

THE NATIONAL ASSEMBLY	
DATE: 08 FEB 2022	
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REPORT

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OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – KHWISERO CONSTITUENCY**

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

Revised Template 30th June 2020



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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 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)
KHWISERO CONSTITUENCY
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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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 KHWISERO Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	Bernard S. Misiko
2.	Sub-County Accountant	Meshack Wakoli Yaura
3.	Chairman NG-CDFC	Daniel Seth Sumba
4.	Member NG-CDFC	Phanice O. Amadi

(d) Fiduciary Oversight Arrangements

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

P.O. Box 124 - 50135
Opposite Khwisero Police Station
Eshibinga - Khwisero Road
Khwisero, KENYA

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(f) NG-CDF KHWISERO Constituency Contacts

Telephone: (254) -0722 269 298

E-mail: cdfkhwisero@ngcdf.go.ke

Website: www.ngcdf.go.ke

(g) NG-CDF KHWISERO Constituency Bankers

1. Kenya Commercial Bank
Mumias Branch
P.O. Box 193 -50102
MUMIAS, Kenya
Account No. 1240448929

(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

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II. FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE

In the financial year under review, Khwisero Constituency received all the budgeted allocation by close of the year. However, half of the allocation was released in mid - June 2020. This therefore implies, some of the late receipts will be spent in the subsequent year, 2020/2021.

Receipts and expenditure is explained as shown below:

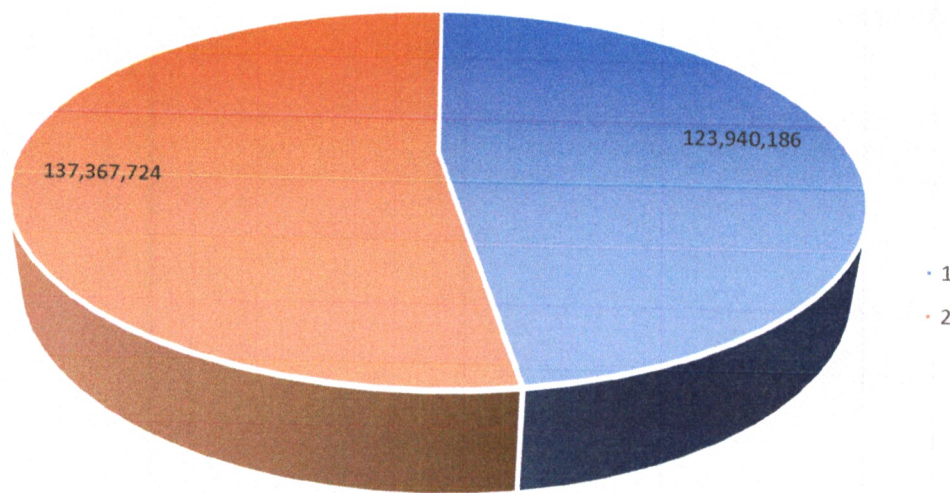


Figure 1: On comparable basis, receipts in the two financial years i.e 2018/2019 FY (in blue, marked 1) and 2019/2020 FY (in brown marked 2) are illustrated.

From the pie chart, it is clear that we received more in 2019/2020 FY than in 2018/2019 FY.

Below (the bar graph represents payments in the two financial years as a comparison)

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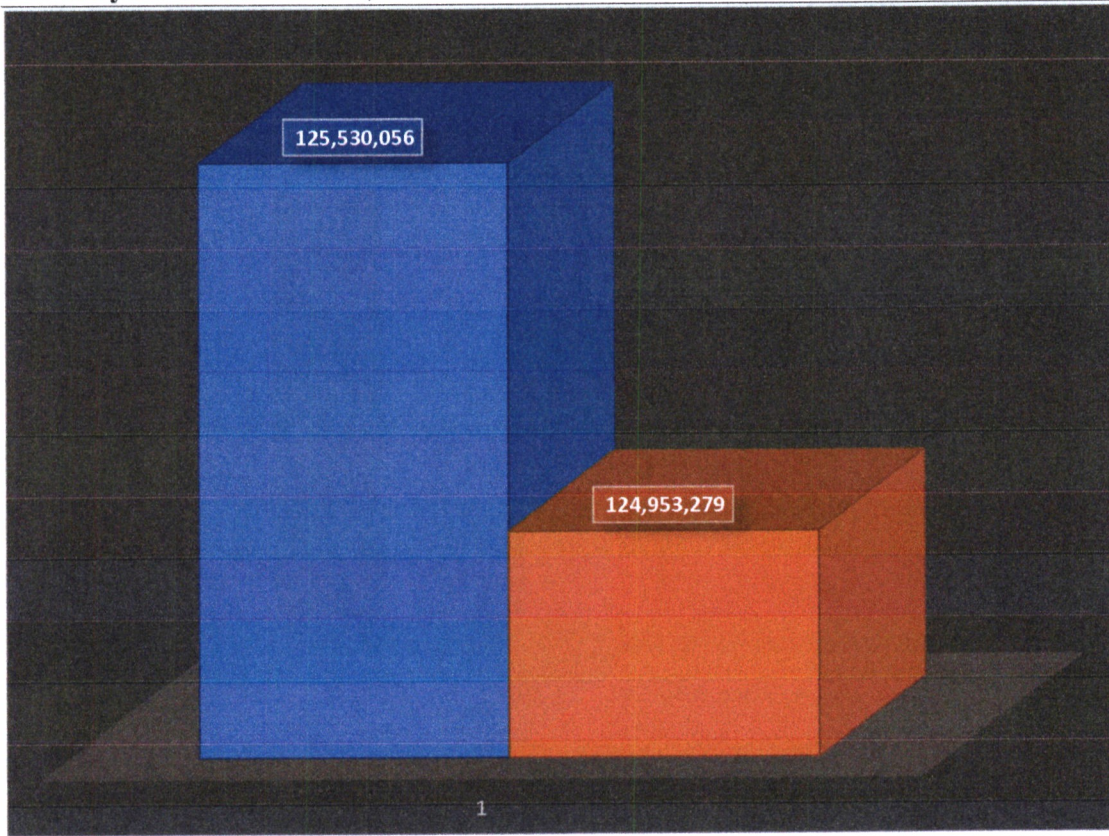


Figure 2:

On comparable basis, the bar graph represents payments in the two financial years.

It is clear that we made more payments in 2018/2019 (Ksh.125,530,056) than in 2019/2020 (Ksh.124,953,279) financial year. This is from the fact that we had paid bursary partly from the earlier receipts. When Coronavirus pandemic struck, we were unable to make such payments from our last receipts since all institutions of learning were closed down to date. Hence most of the funds we have as unspent is for Bursary. This therefore, implies such funds will be utilized under 2020/2021 financial year.

