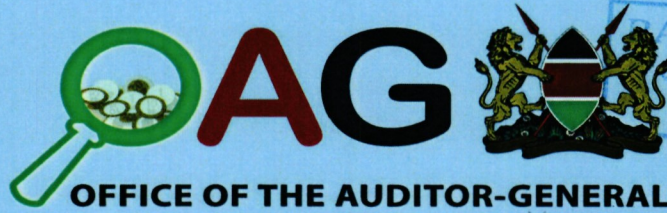
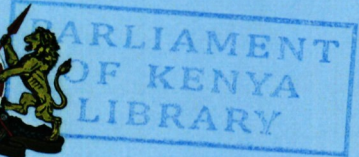


REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 FEB 2022	DAY: WED
REPORT BY:	The majority whip Hon. F. Wangwe, MP.
CLERK-AT THE-TABLE:	Benson Inzofu.

OF

THE AUDITOR-GENERAL

ON

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

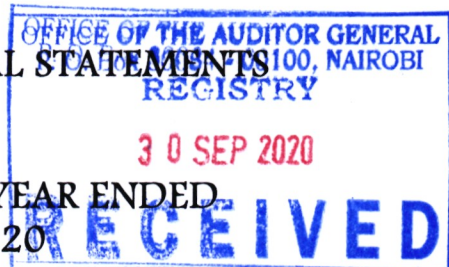
**FOR THE YEAR ENDED
30 JUNE 2020**



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

REPORTS AND FINANCIAL STATEMENTS

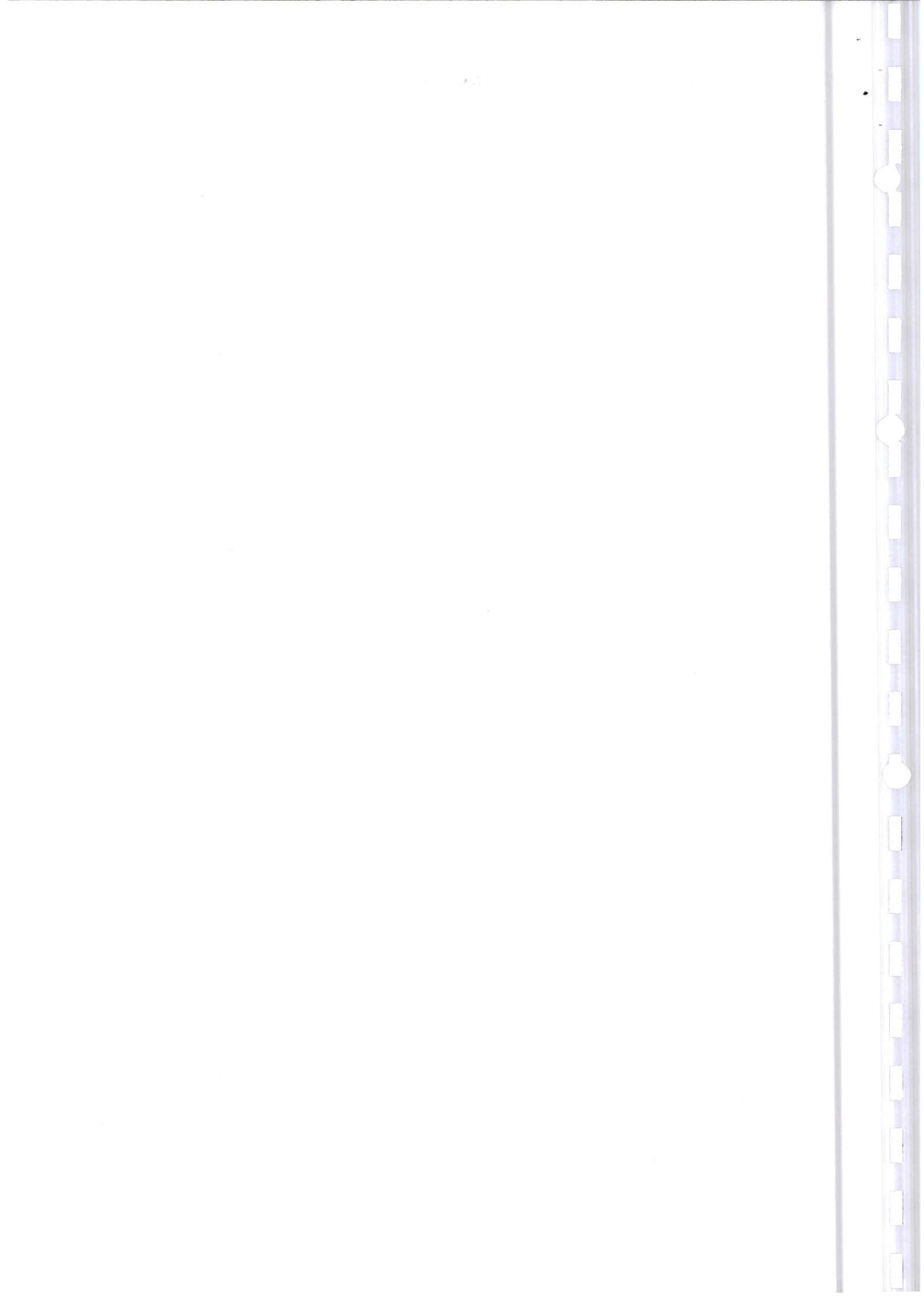
**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**



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

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

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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

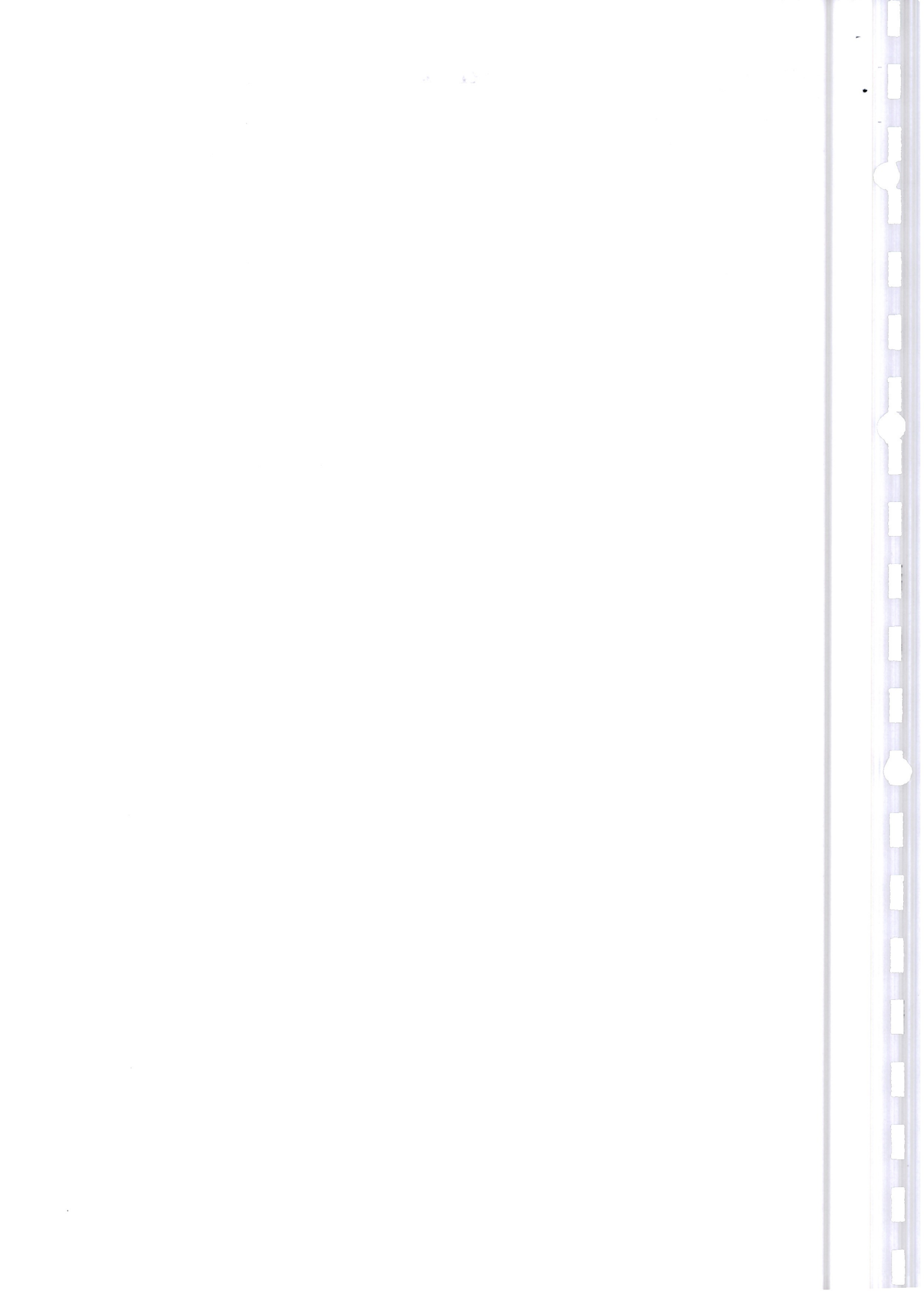
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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)
KANDARA CONSTITUENCY**

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

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 Kandara 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:

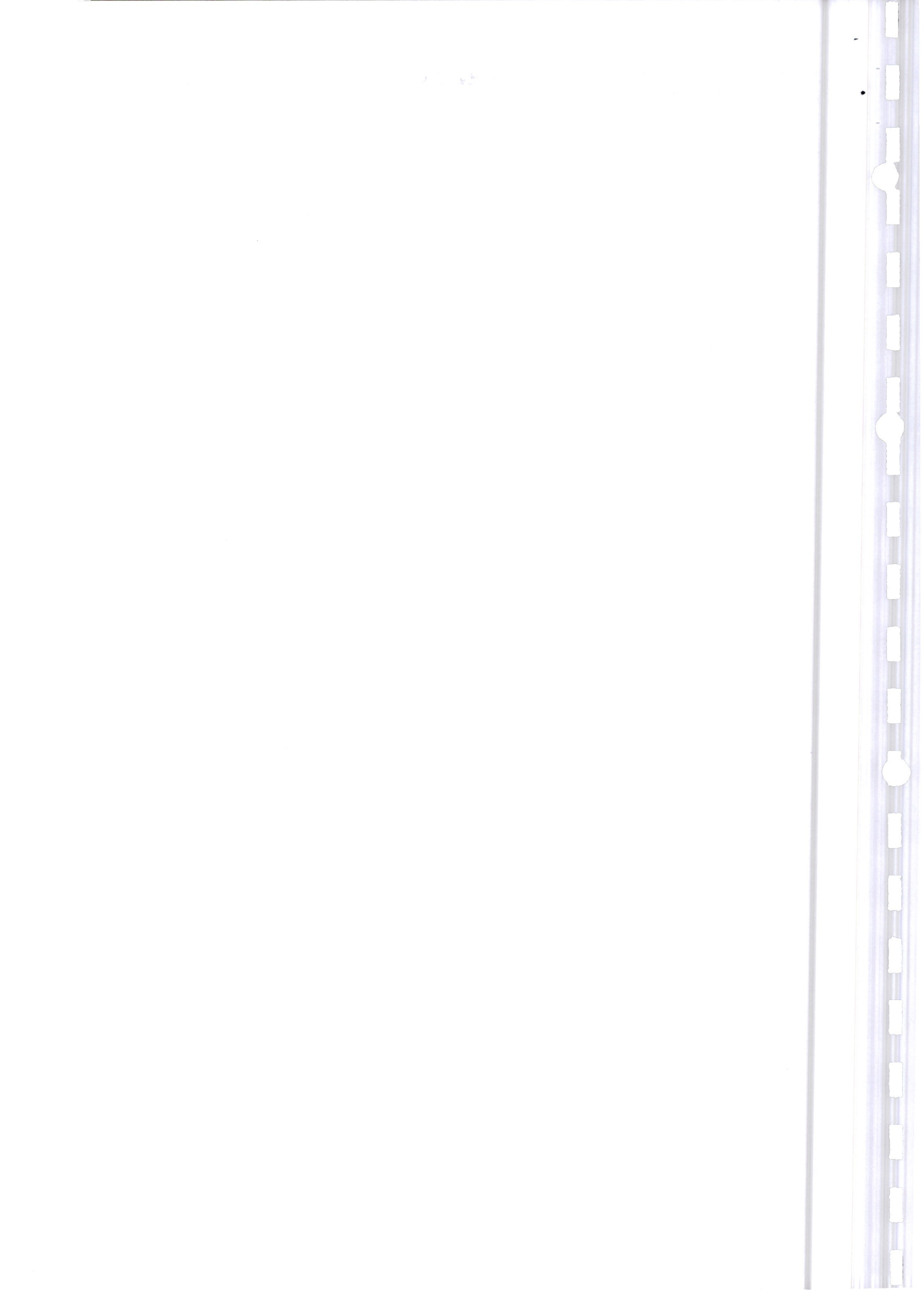
N	Designation	Name
o		
1.	A.I.E holder	Stephen Maina Kinyingi
2.	Sub-County Accountant	Mary Nyambura Kamau
3.	Chairman NGCDFC	Peter Kagichu njoroge
4.	Member NGCDFC	Esther Wairimu Njuguna

(d) Fiduciary Oversight Arrangements

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

P.O. Box 111-01034
Kandara
Muranga, KENYA



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

(f) NGCDF Kandara Constituency Contacts

Telephone: (254) 0709894000
E-mail: kandara@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Kandara Constituency Bankers

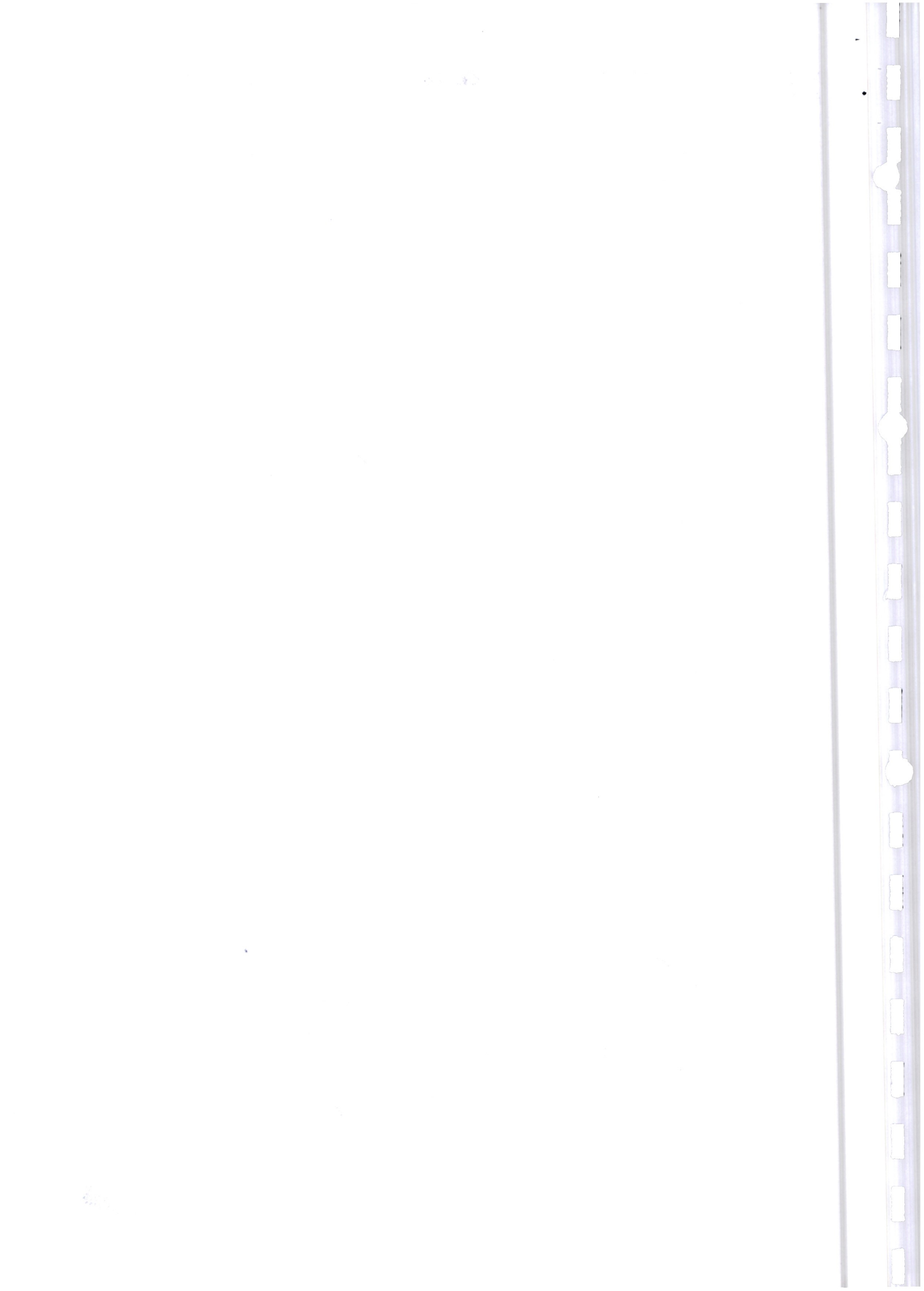
1. Cooperative Bank of Kenya
Thika Branch
P.O. Box 1815-01000
Thika, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

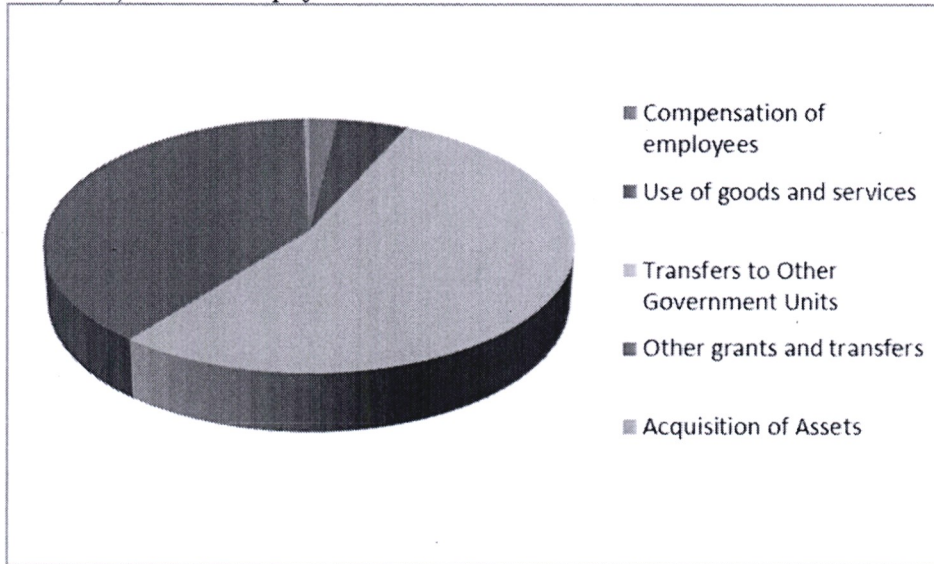
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

