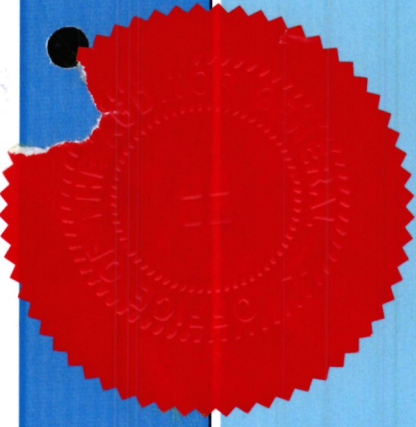


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*Enhancing Accountability*



THE NATIONAL ASSEMBLY	
DATE: 23 MAR 2022	DEV. WGD (pm)
TABLED BY: L-o-m.	
CLERK AT THE TABLE: 1M2020	

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – KURIA EAST CONSTITUENCY**

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



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -KURIA EAST  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

---

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

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
KURIA EAST CONSTITUENCY  
Reports and Financial Statements  
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**Core Values**

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

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	A.I.E holder	Korir K.Bernard
2.	Sub-County Accountant	George Kapodoh
3.	Chairman NGCDFC	Ravasco N.Mutundi
4.	Member NGCDFC	Flavian Boke

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF Kuria East Constituency Headquarters**

P.O. Box 7-40416 Kegonga  
NG-CDF Office Building  
Kehancha Ntimaru Rd  
Kegonga, KENYA

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

**KURIA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**(f) NGCDF Kuria East Constituency Contacts**

Telephone: (254) 724669962

E-mail: [cdfkuriaeast.go.ke](mailto:cdfkuriaeast.go.ke)

Website: [www.cdf.go.ke](http://www.cdf.go.ke)

Bank Name:	Kenya Commercial Bank
Branch:	Kehancha
Account Name:	Kuria East NG-CDF
Account Number:	1147942986
Address:	266-40413, Kehancha

**(g) Independent Auditors**

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

**(h) Principal Legal Adviser**

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

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

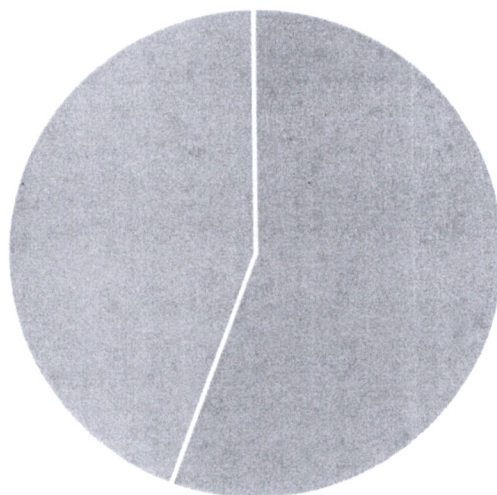
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**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

Presented herein please find the Kuria East NG-CDF's annual report and financial statements for the financial year 2019/2020. In the year under review, we are pleased with our overall performance with an increased annual expenditure compared to the previous financial year. We have put systems in place to ensure that there is improved service delivery and value for money which is in line with the constituency's vision and mission statement.

The actual amounts utilised by the constituency in its various expense items was at 76.2% of our annual budget of Kshs. 137,367,724.14, however the target should be 100% if funds are availed in time during the respective financial year.

Pie chart comparing allocation for FY 2018/2019 and 2019/2020



■ 1 ■ 2

**Note**

**There was an increase in FY 2019/2020 allocation by Kshs. 28,326,848.64**

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

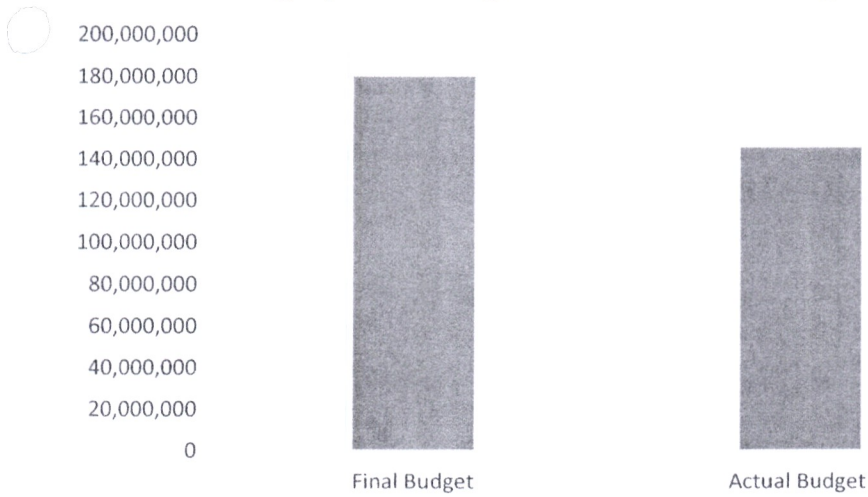
**KURIA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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Bar graph showing Actual and Final Budget