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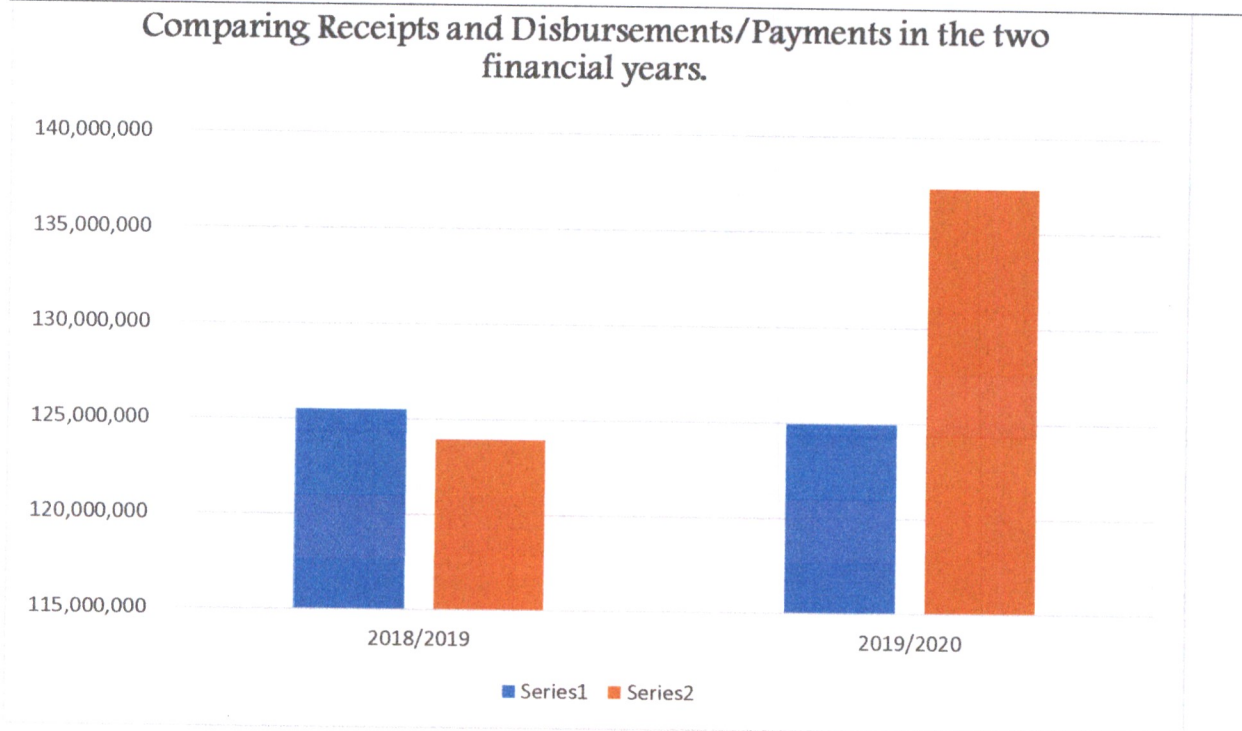


Figure 3: The blue colour shows payments while brown shows receipts during the two financial years. In 2018/2019, payments were almost same as receipts. However, in 2019/2020 financial year, receipts were higher than payments. Most of the unpaid funds are bursaries, which we suspended since we received when all institutions of learning had been closed down due to the Coronavirus pandemic.

Below are some randomly selected projects represented pictorially, which were funded and implemented during the financial year under review.



Emwaniro Primary School - Construction of an Administration block to completion. Located in Kisa Central Ward. Costed Ksh.1,800,000.

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Shirotsa Primary School - Construction of 2no. classrooms to completion. Located in Kisa West Ward. Costed Ksh.1,700,000.



Khwisero West Division, ACC's offices constructed. At finishing level. This is a security project and the first one of its kind in the constituency. It is costing about Ksh.9.0 million.

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*Emalindi Primary School - Construction of a modern Administration block to completion.
Located in Kisa East Ward. Costed about Ksh.2.9 million.*



*Emwaniro Secondary School - Introduction of storey block buildings for schools in the
constituency due to shortage of public land for expansion.*

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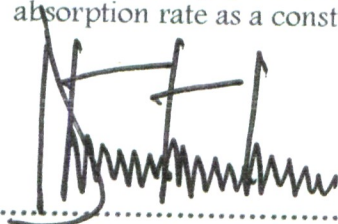
For the year ended June 30, 2020

Starting 2019/2020 financial year, the NG-CDF Committee started allocating funds for construction works in public schools. This is because it has become a challenge to acquire land. We better do construction upwards. We started with six projects, spread in the four wards. Once complete, they will be our flagship projects in the constituency, something that had never been done before.

During management of the fund, we have had challenges as follows:

- ✓ The constituents heavily depend on bursary kitty for the education of their children. This overdependence might compromise the committee's integrity. However, to solve such, we have Sub Locational Bursary Sub Committees that vet bursary applications and forward their findings to the Bursary Sub Committee before award to beneficiaries.
- ✓ Political interference is another challenge in the management of the kitty. Some constituents are always negative because of political dynamics. We always encourage the use of Complaints/suggestion box so that it is official.
- ✓ Decision making is tricky in the committee meetings. This is because each of the members has a particular interest for their ward. Through NG-CDFC trainings, the members are aware that they represent the entire constituency and not a ward. Should there be a problem, it will be for the whole constituency. Hence teamwork.
- ✓ Slow pace at which the NG-CDF Board releases funds to constituencies is another very serious challenge. Although this is based on collections from the taxes, it is affecting project implementation. The NG-CDF Board released about half of the allocation two weeks to closure of financial year. Other constituencies are yet to receive all their funds for the just ended financial year. The NG-CDF Act 2015 should be followed to ensure disbursements are timely.
- ✓ The emergence of Coronavirus, leading to closure of all institutions of learning has made us to suspend payment of bursary for needy students. This will negatively impact on our absorption rate as a constituency for the financial year under review.

Sign:



CHAIRMAN NG-CDF COMMITTEE

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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-KHWISERO Constituency's 2018-2022 plan are to:

1. To provide bursary allocations/disbursement to needy children
2. To improve access to education opportunities for all children
3. Support Sports development, nurture talent and preserve culture
4. Facilitate security sector infrastructure development
5. To promote development of disability friendly facilities in schools
6. Gender sensitive and responsive activities and projects
7. To increase number of learning facilities
8. To conserve environment and our natural resources
9. To provide adequate and quality public service delivery of goods, works and services
10. To collaborate and partner with other development stakeholders
11. To implement National Government policies, laws and regulations
12. To protect public interests
13. To contribute to achievement of the National Government goals.

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"> - Number of usable physical infrastructure build in primary, secondary, and tertiary institutions - Number of bursary beneficiaries at all levels 	In FY 19/20 - We funded construction of more classrooms, dormitories, laboratories etc in various schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules.
Security	Improve physical	Improved security in the	<ul style="list-style-type: none"> - Number of new physical 	In the 2019/2020 FY, we allocated

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	infrastructure	community	facilities for police officers - Number of new physical facilities for security administrators – DCC, ACCs, Chiefs, Assistant chiefs, etc.	funds for construction of infrastructure - housing and offices for security administrators as per attached schedule.
Sports	To promote sporting as an alternative occupation.	Improved sports and talent development in the constituency.	- Facilitation of sporting activities in the constituency	During the 2019/2020 FY, we allocated Ksh.1,500,000 towards sports & talent development.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF - KHWISERO 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 -

As an organisation, over the years, we are able to develop financial statements, which should be as per the International Public Sector Accounting Standards. We moved from the initial Adverse Opinion to current Qualified Opinion (as per the OAG audit certificates). This is a major achievement as we are adhering to recommendations given. Hence improved performance. Being a political fund, we have had challenges as well. There is a lot of political interference; overdependence on the kitty (most parents have abandoned their parental responsibilities and fully depend on NG-CDF Bursary for their children). Parents are not willing to contribute anything to their schools - NG-CDF should fund everything, including a pit latrine in our day secondary schools. This is a heavy burden for the organisation.