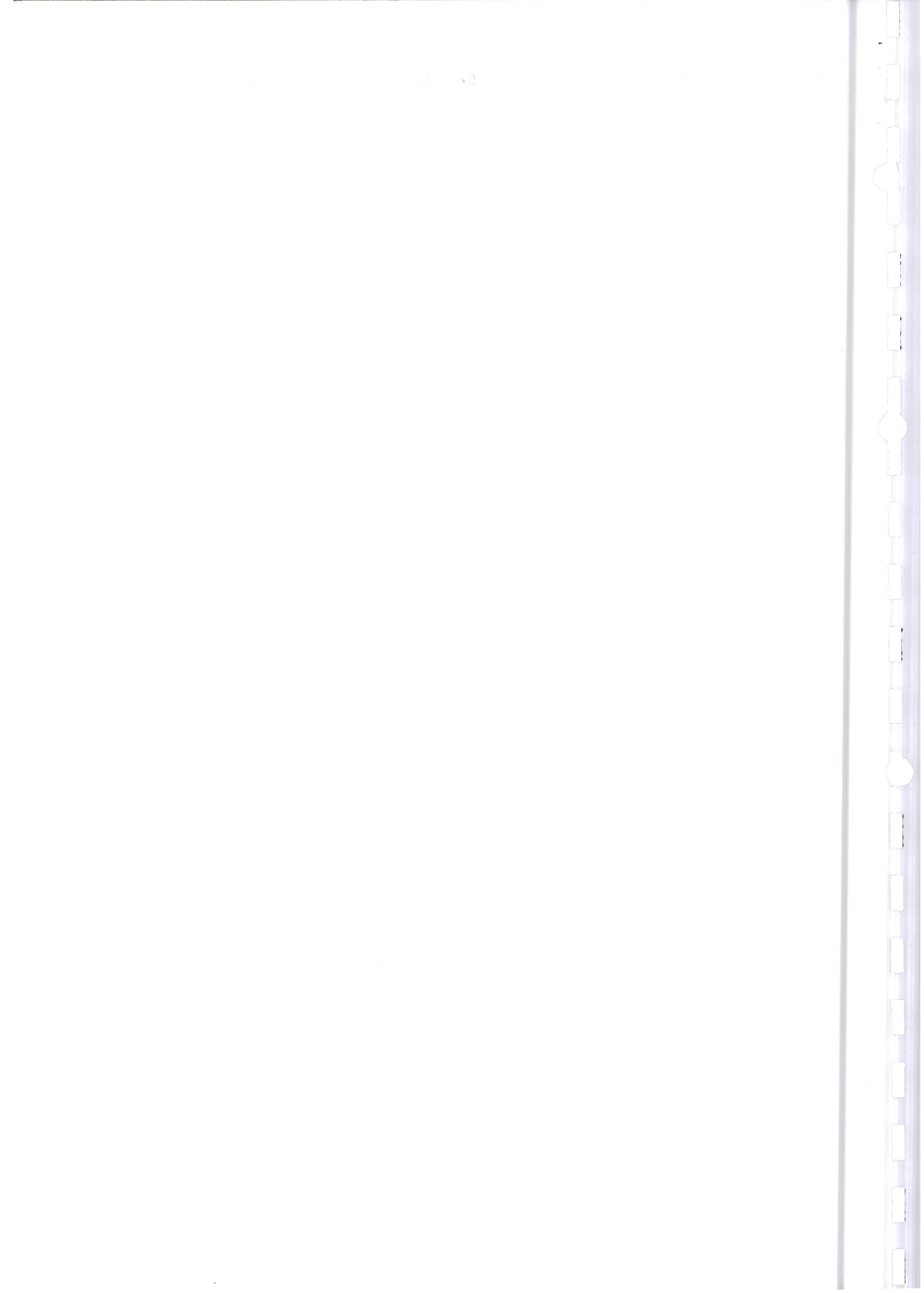
On 1st of July 2019 the constituency had a balance brought forward of Kshs 7,711,002. The constituency budget for 2019/2020 was Kshs 137,000,000. The receipts from the NG CDF Board for the year totalled to Kshs 123,040,876. The total ;payments for the financial year totalled Kshs 118,562,982. These payments were as tabulated in the chart below:-



The constituency has had key achievements. The constituency has successfully completed two security projects, either build or renovated classrooms in 16 secondary schools and either build or renovated classrooms in 15 primary schools. Some of the outstanding project photos are as below:-

GITURU DAY SECONDARY SCHOOL





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

RUKIRA PRIMARY SCHOOL



KEY ACHIEVEMENTS OF KANDARA NG-CDF

- Kandara NG-CDFC has paid school fees in the form of bursaries thus achieved higher retention of students in learning institutions and enhancing performance.
- Construction and renovation in education institutions leading to improved learning environments and thus performance.
- Construction of OCPD and DCIO offices thus leading to enhanced security and better living conditions.

EMERGING ISSUES

- Covid 19 pandemic which led to a lot of Kandara NG-CDF activities coming to a halt to stop the spread of the deadly virus.

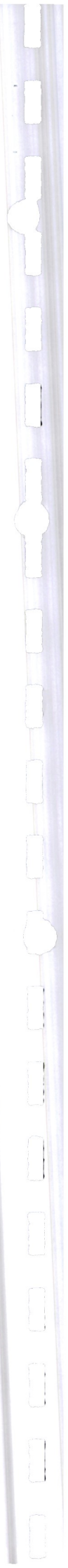
IMPLEMENTATION CHALLENGES AND HOW TO OVERCOME THEM

- Insufficient funding to constituency as compared to the requirements
- Local politics surrounding project implementation
- Inflation leading to increase in project cost.
- Poor record keeping by PMC'S
- Lack of co-operation by PMC'S
- Covid-19 pandemic

Sign

CHAIRMAN NGCDF COMMITTEE

10



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KANDARA 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-KANDARA Constituency's 2018-2022 plan are to:

- a) Provision of physical facilities for learning institutions
- b) To improve learning, retention and transition of learners
- c) To enhance innovation and skills acquisition
- d) Enhance environmental conservation
- e) Supporting and coordinating sporting and health activities
- f) Provision of physical infrastructure in security installations
- g) Improve security and safety
- h) To strengthen corporate governance
- i) To enhance Kandara NG-CDFC image
- j) To strengthen Human Capital
- k) To enhance service delivery
- l) To enhance capacity for emergency preparedness and response

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	Provision of physical facilities for learning institutions	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure built in primary, secondary,	In FY 19/20 -we increased number of classrooms through renovations, dormitories, laboratoties in 12 primary, 6 secondary schools.
	Improve learning, retention and transition of learners	Increased enrolment in primary schools and improved transition to secondary schools and	number of bursary beneficiaries at all levels	We funded bursary with Ksh 11,045,000 with a total of 2,318 beneficiaries



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

		tertiary institutions		
Security	Provision of physical infrastructure in security installations	Develop and improve physical facilities for National Administration and security	Number of security and National Administration offices constructed	In F/Yr 19/20 we have funded OCPD and DCIO Offices
	Improve security and safety	Enhance compliance and safety	Train bodaboda riders on acquisition of safety skills	In 2019 we trained over 80 bodaboda riders worth Ksh 1,500,000
Environment	Enhance environmental conservation	Protect environmentally degraded areas	Plant trees and organize tree planting activities.	In 2019/20 we have funded construction of tanks and gutters to 10 institutions
Sports	Supporting and coordinating sporting and health activities	Upgrade sporting facilities, Ensure tournaments are organized, Promote participative sporting	Plan for football and volleyball tournaments, purchase and supply of sports uniform & equipment, grade and level sports ground	In 2019/20 we have funded sports activities for Ksh 2,747,354.48
Disaster Management	Create more awareness on disaster management	Enhance stakeholder awareness	Hold disaster management sensitization forum	Due to Covid-19 pandemic we did not hold a sensitization forum

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Kandara 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 Kandara National Government Constituency Development Fund Committee has engaged all external stakeholders to ensure that they achieve the desired goals and objectives of the constituency. The committee is committed to ensuring that its vision and mission are achieved to ensure that Kandara residents get value for their money. The constituency relied on the set targets in the performance contract to ensure the desired goals are achieved. The committee ensured that projects are implemented and of high standards through monitoring and evaluation.

2. Environmental performance



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KANDARA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Kandara environment policy

Kandara environment policy is aimed at reducing wastage and conserving the environment. Through implementation of this policy Kandara Constituency has embarked on construction of tanks and gutters in all public primary and secondary schools. This helps in conservation of water once the rains come. The Kandara Committee after implementing the projects hands over the project to the respective schools for sustainability.

3. Employee welfare

Kandara Constituency has a great concern for its employees. The constituency has seven employees. The constituency hiring process starts with an advertisement on the constituency notice board and constituency website. The employees are then invited to an interview. The selection panel then hiring the employees based on merits. The process of appointment includes:- appointment of a selection and interview subcommittee, interviews, offer of appointment, letters of appointment and lastly orientation and induction of employees. The constituency has 5 males and two female employees. The constituency through its capacity building vote has trained its employees in order to capacity build them on various cross cutting issues, among them are, HIV and AIDS, Alcohol and Drug Abuse, Disability Mainstreaming and Gender Mainstreaming.

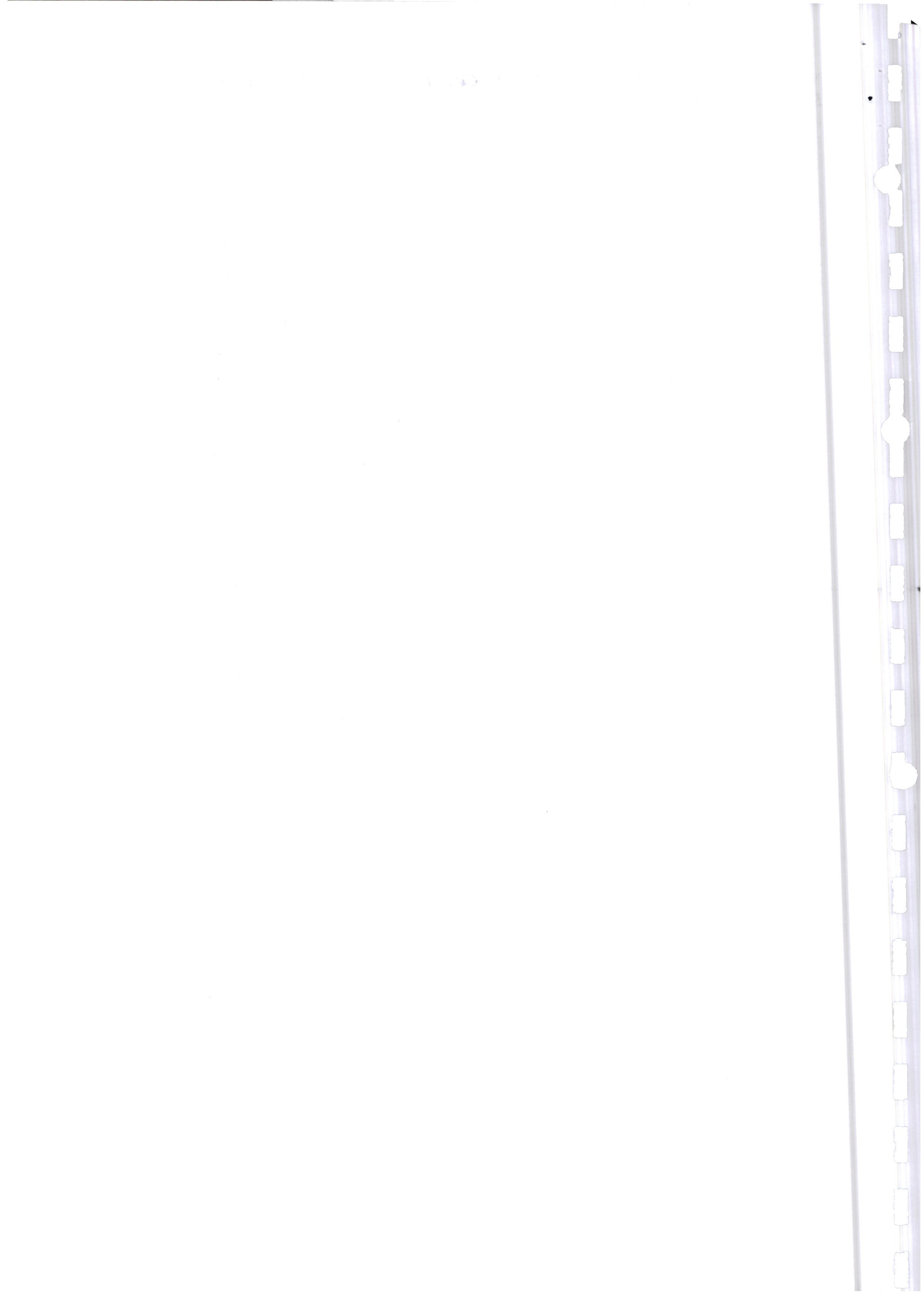
4. Market place practices-

The NG CDFC is determined to ensure that all suppliers have an equal opportunity to do projects in the constituency. The constituency focuses on the development projects whose main aim is to combat poverty at the grassroots level. Funds are disbursed to the PMCs who then through training are guided on the tendering processes to follow to ensure they do not miss any important procurement processes. The payment of suppliers and contractors are done promptly once the services are delivered. The tender advertisements are done on public notice boards and public websites. To ensure proper product stewardship, the constituency also has come up with a service charter to ensure efficient service delivery including complaints handling.

5. Community Engagements-

The Constituency Committee is picked from the community through a hiring process headed by an appointee by the Deputy County Commissioner. The PMCs are also community based. The NG CDFC once they receive the circular for project proposals engages the community through conduction of ward forums where the community proposes their projects of choice. The engagement process also includes all stakeholders. Other technical departments are used during project identification and implementation.

The committee also ensures public awareness through advertisement of projects on the constituency websites.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KANDARA 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, 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.

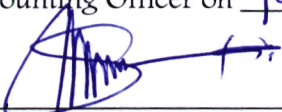
The Accounting Officer in charge of the NGCDF- Kandara Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. 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- Kandara 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- Kandara 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- Kandara 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- Kandara Constituency financial statements were approved and signed by the Accounting Officer on 18 Sept 2020.



Fund Account Manager
Name: Stephen Moina

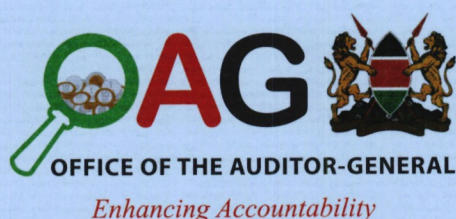


Sub-County Accountant
Name: Mui N. Kamau
ICPAK Member Number: 20597



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANDARA 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 – Kandara Constituency set out on pages 12 to 40, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and 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 – Kandara 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Receipts

The statement of receipts and payments reflects total receipts of Kshs.123,040,876 for the year ended 30 June, 2020. However, the summary statement of appropriation; recurrent and development combined indicate actual receipts of Kshs.130,751,877 for the year. The difference amounting to Kshs.7,711,001 between the two sets of records was not explained or reconciled. Further, receipts in respect of sale of tenders amounting to Kshs.29,000 were not disclosed in the financial statements.

Consequently, the accuracy and completeness of the receipts for the year ended 30 June, 2020 could not be ascertained.

2.0 Transfer to Other Government Entities

The statement of receipts and payments for the year ended 30 June, 2020 reflects transfer to other government entities amounting to Kshs.63,762,425. However, review of expenditure records revealed a payment of Kshs.2,847,495 in respect of construction of washrooms at Kandara Technical Training Institute which was excluded from the expenditure ledger for the year under review, hence understating the expenditure in the financial statements by the same amount.

Consequently, the accuracy of transfers to other government entities amount of Kshs.63,762,425 for the year under review could not be confirmed.

3.0 Unsupported Utilization of Provisional Sums

The statement of receipts and payments reflect Kshs.63,762,425 and Kshs.46,394,554 under transfer to other government entities and other grants and transfers respectively, towards to implementation of various projects. Examination of bills of quantities for forty (40) projects revealed a general provisional sum of Kshs.55,000 for each project described as contingencies. However, the sums were not supported by expenditure returns, certificate of works and reports of County Works Officer indicating how the contingencies were utilized and accounted for.

Consequently, the validity of the expenditure totalling Kshs.2,200,000 on contingencies for the forty (40) projects could not be confirmed.

4.0 Project Management Committees (PMC) Bank Accounts

Disclosed under Annex 5 to the financial statements are unutilized balances totalling Kshs.3,252,426 and Kshs.11,410,465 in respect of Project Management Committee (PMC) bank accounts as at 30 June, 2020 and 30 June, 2019 respectively. However, bank statements and expenditure returns for unutilized funds amounting to Kshs.11,410,465 in the PMC bank accounts brought forward from 2018/2019 financial year were not provided for audit review.

Further, no explanation was given for failure to close the accounts and transfer the balances to the Constituency bank account. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015, which requires all unutilized funds by the Project Management Committees to be returned to the Constituency Fund account.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Kandara Constituency 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

1.0 Prior Year Unresolved Issues

In the report of the previous year, several issues were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although the Management has indicated that all the issues have been resolved, the matters remained unresolved as the National Assembly was yet to deliberate on the audit report for 2018/2019.

2.0 Budget Execution

The statement of appropriation: recurrent and Development combined for the year under review reflects that the Constituency received a total of Kshs.130,751,877 from the National Government Constituencies Development Fund Board against a budget of Kshs.200,119,601 resulting in a shortfall of Kshs.69,367,724 or 35% of the budgeted amount.

Further, the total actual expenditure for the year was Kshs.118,562,982 representing an absorption rate of 91% of the actual receipts. No satisfactory explanation was provided for failure to utilize the funds received fully, which in turn impacted negatively on service delivery to the residents of Kandara Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion of Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Bursary to Needy Students

Disclosed in Note 7 to the financial statements under other grants and transfers are payments of Kshs.15,306,000 and Kshs.6,877,000 for bursary - secondary schools and bursary - tertiary institutions respectively. However, the disbursements were not supported with acknowledgement letters or receipts from the schools and institutions confirming receipt of the bursaries and distribution to the intended beneficiaries.

2.0 Failure to Label Projects

The statement of receipts and payments for the year under review reflects other grants and transfers expenditure of Kshs.46,394,554. The amount includes expenditure of Kshs.11,186,896 in respect of emergency projects, out of which, an amount of Kshs.5,679,445 was spent on emergency projects in six primary schools. However, an inspection carried out in those schools revealed that the projects were not labeled with a plaque, signage or any form of labeling to indicate the implementing agency and the financial year they relate to.

No explanation was provided for the omission.

3.0 Environment Projects

Disclosed in Note 7 to the financial statements is other grants and other payments expenditure amounting to Kshs.46,394,554. Included in the expenditure is Kshs.4,928,172 incurred on environment projects. The projects entailed construction of concrete stand base and supply of water tank, and installation of gutters. However, procurement records including tender opening, evaluation and award minutes were not provided for audit review. Further, physical inspection of the projects revealed that installation of fascia board nailed to rafters at the cost of Kshs.89,400 was not done despite being included in the bill of quantities for the project.

As a result, the value for money of the expenditure of Kshs.4,928,172 incurred on the environment projects during the year could not be confirmed.

4.0 Construction of Classrooms at Githuya Primary School

Disclosed in Note 6 to the financial statements under transfer to other government entities is an expenditure of Kshs.33,875,255 under transfer to primary schools. The amount includes a disbursement of Kshs.3,058,188 to Githuya primary school for construction and completion of two classrooms. Review of records revealed that the project was initiated in 2018/2019 financial year and entailed construction of 2 storey classroom block, which was corroborated in the bill of quantities. However, the tender acceptance letter and contract agreement indicated that the works entailed renovation of classrooms and construction of a laboratory to completion. The inconsistencies in scope of works were not explained.

Consequently, the occurrence and validity of the expenditure of Kshs.3,058,188 could not be confirmed.

5.0 Unsupported Committee Allowances

Note 5 of the financial statements reflects use of goods and services payments totalling Kshs.1,962,970 made in respect of committee allowance. However, the payments were not supported with relevant monitoring and evaluation reports, committee minutes, travel documents such work tickets or bus fare tickets and signed participants' attendance lists.

In view of the missing information, the occurrence and validity of the expenditures totalling Kshs.1,962,970 incurred on committee allowance 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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Funds ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention either to terminate the Fund or to cease operation.