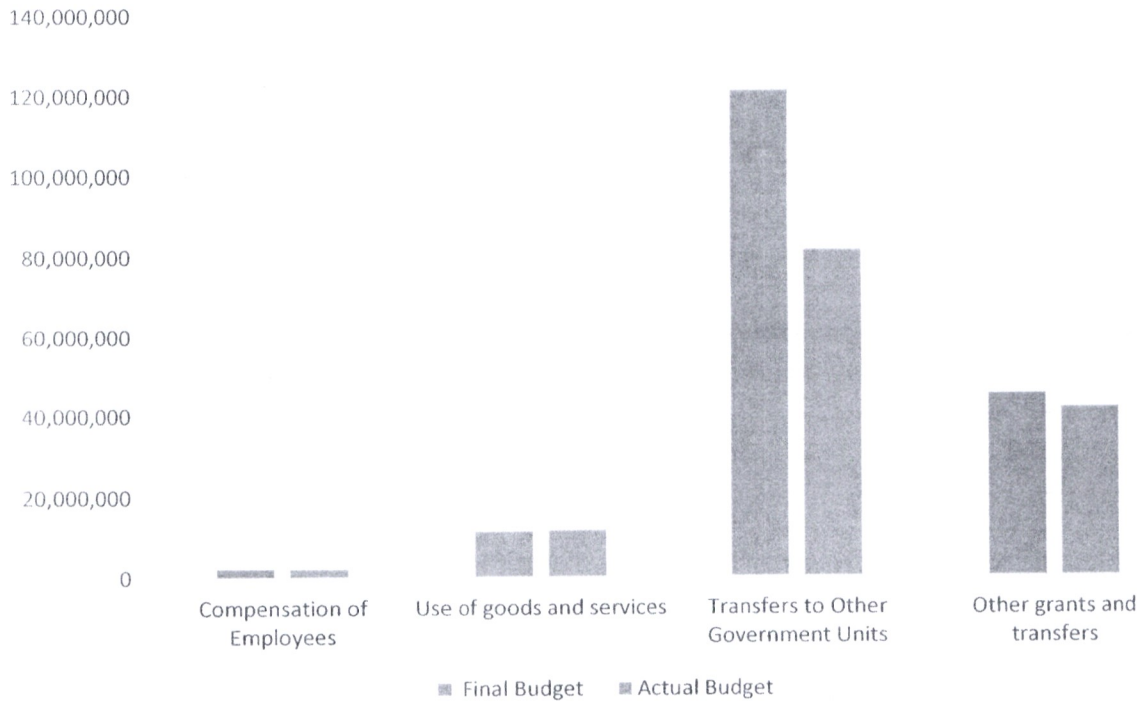
**Note**

The utilization of funds against the final budget is at 76.2 %, since the constituency has an outstanding disbursement from the NG-CDF Board of Kshs. 34,367,724.14 for the financial year 2019/2020

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**KURIA EAST CONSTITUENCY**  
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Bar graph Comparing Actual and Final Budget during financial year 20192020



Bar chart comparing the surplus and deficit for financial year 2018/2019 and 2019/2020



**Note**

**This is an indicator of improved funds disbursement to projects in the current financial year 2019/2020 with a surplus of Kshs. 8,514,265 compared to the disbursements in the financial year 2018/2019 which had a deficit of Kshs. 39,459,183**

**Key Achievements for the Kuria East NG-CDF**

- In the education sector, NG-CDF funding of infrastructure in schools has assisted in increasing pupils/ students enrolment and provided conducive learning environment.
- The NG-CDF bursary has helped retain students from low income families in schools.
- In the security sector, funding of chiefs offices, ACC Residence, Police station administration police lines have ensured conducive working and living environment and prompt responses to calls on their duties.



Figure 1. Nyamagongwi primary construction of five classroom FY 2019/2020



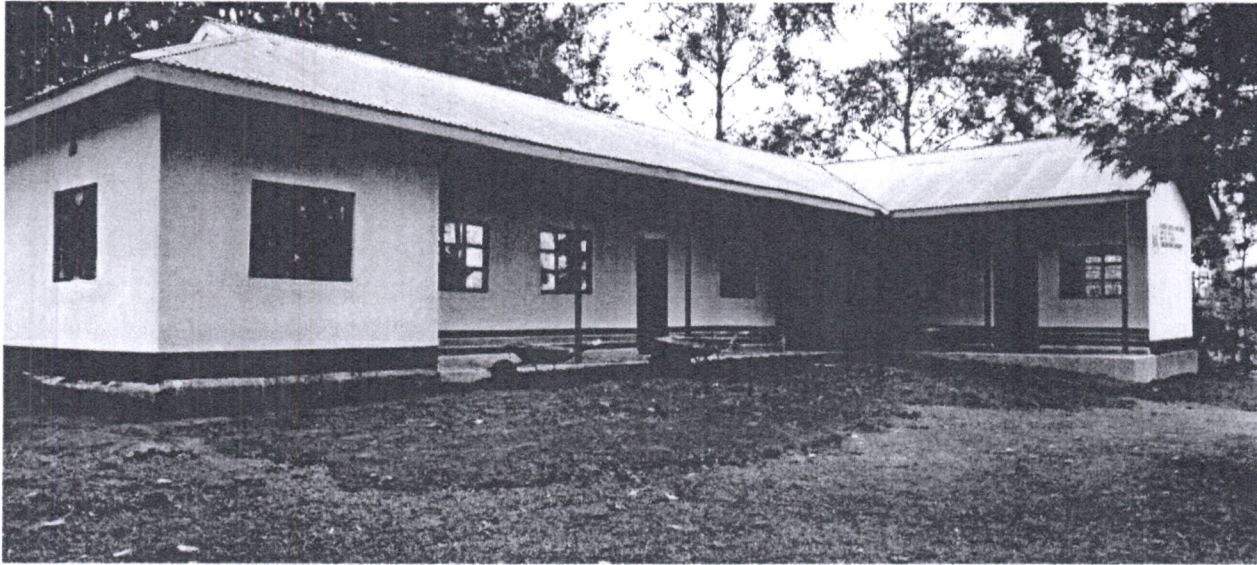
Figure 2. Nguruna Secondary school classrooms Completed in Fy 2019/2020