2. Environmental performance

As a committee, we are yet to allocate any funds towards Environmental matters. We shall do such in subsequent years as it has not been a major priority for now.

3. Employee welfare

Recruitment of NG-CDF Committee staff is done through an open and competitive process. Advertisement is done in all public places. Interested constituents apply through the FAM's office. There is a Sub county selection panel that conducts interviews and the best candidate is hired. Employment is on contractual basis and can be renewed subject to performance. As a committee, we normally train staff together with committee members on how best to run the kitty. Staff are encouraged to advance their studies to higher levels.

We always adhere to the gender ratio in the recruitment process. At least we have both gender among our staff members. It is also important to note that their statutory deductions are done and remitted monthly as required under Labour Laws of Kenya.

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With the current Coronavirus pandemic, we recommended that our staff members work from home to reduce crowding at workplace. This excludes those who offer very essential services such as cleaning, secretarial and accounts. We are yet to come up with a policy on safety and compliance with Occupational Safety and Health Act of 2007 (OSHA).

Health Care Services

The staff, including spouses and children, are eligible to affordable health care services and to benefit from the NHIF medical scheme as statutory deductions are done and remitted on a monthly basis.

HIV/AIDS

HIV/AIDS shall be treated like any other challenging issue at the workplace. All officers of the Institute shall have a role to play in the wider struggle to mitigate the effects of the pandemic. An officer shall not be discriminated or stigmatized on the basis of HIV status. It is an offence for any person to discriminate another on the ground of actual, perceived or suspected HIV status.

It is the responsibility of the Fund Account Manager in liaison with NG-CDFC to minimize the risk of HIV/AIDS transmission by adopting first aid/universal infection control precautions at the workplace. HIV/AIDS screening shall not be a requirement for job seekers, recruitment or for persons in employment. Screening shall be confidential, voluntary and shall be after counselling. There shall be no disclosure of HIV/AIDS test results of any related assessment results to any person without the written consent of the officers.

Drug and Substance Abuse

Addiction to drugs or substance will be treated like any other disease. An officer who is determined to deal with drug and substance abuse problem by engaging in rehabilitation services will be referred by the office by a Government doctor for evaluation, within the limits and budgets endorsed by the NG-CDFC.

Persons Living with Disability

An employee with an impairment in his/her body will be expected to confirm their disability status with a doctor after medical examination. Once it is confirmed that he/she is disabled, the employee will register with the National Council for Person with Disabilities. The employee will then present the registration certificate from the National Council for Persons with Disabilities to the Institute which will then recognize them as employees living with disabilities

The office shall provide facilities and effect such modification, whether physical, administrative or otherwise, in the workplace as may be reasonably required to accommodate persons with disabilities.

Sexual harassment and other Forms of Harassment

Any staff of the office should not harass another officer sexually through, direct or indirect request for favours, use of language whether written or spoken of a sexual nature, use visual material of a sexual nature and show physical behaviour of a sexual nature which directly or indirectly subjects the person to behaviour that is unwelcome or offensive.

Disciplinary action will be taken against an officer of the Institute for harassing another person. Harassment may be based on racial, tribal, gender, marital status, religious or ethical belief, disability, age, political opinion, employment status, family status, sexual orientation, or involvement in the activities of an employee's organization.

The improper use of power based on administrative or Managerial status (i.e. the use of a position to insult, bully, dominate, manipulate, disadvantage or discriminate) may also constitute harassment.

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Bullying - which means repeated, deliberate and targeted conduct by a person towards a staff member which is offensive, intimidating or humiliating and which detrimentally affects that member's well-being.

Reporting Harassment Cases

Any staff who believes that they have experienced some form of harassment should report harassment cases as outlined in the office complaints procedures manual

4. Market place practices-

- a) Responsible competition practice - All our projects, outside our premises are managed by PMCs. The members are drawn from the public in their respective areas. The PMCs always advertise through public places on any works to be done and procurement process is followed to identify a contractor. We have come up with a Suggestion/ Complaints Box for the constituents to share their issues. Through our annual trainings for PMCs, committee members and staff, we normally involve the relevant organs to train on various issues including corruption, financial management, procurement etc.
- b) Responsible Supply chain and supplier relations - We have always trained our PMCs to ensure that they do not commit works/supplies when there are no funds. Those who win contracts are always paid on timely basis to avoid conflicts. Hence the organisation has maintained good business practices by treating suppliers responsibly through honouring contracts and respecting payment practices. We have prequalified our suppliers and contractors and this is the list we adhere to whenever there is work/service to be procured.

5. Community Engagements –

So far, we have never initiated CSR in the constituency apart from the general funding. Our organisation is majorly funding education projects - classrooms, administration blocks, toilets, dormitories etc. we also fund construction of security facilities - staff houses for police officers, chiefs' offices and DCC's residence as a way of improving security in the constituency.

Sports was allocated funds in the just ended financial year. Such funds were used to promote sports and improve talents during the period.

Staff members are normally encouraged to further their studied, but we give general training on how best to manage the kitty. Funds were allocated to process title deed for land donated by the community in the financial year under review. We intend to start a Medical Training College in the coming budget. This will help in promoting Universal Health Care for the constituents by training more health care personnel.

After every two years, as a committee, we normally go to the constituents to propose their projects in priority form. This is as per the Kenya Constitution 2010, in which the public must participate in all public financial matters by giving their input.

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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-KHWISERO 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-KHWISERO 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-KHWISERO 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.

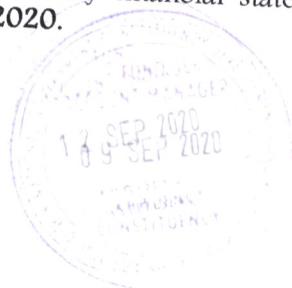
The Accounting Officer in charge of the NGCDF-KHWISERO Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-KHWISERO Constituency financial statements were approved and signed by the Accounting Officer on 12/09/2020.



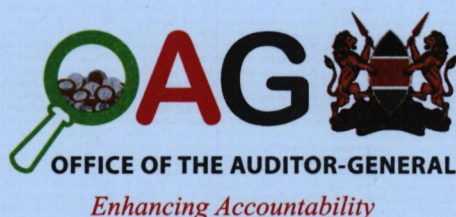
Fund Account Manager
Name: BERNARD S. MISIKO



National Sub-County Accountant
Name: MESHACK WAKOLI YAURA
ICPAK Member Number: 13319

REPUBLIC OF KENYA

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Khwisero Constituency set out on pages 1 to 35, which comprise of the statement of assets and liabilities as at 30 June, 2020, 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 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 - Khwisero Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies in Bank Balances

As disclosed in Note 8 to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Kshs.24,896,077. The balance includes unrepresented cheques totalling to Kshs.1,017,422, out of which eight (8) cheques totalling to Kshs.65,000 were stale as at 30 June, 2020. However, the cheques were not reversed in the cash book.