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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of National Government Constituencies Development Fund – Kandara Constituency 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 National Government Constituencies Development Fund - Kandara Constituency 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

02 February, 2022


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

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,040,876	108,784,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
TOTAL RECEIPTS		123,040,876	108,784,483
PAYMENTS			
Compensation of employees	4	2,248,812	2,150,044
Use of goods and services	5	5,718,691	8,800,790
Transfers to Other Government Units	6	63,762,425	48,277,455
Other grants and transfers	7	46,394,554	46,433,337
Acquisition of Assets	8	438,500	-
Other Payments	9	=	=
TOTAL PAYMENTS		118,562,982	105,661,627
SURPLUS/(DEFICIT)		4,477,893	3,122,856

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kandara Constituency financial statements were approved on 17 Sept 2020 and signed by:


 Fund Account Manager
 Name: Stephen Mainy


 National Sub-County Accountant
 Name: Mary H. Kamau
 ICPAK Member Number: 20897



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KANDARA 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)	10A	12,188,895	7,711,002
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		12,188,895	7,711,002
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		12,188,895	7,711,002
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		12,188,895	7,711,002
REPRESENTED BY			
Fund balance b/fwd	13	7,711,002	4,588,146
Prior year adjustments	14	-	-
Surplus/Defict for the year		4,477,893	3,122,856
NET FINANCIAL POSITION		12,188,895	7,711,002

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kandara Constituency financial statements were approved on 18 Sept 2020 and signed by:

Fund Account Manager
 Name: Stephen Maina

MA
 National Sub-County Accountant
 Name: Mary N. Kamau
 ICPAK Member Number: 20897



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

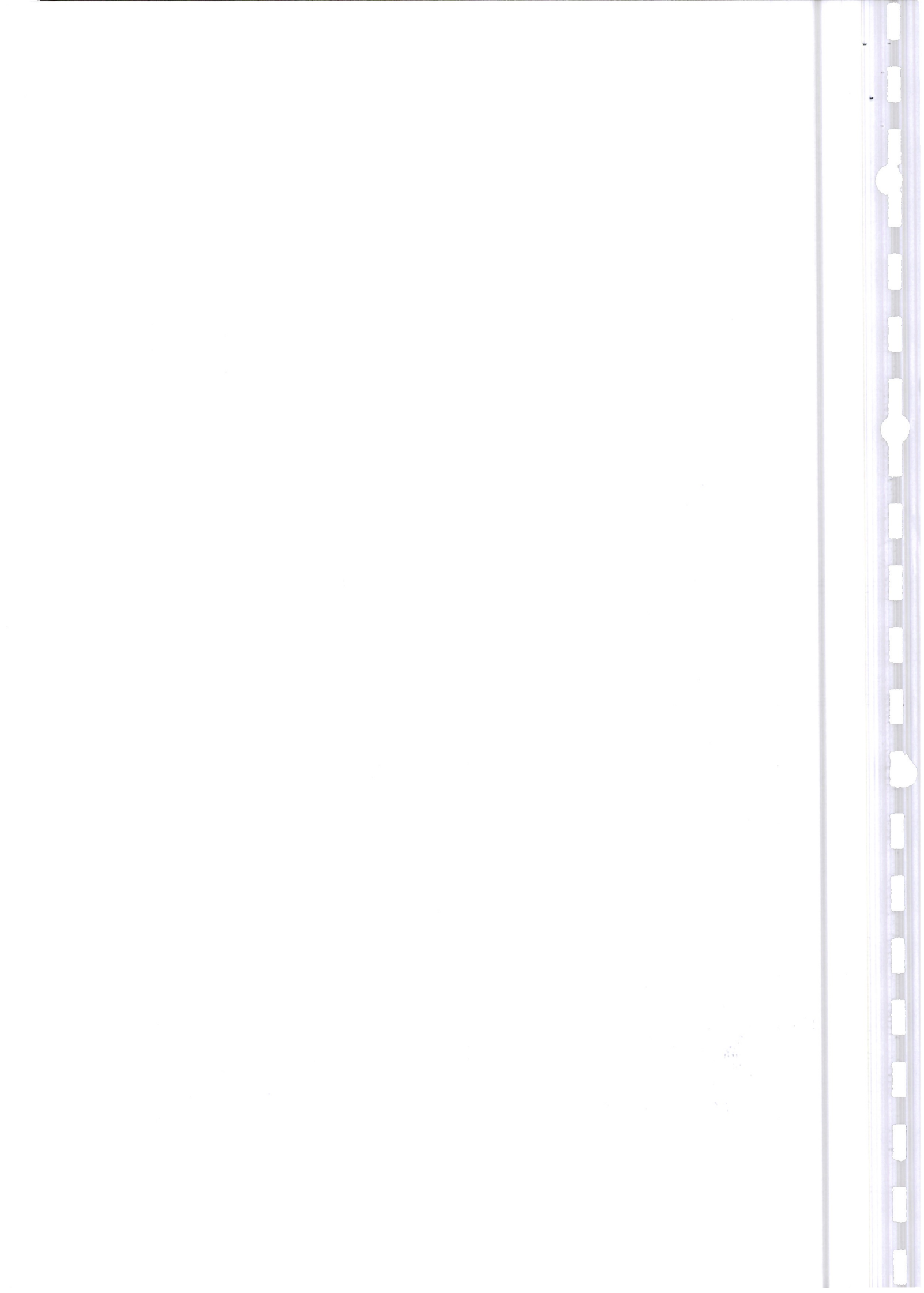
IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	123,040,876	108,784,483
Other Receipts	3	=	=
Total receipts		123,040,876	108,784,483
Payments for operating expenses			
Compensation of Employees	4	2,248,812	2,150,044
Use of goods and services	5	5,718,691	8,800,790
Transfers to Other Government Units	6	63,762,425	48,277,455
Other grants and transfers	7	46,394,554	46,433,337
Other Payments	9	-	-
Total payments		118,124,482	105,661,627
Net Operating Income		4,916,393	
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	(-)
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
Net cash flow from operating activities		4,916,393	3,122,856
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(438,500)	-
Net cash flows from Investing Activities		(438,500)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		4,477,893	3,122,856
Cash and cash equivalent at BEGINNING of the year	13	7,711,002	4,588,146
Cash and cash equivalent at END of the year		12,188,895	7,711,002

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kandara Constituency financial statements were approved on 10th Sept, 2020 and signed by:

Fund Account Manager
Name: *Stephen Maina*

National Sub-County Accountant
Name: *Mary N. Kamau*
ICPAK Member Number: *20897*



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

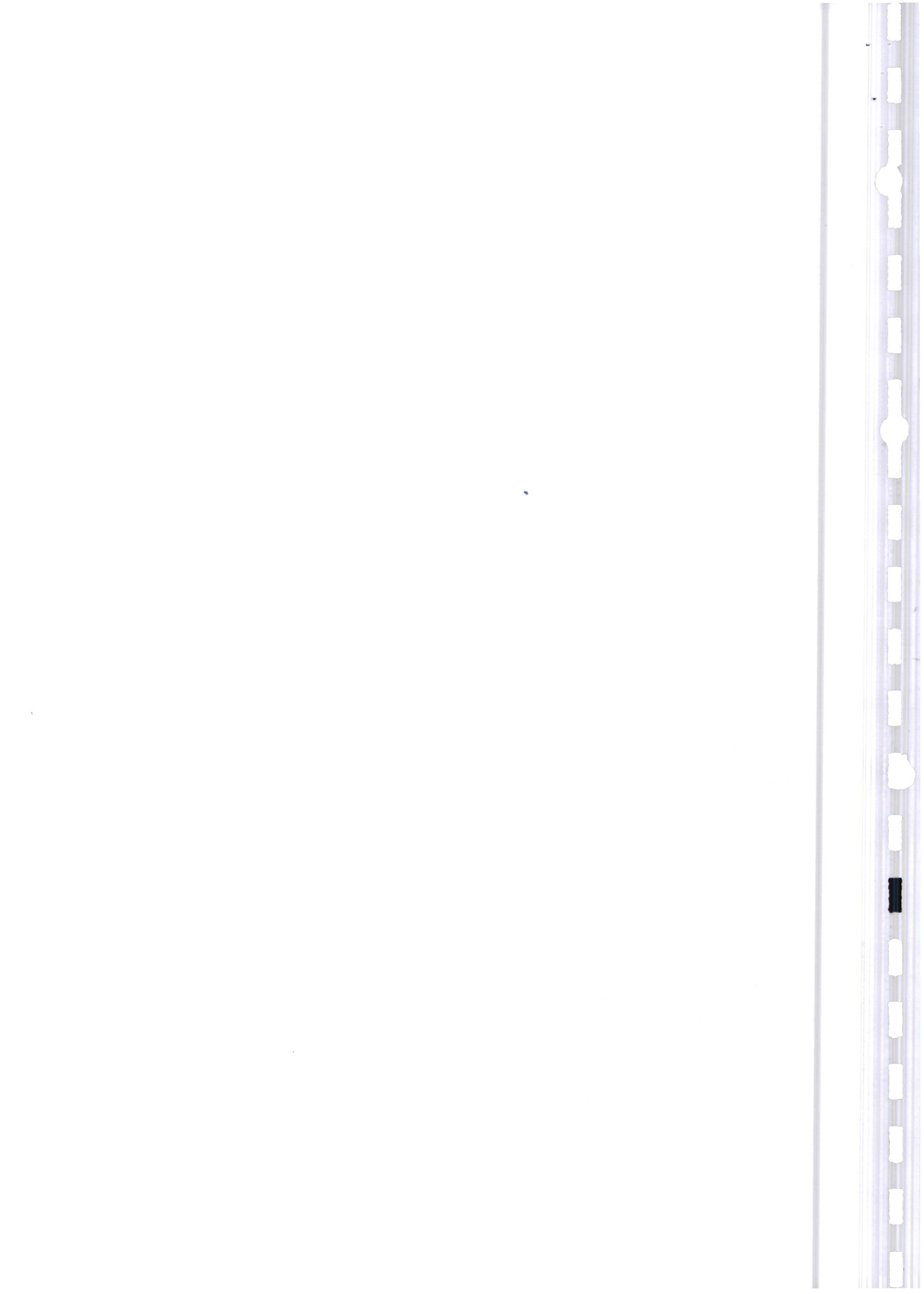
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	62,751,877	200,119,601	130,751,877	69,367,724	65%
Proceeds from Sale of Assets			-	-		
Other Receipts			-	-		
PAYMENTS						
Compensation of Employees	3,136,500	1,453,212	4,589,712	2,248,812	2,340,900	49%
Use of goods and services	9,226,595	2,310,315	11,536,910	5,718,691	5,818,219	50%
Transfers to Other Government Units	77,529,747	19,224,026	96,753,773	63,762,425	32,991,348	66%
Other grants and transfers	47,034,881	39,764,324	86,799,206	46,394,554	40,404,652	53%
Acquisition of Assets	440,000	-	440,000	438,500	1,500	100%
Other Payments			-	-		
TOTALS	137,367,724	62,751,877	200,119,601	118,562,982	81,556,618	

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

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

- i. The underutilisation was caused by delayed funding from the NG CDF board



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

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

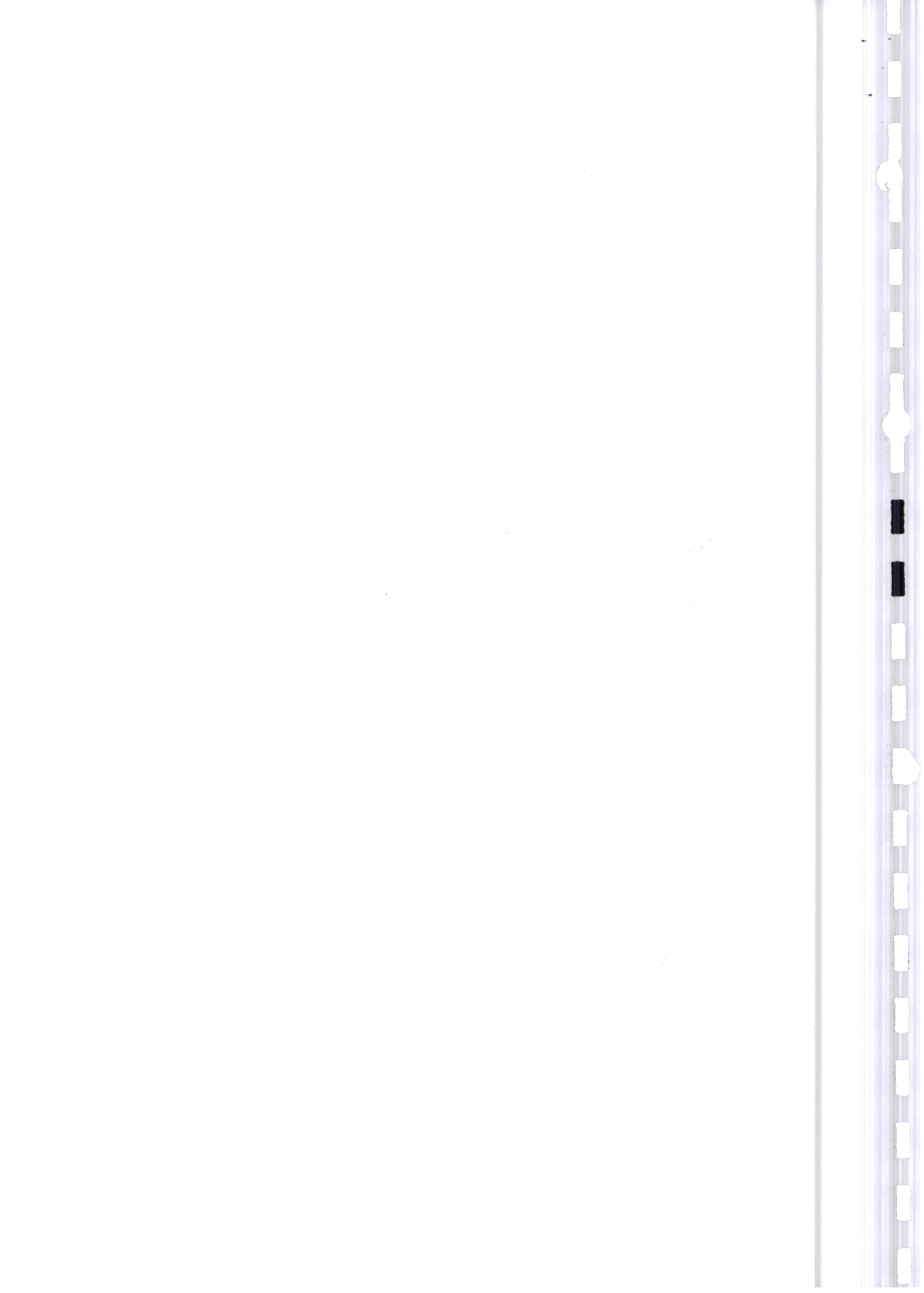
The NGCDF- Kandara Constituency financial statements were approved on 14 Sept 2020 and signed by:



Fund Account Manager
Name: Stephen Mair



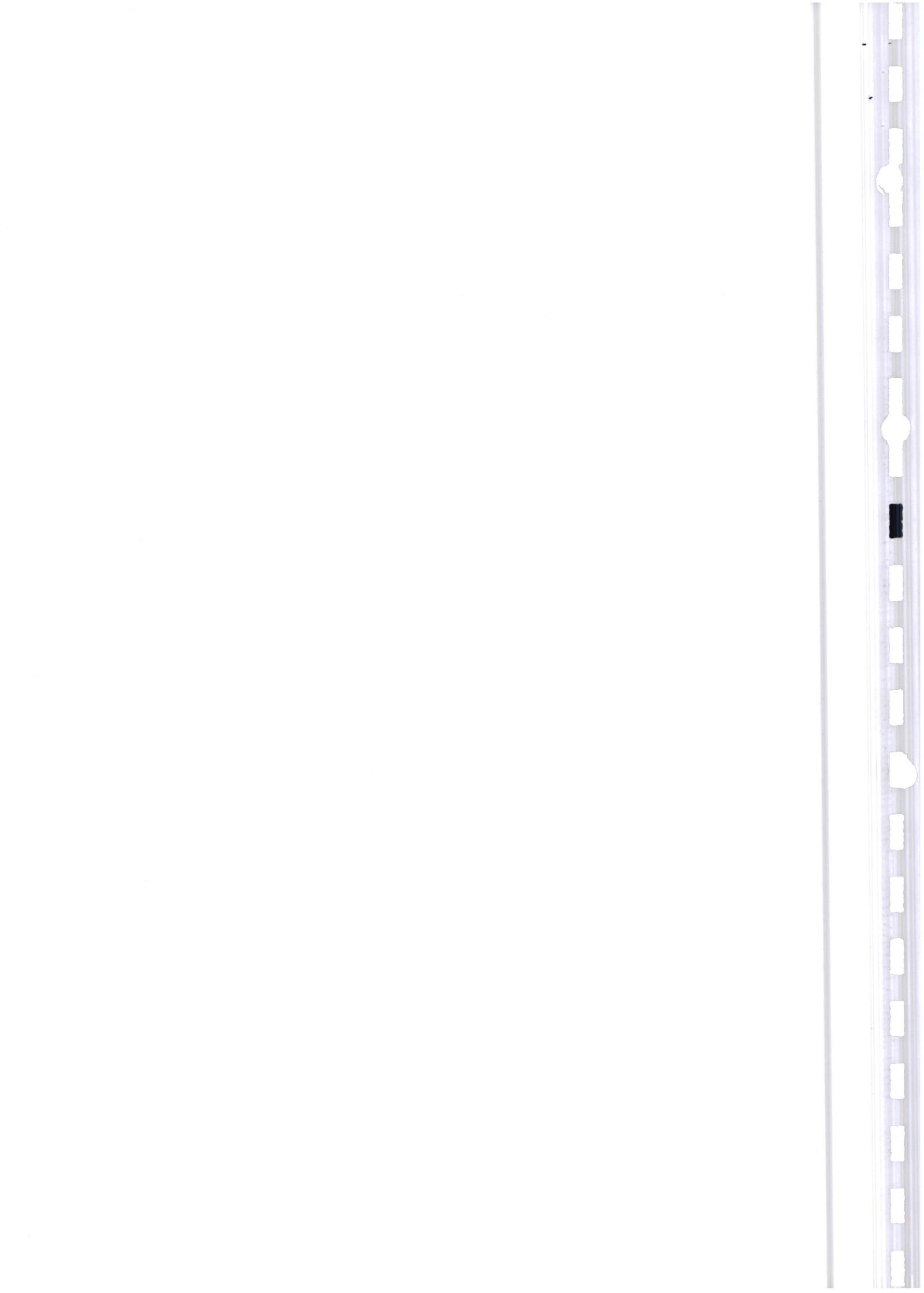
Sub-County Accountant
Name: Mary N. Kanyay
ICPAK Member Number: 20897