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

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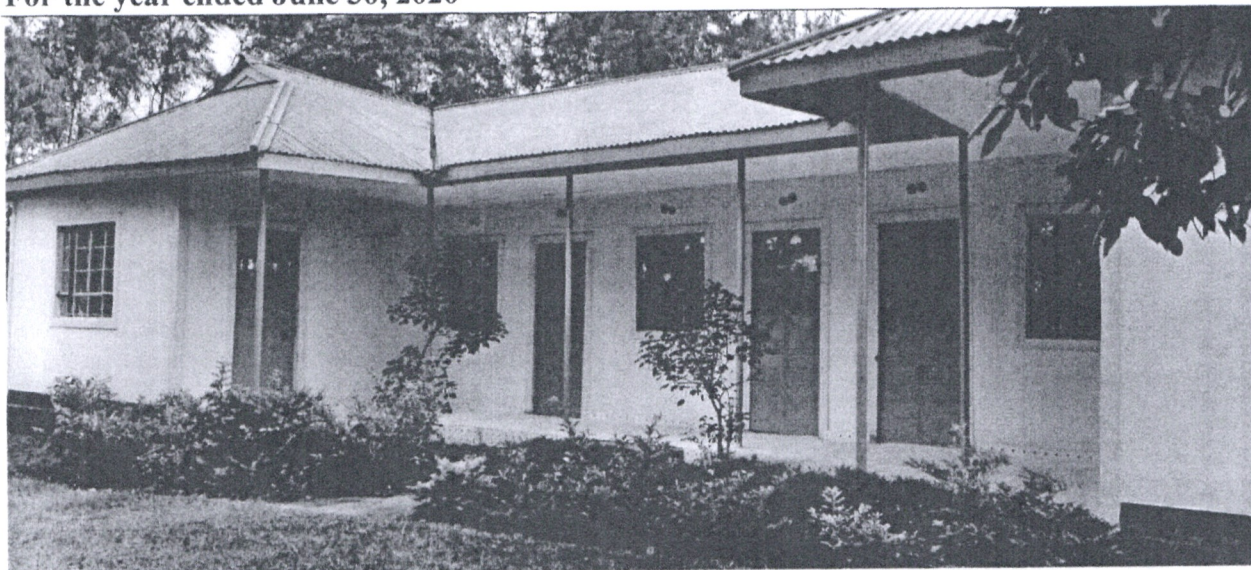
Figure 3. Masangora Primary .Renovation of fourteen classrooms and Administration Block



**Figure 4: Construction of Bwirege Central chief's office completed in FY 2019/2020**

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)***  
***KURIA EAST CONSTITUENCY***  
**Reports and Financial Statements**  
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**Figure 5: Nyabasi South chief's office completed in FY 2019/2020**



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

**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES**  
**Introduction**

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

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

- a) To increase the infrastructure classrooms in primary schools by 30% in the next five years
- b) Building and equip laboratories in secondary schools by an increase of 20% in secondary schools.
- c) To build and equip five one storied building one in every ward by end of five years.
- d) To build and complete a modern Kenya medical training college and put into use by end of the five years.
- e) To build and complete a sub county headquarter in the two sub counties in the constituency.
- f) To build and complete a judiciary court by the end of five years.
- g) To build and equip four ICT infrustrure within the constituency by end of the five years.

**Progress on attainment of Strategic development objectives**

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> <li>- Number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- Number of bursary beneficiaries at all levels</li> </ul>	In FY 19/20 - We increased number of classrooms from 14 to 21 - We increased number of dormitories by from 3 to 4 and laboratories remains at 2. - Bursary beneficiaries at all levels increased by 30% from the previous year
Security	To enhance security	Reduce rate of crime and insecurity in the area	<ul style="list-style-type: none"> <li>- number of usable physical infrastructure</li> </ul>	In the FY 2019/2020 there was increase in the

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

**KURIA EAST CONSTITUENCY**

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			build in the area	number of chief offices from 5 to 9. Also completion of 8 extra staff quarters for the police
Environment	To increase the forest cover to at least 10%	To conserve the environment and its eco system.	Environmental related activities implemented in the area.	Planted 1500 seedlings in fifteen schools in the last FY 20192020
Sports	To implement a sporting activity	To give the youths and opportunity to participate in sporting acting and show case there talents.	Number of groups participating in the activity and the level of completion,	Organised a constituency sports tonourment Fy20192020
Disaster Management	To know how to mitigate and control disasters in case.	To mitigate on risk measures	Trainings of staffs and committee's	Conducted training of 8 ngcdfc and 10 ngcdfs 10 and trained on the same.

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

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**IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

**1. Sustainability strategy and profile -**

The Ngcdfc in its sustainability strategy has ensured that the staffs were competitively recruited and evenly distributed within the five wards in the constituency. Also the gender third rule were strictly observed during the recruitment and placement of both the committees and staffs. The constituency in the last financial year has managed to award the 30% tenders to the special and registered groups. The challenge experienced is the limited resources to achieve the required target.

**2. Environmental performance**

The Ngcdfc in consultation with the forest department has managed to advice the schools allocated funds for purchase of seedlings on the variety to plant, and maintain. This has raised the survival rate of the trees and increased forest cover. The exercise sometimes is affected by the sudden change in the climate.

**3. Employee welfare**

The Ngcdfc in the in its strategy has ensured that the staffs were recruited in a competitive process. Also the committee has a programme of developing the staffs through team buildings, training and sponsorship. The committee also appraise the staff yearly on their set targets. As a way of motivating the staff the committee has a gratuity policy on staffs on contracts which is due on expiry of the contract.

**Market place practices-**

To avoid conflicts between the stakeholders and the NGCDF the committees prequalifies the contractors every year and only qualified contractors are pre-qualified. Also all the works service are advertised depending on the threshold for the public to participate. The committee also ensures that commitment are only made **when** funds are available to avoid delay in payments which a times lead to court cases.

**4. Community Engagements-**

The office through the committee has in the last financial year trained three hundred and fifty boda boda youths across the five wards and awarded them with the driving licence. This really

Impacted directly to the road safety to them and to the third party. Also the committee in the last financial year organised and funded a sport tonourment in the constituency which attracted twenty five participating teams and engaged many youths.

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

**KURIA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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


The Accounting Officer in charge of the NGCDF-Kuria East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Kuria East Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020 and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Kuria East Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

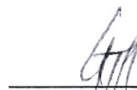
The Accounting Officer in charge of the NGCDF-Kuria East Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF- Kuria East Constituency financial statements were approved and signed by the Accounting Officer on 02/07/2020 2020.



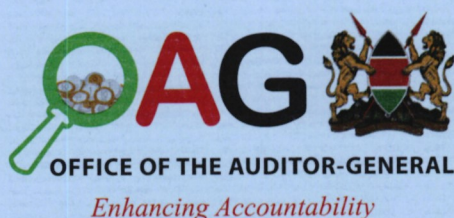
**Fund Account Manager**  
Name:



**Sub-County Accountant**  
Name: George O. Karanja  
ICPAK Member Number: 15287

# REPUBLIC OF KENYA

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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 - KURIA EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kuria East Constituency set out on pages 20 to 41, which comprise the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and 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 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 the National Government Constituencies Development Fund - Kuria East Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Unsupported Expenditure of Projects Management Committees

The statement of receipts and payments reflects Kshs.81,440,000 in respect of transfers to other Government entities. The transfers include Kshs.13,500,000 to various Projects Management Committee (PMC) accounts which were not adequately supported with relevant documents including complete expenditure returns, cash books, payment vouchers for cash withdrawals, stores records, minutes of tender processing committees and report of inspection and acceptance committee approving the goods and services procured.