Consequently, the accuracy, completeness and validity of the bank balances totalling to Kshs.24,896,077 reflected in the statement of assets and liabilities 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 – Khwisero 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 totalling to Kshs.149,803,356. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.149,803,356 and Kshs.124,907,279 respectively, resulting to an under expenditure amounting to Kshs.24,896,077 or 17% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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 Project Implementation

Review of Project Implementation Status Report showed that as at the time of audit in March, 2021, the Fund had spent a total of Kshs.75,790,000 on fifty-four (54) development projects under transfers to other Government Units in the year under

review. However, twenty (20) projects with a total cost of Kshs.47,550,000 were still ongoing.

In the circumstances, I am unable to confirm whether the public obtained value for money for the expenditure totalling to Kshs.47,550,000 on the ongoing projects for the year ended 30 June, 2020.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 December, 2021

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

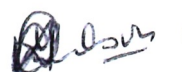
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
			Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	137,367,724	123,940,186
Other Receipts (sale of Tenders)	2	62,000	75,000
TOTAL RECEIPTS		137,429,724	124,015,186
PAYMENTS			
Compensation of employees	3	2,517,770	1,812,383
Use of goods and services	4	9,119,222	8,564,087
Transfers to Other Government Units	5	73,087,203	62,300,786
Other grants and transfers	6	40,183,084	49,092,752
Other Payments	7	-	3,668,256
TOTAL PAYMENTS		124,907,279	125,438,264
SURPLUS/DEFICIT		12,522,445	(1,423,078)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KHWISERO Constituency financial statements were approved on 12/09/2020 and signed by:



Fund Account Manager
 Name: BERNARD S. MISIKO

National Sub-County Accountant
 Name: MESHACK WAKOLI YAURA
 ICPAK Member Number: 13319

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

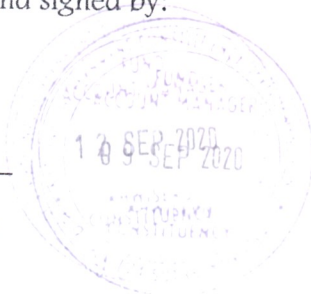
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	24,896,077	12,373,632
Total Cash and Cash Equivalents		24,896,077	12,373,632
TOTAL FINANCIAL ASSETS		24,896,077	12,373,632
FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS		24,896,077	12,373,632
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	12,373,632	13,796,710
Surplus/Deficit for the year		12,522,445	(1,423,078)
NET FINANCIAL POSITION		24,896,077	12,373,632

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KHWISERO Constituency financial statements were approved on 12/09/2020 and signed by:



Fund Account Manager
 Name: BERNARD S. MISIKO




National Sub-County Accountant
 Name: MESHACK WAKOLI YAURA
 ICPAK Member Number: 13319

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

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

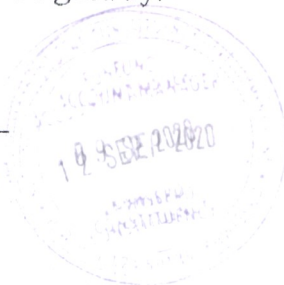
IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	137,367,724	123,940,186
Other Receipts (Sale of Tenders)	2	62,000	75,000
		137,429,724	124,015,186
Payments for operating expenses			
Compensation of Employees	3	2,517,770	1,812,383
Use of goods and services	4	9,119,222	8,564,087
Transfers to Other Government Units	5	73,087,203	62,300,786
Other grants and transfers	6	40,183,084	49,092,752
Other Payments	7	-	3,668,256
		124,907,279	125,438,264
Net cash flow from operating activities		12,522,445	(1,423,078)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		12,522,445	(1,423,078)
Cash and cash equivalent at BEGINNING of the year	9	12,373,632	13,796,710
Cash and cash equivalent at END of the year	8	24,896,077	12,373,632

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KHWISERO Constituency financial statements were approved on 12/09/2020 and signed by:



Fund Account Manager
Name: BERNARD S. MISIKO




National Sub-County Accountant
Name: MESHACK WAKOLI YAURA
ICPAK Member Number: 13319

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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	12,373,632	149,741,356	49,741,356	0	100.0%
Proceeds from Sale of Assets	-	0	0	-	-	0.0%
Other Receipts	-	62,000	62,000	62,000	-	100.0%
TOTAL RECEIPTS	137,367,724	12,435,632	149,803,356	149,803,356	0	100.0%
PAYMENTS						
Compensation of Employees	3,170,000	454,693	3,624,693	2,517,770	1,106,923	69.5%
Use of goods and services	9,193,095	0	9,193,095	9,119,222	73,873	99.2%
Transfers to Other Government Units	68,390,000	5,947,203	74,337,203	73,087,203	1,250,000	98.3%
Other grants and transfers	56,214,629	5,971,736	62,186,365	40,183,084	22,003,281	64.6%
Acquisition of Assets	-	0	0	-	-	0%
Other Payments	400,000		400,000	-	400,000	0.0%
TOTAL	137,367,724	12,435,632	149,803,356	124,907,279	24,896,077	83.4%

Below we provide the commentary for budget Utilization on the revenue side

The Kshs. 62,000 is collection from sale of tender documents. Hence it is A in A. We had an allocation of Kshs. 2,500,000 for development of our Strategic Plan, but we paid Kshs. 2,499,000. Hence a saving of Kshs. 1,000 as disclosed in Appropriation Statement.

Below we provide the commentary for the Budget Utilization on the Expenditure side

- i. Compensation of employees : Almost all our NG-CDFC Staff are yet to complete their one year contract term. Some will complete at end of October, others at end of November 2020. The funds are yet to be exhausted as salaries and gratuity by then. Hence the underutilization of Ksh.1,105,923.
- ii. Other Grants and Transfers - From our budgeted allocation of about Ksh.40 million towards bursary, we had paid about Ksh.23 million.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KHWISERO CONSTITUENCY
Reports and Financial Statements
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We are yet to pay another about Ksh.20 million. This was suspended as a result of Coronavirus pandemic, which led to educational institutions closing down.
Hence the underutilization. There is also another Ksh.400,000 yet to be paid to PMC for processing of title deed for public land to put up a KMTC.