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

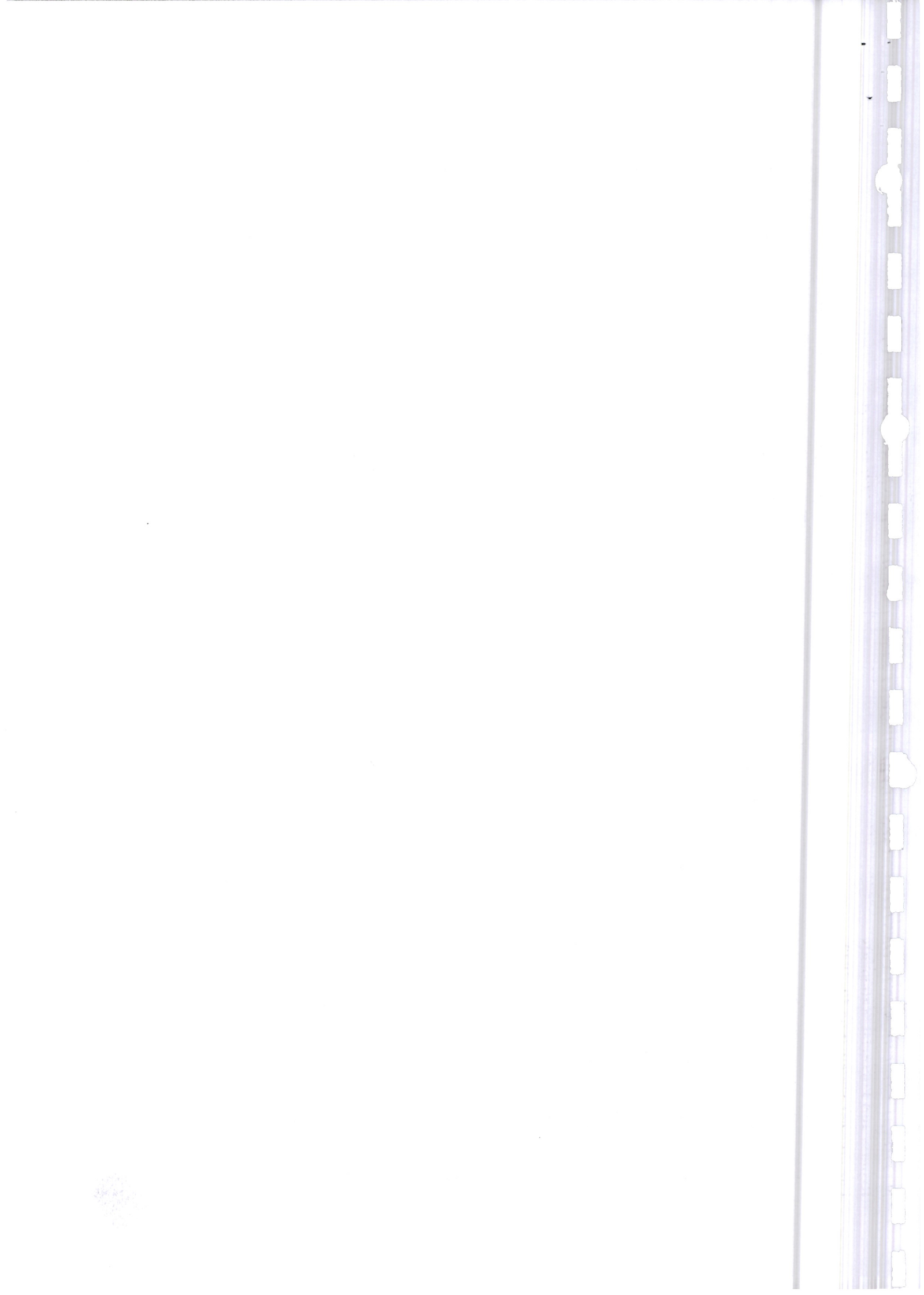
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020		Adjustments		Final Budget 2019/2020		Actual on comparable basis 30/06/2020		Budget utilization difference	
	Kshs		Kshs		Kshs		Kshs		Kshs	
1.0 Administration and Recurrent										
1.1 Compensation of employees	3,136,500		1,453,212		4,589,712		2,248,812		2,340,900	
1.2 Committee allowances	3,105,563		19,342		3,124,905		1,800,970		1,323,935	
1.3 Use of goods and services	2,000,000		1,267		2,001,267		1,308,384		692,883	
2.0 Monitoring and evaluation										
2.1 Capacity building	1,671,226		1,170,726		2,841,952		427,386		2,414,566	
2.2 Committee allowances	1,449,805		682,000		2,131,805		962,000		1,169,805	
2.3 Use of goods and services	1,000,000		436,979		1,436,979		1,219,951		217,028	
3.0 Emergency	(343,730)		-		(343,730)				(343,730)	
3.1 Primary Schools										
THAGARI PRIMARY SCHOOL	-		2,429,445		2,429,445		2,429,445		-	
KARUGIA PRIMARY	152,131		1,215,479		1,367,610		1,367,610		-	
KARIGU-INI PRIMARY SCHOOL	300,000		-		300,000		300,000		-	
GICHAGI-INI PRIMARY	650,000		-		650,000		650,000		-	
KIAWAMBUTU PRIMARY	650,000		-		650,000		650,000		-	
GITHIGIA PRIMARY	650,000		-		650,000		650,000		-	
KANDARA PRIMARY	650,000		-		650,000		650,000		-	
KARIKO PRIMARY	650,000		-		650,000		650,000		-	



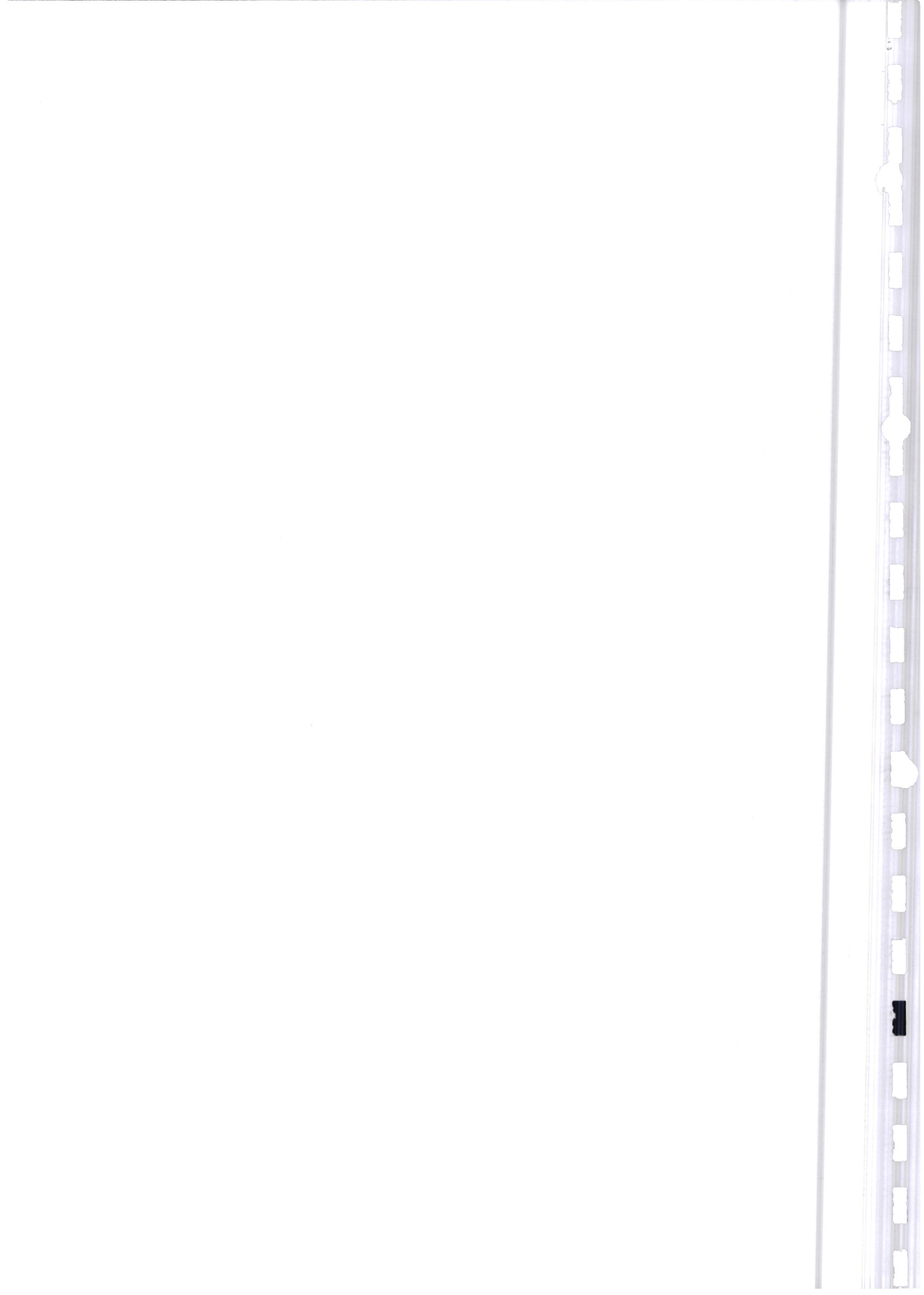
Reports and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
3.2 Secondary schools					
3.3 Tertiary institutions					
KANDARA TECHNICAL AND VOCATIONAL COLLEGE	2,500,000	-	2,500,000	2,500,000	-
KANDARA TTI	500,000	-	500,000	500,000	-
MALOSILA CONSTRUCTION	839,840	-	839,840	839,840	-
3.4 Security projects					
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	18,260,288	7,700,305	25,960,593	15,306,000	10,654,593
4.3 Tertiary Institutions	16,081,643	5,016,221	21,097,864	6,877,000	14,220,864
4.4 Universities					
4.5 Social Security					
5.0 Sports					
5.1	2,747,354	0	2,747,355	-	2,747,355
6.0 Environment					
6.1	2,747,354	2,180,818	4,928,172	4,928,172	(0)
7.0 Primary Schools Projects (List all the Projects)					
7.1 Gaichanjiru Primary School	3,516,786	-	3,516,786	-	3,516,786
7.2 GAKOIGO PRIMARY SCHOOL	-	5,750,603	5,750,603	5,750,603	(0)
7.3 GITHUYA PRIMARY SCHOOL	-	3,058,188	3,058,188	3,058,188	-
7.4 Kagongo Primary School	3,500,000	-	3,500,000	-	3,500,000
7.5 Kagundu Primary School	1,921,689	-	1,921,689	-	1,921,689



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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.6 Kahiga Primary School	3,789,009	-	3,789,009	-	3,789,009
7.7 Karigut-ini Primary School	1,921,689	-	1,921,689	-	1,921,689
7.8 KARUGIA PRIMARY	3,496,521	-	3,496,521	3,496,521	-
7.9 Karumu Primary School	1,155,000	-	1,155,000	-	1,155,000
7.10 KIAWAMBUTU PRIMARY	4,008,060	-	4,008,060	4,008,060	-
7.11 KIHARO PRIMARY SCHOOL	4,478,397	-	4,478,397	4,478,397	-
7.12 Kirirwa Primary School	3,320,783	-	3,320,783	-	3,320,783
7.13 MAIURIA PRIMARY SCHOOL	-	3,902,808	3,902,808	3,902,808	-
7.14 Mahutia Primary School	3,562,508	-	3,562,508	-	3,562,508
7.15 MAIRUNGI PRY SCHOOL	-	1,000,000	1,000,000	1,000,000	-
7.16 Matira-ini Primary School	3,150,294	-	3,150,294	-	3,150,294
7.17 NAAARO PRIMARY SCHOOL	3,635,972	-	3,635,972	3,635,972	(0)
7.18 RUKIRA PRIMARY SCHOOL	-	477,027	477,027	477,027	-
7.19 RUONA PRIMARY SCHOOL	-	4,067,679	4,067,679	4,067,679	-
8.0 Secondary Schools Projects (List all the Projects)					
8.1 GAICHANJIRU HIGH	-	2,200,000	2,200,000	2,200,000	-
8.2 Gatitu Secondary School	2,100,000	-	2,100,000	-	2,100,000
8.3 GITHIGIA SECONDARY	3,149,543	-	3,149,543	1,500,000	1,649,543
8.4 Githumu Boys High School	3,156,431	-	3,156,431	-	3,156,431
8.5 GITUKU DAY		1,906,646	1,906,646	1,906,646	(1)



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

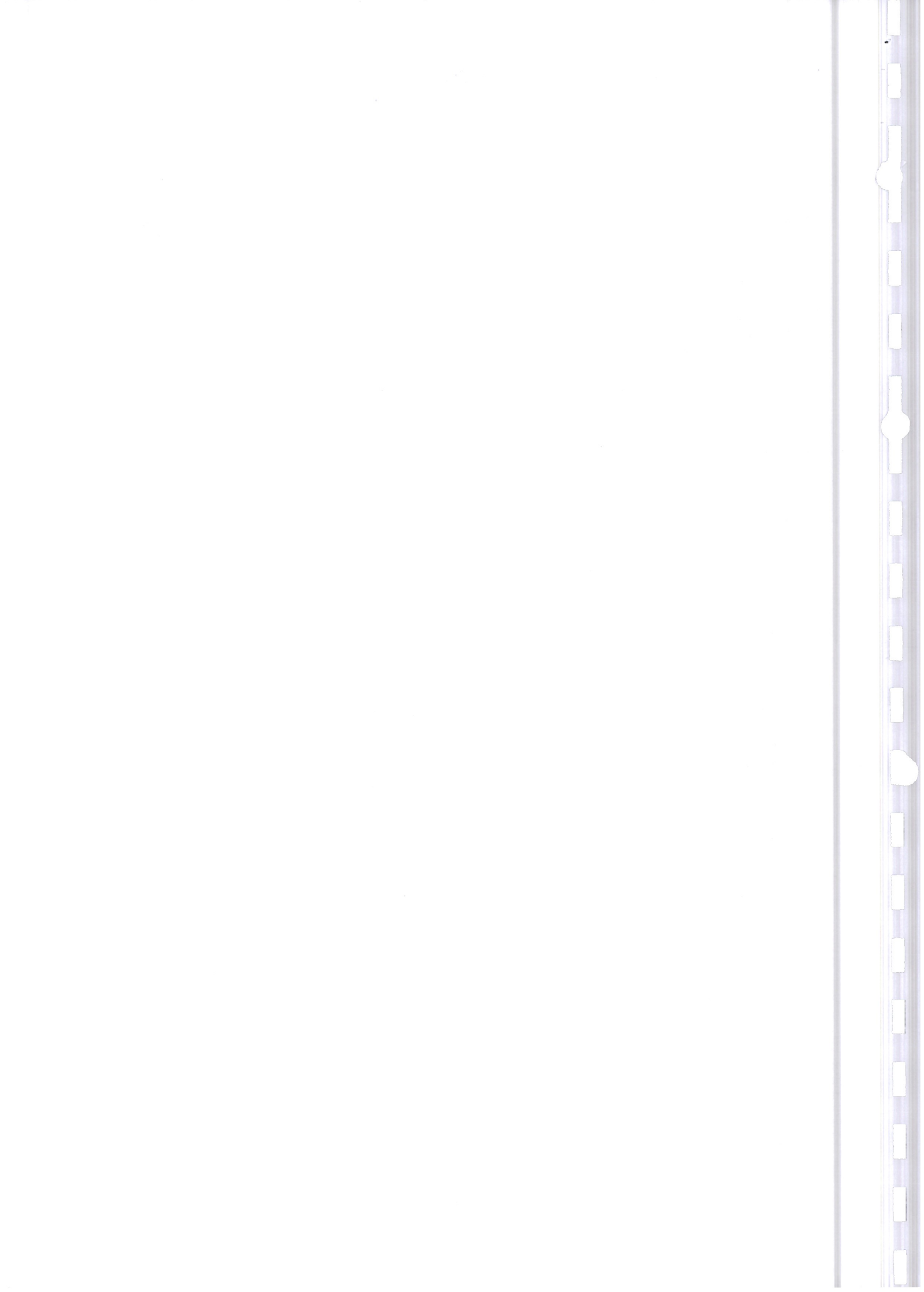
Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
8.6 Kaguthi Secondary School	1,050,000	-	1,050,000	-	1,050,000
8.7 KANDARA MIXED SECONDARY SCHOOL	-	1,100,000	1,100,000	1,100,000	-
8.8 Kiranga Secondary School	2,100,000	-	2,100,000	-	2,100,000
8.9 KIRUNGURU SECONDARY	2,570,006	1,000,000	3,570,006	3,570,006	-
8.10 MANJUU SEC SCH	-	2,500,000	2,500,000	2,500,000	-
8.11 MUJRI-INI SECONDARY SCHOOL	-	1,000,000	1,000,000	1,000,000	-
8.12 MUKERENJU SEC	400,000	1,802,450	2,202,450	2,202,450	(0)
8.13 Ngararia Girls High School	3,675,000	-	3,675,000	-	3,675,000
8.14 NGU THURU SECONDARY	-	3,340,008	3,340,008	3,340,008	-
8.15 ST CHARLES LWANGA	3,150,000	700,000	3,850,000	2,850,000	1,000,000
8.16 WAITUA SECONDARY SCHOOL	3,600,000	-	3,600,000	3,600,000	-
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 Kandara technical training institute	697,935	-	697,935	-	697,935
9.2 Kandara technical training institute	2,118,060	2,000,000	4,118,060	4,118,060	-
10.0 Security Projects					
10.1 KANDARA DCIO OFFICE		1,473,942	1,473,942	1,473,942	-
10.2 Kandara OCPD office	4,000,000	-	4,000,000	4,000,000	-
10.3 Kiawambutu Junction/Ngamba/ Mutundu -ini villages	1,000,000	-	1,000,000	-	1,000,000
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)					



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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
11.2 Construction of CDF office	-	61,731	61,731	61,661	70
11.3 Purchase of furniture and equipment	440,000	-	440,000	438,500	1,500
11.4 Purchase of computers					
11.5 Purchase of land					
12.0 Others					
12.1 strategic plan	-	5,000	5,000	-	5,000
12.2 innovation hub	-	1,100,003	1,100,003	1,098,151	1,852
12.3 Electricity project - Mathiuthi, Kagogo/mukerenju village	-	2,000,000	2,000,000	1,462,734	537,266
12.4 Construction of gate and cabro at CDF office	3,306,065	-	3,306,065	-	3,306,065
	137,367,724	62,751,879	200,119,603	118,562,984	81,556,618

(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) –
KANDARA 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- Kandara 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

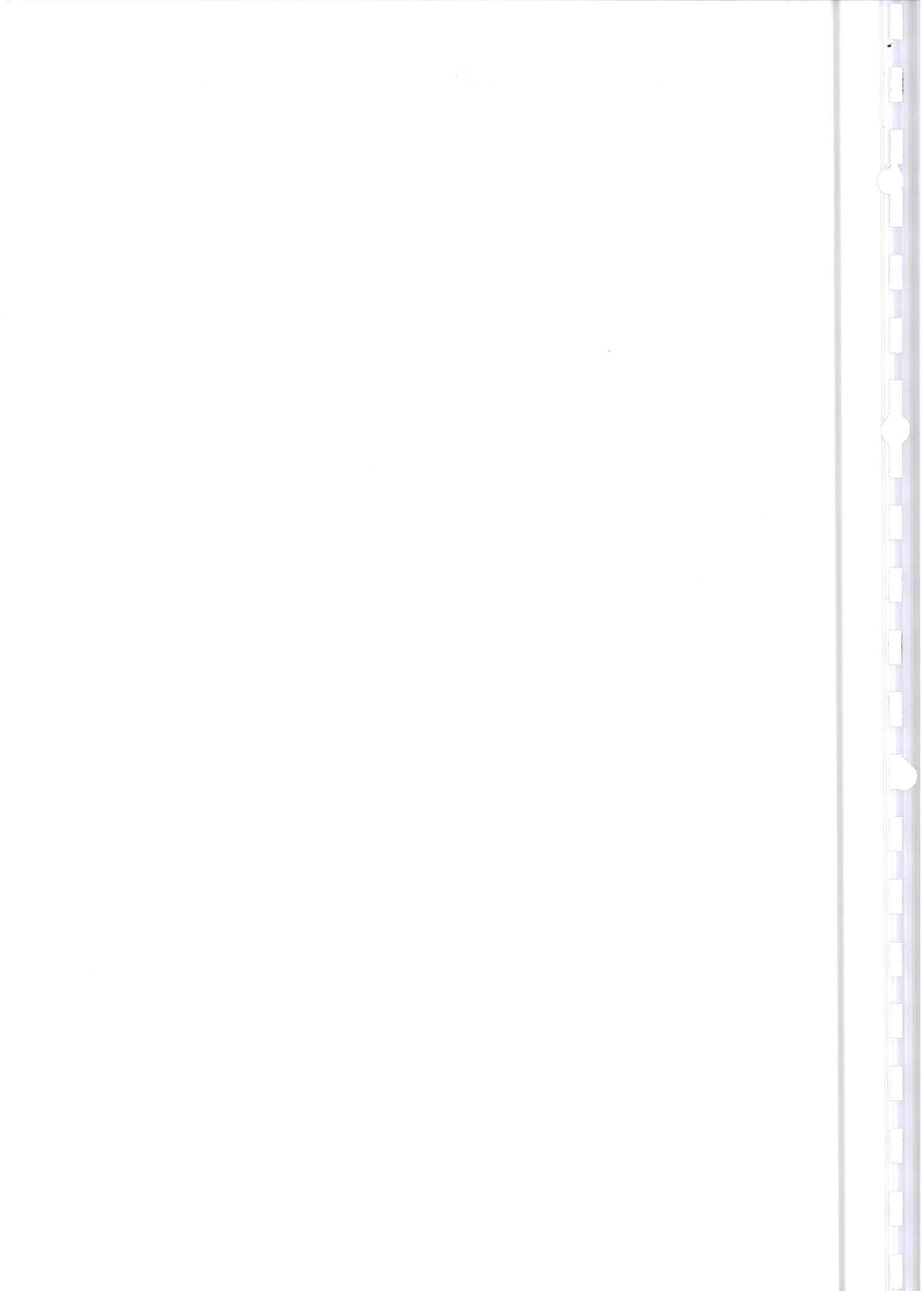
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

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) –
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SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 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.