Consequently, the accuracy and completeness of Kshs.13,500,000 transferred to schools and tertiary institutions could not be confirmed.

## **2. Projects Management Committees Bank Balances**

Disclosed in annex 3 to the financial statements are Projects Management Committees (PMC) account balances totalling Kshs.6,453,515 as at 30 June 2020. However, supporting documents including bank reconciliation statements, bank balances confirmation certificates, cash books and payment vouchers for expenditure from the accounts during the year were not provided for audit review.

Consequently, the accuracy and completeness of the projects management committees account balances of Kshs.6,453,515 as at 30 June, 2020 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 - Kuria East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.180,108,600 and Kshs.147,027,991 respectively resulting to shortfall of Kshs.33,080,610 or 18% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.180,108,600 and Kshs.137,226,610 respectively, resulting in underperformance amounting to Kshs.42,881,990 or 24% of the budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Kuria East Constituency.

#### **2. Verification of Projects**

Physical verification of seven (7) projects with a total disbursement of Kshs.13,000,000 revealed that some of the projects were ongoing, others were complete but not in use, some were completed but not equipped, while others were partly funded hence incomplete and could not be put to use as detailed below:

<b>Payee</b>	<b>Activity</b>	<b>Amount Paid (Kshs.)</b>	<b>Remarks</b>
Masangora Secondary	Construction of Kitchen cum dining capacity of 300 students.	1,000,000	Construction of 300 students' capacity kitchen/ dining hall; roofing, fixing doors, windows, plastering both internal and external and painting done. Project complete but not in use.
Kegonga Boys Secondary	Construction of one storey 300 capacity boy's dormitory.	3,000,000	Construction of one storey 300 capacity boy's dormitory. Project ongoing, slabbing of first floor done while walling, fixing doors, windows, plastering of both internal and external, tiling and painting of first floor not done and works are not branded.
Nyaitara Primary School	Drilling of borehole, installation of overhead tank 3,000L, piping, installation of electric pump and electrical works.	2,000,000	Overhead tank, 3,000L tank, piping, installation of electric pump and electrical works not done. Not put to intended use.
Masangora Girls	Drilling of borehole, installation of overhead tank 3,000L, piping, installation of electric pump and electrical works.	2,000,000	Installation of overhead tank 3,000L, piping, installation of electric pump and electrical works not done. Water used by learners. No sign board nor branded.
Masangora Primary	Renovation of 14 classrooms.	2,000,000	Renovation of 14 classrooms done – re-roofing, flooring, fixing windows and painting done. Doors and glazing not done.
Tungaine Primary	Drilling of borehole, installation of overhead tank 3,000L, piping, installation of electric pump and electrical works.	2,000,000	Drilling of borehole done. Installation of overhead tank 3,000L, piping, installation of electric pump and electrical works yet to be done. No sign board nor branded.
Koromangucha Primary	Completion of administration block with four offices and two classrooms.	1,000,000	Completion of administration block with four offices and two classrooms. Flooring, electrical not done.
<b>Total</b>		<b>13,000,000</b>	

The above projects were expected to be completed by 30 June, 2020. However, as at the time of our audit in January, 2021, they had not been completed. The slow pace of projects implementation may negatively affect service delivery to the constituents of Kuria East and the intended purpose of the projects may not be actualized

## 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**

#### **Construction of Dormitory at Matare Boys Secondary**

Note 4 to the financial statement reflects transfers to other Government units' expenditure amounting to Kshs.81,440,000. The amount include Kshs.5,000,000 transferred to the PMC account of Matate Boys Secondary School being additional funds for the construction of one storey 300 capacity boy's dormitory. The scope of works entailed slabbing of first floor, walling, fixing doors, windows, plastering both internal and external, tiling and painting. Physical verification done on 4 February, 2021 revealed that the construction of dormitory was complete, however, fixing of doors, windows, plastering both internal and external, tiling and painting works had not been done, and the contractor was not on site.

Consequently, the value for money of Kshs.5,000,000 expenditures for the year ended 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 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 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of the Fund 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 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 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 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 ability of the Fund 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 sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 February, 2022

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

**KURIA EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**VII. STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	145,740,876	65,379,310
<b>TOTAL RECEIPTS</b>		<b>145,740,876</b>	<b>65,379,310</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,296,551	2,190,091
Use of goods and services	3	11,716,859	6,340,680
Transfers to Other Government Units	4	81,440,000	39,329,500
Other grants and transfers	5	41,773,200	56,418,222
Acquisition of Assets	6		560,000
<b>TOTAL PAYMENTS</b>		<b>137,226,610</b>	<b>104,838,493</b>
<b>SURPLUS/DEFICIT</b>		<b>8,514,265</b>	<b>(39,459,183)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 31/09/2020 and signed by:

Fund Account Manager

Name:

*Ron Bernard*

National Sub-County Accountant

Name: *GEORGE O. KAPACH*

ICPAK Member Number:

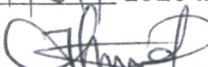
*1582*


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

**VIII. STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30<sup>TH</sup> JUNE 2020**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	7	9,801,380	1,287,115
<b>Total cash and cash equivalent</b>		<b>9,801,380</b>	<b>1,287,115</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,801,380</b>	<b>1,287,115</b>
<b>Financial Liabilities</b>			
<b>NET FINANCIAL ASSETS</b>	-	<b>9,801,380</b>	<b>1,287,115</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	8	1,287,115	40,746,298
Surplus/Deficit for the year		8,514,265	(39,459,183)
<b>NET LIABILITIES</b>		<b>9,801,380</b>	<b>1,287,115</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 01/09/2020 and signed by:

  
Fund Account Manager  
Name: Kocui Bernard

  
National Sub-County Accountant  
Name: GEORGE D. KAPABOTT  
ICPAK Member Number:

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

**KURIA EAST CONSTITUENCY**


**Reports and Financial Statements**


**For the year ended June 30, 2020**

**IX. STATEMENT OF CASHFLOW  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020**

<b>Receipts for operating income</b>		<b>2019-2020</b>	<b>2018-2019</b>
Transfers from CDF Board	1	145,740,876	65,379,310
		<b>145,740,876</b>	<b>65,379,310</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	2,296,551	2,190,091
Use of goods and services	3	11,716,859	6,340,680
Transfers to Other Government Units	4	80,540,000	39,329,500
Other grants and transfers	5	42,473,200	56,418,222
		<b>137,226,610</b>	<b>104,278,493</b>
<b>Net cash flow from operating activities</b>		<b>8,514,265</b>	<b>(38,899,183)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6		560,000
<b>Net cash flows from Investing Activities</b>			<b>(560,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>8,514,265</b>	<b>(39,459,183)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	8	<b>1,287,115</b>	<b>40,746,298</b>
<b>Cash and cash equivalent at END of the year</b>		<b>9,801,380</b>	<b>1,287,115</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 01/09/2020 and signed by:

  
**Fund Account Manager**  
 Name: Kari Kari

  
**National Sub-County Accountant**  
 Name: Walter O. Kiprotich  
 ICPAK Member Number: 15957

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY**

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

**X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2020.**


	Original Budget	Adjustments	Final Budget	Actual Budget	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	137,367,724	42,740,876	180,108,600	147,027,991	33,080,610	81.6%
Proceeds from Sale of Assets		0	0	0	0	
Other Receipts		0	0	0	0	
<b>TOTAL</b>	<b>137,367,724</b>	<b>42,740,876</b>	<b>180,108,600</b>	<b>147,027,991</b>	<b>33,080,610</b>	<b>81.6%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,120,894	0	3,120,894	2,296,551	824,343	73.6%
Use of goods and services	9,242,201	1,513,999	10,756,200	11,716,859	-960,659	108.9%
Transfers to Other Government Units	84,900,000	31,300,000	116,200,000	81,440,000	34,760,000	70.1%
Other grants and transfers	40,104,629	9,926,877	50,031,506	41,773,200	8,258,306	83.5%
Acquisition of Assets	0	0	0	0	0	
Other Payments	0	0	0	0	0	
<b>TOTAL</b>	<b>137,367,724</b>	<b>42,740,876</b>	<b>180,108,600</b>	<b>137,226,610</b>	<b>42,881,990</b>	<b>76.2%</b>

The over utilization in the use of goods and service of 108.9% arises because of the bursary expenses charged to administration.

The underutilization of 70.1% in the transfers to other government units and 83.5% in other grants and transfer is because of delay in receipt of the funds from the board.

The underutilization in compensation of employees of 73.6 is because of the gratuity not paid for the financial year. The NGCDF-Kuria East Constituency financial statements were approved on 01/07/2020 and signed by:

  
Fund Account Manager  
Name: Kareem Banael

  
Sub-County Accountant  
Name: Robert O. Apai  
ICPAK Member Number: 15982

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub programme	Original Budget	Adjustments	Final Budget	Actual on Comparable basis	Budget Utilization Difference
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	3,120,894.00		3,120,894.00	2,296,551.00	824,343.00
1.2 Committee allowances	1,000,000.00		1,000,000.00	1,000,000.00	
1.3 Use of goods and services	3,862,559.00	417,611.00	4,280,170.00	4,348,111.00	(67,941.00)
<b>Monitoring and Evaluation</b>					
2.1 Capacity building	2,000,000.00	500,000.00	2,000,000.00	2,500,000.00	(500,000.00)
2.2 Committee allowances	750,000.00		750,000.00	1,560,000.00	(810,000.00)
2.3 Use of goods and services	1,629,642.00	596,388.00	2,226,030.00	2,308,748.00	(82,718.00)
<b>Total</b>				<b>11,716,859</b>	
<b>Emergency</b>	7,198,241.38	1,820,959.00	9,019,200.38	9,000,000	19,195.38
<b>4.0 Bursaries and Social Security</b>					
4.1 Special Schools	2,100,000.00	-	2,100,000.00	2,087,000.00	13,000.00
4.2 Secondary Schools	12,900,000.00	6,305,918.00	19,205,918.00	16,086,200.00	3,119,718.00
4.3 Tertiary Institutions	10,000,000.00	900,000.00	10,900,000.00	10,900,000.00	-
<b>Total</b>				<b>29,073,200</b>	
<b>5.0 Sports</b>					
5.1 Organising of constituency tonourment	1,806,387.76		1,806,387.76	1,000,000.00	806,387.76

NATIONAL GOVERNMENT CONSILIENCIES DEVELOPMENT FUND (NODDF) – KUMAMBAHO CONSILIENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2020

Koromangucha primary	1,000,000.00		1,000,000.00	1,000,000.00	-
Kionyo Primary	1,000,000.00	1,100,000.00	2,100,000.00	2,100,000.00	-
Nyankongo primary	1,000,000.00	1,500,000.00	2,500,000.00	2,500,000.00	-
Guretta Primary	1,250,000.00	750,000.00	2,000,000.00	2,000,000.00	-
Mutinitu Primary	1,500,000.00		1,500,000.00	1,500,000.00	-
Seronga primary	1,000,000.00	500,000.00	1,500,000.00	1,500,000.00	-
Masangora primary	4,300,000.00	700,000.00	5,000,000.00	5,000,000.00	-
.Nyamagowi Primary	1,500,000.00	2,000,000.00	3,500,000.00	3,500,000.00	-
Tungaine Primary	3,000,000.00	1,000,000.00	4,000,000.00	4,000,000.00	-
Kebare Primary	3,000,000.00	700,000.00	3,700,000.00	3,700,000.00	-
Gokeharaka Primary	3,000,000.00	500,000.00	3,500,000.00	3,500,000.00	-
Taragai Primary	500,000.00		500,000.00	500,000.00	-
Ngukumahando Primary	500,000.00		500,000.00	500,000.00	-
Kegonga primary	500,000.00	-	500,000.00	500,000.00	
.Sanchawa Primary	500,000.00	-	500,000.00	500,000.00	
.Bikarabwa Primary	500,000.00	-	500,000.00	500,000.00	-
Kemakoba Secondary	750,000.00	500,000.00	1,250,000.00	1,250,000.00	-