The NGCDF-KHWISERO Constituency financial statements were approved on 12/09/2020 and signed by:



Fund Account Manager
Name: BERNARD S. MISIKO



National Sub-County Accountant
Name: MESHACK WAKOLI YAURA
ICPAK Member Number: 13319

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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs
1.0 Administration/Recurrent										
Employees' Salaries	3,170,000.00		453,693.00		3,623,693.00		2,517,770.00		1,105,923.00	
Goods and Services	3,072,063.00				3,072,063.00		3,058,222.25		13,840.75	
Committee Expenses	2,000,000.00				2,000,000.00		1,994,000.00		6,000.00	
Sub-Total						0.00				
2.0 Monitoring and Evaluation						0.00				
Goods and Services	621,032.00				621,032.00		590,000.00		31,032.00	
Committee Expenses	1,500,000.00				1,500,000.00		1,484,000.00		16,000.00	
Capacity Building of NG-CDFs/PMCs	2,000,000.00				2,000,000.00		1,993,000.00		7,000.00	
Sub-Total						0.00				
3.0 Emergency						0.00				
Emergency	7,198,241.00		5,370,141.00		12,568,382.00		7,287,449.25		5,280,932.75	
Sub-Total						0.00				
4.0 Bursary and Social Security Programme						0.00				
Bursary Secondary Schools	34,016,388.00				34,016,388.00		22,237,039.00		11,779,349.00	
Bursary Tertiary Schools	5,500,000.00				5,500,000.00		995,000.00		4,505,000.00	
Bursary Special Schools	500,000.00				500,000.00		-		500,000.00	
Bursaries						0.00				
Sub-Total						0.00				
5.0 Sports						0.00				
Constituency Sports Activities	1,500,000.00				1,500,000.00		1,500,000.00		-	
Sub-Total						0.00				

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

6.0 Environment								
Sub-Total				0.00				~
7.0 Primary School Projects				0.00				~
Luanda SDA Primary School	700,000.00			0.00				~
Eshiruli Primary School	800,000.00			700,000.00			700,000.00	~
Emako Primary School	700,000.00			800,000.00			800,000.00	~
Ebukanga Primary School	700,000.00			700,000.00			700,000.00	~
Namasoli Primary School				700,000.00			700,000.00	~
Eslinutsa Primary School				~			850,000.00	~
Murjeche Primary School				~			850,000.00	~
Ebuhonga Primary School	800,000.00			150,000.00			150,000.00	~
Ekambuli Primary School	300,000.00			800,000.00			800,000.00	~
Emalindi Primary School	890,000.00			300,000.00			300,000.00	~
Shirali Primary School	700,000.00			890,000.00			890,000.00	~
Mwikalika Primary School	950,000.00			700,000.00			700,000.00	~
Emukhonzulu Primary School	650,000.00		850,000.00	1,800,000.00			1,800,000.00	~
Eshibinga Primary School	650,000.00			650,000.00			650,000.00	~
Muhaka Primary School	850,000.00			650,000.00			650,000.00	~
Mushikongolo Primary School	750,000.00			850,000.00			850,000.00	~
Ebushibungo Primary School	750,000.00			750,000.00			750,000.00	~
Mundoli Primary School	850,000.00			750,000.00			750,000.00	~
Emakuche Primary School	1,800,000.00			850,000.00			850,000.00	~
Mwibelanya Primary School	750,000.00			1,800,000.00			1,800,000.00	~
Luanda AC Primary School	750,000.00			750,000.00			750,000.00	~
Emwaniro Primary School	1,800,000.00			750,000.00			750,000.00	~
Emulele Primary School	750,000.00			1,800,000.00			1,800,000.00	~
Shirotsa Primary School	1,700,000.00			750,000.00			750,000.00	~
Ematundu Primary School	850,000.00			1,700,000.00			1,700,000.00	~
Mwirembe Primary School	1,000,000.00			850,000.00			850,000.00	~
				1,000,000.00			1,000,000.00	~

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

Ekatsombero Primary School	750,000.00			750,000.00	750,000.00	-
Munjiti Primary School	750,000.00			750,000.00	750,000.00	-
Eshikhungula Primary School	750,000.00			750,000.00	750,000.00	-
Emalindi Primary School	1,700,000.00			1,700,000.00	1,700,000.00	-
Emung'abo Primary School	950,000.00			950,000.00	950,000.00	-
Sub-Total				0.00		-
8.0 Secondary School Projects				0.00		
Emung'abo Secondary School	500,000.00			500,000.00	500,000.00	-
Emuruba Secondary School	2,650,000.00			2,650,000.00	2,650,000.00	-
Emalindi Girls' Secondary School	1,000,000.00	1,250,000.00		2,250,000.00	1,000,000.00	1,250,000.00
Emwaniro Secondary School	5,000,000.00			5,000,000.00	5,000,000.00	-
Ekambuli Secondary School	5,000,000.00			5,000,000.00	5,000,000.00	-
Mundoli Girls' Secondary School	-	679,267.00		679,267.00	679,267.00	-
Khwisero Girls' Secondary School	-	867,936.00		867,936.00	867,936.00	-
Ekatsombero Secondary School	-	450,000.00		450,000.00	450,000.00	-
St. Mathew's Ikomero Secondary School	5,000,000.00			5,000,000.00	5,000,000.00	-
St. Stephen's Mulwanda Secondary School	5,000,000.00			5,000,000.00	5,000,000.00	-
Khwisero Mixed Secondary School	5,000,000.00			5,000,000.00	5,000,000.00	-
Eshibinga Secondary School	5,500,000.00			5,500,000.00	5,500,000.00	-
Shiongo Secondary School	2,600,000.00			2,600,000.00	2,600,000.00	-
St. Anne's Dudi Girls' Secondary School	1,700,000.00			1,700,000.00	1,700,000.00	-
Emutsasa Girls' Secondary School	2,600,000.00			2,600,000.00	2,600,000.00	-
Mushinaka Secondary School	1,500,000.00			1,500,000.00	1,500,000.00	-
Sub-Total				0.00		-
9.0 Tertiary institutions projects				0.00		

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

KMTC	400,000.00		400,000.00		-	400,000.00
10.0 Security Projects				0.00		-
Khwisero West Division ACC's Office	3,600,000.00		3,600,000.00		3,600,000.00	-
Kisa Central Location Chief's Office	700,000.00		700,000.00		700,000.00	-
Khwisero DCC's Residential House	2,000,000.00		2,000,000.00		2,000,000.00	-
Khwisero Police Station - Toilet	-	100,000.00	100,000.00		100,000.00	-
Mundobelwa AP Camp	-	501,595.48	501,595.48		501,595.48	-
Khwisero Police Station Staff houses	1,200,000.00		1,200,000.00		1,200,000.00	-
Sub - Total				0.00		-
11.0 Acquisitions of Assets				0.00		-
12.0 Others				0.00		-
Strategic Plan		1,000.00	1,000.00			1,000.00
ICT Hubs				0.00		-
Sale of Tender documents		62,000.00	62,000.00			62,000.00
Sub-Total				0.00		-
GRAND TOTAL	137,367,724.00	12,435,632.48	149,803,356.48		124,845,278.98	24,896,077.50

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

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

Reports and Financial Statements

For the year ended June 30, 2020

XII. 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-KHWISERO Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

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

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 criterion is applied for loans received in the form of a direct payment.