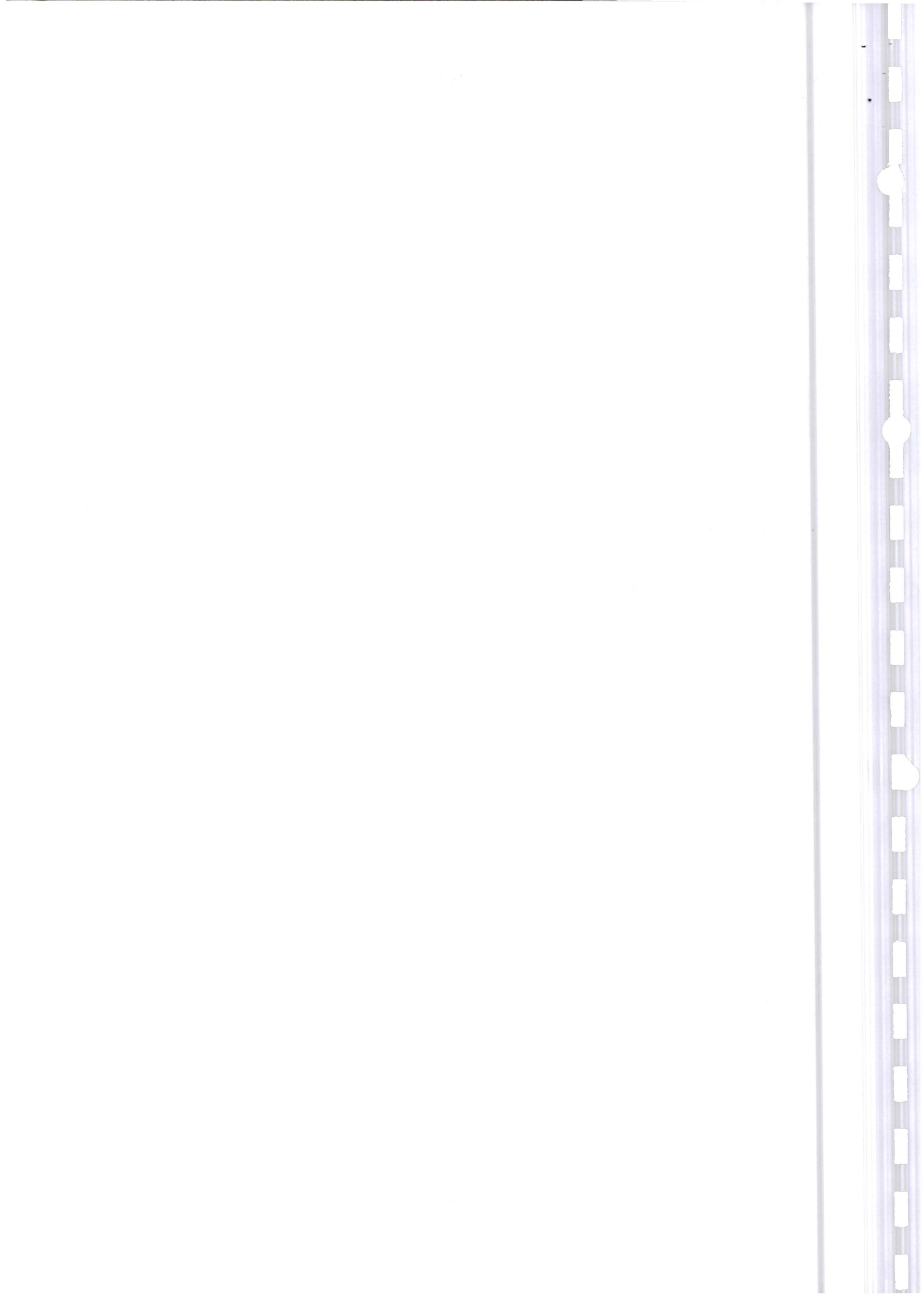
Use of Goods and Services

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.



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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

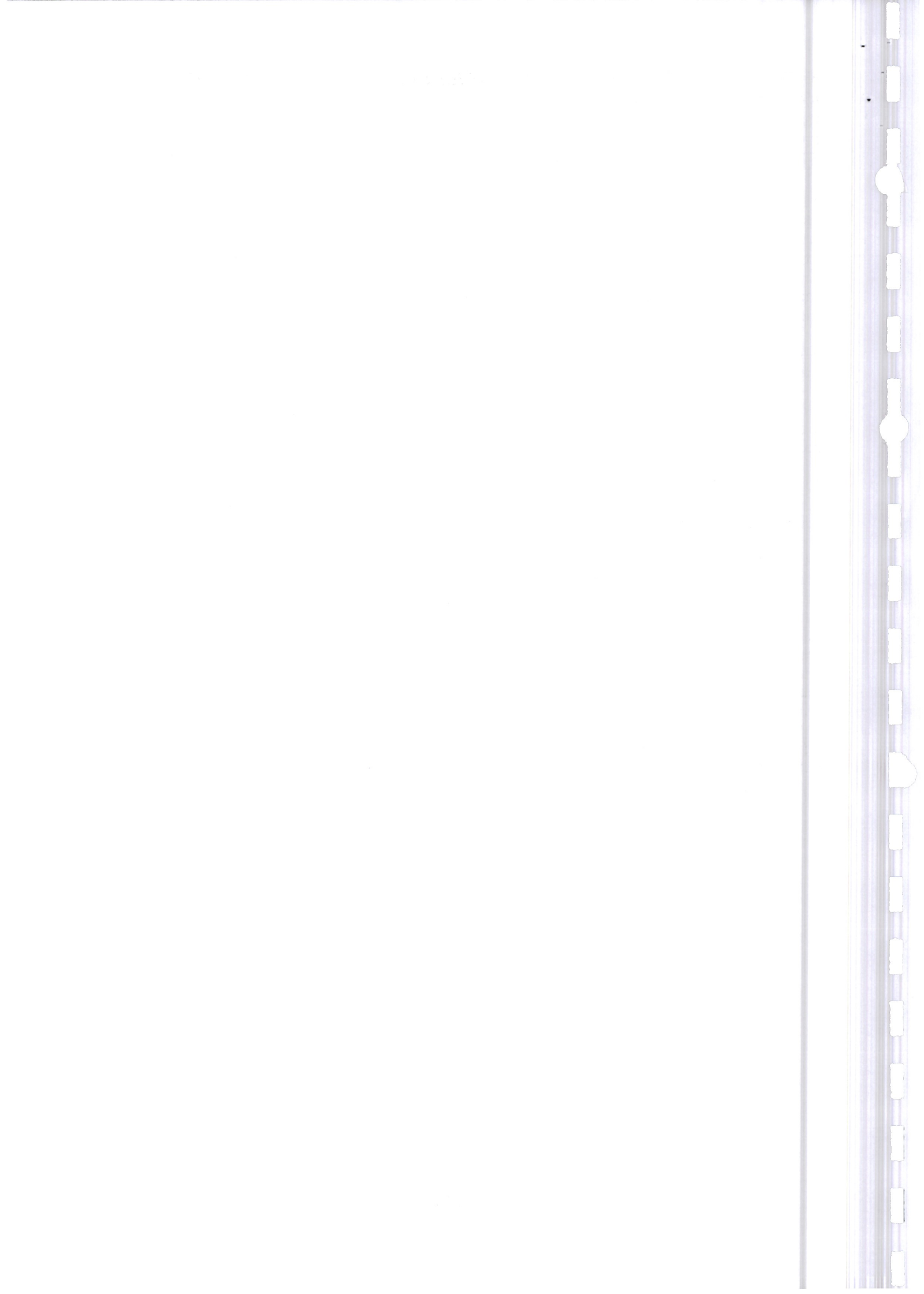
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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
		Kshs	Kshs
NGCDF Board			
AIE 005162	1		52,484,483
AIE 030014	2		2,300,000
AIE 006362	3		8,000,000
AIE 030420	4		12,000,000
AIE 030181	5		10,000,000
AIE 042756	6		12,000,000
AIE 042898	7		12,000,000
AIE B047172	1	51,040,875.50	
AIE B047422	2	4,000,000.00	
AIE B041285	3	18,000,000.00	
AIE B047706	4	5,000,000.00	
AIE B047908	5	6,000,000.00	
AIE B049290	6	14,000,000.00	
AIE B104314	7	21,000,000.00	
AIE B104126	8	4,000,000.00	
TOTAL		123,040,876	108,784,483

2. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-



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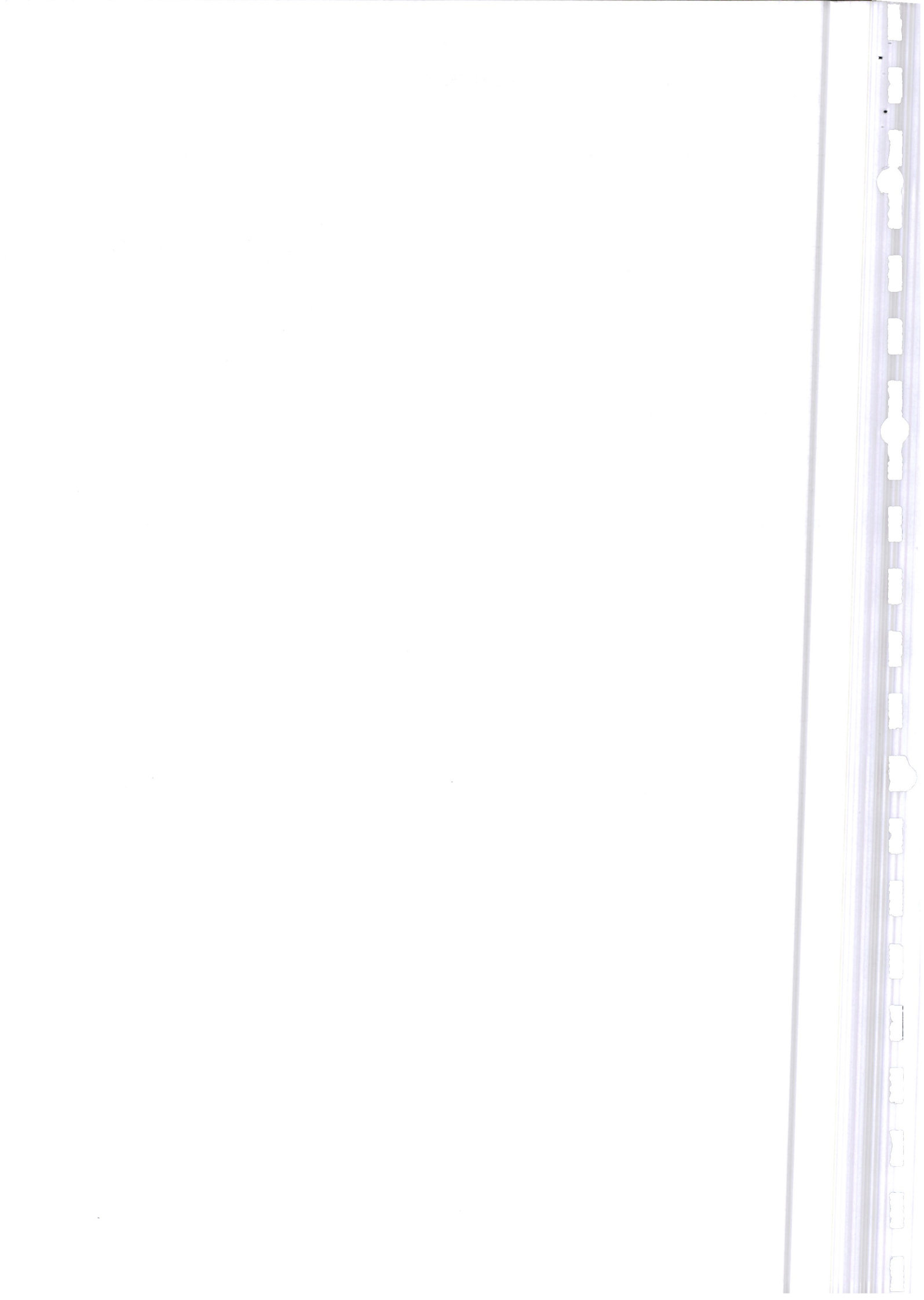
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,687,344	2,133,244
Personal allowances paid as part of salary	-	-
Pension and other social security contributions (Gratuity)	527,868	-
Employer Contributions Compulsory national social security schemes	33,600	16,800
Total	2,248,812	2,150,044

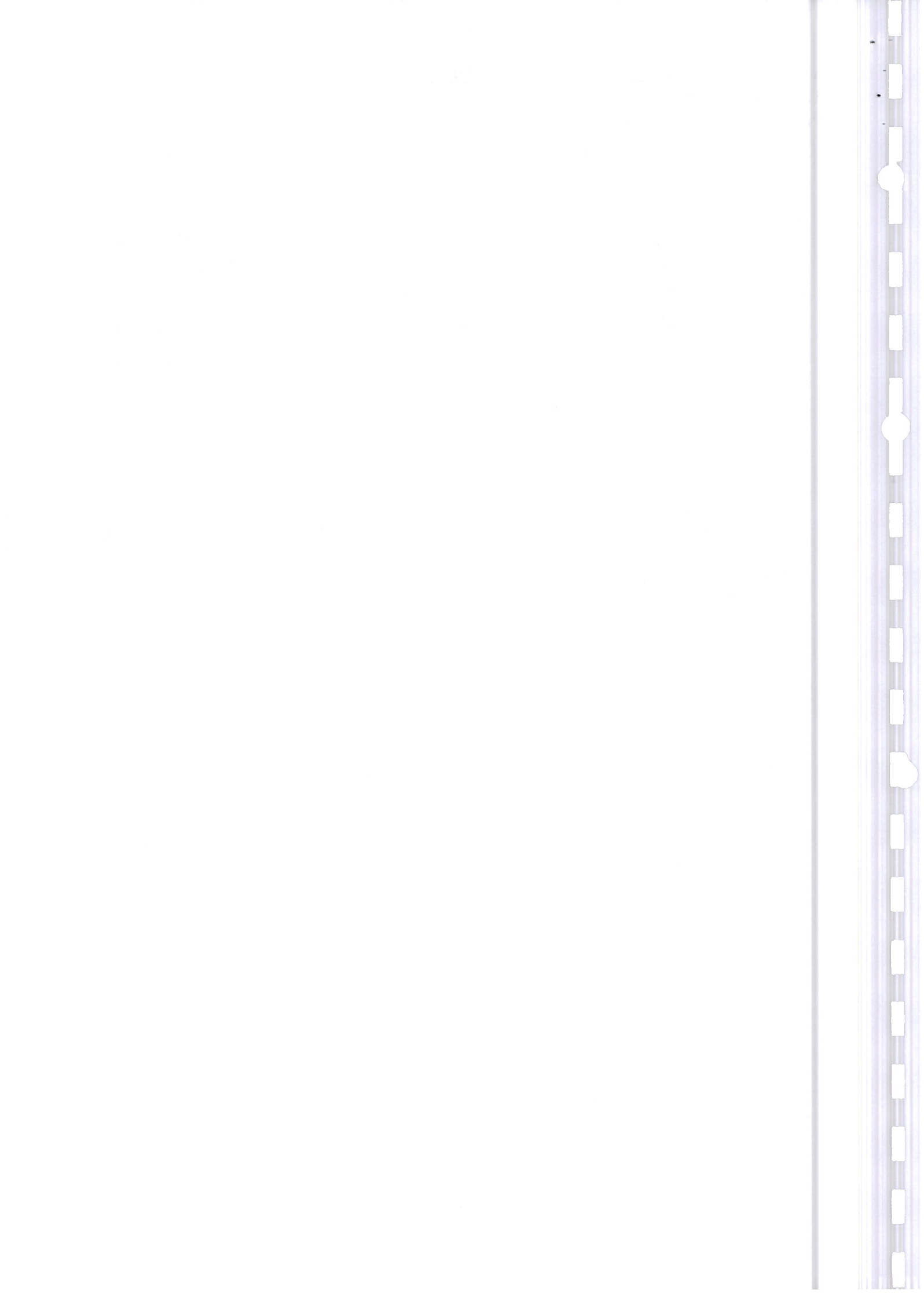


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	86,756	107,400
Utilities, supplies and services	-	-
Communication, supplies and services	69,720	220,000
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	100,000	485,000
Insurance costs	145,803	202,657
Specialized materials and services	-	-
Office and general supplies and services	718,392	1,274,276
Fuel ,oil & lubricants	800,000	814,400
Other operating expenses	265,000	251,480
Routine maintenance – vehicles and other transport equipment	707,050	549,500
Routine maintenance – other assets	-	-
Other committee expenses	863,000	2,877,577
Committee allowance	1,962,970	2,018,500
Total	5,718,691	8,800,790



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

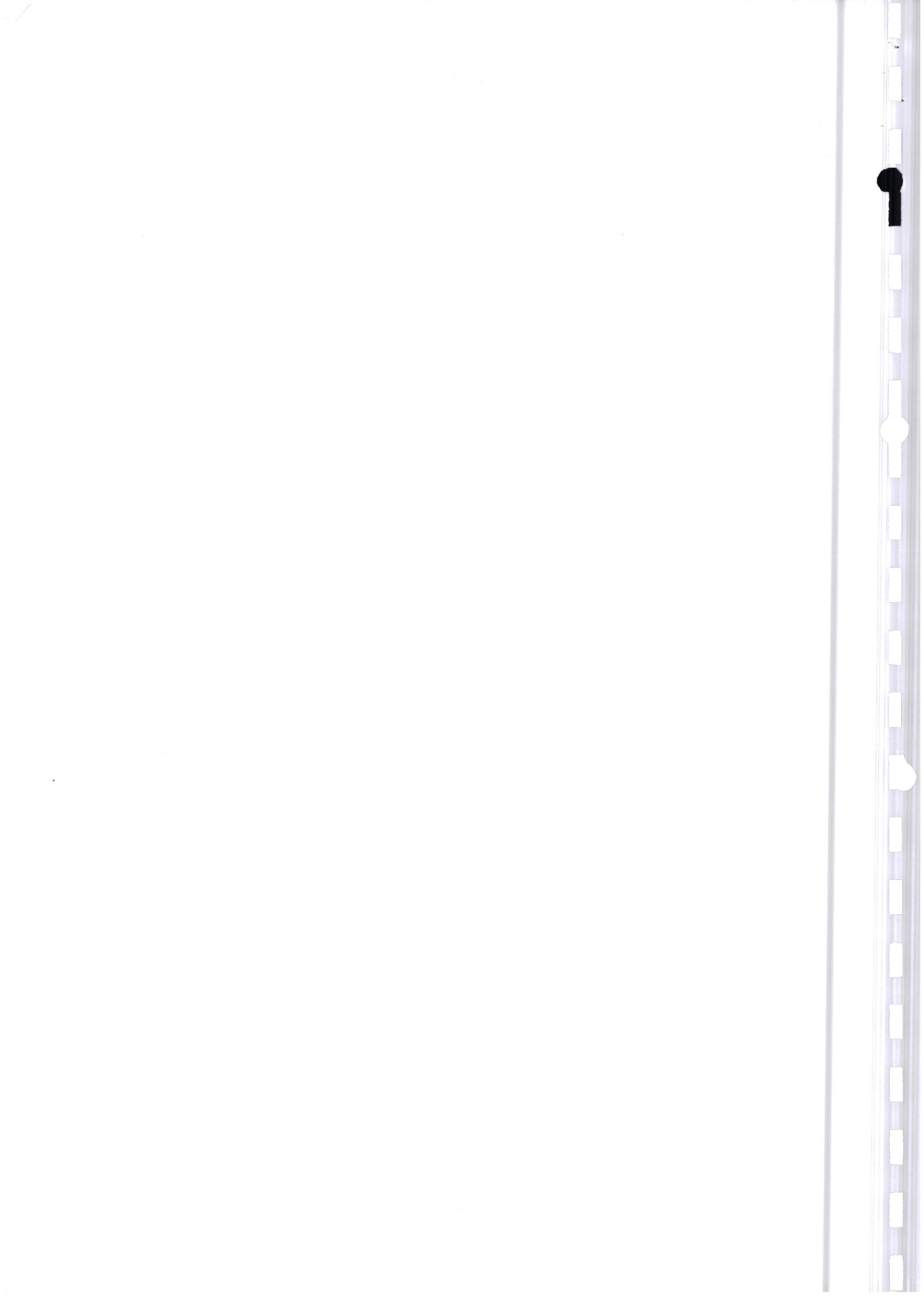
NOTES TO THE FINANCIAL STATEMENTS (Continued)