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

Nyamagenga Secondary	750,000.00	850,000.00	1,600,000.00	1,050,000.00	550,000.00
Nguruna Secondary	600,000.00	500,000.00	1,100,000.00	1,100,000.00	-
Musweto Primary	1,000,000.00		1,000,000.00	1,000,000.00	-
.Kegonche Primary	500,000.00		500,000.00	500,000.00	-
.Nyaitara primary	4,000,000.00		4,000,000.00	3,500,000.00	500,000.00
.Kugitimo primary	1,000,000.00	1,000,000.00	2,000,000.00	1,000,000.00	1,000,000.00
.Igena Itambe Primary	1,500,000.00		1,500,000.00	1,000,000.00	500,000.00
.Kendege primary	1,350,000.00		1,350,000.00	850,000.00	500,000.00
.Getambega Primary	2,300,000.00		2,300,000.00	1,800,000.00	500,000.00
Nyametaburo primary	2,000,000.00	100,000.00	2,100,000.00	2,100,000.00	0.00
.Ihore Boarding Primary	2,500,000.00		2,500,000.00	1,840,000.00	660,000.00
Nyantiro Boarding primary	4,000,000.00		4,000,000.00	0.00	4,000,000.00
.Mosaro Primary	750,000.00		750,000.00	0.00	750,000.00
.Nyamotambe Primary	750,000.00		750,000.00	0.00	750,000.00
Siabai Primary	500,000.00		500,000.00	0.00	500,000.00
Wangirabose Primary	500,000.00		500,000.00	0.00	500,000.00
Motarakwa Primary	500,000.00		500,000.00	0.00	500,000.00
Gwitembe primary	500,000.00		500,000.00	0.00	500,000.00

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

	AMOUNT ALLOCATE	BAL B/F	TOTAL AMOUNT	PAID	BALANCES
Gibarori Primary	500,000.00	-	500,000.00	500,000.00	0.00
.Getongoroma Primary	500,000.00		500,000.00	0.00	500,000.00
.St.joseph Ntimaru Primary	500,000.00	-	500,000.00	0.00	500,000.00
.Ihore Primary	500,000.00	-	500,000.00	0.00	500,000.00
Kebaroti Primary	500,000.00	-	500,000.00	0.00	500,000.00
<b>Total</b>				<b>50,290,000</b>	
<b>7.0 Secondary Schools Projects</b>					
<b>PROJECTS</b>					
Taragai Secondary	3,000,000.00	-	3,000,000.00		3,000,000.00
Matare Boys Secondary	3,000,000.00	5,000,000.00	8,000,000.00	5,000,000.00	3,000,000.00
Wangira bose Secondary	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Kwibanacha Girls Secondary	3,000,000.00	3,000,000.00	6,000,000.00	3,000,000.00	3,000,000.00
Gwitembe Secondary	1,300,000.00	600,000.00	1,900,000.00	1,950,000.00	(50,000.00)
Makararangwe secondary	1,300,000.00	800,000.00	2,100,000.00	2,100,000.00	-
Kegonga Secondary	3,000,000.00	3,100,000.00	6,100,000.00	3,000,000.00	3,100,000.00
Gokeharaka Secondary	2,000,000.00	2,000,000.00	4,000,000.00	2,000,000.00	2,000,000.00
Masangora Girls	6,500,000.00	1,600,000.00	8,100,000.00	8,100,000.00	-
Sakuri Girls	500,000.00	500,000.00	1,000,000.00	1,000,000.00	-

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

Gokeharaka Secondary	2,000,000.00	2,000,000.00	4,000,000.00	2,000,000.00	2,000,000.00
Masangora Girls	6,500,000.00	1,600,000.00	8,100,000.00	8,100,000.00	-
Sakuri Girls	500,000.00	500,000.00	1,000,000.00	1,000,000.00	-
Nguku Mahando Sec	500,000.00		500,000.00	500,000.00	
8.0 Security Projects					-
Makararangwe Chiefs office	500,000.00	900,000.00	1,400,000.00	1,000,000.00	400,000.00
Kebaroti Chiefs	2,000,000.00		2,000,000.00	1,000,000.00	1,000,000.00
Maeta Chiefs	1,000,000.00		1,000,000.00	-	1,000,000.00
Musweto Chiefs office	1,000,000.00		1,000,000.00	700,000.00	800,000.00
Nyaitara Assistant	800,000.00		800,000.00	-	800,000.00
Sagati Assistant chief	800,000.00		800,000.00	-	800,000.00
9.0 Tertiary Projects					
<b>PROJECTS</b>	<b>AMOUNT ALLOCATE</b>	<b>BAL B/F</b>	<b>TOTAL AMOUNT</b>	<b>PAID</b>	<b>BALANCES</b>
Kendege TTI	2,500,000.00		2,500,000.00	1,500,000.00	1,000,000.00
Kegonga Law court	3,000,000.00		3,000,000.00	-	3,000,000.00
	137,367,724.14	42,740,876.00	180,108,600.14	137,226,610.00	42,881,990.14

## **XI. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of Compliance and Basis of Preparation**

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

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

### **2. Reporting Entity**

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

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

#### **Tax Receipts**

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

#### **Transfers from the Exchequer**

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

## **XI.SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

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

### **Other receipts**

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

### **b) Recognition of payments**

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

### **Compensation of Employees**

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

### **Use of Goods and Services**

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

### **Acquisition of Fixed Assets**

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

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **5. In-kind contributions**

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

### **6. Cash and Cash Equivalents**

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

### **7. Accounts Receivable**

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

### **8. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

### **9. Pending Bills**

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

### **10. Unutilized Fund**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

### **12. Comparative Figures**

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

### **13. Subsequent Events**

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

### **14. Errors**

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

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

### **15. Related Party Transactions**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**XII.NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
Normal Allocation		Kshs	Kshs
8/7/2019	B041046	40,540,875.50	
22/10/2019	B047262	500,000.00	
23/09/2019	B047253	200,000.00	
15/10/2019	B047327	1,500,000.00	
18/11/2019	B047493	4,000,000.00	
19/12/2019	B048721	20,000,000.00	
18/12/2019	B041414	5,000,000.00	
30/01/2020	B042547	6,000,000.00	
25/02/2020	B043985	14,000,000.00	
30/03/2020	B048936	24,000,000.00	
27/05/200	B049521	30,000,000.00	
11/7/2018	B047782		11,379,310
27/12/2018	B030261		10,000,000
11/3/2019	B030464		12,000,000
22/02/2019	B006411		8,000,000
2/4/2019	B042782		12,000,000
10/5/2019	B042923		12,000,000
<b>TOTAL</b>		<b>145,740,876</b>	<b>65,379,310.35</b>