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

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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 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Ksh.	Ksh.
AIE NO. B 047455	1	4,000,000	
AIE NO. B 041293	2	18,000,000	
AIE NO. B 047713	3	5,000,000	
AIE NO. B 047916	4	6,000,000	
AIE NO. B 049302	5	14,000,000	
AIE NO. B 104327	6	21,000,000	
AIE NO. B 096756	7	69,367,724	
AIE NO. A896993	1		3,520,000
AIE NO. B005042	2		11,379,310
AIE NO. B030084	3		10,000,000
AIE NO. B030467	4		15,000,000
AIE NO. B006414	5		6,000,000
AIE NO. A699150	6		11,000,000
AIE NO. B042765	7		12,000,000
AIE NO. B047552	8		55,040,876
TOTAL		137,367,724	123,940,186

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Sale of tender documents	62,000	75,000
Total	62,000	75,000

3. COMPENSATION OF EMPLOYEES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Basic wages of temporary employees	2,161,224	1,606,001
Personal allowances paid as part of salary		
Employer contribution to NSSF	211,334	151,958
Gratuity-contractual employees	145,212	54,424
TOTAL	2,517,770	1,812,383

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Electricity	100,000	70,000
Water & sewerage charges	7,357	5,275
Communication, supplies and services	186,300	195,278
Domestic travel and subsistence	189,800	304,200
Printing, advertising and information supplies & services	267,960	383,614
Training expenses	1,993,000	2,942,500
Other committee expenses	2,074,000	1,150,000
Committee allowance	1,994,000	1,664,400
Office and general supplies and services	1,790,770	1,804,020
Fuel, oil & lubricants	200,000	0
Other operating expenses	86,412	20,000
Bank service commission and charges	11,387	24,800
Routine maintenance - vehicles and other transport equipment	218,236	0
TOTAL	9,119,222	8,564,087

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)**

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019	2020	2018 - 2019
	Kshs		Kshs
Transfers to Primary Schools			24,261,976
Transfers to Secondary Schools	28,040,000		26,488,810
Transfers to Health Institutions	13,017,203		11550000
TOTAL		73,087,203	62,300,786

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2019 - 2020	2018 - 2019
	Kshs	
Bursary - Secondary	23,136,489	27,000,832
Bursary - Tertiary	95,000	5,323,000
Bursary - Special School	0	262,000
Security	8,101,395	10,320,000
Sports	1,500,000	1,736,206
Emergency Projects	6,450,000	4,450,714
TOTAL	40,183,084	49,092,752

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	0	2,499,000
ICT Hub	0	1,169,256
	0	3,668,256

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs.	Kshs.
<i>Kenya Commercial Bank, Mumias Branch, Account No. 1240448929</i>	24,896,077	12,373,632
Total	24,896,077	12,373,632

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	24,896,077	12,373,632
Total	24,896,077	12,373,632

[Provide short appropriate explanations as necessary]

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

10. OTHER IMPORTANT DISCLOSURES

10.1: PENDING STAFF PAYABLES (See Annex 1)

S/NO.	STAFF NAME	TOTAL GRATUITY	GRATUITY AS AT 30/6/2020	BASIC PAY BY 30/6/2020	WORKED MONTHS	GRATUITY (FOR REMAINING MONTHS)
1	Bonface Sakwa	34,128	22,752	28,440	8 months	11,376
2	Daniel Onyimbo	25,668	14,973	21,390	7 months	10,695
3	Jared Omukuba	25,668	14,973	21,390	7 months	10,695
4	Zakayo Omeno	12,840	8,560	10,700	8 months	4,280
5	Francis Peti	12,840	7,490	10,700	7 months	5,350
6	Jane Anyangu	12,840	7,490	10,700	7 months	5,350
7	Robert Aputo Kwengu	17,124	17,124	14,270	12 months	-
8	Atemo Dominic Oyondi	11,796	6,881	9,830	7 months	4,915
9	David Akatima Ndenyokha	11,796	6,881	9,830	7 months	4,915
		164,700	107,124			57,576

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.2: UNUTILIZED FUND (See Annex 2)

Name	Outstanding Balance	Outstanding Balance
	2019/20	2018/19
Compensation of employees	1,105,923	454,693
Use of goods & services	73,873	0
Secondary Schools	1,250,000	3,247,203
Primary Schools	0	2,700,000
Bursary - Secondary	11,779,348	0
Bursary - Tertiary	4,505,000	0
Bursary - Special needs	500,000	0
Emergency	5,218,932	0
Security	400,000	601,595
Others(sale of Tenders)	62,000	5,370,141
Grand Total	24,896,077	12,373,632

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

10.3: PMC account balances (See Annex 4)

	2019-2020	2018-2019
	Kshs	Kshs
PMC Account Balances (see attached list)	34,279,814	34,731,569
	34,279,814	34,731,569

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KHWISERO CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
Sub-Total						
Others (specify)						
4. Bonface Sammy Sakwa	K	34,128	30/10/2020	0	22,752	Due 30/10/2020
5. Daniel Onyimbbo	H	25,668	31/11/2020	0	14,973	Due 31/11/2020
6. Jared Ormukuba	H	25,668	31/11/2020	0	14,973	Due 31/11/2020
7. Zakayo Omeno	C	12,840	30/10/2020	0	8,560	Due 30/10/2020
8. Francis Peti	C	12,840	31/11/2020	0	7,490	Due 31/11/2020
9. Jane Anyangu	C	12,840	31/11/2020	0	7,490	Due 31/11/2020
10. Robert Aputo Kwengu	G	17,124	30/06/2020	0	17,124	Due 30/06/2020
11. Atemo Dominic Oyondi	B	11,796	31/11/2020	0	6,881	Due 31/11/2020
12. David Akatima Ndenyokha	B	11,796	31/11/2020	0	6,881	Due 31/11/2020
Sub-Total		164,700		0	107,124	
Grand Total		164,700		0	107,124	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 2 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		1,106,923	454,693	
Use of goods & services		73,873		
Amounts due to other Government entities				
Secondary Schools		1,250,000	3,247,203	
Primary Schools		0	2,700,000	
Sub-Total		2,430,796	6,401,896	
Amounts due to other grants and other transfers				
Bursary - Secondary		11,779,349		
Bursary - Tertiary		4,505,000		
Bursary - Special needs		500,000		
Emergency		5,218,932		
KMTC		400,000	601,595	
Others(Sale of Tenders)		62,000	5,370,141	
Sub-Total		22,003,281	5,971,736	
Sub-Total				
Acquisition of assets				
Others (specify)				
KMTC				
Sub-Total				
Grand Total		24,896,077	12,373,632	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 3 - SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs.) 2018/2019	Additions during the year (Kshs.)	Disposals during the year (Kshs.)	Historical Cost (Kshs.) 2019/2020
Buildings and structures	19,800,000	0	0	19,800,000
Transport equipment	4,599,500	0	0	4,599,500
Office equipment, furniture and fittings	3,442,935	0	0	3,442,935
ICT Equipment, Software and Other ICT Assets	629,515	0	0	629,515
Total	28,471,950	0	0	28,471,950