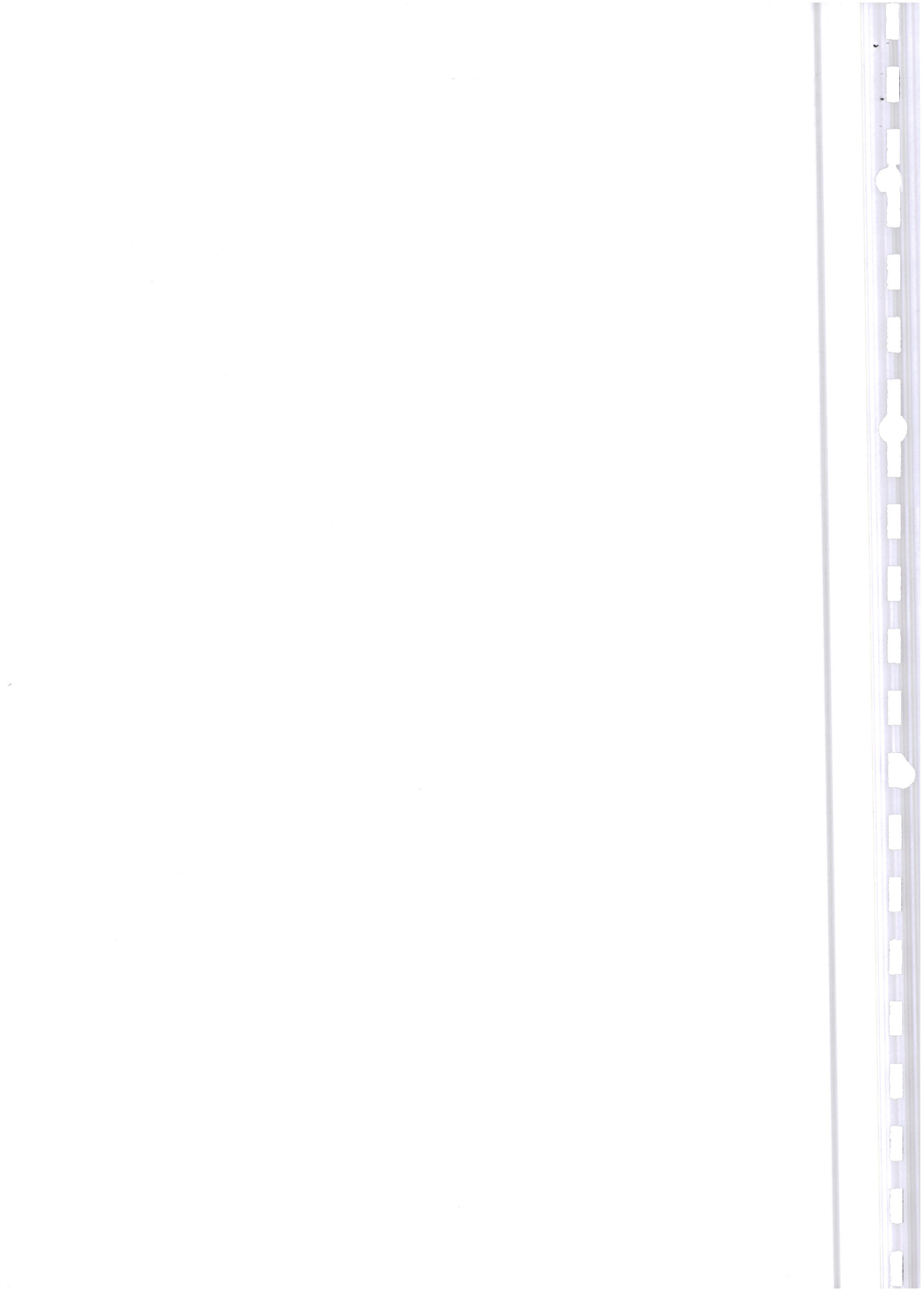
6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	33,875,255	23,621,809
Transfers to secondary schools (see attached list)	25,769,111	19,512,720
Transfers to tertiary institutions (see attached list)	4,118,060	5,142,926
Transfers to health institutions (see attached list)	-	-
TOTAL	63,762,425	48,277,455

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	15,306,000	16,266,500
Bursary – tertiary institutions (see attached list)	6,877,000	11,574,425
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	5,473,942	5,205,912
Sports projects (see attached list)	-	2,917,024
Environment projects (see attached list)	4,928,172	736,207
Emergency projects (see attached list)	11,186,895	4,800,000
Other capital grants and transfer	2,622,545	4,933,269
Total	46,394,554	46,433,337





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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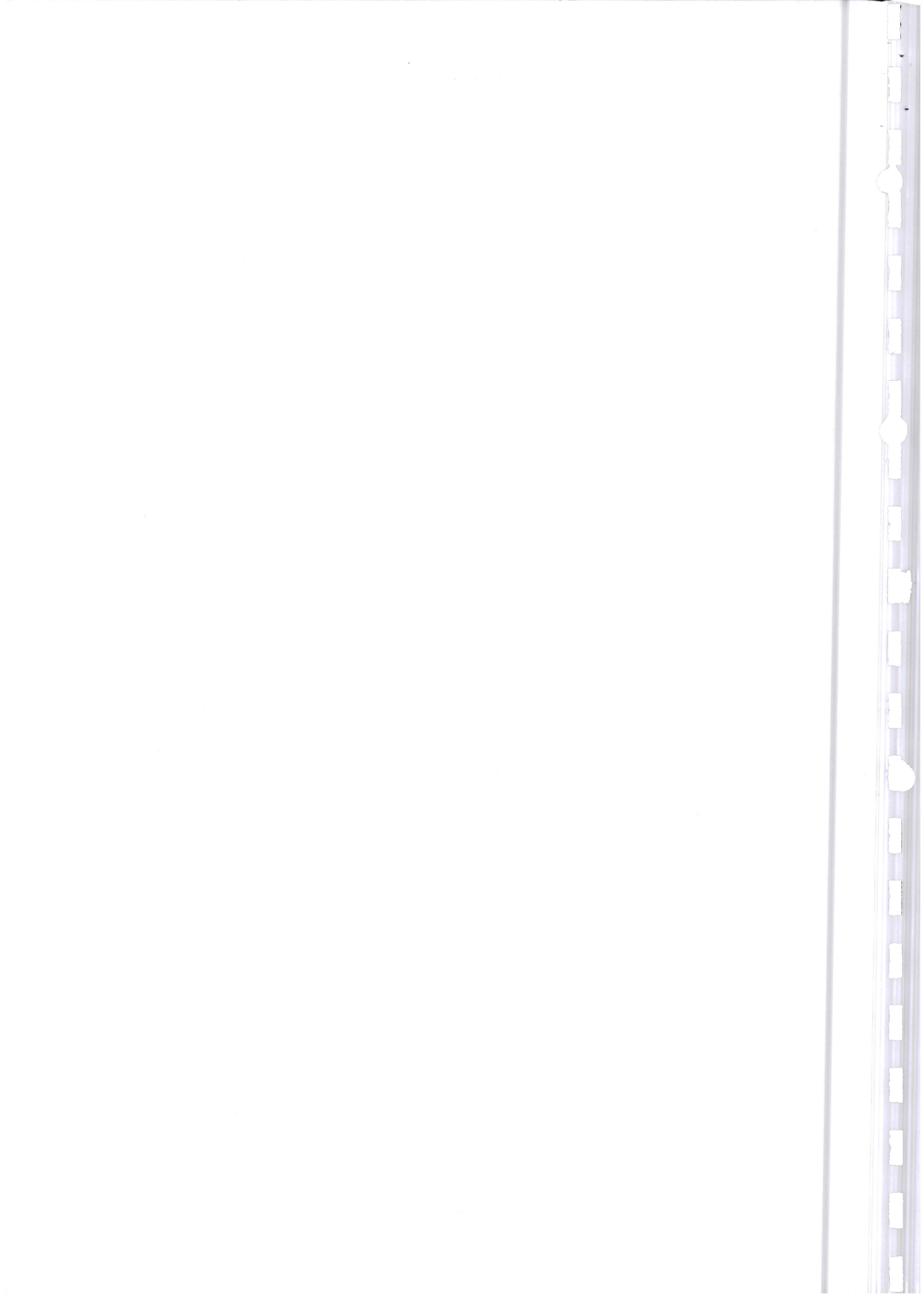
Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Co-operative Bank, Account No.</i>	7,711,002	4,588,146
Total	7,711,002	4,588,146
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	7,711,002	4,588,146
<i>[Provide cash count certificates for each]</i>		



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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
None	-	-	-	-

Total

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

12A. RETENTION

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

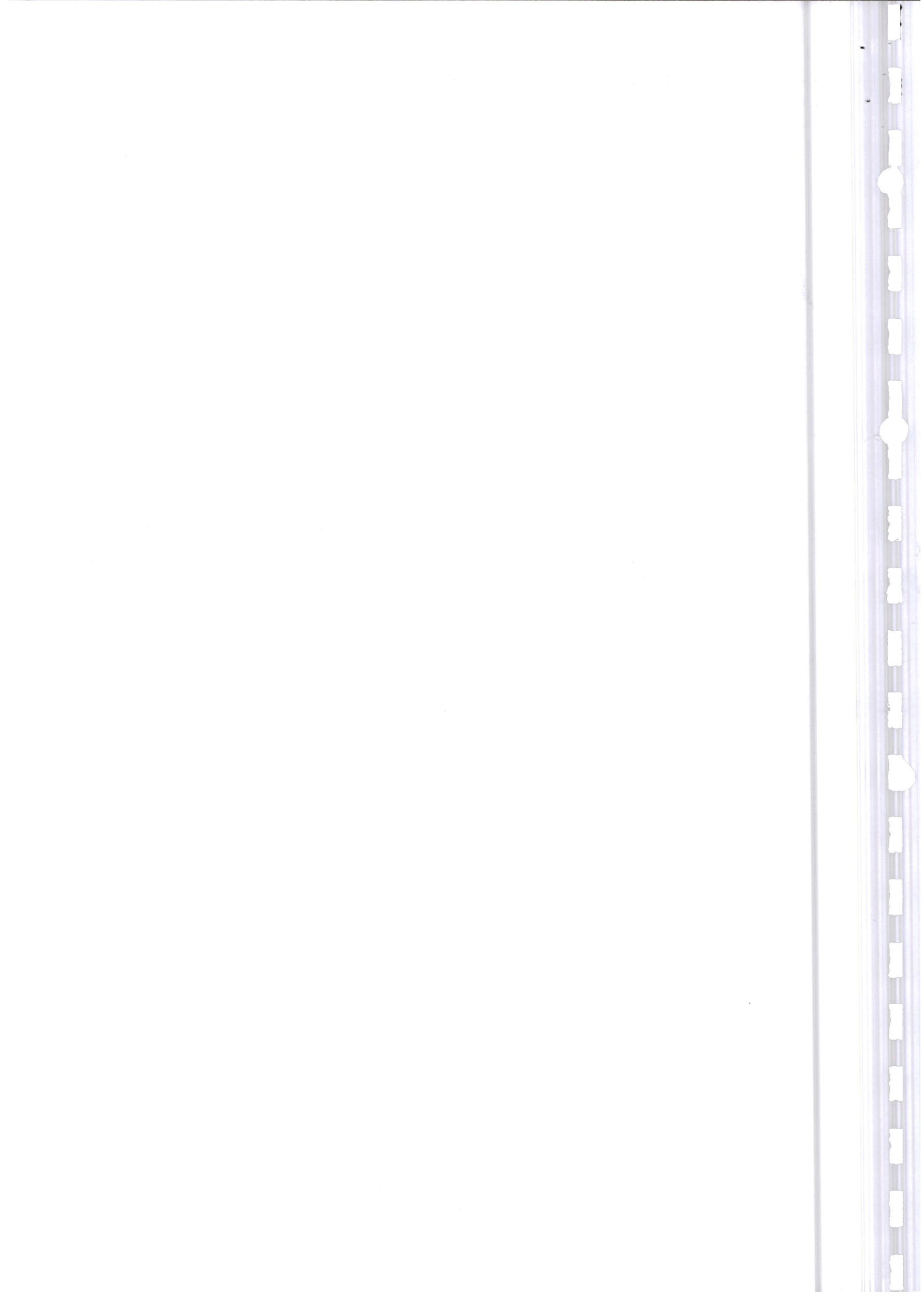
	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Name 1	-	-
Add as appropriate		
Total	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Bank accounts	7,711,002	4,588,146
Cash in hand	-	-
Imprest	-	-
Total	7,711,002	4,588,146

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

14. PRIOR YEAR ADJUSTMENTS

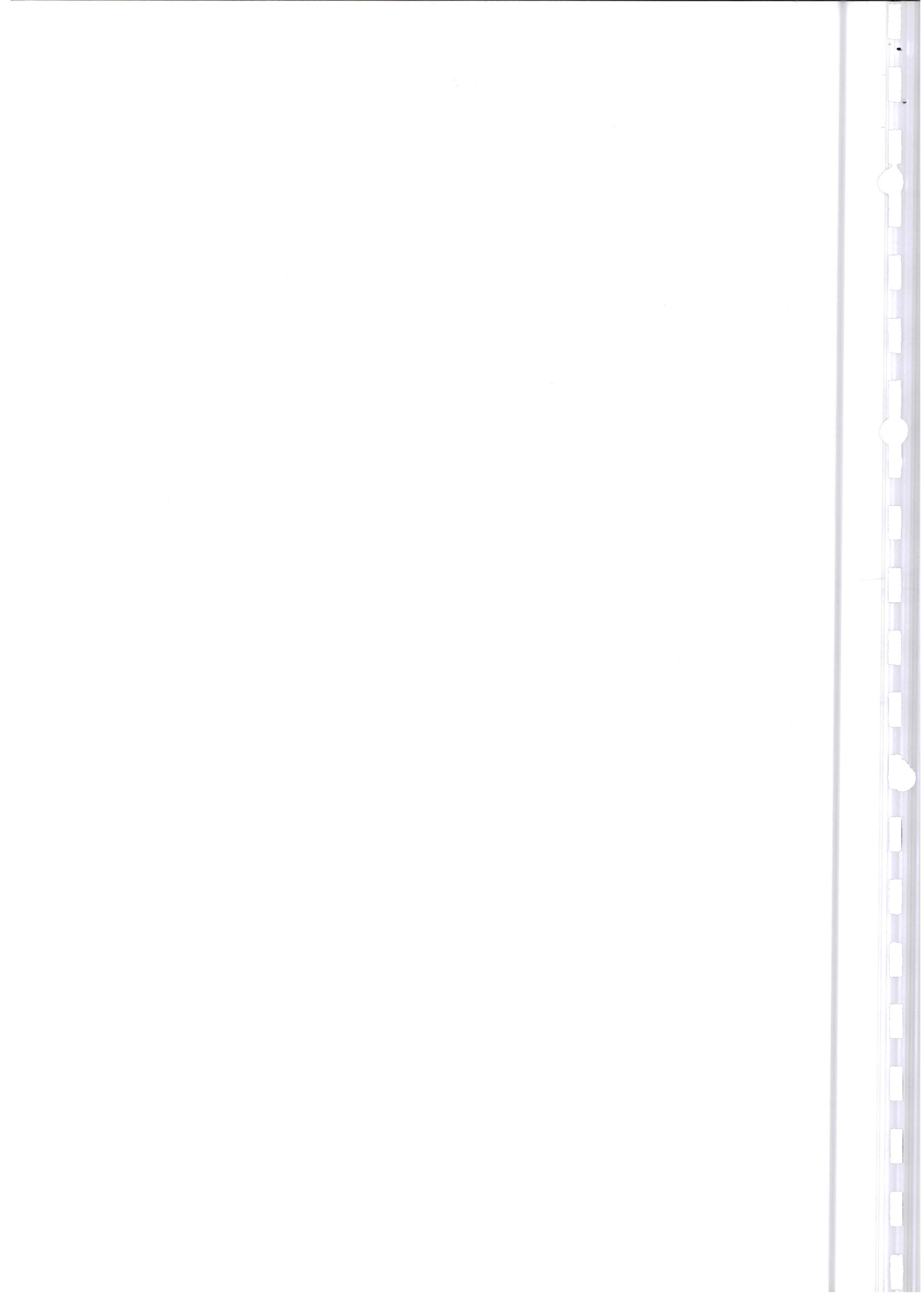
Description of the error	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

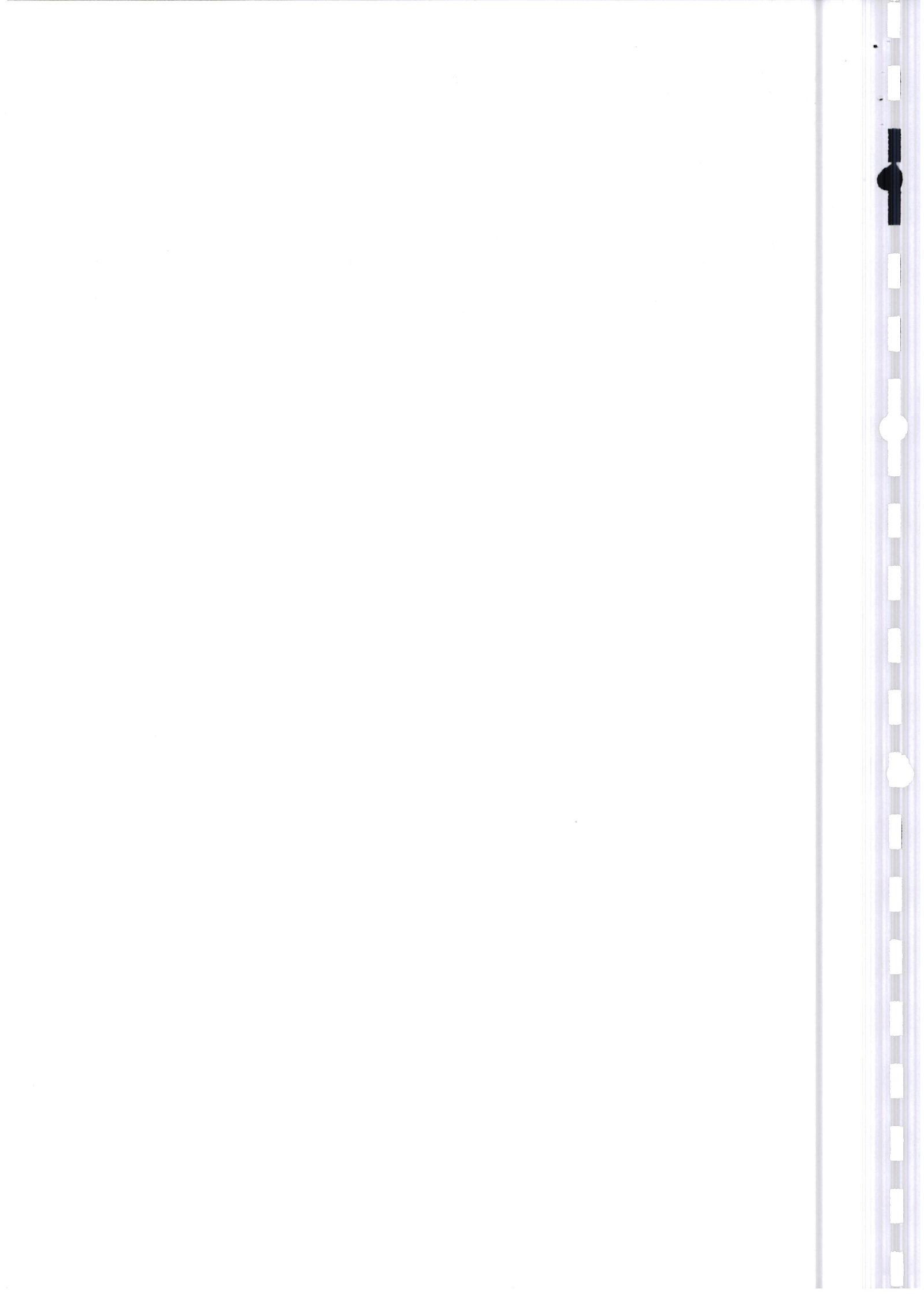
	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,340,900	1,453,212
Use of goods and services	5,818,219	2,310,315
Amounts due to other Government entities (see attached list)	32,991,348	19,224,026
Amounts due to other grants and other transfers (see attached list)	40,404,652	39,764,324
Acquisition of assets	1,500	-
Others (<i>specify</i>)	-	-
	81,556,618	62,751,877