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**2. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees	2,123,676	1,857,858
Basic wages of casual labor		
House allowance		
Leave allowance		
Employer contribution to NSSF	172,876	181,129
gratuity - paid		151,104
Gratuity - Accrued		
<b>Total</b>	<b>2,296,551</b>	<b>2,190,091</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	470,000	140,000
Communication and services	250,000	160,000
Domestic travel and subsistence	470,000	350,000
Printing, advertising and information supplies & services	320,000	112,700
Training expenses	2,500,000	1,500,000
Hospitality supplies and services	300,000	150,000
Other committee expenses	1,560,000	1,000,000
Committee allowance	1,000,000	750,000
Specialised materials and services	120,000	70,000
Office and general supplies and services	480,000	112,000
Fuel ,oil & lubricants	480,000	1,600,000
Routine maintenance – vehicles and other transport equipment	566,859	275,980
Routine maintenance – other assets	450,000	120,000
Other operating expense	2,750,000	-
<b>Total</b>	<b>11,716,859</b>	<b>6,340,680</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>
Transfers to Primary schools	50,290,000	30,529,500
Transfers to Secondary schools	29,650,000	4,100,000
Transfers to Tertiary institutions	1,500,000	4,700,000
<b>TOTAL</b>	<b>81,440,000</b>	<b>39,329,500</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary -Secondary	16,086,200	16,248,550
Bursary -Tertiary	10,900,000	17,643,900
Bursary-Special schools	2,087,000.00	3,033,600
Security	2,700,000	7,900,000
Sports	1,000,000	3,855,172
Environment		1,200,000
Emergency Projects (Annex 5)	9,000,000	6,537,000
<b>Total</b>	<b>41,773,200</b>	<b>56,418,222</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		-
Construction of Buildings		-
Refurbishment of Buildings		-
Purchase of Vehicles		-
Purchase of Bicycles & Motorcycles		
Overhaul of Vehicles		-
Purchase of Office furniture and fittings		560,000
Purchase of computers ,printers and other IT equipments		-
Purchase of photocopier		-
Purchase of other office equipments		
Purchase of soft ware		-
Acquisition of Land		
<b>TOTAL</b>		<b>560,000.00</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**7: Bank Accounts (cash book bank balance)**

<b>Name of Bank, Account No. &amp; currency</b>		<b>2019-2020</b>	<b>2018-2019</b>
	<b>Account Number</b>	<b>30/06/2020</b>	<b>Kshs (30/6/2019)</b>
<i>KCB Kehancha Branch</i>	1147942986	9,801,380	1,287,115
<b>Total</b>		<b>9,801,380</b>	<b>1,287,115</b>

**8. BALANCES BROUGHT FORWARD**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs(1/7/2019)</b>	<b>Kshs (1/7/2018)</b>
Bank accounts	1,287,115.	40,746,297
Cash in hand		-
Imprest		
<b>Total</b>	<b>1,287,115</b>	<b>40,746,297</b>

**9: UNUTILIZED FUND (See Annex 1)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	824,343	65,259.
Use of goods and services	67,941	0.00
Amounts due to other Government entities (see attached list)	34,760,000	22,600,000.
Amounts due to other grants and other transfers (see attached list)	44,466,316.1	4,820,959
Acquisition of assets	0.00	560,000.00
<b>Total</b>	<b>80,677,872.14</b>	<b>28,046,218</b>

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9: PMC account balances (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	6,453,514.8	535,402.8
<b>Total</b>	<b>6,453,514.8</b>	<b>535,402.8</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)  
ANNEX 1 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		824,343.00		
Use of goods & services		67,941.00		
Amounts due to other Government entities				
.Nyaitara primary	Delay in disbursements of funds	500,000.00	0.00	
.Kugitimo primary	Delay in disbursements of funds	1,000,000.00	1,000,000	Delay in receipt of funds
Igena Itambe Primary	Delay in disbursements of funds	500,000.00	0.00	
Kendege primary	Delay in disbursements of funds	500,000.00	0.00	
Getambega Primary	Delay in disbursements of funds	500,000.00	0.00	
Ihore Boarding Primary	Delay in disbursements of funds	660,000.00	2,500,000	Awaiting the valuation report
Nyamtiro Boarding primary	Delay in disbursements of funds	4,000,000.00	0.00	
Mosaro Primary	Delay in disbursements of funds	750,000.00	0.00	
Nyamotambe Primary	Delay in disbursements of funds	750,000.00	0.00	
Siabai Primary	Delay in disbursements of funds	500,000.00	0.00	
Wangirabose Primary	Delay in disbursements of funds	500,000.00	0.00	
Motarakwa Primary	Delay in disbursements of funds	500,000.00	0.00	
Gwitembe Primary	Delay in disbursements of funds	500,000.00	0.00	
Sakuri Primary	Delay in disbursements of funds	500,000.00	0.00	
Getongoroma Primary	Delay in disbursements of funds	500,000.00	0.00	
St.joseph Ntimaru Primary	Delay in disbursements of funds	500,000.00	0.00	
Kebaroti Primary	Delay in disbursements of funds	500,000.00	0.00	
Ihore Primary	Delay in disbursements of funds	500,000.00	0.00	
Taragai Secondary			0.00	

