
Sawagongo AP Camp	Co-operative Yala	01141740474400	325
Got Kokwiri Primary	Co-operative Yala	01141740066900	2,204
Ligoma Primary	Co-operative Yala	01141517813500	112.50
Nyawara Primary	Co-operative Yala	01141740104500	4,564
Bar-Sauri Primary	Equity Luanda	1120279143485	-
Onding Primary	Equity Luanda	1120279174021	-
Nyasidhi Primary	Equity Luanda	1120279058561	-
Yala Township sec.	Equity Luanda	1120279074985	-
Wagai West Ass. Chief	Equity Luanda	1120279076432	-
Nyangulu Mixed	Equity Luanda	1120279063818	-
Bar-Sauri Mixed Sec.	Equity Luanda	1120279170465	-
Nyangulu Primary	Equity Luanda	1120279063818	-
J.M Obidha Primary	Equity Luanda	1120279170465	-
Kaumeri Primary	Equity Luanda	1120278837137	1,000
Ndiru Primary	Equity Luanda	1120278851798	517,866
Ulamba Ass. Chief	Equity Luanda	1120279063437	-
Ming'awo Primary	Equity Luanda	1120279064126	-
Mundoware primary	Equity Luanda	1120279101947	-
Odendo Primary	Equity Luanda	1120279075798	-
Chief's Office East Gem	Equity Luanda	1120279142842	
Oseno Primary	Equity Luanda	1120278863471	150,000
Olengo Primary	Equity Luanda	1120279170588	-
Kayieye Primary	Equity Luanda	1120277558909	1,820
Mutumbu Girls Secondary	Equity Luanda	1120277679937	544,340
Nango Gonda Primary	Equity Luanda	1120277538018	129,640
Omindo Primary	Equity Luanda	1120277559139	1,320
Kaudha Primary	Equity Luanda	1120277585418	39,350
Nyagondo Primary	Equity Luanda	1120277345753	930
Tatro Primary School	Equity Luanda	1120277585372	870

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Nyabeda AP Camp	Equity Luanda	1120277738659	99,820
Uthanya Secondary School	Equity Luanda	1120277396264	6,257
Dienya Primary	Equity Luanda	1120277344858	305
Gem NG-CDF Sports PMC	Equity Luanda	1120277537532	1,854
Ginga Valley Primary	Equity Luanda	1120277344514	1,285
Malele Primary	Equity Luanda	1120277585348	285
Sagam Primary	Equity Luanda	1120277366290	1,215
Uranga Mixed Sec.	Equity Luanda	1120277359045	635
Dienya Mixed Sec	Equity Luanda	1120277342545	3,527
Wambusa Primary	Equity Luanda	1120277585389	265
Kotoo Primary	Equity Luanda	1120277347217	265
Total			1,751,433.25

CONSTITUENCIES DEVELOPMENT FUND – GEM CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

ANNEX 6: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Failure to update asset register	Previously not updated but now updated.	FAM	Resolved	To date
2.0	The allocation of funds	Wrongful classification of expenditures	FAM	Corrected in the adjusted of financial statement.	July 2019
3.0	Irregular bank reconciliation statement	No monthly reconciliations in 2018; Now corrected	FAM	Resolved	To date
4.0	No PMC balances disclosed	PMC balances were availed later	FAM	Resolved	To date
5.0	Non compliance with reporting frame work	Reporting framework followed	FAM	Resolved	To date
6.0	Bank transactions not recorded	Amended in the corrected financial statement 2018	FAM	Resolved	To date
7.0	Misstatement of cash and cash equivalent	Misstatement corrected	FAM	Resolved	To date
8.0	Non preparation of trial balance	The missing trial balance was initially prepared	FAM	Resolved	To date
9.0	Appropriation statement	Eventually supported in the amended financial statement	FAM	Resolved	To date
10.0	Under absorption of funds	Cost by late disbursement from the exchequer	FAM	Resolved	To date
11.0	Delayed disbursement of funds to PMCs	Slow absorption of funds caused by delayed disbursement from cdf board.	FAM	Resolved	To date

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	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
12.0	Project Implementation Status	Delayed starting of projects caused by delayed disbursement	FAM	Resolved	To date
13.0	Salaries to staff not on payroll	These were casuals who later formally engaged	FAM	Resolved	2018
14.0	Unsupported bursary disbursement	Duly signed application forms currently sought before any payment is done	FAM	Resolved	To date
15.0	Bursary disbursement not credited to students account	Follow up always done on bursary disbursements for crediting on students accounts	FAM	Resolved	To date
16.0	Wasteful expenditure	Subsequent vetting done in the NGCDF Gem boardroom	FAM	Resolved	To date
17.0	Irregular training expenses	The national government official went on transfer.	FAM	Resolved	To date

The audit exercise of 2017/18 financial year in Gem Constituency was done at a time when the Constituency was suffering from a very high turnover of Fund account managers hence no one to answer to the audit queries on time. However, by the time the response was done it was time barred. Therefore, these led to the previous audit opinion.