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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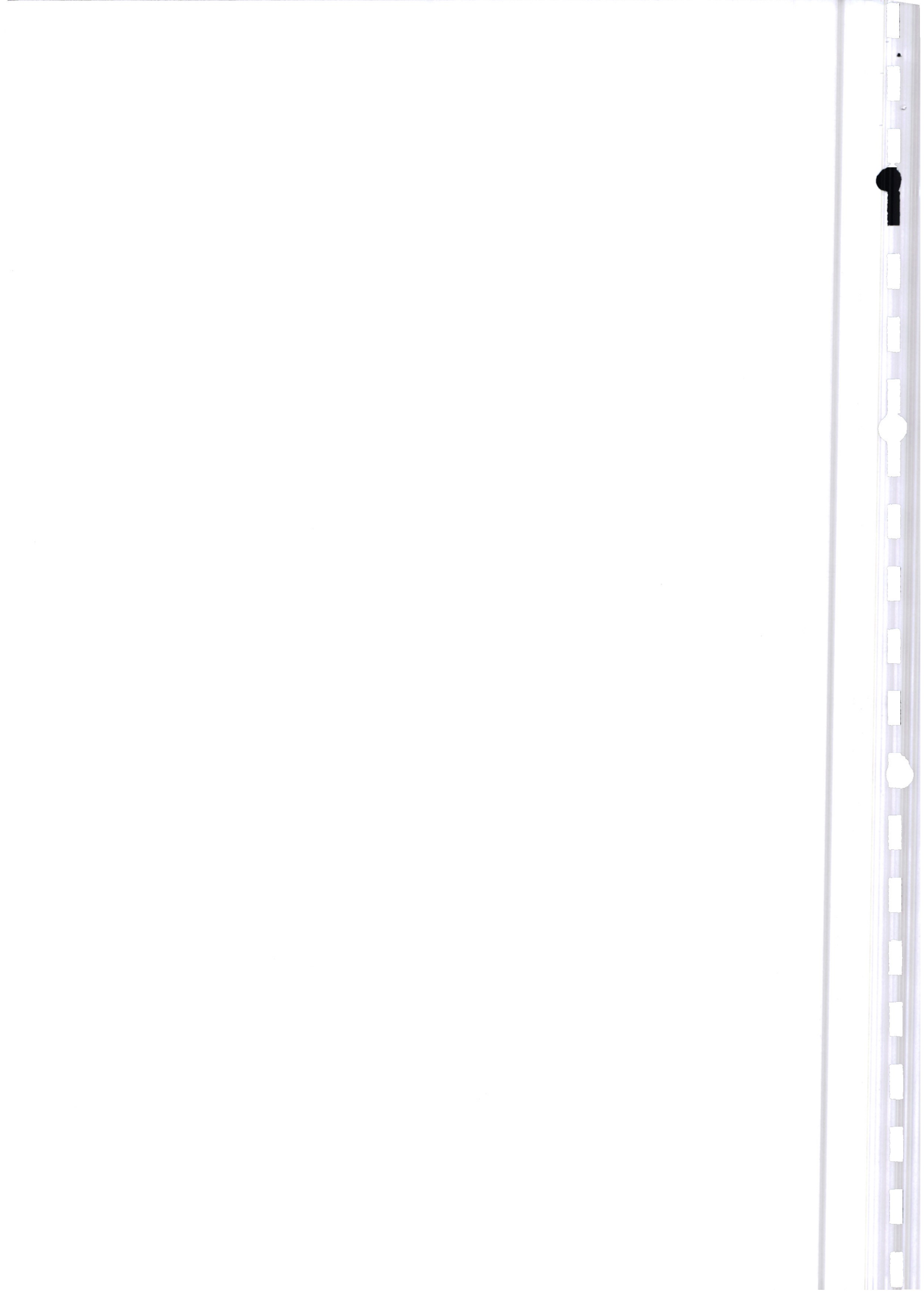
Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

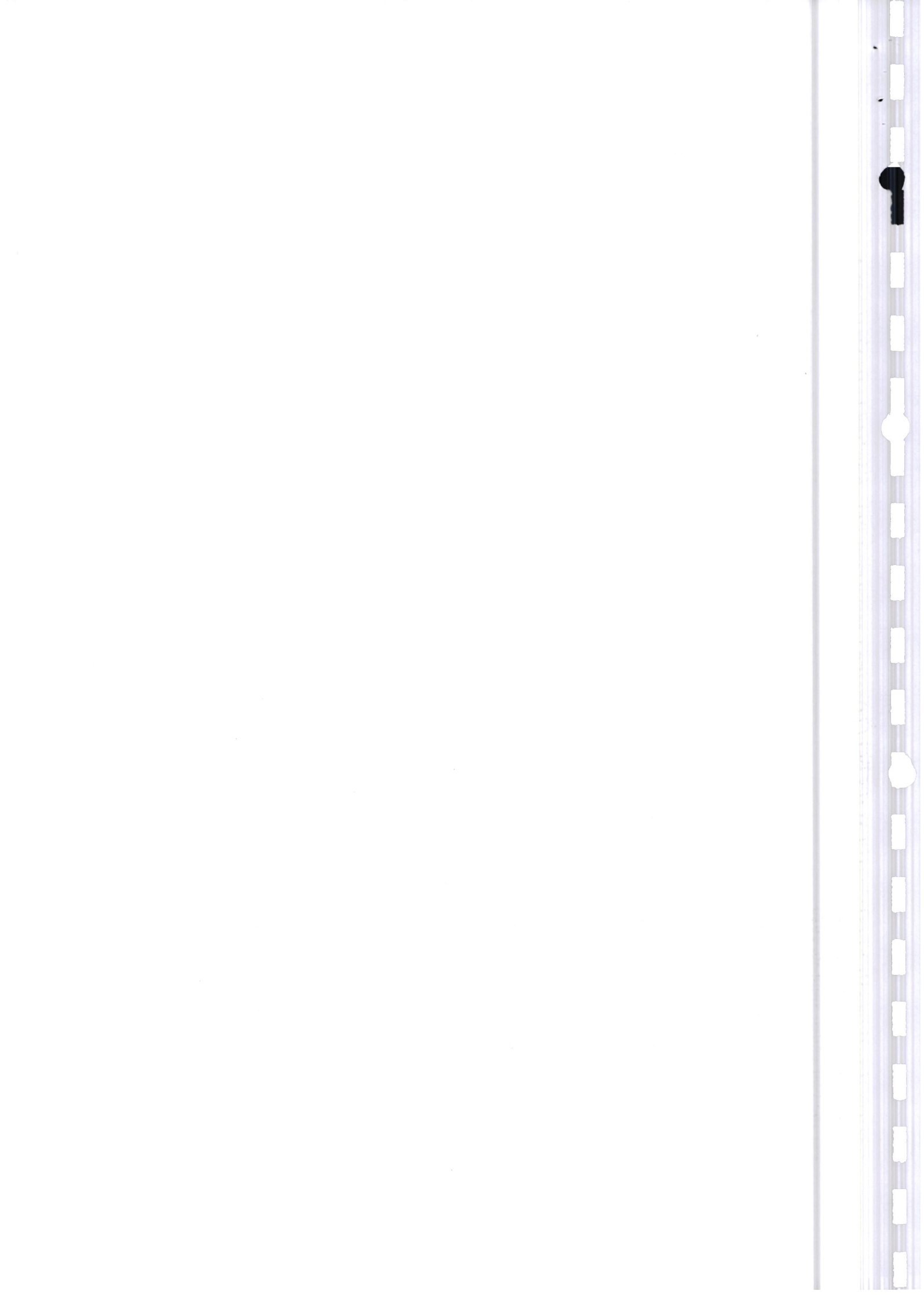
	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	xxx	xxx
	xxx	xxx



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

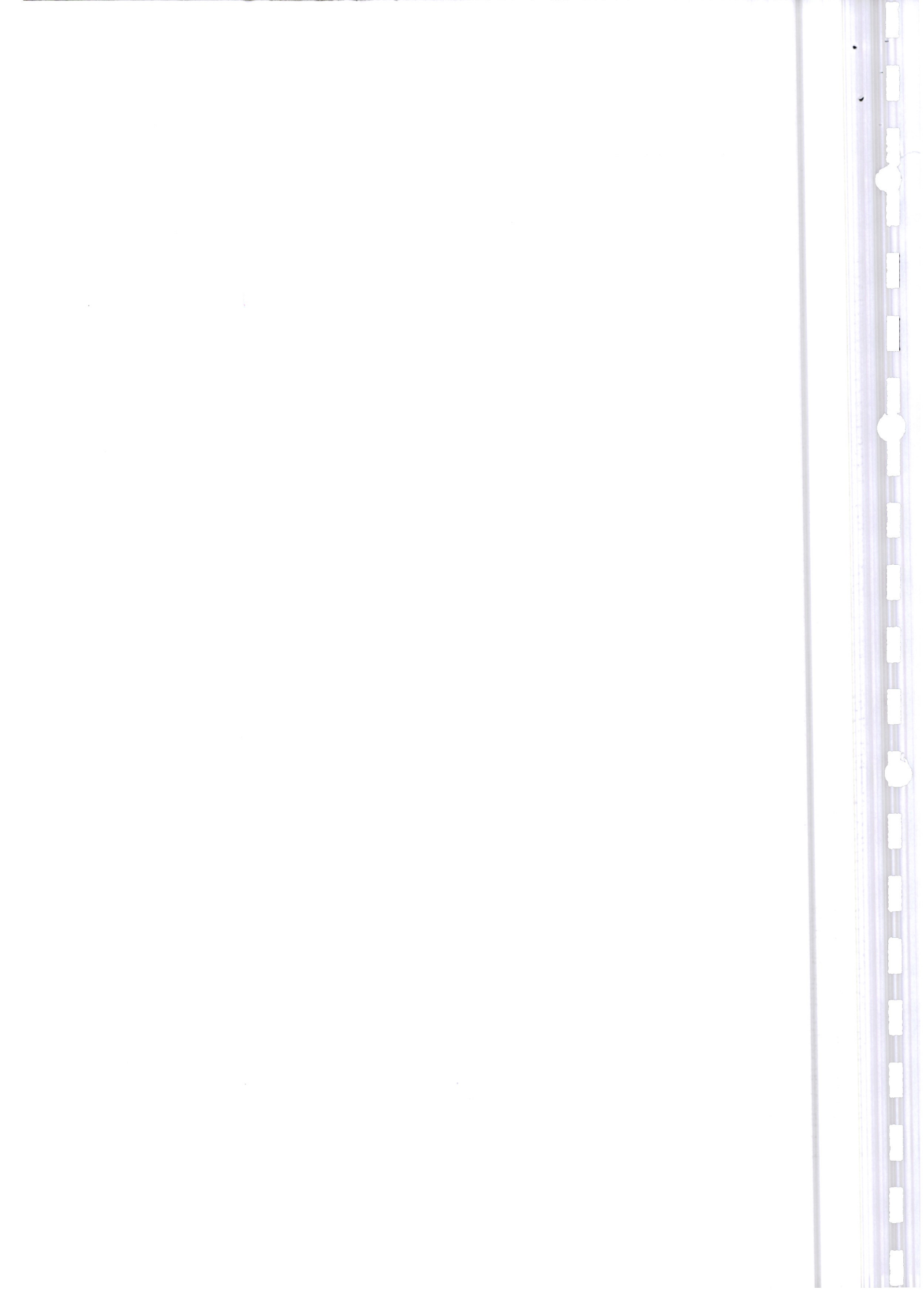
Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2020 d=a-c	Comments
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

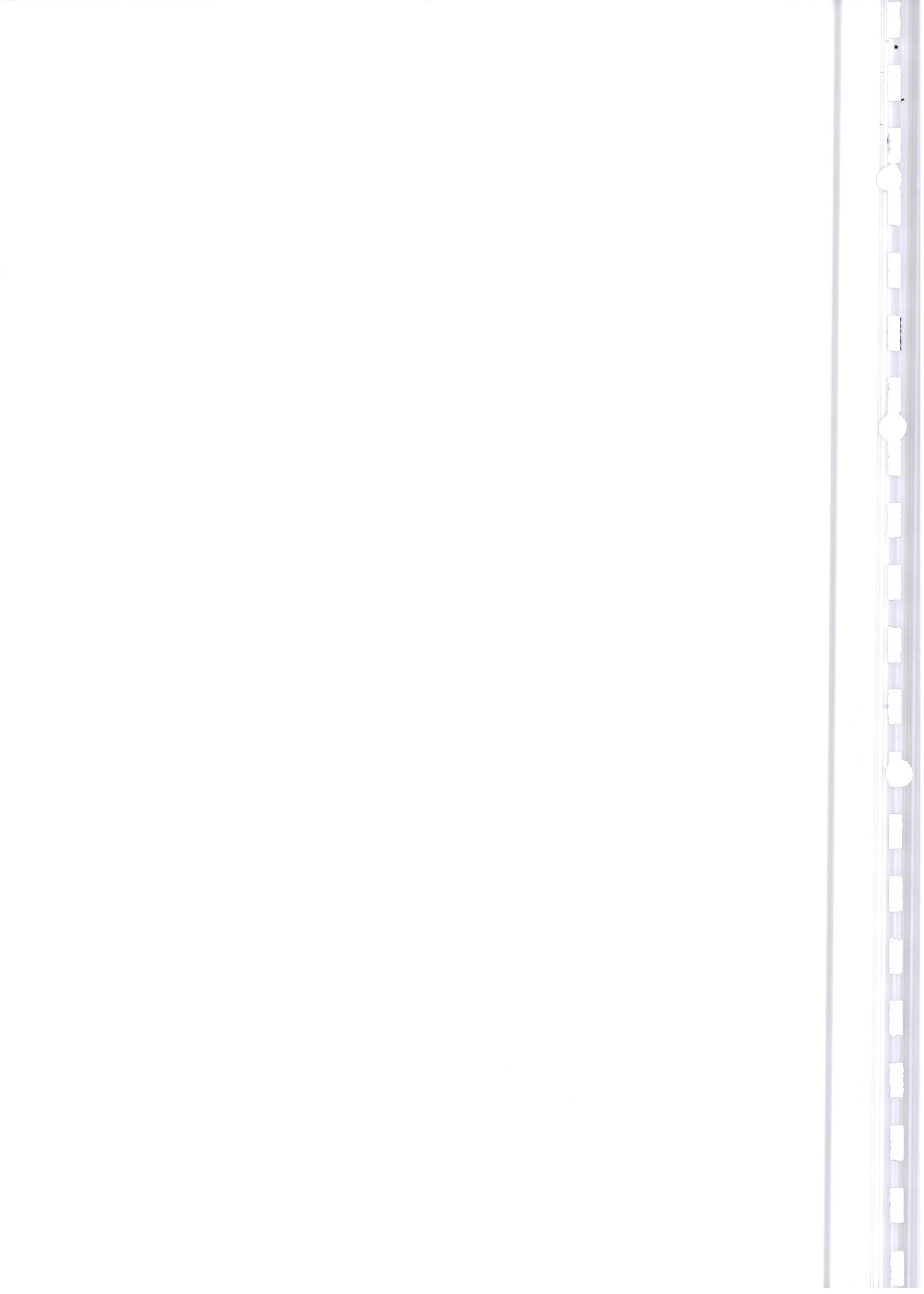


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY
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For the year ended June 30, 2020

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
Senior Management		a	b	c	d=a-c	
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					





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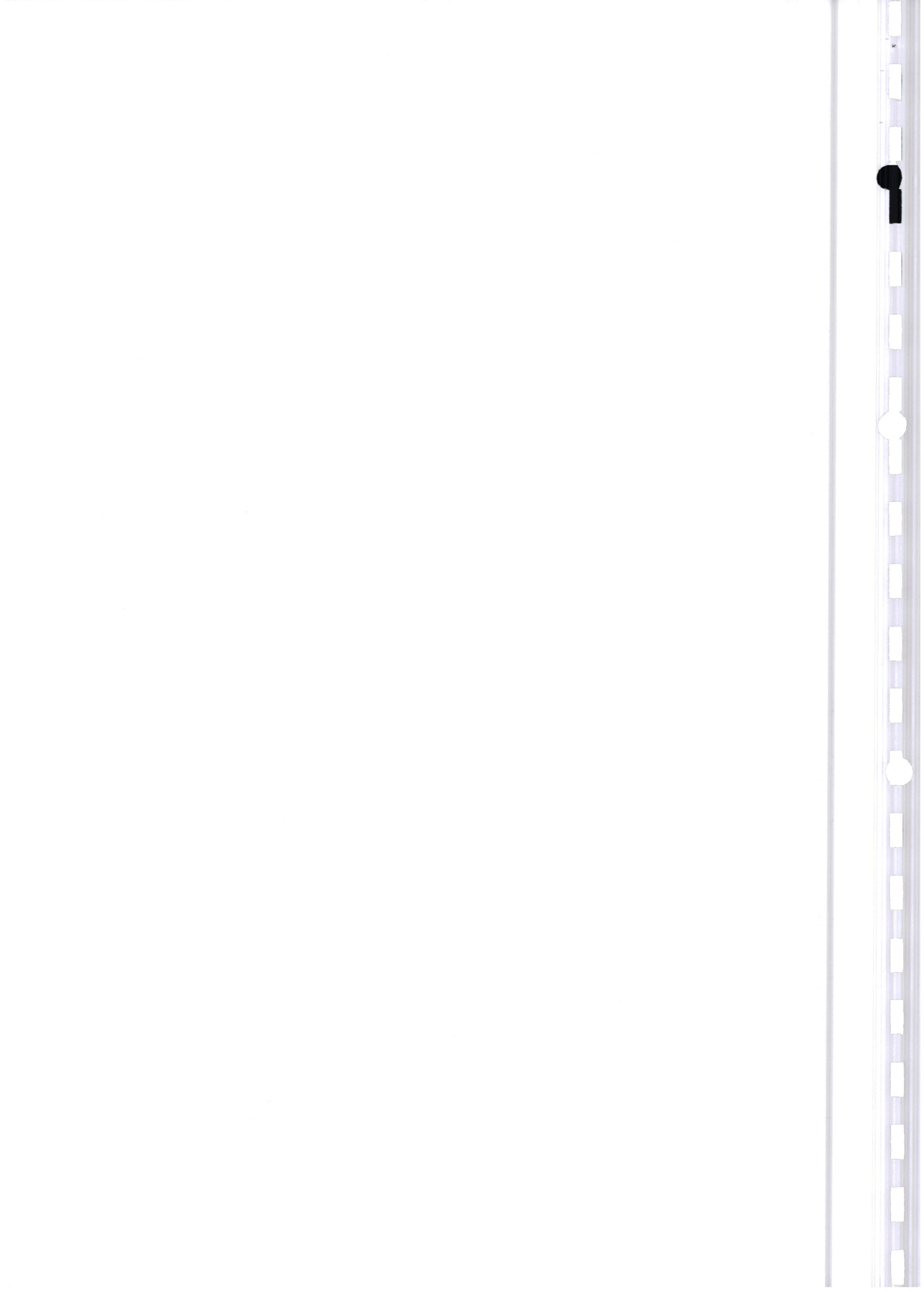
Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
strategic plan	5,000			
Innovation hub	1,852			
Electricity project - Mathiuthi, Kagogo/mukerenju village	537,266			
Construction of gate and cabro at CDF office	3,306,065			
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (specify)				
Sub-Total				
Grand Total				