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGDF) – KHWISERO CONSTITUENCY
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ANNEX 5 - PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC Name	Bank	Account Number	Bank Balance 2019-2020	Bank Balance 2018-2019
EMAKO PRIMARY SCHOOL	KCB - MUMIAS	1256319376	166,884.00	252,735.00
EKAMBULI PRIMARY SCHOOL	KCB - MUMIAS	1255507209	111,985.00	1,200,000.00
KHWISERO SPORTS PMC	KCB - MUMIAS	1267926139	1,790.00	-
EBUKANGA PRIMARY SCHOOL	KCB - MUMIAS	1258749122	-	800,000.00
EBUHONGA PRIMARY SCHOOL	KCB - MUMIAS	1234034239	-	66,880.00
SHIRALI PRIMARY SCHOOL	KCB - MUMIAS	1258748061	-	800,000.00
EMATUNDU PRIMARY SCHOOL	KCB - MUMIAS	1268678104	265,627.00	-
EMULOLE PRIMARY SCHOOL	KCB - MUMIAS	1268098825	74,682.00	-
LUANDA AC PRIMARY SCHOOL	KCB - MUMIAS	1267925817	57,143.00	-
MUNDOLI PRIMARY SCHOOL	KCB - MUMIAS	1267925566	44,685.00	-
MUNJITI PRIMARY SCHOOL	KCB - MUMIAS	1258748827	655.00	750,000.00
MUSHIKONGOLO PRIMARY SCHOOL	KCB - MUMIAS	1267925531	1,007.00	-
SHIRO TSA PRIMARY SCHOOL	KCB - MUMIAS	1267925655	156,037.00	-
MWIREMBE PRIMARY SCHOOL	KCB - MUMIAS	1267925736	50,975.00	-
EKAMBULI SECONDARY SCHOOL	KCB - MUMIAS	1267925434	2,825,539.00	-
ST. STEPHEN'S MULWANDA SEC	KCB - MUMIAS	1267925787	2,315,170.00	503,330.00
EMURUBA SEC SCHOOL	KCB - MUMIAS	1267925825	780,095.00	-
KHWISERO WEST ACC'S OFFICES	KCB - MUMIAS	1234811804	3,418,096.00	1,785,179.00
SHIONGO SECONDARY SCHOOL	KCB - MUMIAS	1269838539	602,268.00	-
EMUNG'ABO SEC SCHOOL	KCB - MUMIAS	1255917342	1,684.00	19,375.00
EMWANIRO SEC SCHOOL	KCB - MUMIAS	1268149306	4,999,395.00	2,681,224.00
EMAKUCHE PRIMARY SCHOOL	KCB - MUMIAS	1234107724	267.80	-

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EMUTSASA GIRLS' SEC SCHOOL CLASS	KCB - MUMIAS	1258748711			
EBUHONGA PRIMARY SCHOOL	KCB - MUMIAS	1258748754	3,241.00		850,000.00
ESHIRULI PRIMARY SCHOOL	KCB - MUMIAS	1258748894	67,799.00		800,000.00
LUANDA DOHO SDA PR SCHOOL	KCB - MUMIAS	1258748371	1,898.00		800,000.00
DCC'S RESIDENCE	KCB - MUMIAS	1258748924	337,042.00		800,000.00
KISA CENTRAL CHIEF'S OFFICE	KCB - MUMIAS	1258749017	1,001,697.00		1,500,000.00
EMALINDI PRIMARY SCHOOL - ADM	KCB - MUMIAS	1234031507	4,615.00		800,000.00
MWIKALIKHA PRIMARY SCHOOL	KCB - MUMIAS	1260445593	752.00		-
KHWISERO MIXED SEC SCHOOL	KCB - MUMIAS	1268645966	41,808.00		-
EMALINDI GIRLS' SEC. SCHOOL	KCB - MUMIAS	1234036436	2,237,873.00		1,600,000.00
ELUKANJI PRIMARY SCHOOL	KCB - MUMIAS	1273615298	1,340,016.00		1,130,189.00
MUNDOBELWA AP CAMP	KCB - MUMIAS	1274437040	4,195.00		-
MUNJITI PRIMARY SCHOOL	KCB - MUMIAS	1268254029	176,310.00		-
KHWISERO POLICE STATION HOUSES	KCB - MUMIAS	1234186098	58,755.00		-
ST. ANNE'S DUDI GIRLS SEC SCHOOL	EQUITY - MUMIAS	0680279676201	-		167,650.00
EMALINDI PRIMARY SCHOOL CLASSES	EQUITY - MUMIAS	0680279583595	486,389.00		-
MUHAKA PRIMARY SCHOOL	EQUITY - MUMIAS	0680279487314	77,355.00		-
EBUSHIBUNGO PRIMARY SCHOOL	EQUITY - MUMIAS	0680279502453	34,674.75		-
MWIBELENYA PRIMARY SCHOOL	EQUITY - MUMIAS	0680279775148	31,533.00		-
EMUNG'ABO PRIMARY SCHOOL	EQUITY - MUMIAS	0680279755097	10,820.00		-
ST. PAUL'S MUSHINAKA SEC	EQUITY -	068027959186	177,545.00		-
			5,855.00		-

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SCHOOL	MUMIAS					
KHWISERO POLICE STAFF HOUSES	EQUITY - MUMIAS	0680279864047				
EMWANIRO PRIMARY SCHOOL	EQUITY - MUMIAS	0680279503102		167,248.00		
EMUTSASA GIRLS SEC SCHOOL LAB	EQUITY - MUMIAS	0680279620378		84,703.00		
ESHIBINGA SECONDARY SCHOOL	EQUITY - MUMIAS	0680279857876		1,125,205.00		
MWIKALIKHA PRIMARY SCHOOL	EQUITY - MUMIAS	0680279886586		2,628,160.00		
ST. MATHEW'S IKOMERO SEC. SCHOOL	EQUITY - MUMIAS	0680279821045		950,000.00		
ESHIKHUNGULA PRIMARY SCHOOL	EQUITY - MUMIAS	0680279862329		5,001,000.00		2,754,331.00
EKATSOMBERO PRIMARY SCHOOL	EQUITY - MUMIAS	0680279854775		3,520.00		
LUANDA AC PRIMARY SCHOOL	EQUITY - MUMIAS	0680279874933		842,260.00		
MULUFU PRIMARY SCHOOL	EQUITY - MUMIAS	0680279599860		1,501,000.00		
BUHILL PRIMARY SCHOOL	EQUITY - MUMIAS	0680279646867		990.00		
MUSHINAKA PRIMARY SCHOOL	EQUITY - MUMIAS	0680279674117		1,530.00		
MULWANDA PRIMARY SCHOOL	COOPERATIVE BANK	01141498910601		40.00		
KHWISERO GIRLS SECONDARY SCHOOL	COOPERATIVE BANK	01141233328000				17,502.00
EMWIRU MIXED SEC SCHOOL	KCB - MUMIAS	1258749165				99,248.00
ST. JOSEPH SHIRO TSA SECONDARY SCHOOL	KCB - MUMIAS	1258749165				850,000.00
MUNDEKU PRIMARY SCHOOL	KCB - MUMIAS	1258748541				1,500,000.00
EBUYONGA PRIMARY SCHOOL	KCB - MUMIAS	1258748258				850,000.00
						850,000.00