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Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		3,000,000.00		
Matare Boys Secondary		3,000,000.00	0.00	
Wangira bose Secondary		3,000,000.00	0.00	
Kwibancha Girls Secondary		3,000,000.00	0.00	
Kegonga Secondary		3,100,000.00	0.00	
Gokeharaka Secondary		2,000,000.00	0.00	
8.1 Kendege TTI		1,000,000.00	0.00	
8.2 Kegonga Law court		3,000,000.00	0.00	
<b>Sub-Total</b>		<b>34,760,000</b>	<b>3,500,000</b>	
<b>Amounts due to other grants and other transfers</b>				
Emergency		19,200.38		
Sports		806,387.76		
Maeta Chiefs office		1,000,000.00		
Nyaitara Assistant		800,000.00		
Sagati Assistant chief		800,000.00		
8.1 Kendege TTI		1,000,000.00		
8.2 Kegonga Law court		3,000,000.00		
<b>Sub-Total</b>		<b>7,425,588.14</b>		
<b>Grand Total</b>		<b>80,108,600</b>		

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost	Addition During	disposal During	Historical Cost
	(Kshs)	the year	the year	(Kshs)
	2018/28			2019-2020
Transport equipment	5,120,464.00	-	-	5,120,464.00
Office equipment, furniture and fittings	432,382.00		-	992,382.00
ICT Equipment, Software and Other ICT Assets	312,498.00		-	312,498.00
<b>TOTAL</b>	<b>5,865,344.00</b>	<b>560,000.00</b>	<b>-</b>	<b>6,425,344.00</b>

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**ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2019**

S/N O	PROJECT	BANK	ACCOUNT NO.	2018/2019 Kshs.	2019/2020 Kshs
1.	Koromangucha primary	KCB	1171595174	6,200.00	538,200.00
2.	Nyaitara primary	KCB	1171602219	6,970.00	9,188.00
3.	Kionyo Primary	KCB	1112965556	1,444.00	4,244.00
4.	Nyankongo primary	KCB	1133652638	8,045.00	96,914.00
5.	Guretta Primary	KCB	1123132550	1,374.00	4,269.00
6.	Kugitimo primary	KCB	1134549806	3995.00	1,003,995.00
7.	Igena Itambe Primary	KCB	1150203366	925.00	56,200.00
8.	Mutiniti Primary	KCB	1133429939	6,276.50	86,956.50
9.	Seronga primary	KCB	1106377532	87,710.00	586,710.00
10.	Kendege primary	KCB	1154316092	1,400.00	70,348.00
11.	Getambega Primary	KCB	1134426089	2,809.50	633,009.50
12.	Musweto Primary	KCB	1171957238	218.00	82,718.00
13.	Kegonche Primary	KCB	1177373831	954.50	44,754.50
14.	Masangora Primary	KCB	1133335349	1,525.00	2,965.00
15.	Nyamagogwi Primary	KCB	1133752314	3,078.50	3,133.50
16.	Tungaine Primary	KCB	1134943946	92.50	337,826.50
17.	Kebare Primary	KCB	1132346754	4,927.00	79,456.00
18.	Gokeharaka Primary	KCB	1133784763	51,260.00	50,020.00
19.	Taragai Primary	KCB	1133455972	135.00	495,835.00
20.	Gibarori Primary	KCB	1273590910	0.00	975.00
21.	Kegonga primary	KCB	1112404112	2,189.50	501,989.50
22.	Sanchawa Primary	KCB	1116364948	2,464.50	502,264.50
23.	Bikarabwa Primary	KCB	1134161905	782.00	3,082.00
24.	Kemakoba Primary	KCB	1132447283	10,454.00	274,114.00
25.	Nyamagenga Primary	KCB	1112913750	312.50	1,112.50
26.	Nguku Mahando Primary	KCB	1133553117	1,374.50	39,648.50
27.	Nguruna Primary	KCB	1167436024	25.00	4,025.00
29.	Gwitembe Secondary	KCB	1106573943	2,609.00	7,319.00
30.	Makararangwe secondary	KCB	1171231571	1,091.00	157,891.00
31.	Masangora Girls	KCB	1226664733	310,244.00	1,525.00
32.	Sakuri Girls	KCB	1133993524	4,503.80	2,778.80
33.	Makararangwe Chiefs office	KCB	1364546262	0.00	12,965.00
34.	Bwirege Central	KCB	1236666412	0.00	500,000.00
35.	Kebaroti Chiefs	KCB	1137837152	2,545.00	834.00
36.	Musweto Chiefs office	KCB	1203369751	4,919.50	254,719.50

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37.	Kendege TTI	KCB	1178099954	2,549.00	1,529.00
	<b>TOTAL</b>			<b>535,402.8</b>	<b>6,453,514.8</b>

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<b>Summary statement of appropriation.</b> Summary statement of appropriation reflects an original budget of Kshs.109, 040,875 an adjustment of Kshs.40, 527,849 bringing a total expenditure of Kshs.151, 611,166.However adjustment to the budget was not supported by the approved code list listing individual components to be funded in fy 2018/2019.	The management availed the approved code list for Fy 2018/2019 for review and schedules to support adjustment.	Korir Bernard Fund Account Manger	Resolved	
2.	<b>Project Management Committees Bank Balances.</b> Disclosed in the financial statement under Annex2 are PMC bank balances totalling to Kshs.874, 547.85 as at 30 <sup>th</sup> June 2019. However bank statement were not availed for review.	The management availed the bank statements for the PMC projects for review.	Korir Bernard Fund Account Manger	Resolved	
3.	<b>Net liabilities.</b> Statements of financial assets reflects total assets balances of Kshs.1,287,115 and nil liabilities as at 30 <sup>th</sup> June 2019.The statement however shows at the bottom net liabilities instead of net assets balances of Kshs.1,287,115 or the correct financial position as at 30 <sup>th</sup> June 2019.No explanation was provided for this anomaly.	The management has since corrected the omission in the net liabilities as noted	Korir Bernard Fund Account Manger	Resolved	
4.	<b>Purchase of ten acres of land for Nyamtiro Boarding Primary</b> Include in transfers to primary schools of Kshs.30, 529,500 is Kshs.5, 029,500 for purchase of ten acres of land to Nyamtiro	The management has since availed the documents for review.	Korir Bernard Fund Account Manger	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Boarding Primary. However official search documents from land department transfers details title deed as evidence of ownership not availed.				
5.	<b>Bursary Disbursement</b> Included in other grants and transfers is Kshs.36, 926,050 which was incurred as bursary disbursement to needy student in the constituency which acknowledgments could not be confirmed.	The management has since availed the acknowledgments from different institutions for verification.	Korir Bernard Fund Account Manger	Resolved	