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IBINDA PRIMARY SCHOOL	KCB - MUMIAS	1258748274	-	850,000.00
EMULANDA PRIMARY SCHOOL	KCB - MUMIAS	1258748185	-	957,770.00
EMUTSASA PRIMARY SCHOOL	KCB - MUMIAS	1258748630	-	850,000.00
EBUKUTENGA PRIMARY SCHOOL	KCB - MUMIAS	1258749076	-	850,000.00
ESHIKHUNGULA PRIMARY SCHOOL	KCB - MUMIAS	1258748967	-	800,000.00
ST. FRANCIS ENYANYA PRIMARY SCHOOL	KCB - MUMIAS	125878606	-	850,000.00
MUSHINAKA MIXED SEC SCHOOL	KCB - MUMIAS	1234180073	-	850,000.00
MUSHICHUBULU PRIMARY SCHOOL	KCB - MUMIAS	1255768029	-	218,864.00
MUSHIANGUBU PRIMARY SCHOOL	KCB - MUMIAS	1237280893	-	823,975.00
EMAKUCHE PRIMARY SCHOOL	KCB - MUMIAS	1237280893	-	316,747.00
EBUKWALA PRIMARY SCHOOL	KCB - MUMIAS	1255581085	-	850,075.00
MUNYANZA PRIMARY SCHOOL	KCB - MUMIAS	1255636408	-	848,975.00
MUNDOLACK GIRLS' SEC SCHOOL	KCB - MUMIAS	1234025833	-	316,715.00
ESHIBINGA PRIMARY SCHOOL	KCB - MUMIAS	1255655143	-	577,298.00
EMUNG'ABO PRIMARY SCHOOL	KCB - MUMIAS	1234108976	-	750,000.00
ELUKANJI PRIMARY SCHOOL	KCB - MUMIAS	1234106728	-	241,466.00
MUKHUNZULU PRIMARY SCHOOL	KCB - MUMIAS	1255535377	-	178,066.00
TOTAL			34,279,813.55	223,975.00 34,731,569.00

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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)
Ref: 2018-2019-1-01-0208-09.	Cash and Cash Equivalent During the year under review the Cash and Cash Equivalent balance of Kshs. 12,373,632 as reported was supported by bank reconciliation statement. However, the bank balance of Kshs.14,404,424 used in the reconciliation statement was not supported with a certificate of bank balance as at 30 June 2019.	Attached is a copy of the Certificate of bank balance as at 30 June 2019 for your verification. (ANNEX 1.0).	FAM - Bernard S. Misiko	Issue pending audit review.	By next external audit - 2021.
Ref: 2018-2019-1-01-0208-09.	Budget Performance Under Expenditure The National Government Constituencies Development Fund – Khwisero Constituency prepared a budget of Kshs. 137,811,896 and the Constituency received the full budget figure of Kshs. 137,811,896 from the NG-CDF Board, representing 100% of the budget. However, review of expenditure records revealed a budget performance of Kshs.	It is important to note that during the year under review, our balance of allocation was received on 13/6/2019 (about two weeks to closure of financial year). Payments were done to respective project Management Committees. These were funds which had not been spent by close of the year. However, such were utilized in the subsequent	NG-CDF Committee	Issue pending audit review.	By next external audit - 2021.

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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)
Ref: 2018-2019-1-01-0208-09.	<p>125,530,056, representing 9% budget under delivery of Kshs. 12,281,840. The expenditure of funds is an indication that the planned services and approved programs were not delivered fully during the year under review.</p> <p>1.2 Budget Performance - Projects Implementation Status</p> <p>The Constituency management budgeted to spend Kshs. 114,201,883 on 67 projects. The project implementation Status Report availed for audit review showed that 59 projects costing Kshs. 96,251,883 were completed and 8 projects costing Kshs. 17,950,000 were on-going. Consequently, the fund did not operate within the approved budget and this might impact negatively in respect to service delivery to the constituents.</p>	<p>financial year, 2019/2020. Such delays in funds disbursement is a challenge, which is beyond the NG-CDF Committee. Attached is a copy of AIE No. B047552 for confirmation. (ANNEX 1.1).</p> <p>Funds were released late and we were not able to spend fully within the financial year under review. Attached is a copy of the AIE no. B047552 received late. (ANNEX 1.1).</p>	NG-CDF Committee	Issue pending audit review.	By next external audit - 2021.

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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)
Ref: 2018-2019-1-01-0208-09.	<p>Khwisero Technical Training Institute</p> <p>The National Government Constituency Development Fund Committee - Khwisero Constituency established a Project Management Committee (PMC) under the name Khwisero Technical Training Institute and opened an account with The Kenya Commercial Bank, Mumbias Branch. The sole purpose of the PMC was for construction of concrete pole fencing of the proposed College. The estimated cost for fencing was Kshs. 1,550,000. In addition, the Constituency paid Kshs. 10,000,000 to Khwisero Technical Training Institute. Further, it was not clear whether the payment of the extra Kshs. 10,000,000 was a donation or counter-part funding by the NG-CDF. Certificate of payment availed for audit review indicate that a total Kshs. 9,693,640 was paid and details of the specific works done were not reflected on</p>	<p>To the best of our knowledge, communication on establishment of Technical and Vocational Colleges in constituencies started in August, 2013, when the then Cabinet Secretary for Education, Science & Technology (Prof. Jacob Kaimenyi) wrote to all Governors and copied to H.E. Deputy President of the Republic of Kenya; CS – Devolution & Planning and CS-Lands, Housing & Urban Development. Copy of letter attached. ANNEX 2.0 (a).</p> <p>On 9th May 2014, the same CS wrote to all Members of the National Assembly about establishment of new Technical & Vocational Colleges in constituencies that had none. Conditions were stipulated in the letter i.e each constituency to be funded ON A COST SHARING BASIS whereby national</p>	NG-CDF Committee	Issue pending audit review.	By next external audit - 2021.

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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)
	<p>the payment certificate.</p> <p>In the absence of clear contract documentations, the expenditure of Kshs. 11,550,000 by NG-CDF Khwisero Constituency towards Khwisero Technical Institute could not be confirmed and ascertained.</p>	<p>Government contributes Ksh.40 million and constituencies through CDF contribute Ksh.10 million. The MPs were also to submit a commitment letter for COUNTER-PART funding of Ksh.10 million to the Ministry of Education, Science & Technology.</p> <p>The letter shows that the CS is committing on behalf of the Government the possibility that support will come from the People's Republic of China. Generally, this was a national policy issue, which as a constituency, we would not have assumed. The constituency did not have such an institution. Hence the need to have it. ANNEX 2.0 (b).</p> <p>Bumbe TTI is the mentor institution that was assigned Khwisero by the Ministry of Education. Hence it became</p>			

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		<p>the PMC. This is why funds were paid to Bumbe TTI from Khwisero NG-CDF Committee account for project implementation.</p> <p>The constituency got involved through committing the Ksh.10 million as well as providing land and carrying out Environmental Impact Assessment as part of the requirements from the ministry. Attached is a copy of the breakdown of payment made for the Ksh.10 million as well as contract documents for the Ksh. 1,550,000 for other works on the site. ANNEX 2.0 (c).</p> <p>Also attached is a copy of contract between Bumbe TTI (the mentor institution) and the construction company. ANNEX 2.0 (d).</p>			