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/19
Land				
Buildings and structures				
Transport equipment	7,898,000	-	-	7,898,000
Office equipment, furniture and fittings	510,015	-	-	510,015
ICT Equipment, Software and Other ICT Assets	706,650	-	-	706,650
Other Machinery and Equipment	553,450			553,450
Heritage and cultural assets				
Intangible assets				
Total	9,668,115	-	-	9,668,115



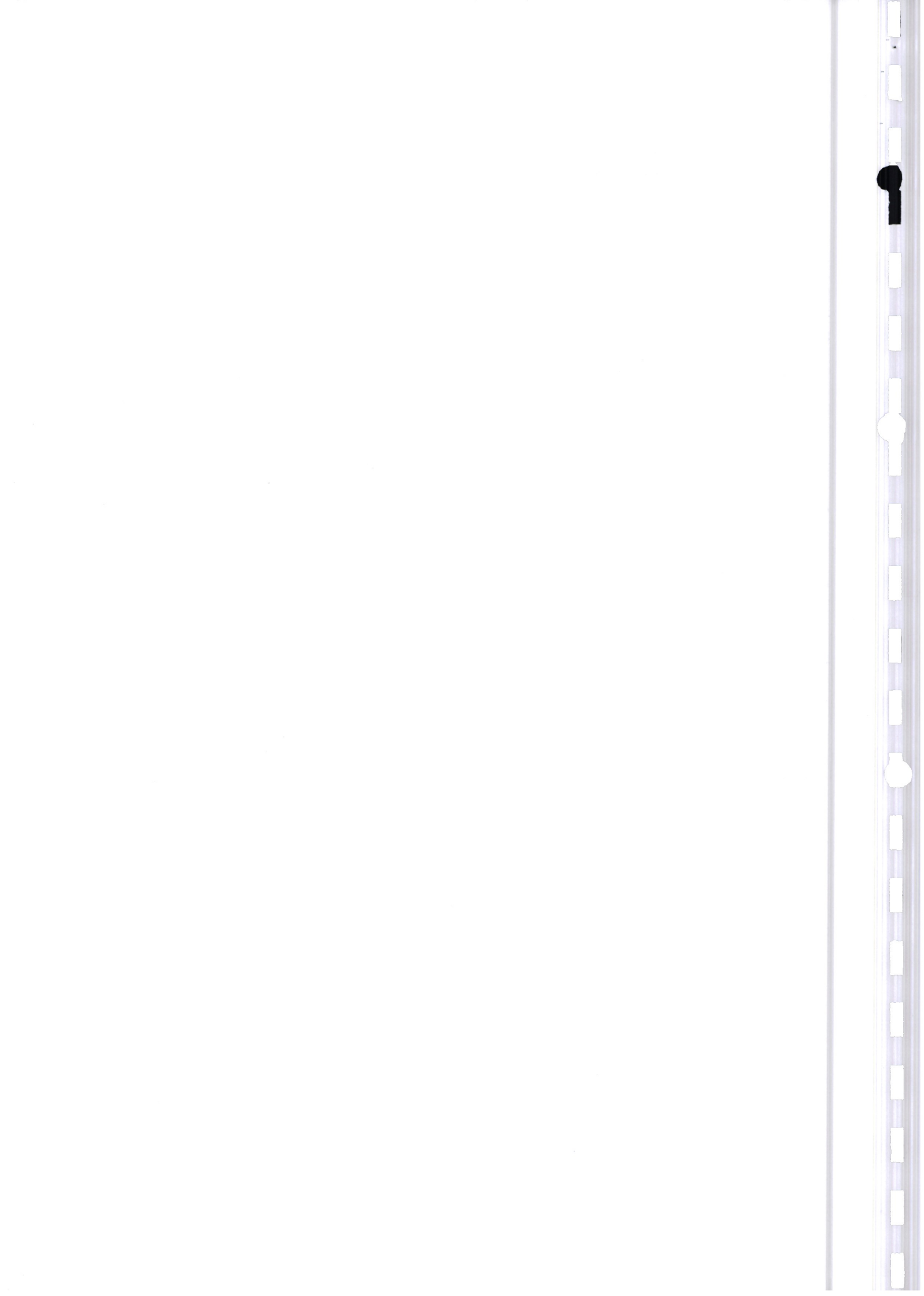
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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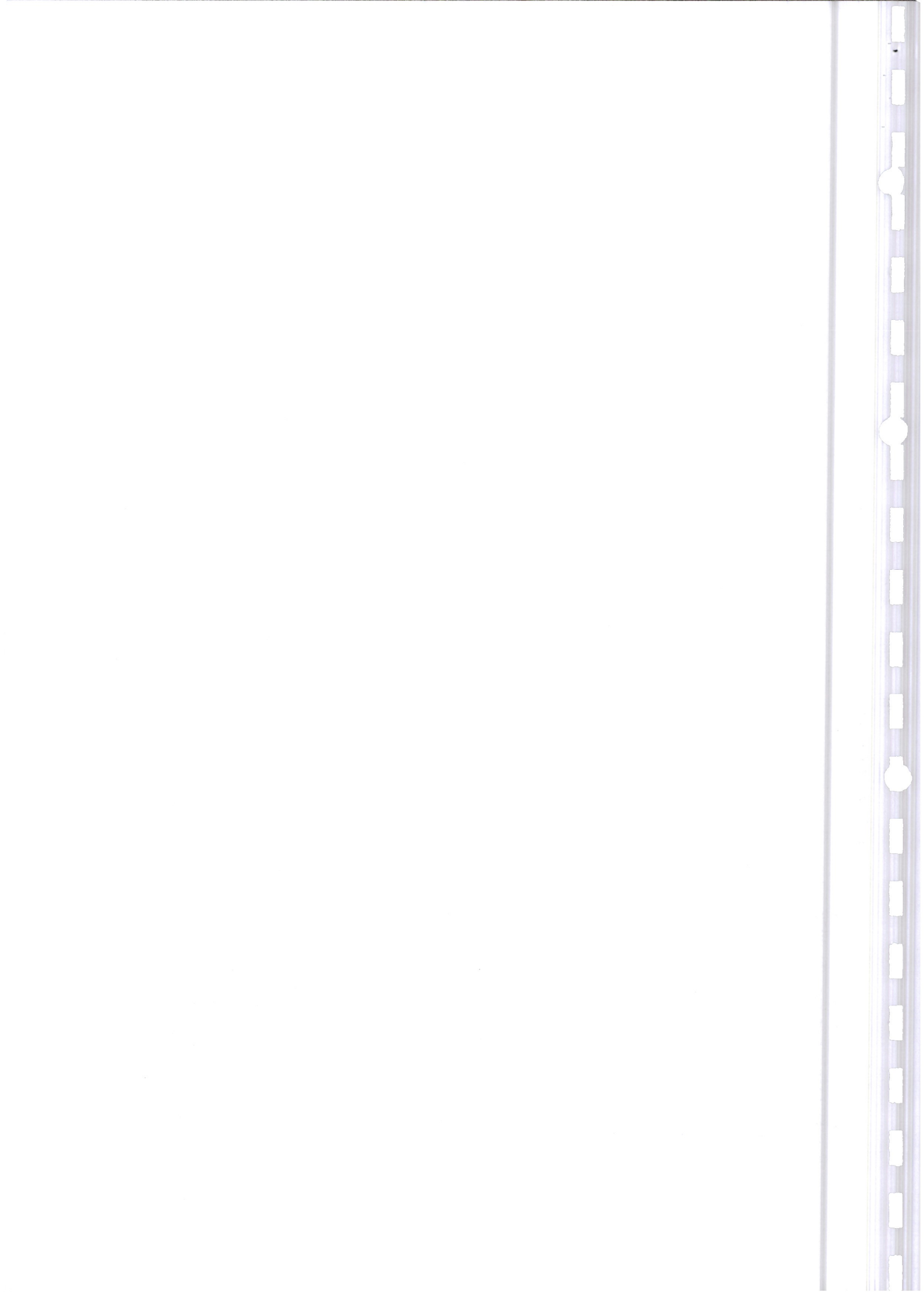
ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
GAICHANJIRU HIGH SCHOOL	EQUITY, KENOL	0890278882500	464,700	176,150
GAKOIGO PRIMARY SCHOOL	EQUITY, KENOL	0890271509277	325	281,367
GICHAGI-INI PRIMARY SCH	EQUITY, KENOL	0890278653013	-	61,218
GITHUYA PRIMARY SCHOOL	EQUITY, KENOL	0890264153225	47	148,097
GITURU DAY SEC SCH	EQUITY, KENOL	0890265477517	1,500,612	259,445
KANDARA DCIO OFFICE	EQUITY, KENOL	0890278986686	-	7,189
KANDARA TECHNICAL AND TRAINING COLLEGE	EQUITY, KENOL	0890278757284	1,226,196	2,730,060
MUKERENJU SEC SCH	EQUITY, KENOL	0890265677096	60	27,920
RUKIRA PRIMARY SCHOOL	EQUITY, KENOL	0890272203702	2,026	1,036
ST CHARLES LWANGA SEC SCH	EQUITY, KENOL	0890278987281	-	5,742
WAITUA SECONDARY SCHOOL	EQUITY, KENOL	0890277714745	58,460	216,540
GITHIGIA PRIMARY SCH	EQUITY, KENOL	0890279651018	-	35,640
GITHIGIA SECONDARY SCH	EQUITY, KENOL	0890279867571	-	1,500,000
KANDARA MIXED SECONDARY SCHOOL	EQUITY, KENOL	0890268045302	-	2,782
KANDARA OCPD OFFICE	EQUITY, KENOL	0890279865293	-	122,254
KANDARA PRIMARY	EQUITY, KENOL	0890279867585	-	57,489
KANDARA TECHNICAL AND VOCATIONAL COLLEGE	EQUITY, KENOL	0890279814418	-	554,098
KARIGU-INI PRIMARY SCHOOL	EQUITY, KENOL	0890263705464	-	14,174
KARIKO PRIMARY	EQUITY, KENOL	0890279866472	-	57,129



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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
KARUGIA PRIMARY	EQUITY, KENOL	0890266771223	-	1,599,753
KIAWAMBUTU PRIMARY SCHOOL	EQUITY, KENOL	0890279651054	-	1,155,520
KIHARO PRIMARY SCHOOL	EQUITY, KENOL	0890278987305	-	282,048
KIRUNGURU SECONDARY SCHOOL	EQUITY, KENOL	0890279393681	-	1,016,827
MAHURIA PRIMARY SCHOOL	EQUITY, KENOL	0890279358767	-	195,620
MAIRUNGI PRY SCHOOL	EQUITY, KENOL	0890264499985	-	580
MANJUJ SEC SCH	EQUITY, KENOL	0890279651047	-	2,720
MUIRI-INI SECONDARY SCHOOL	EQUITY, KENOL	0890279133825	-	2,816
NAARO PRIMARY SCHOOL	EQUITY, KENOL	0890279645028	-	229,203
NGUTHURU SECONDARY	EQUITY, KENOL	0890279358788	-	339,098
RUONA PRIMARY SCHOOL	EQUITY, KENOL	0890279358672	-	202,677
THAGARI PRIMARY SCHOOL	EQUITY, KENOL	0890279405465	-	125,273

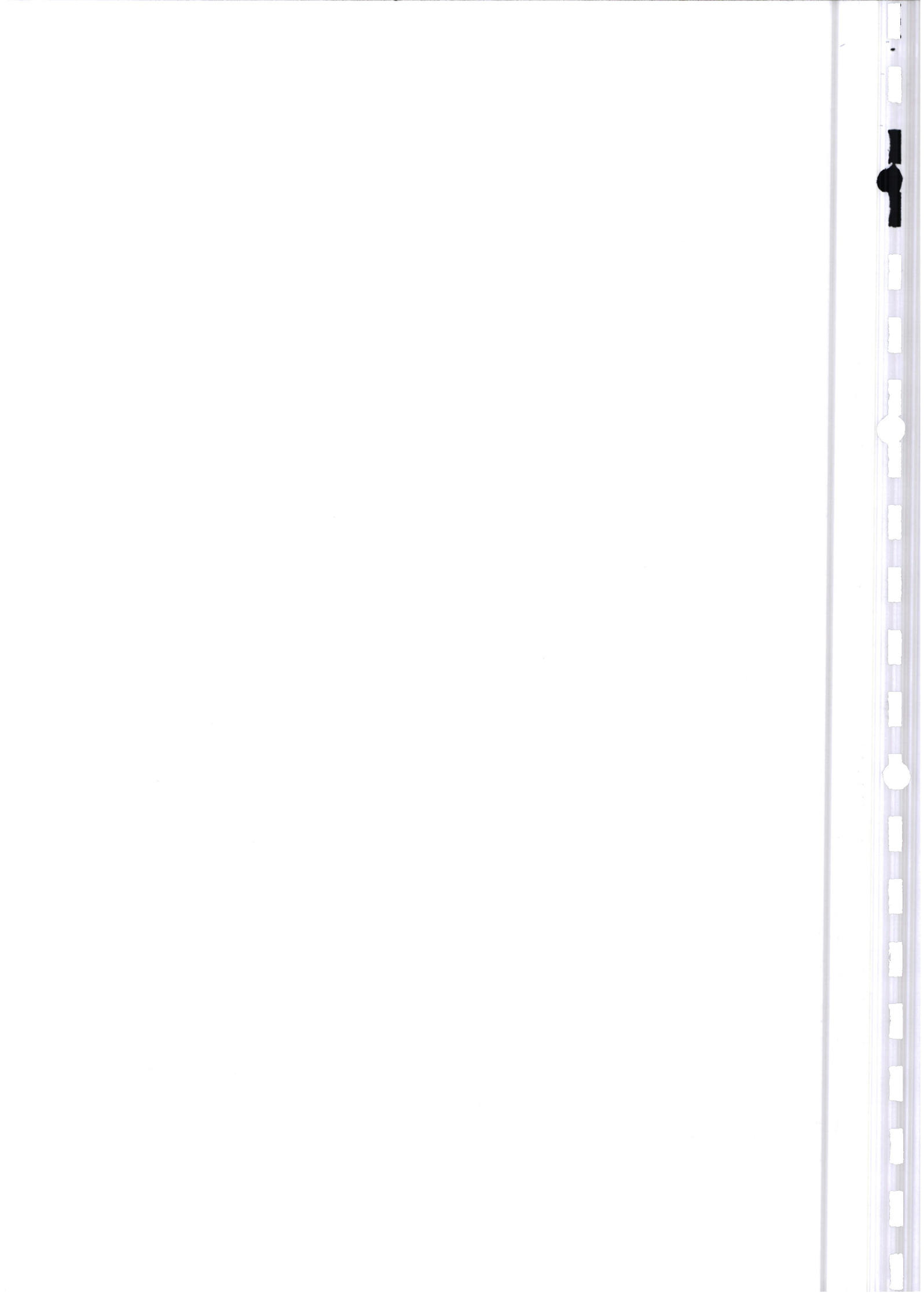


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY
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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

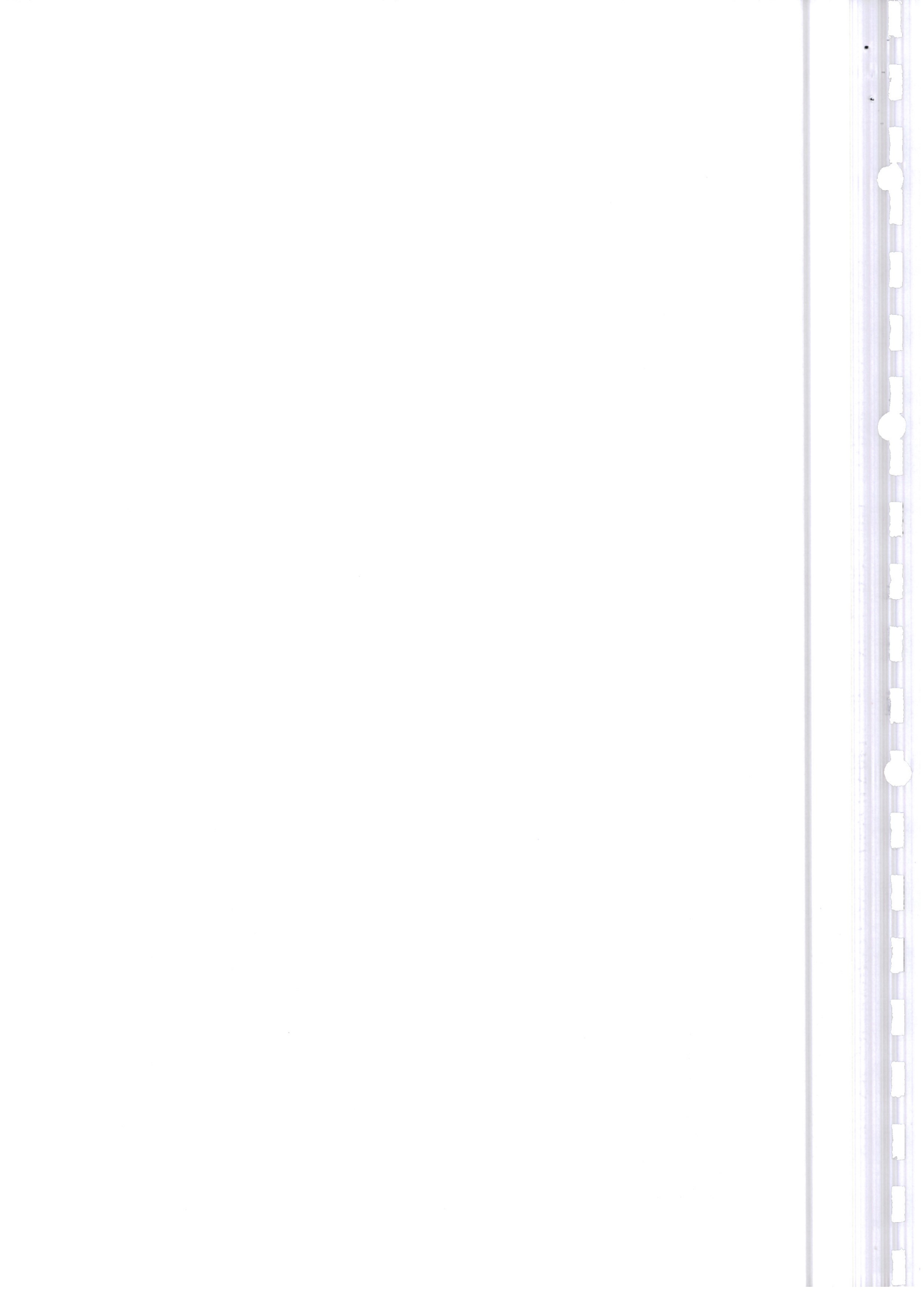
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
	(2017/2018 Auditor General ML Report)				
	4.1 Cash and Bank stale cheques – Kshs 129,135.80 Observation The statement of assets and liabilities reflects bank balance of Kshs.4, 588,146.00 as at 30 June 2018. However, the bank reconciliation statement as at 30 June 2018 includes items in the cash book not yet recorded in the bank statement-unpresented cheques totaling Kshs.129, 135.80 which were stale and could not be presented to the bank for payment. The management has not given justification why the cheques	Response The stale cheques had not been reversed as at 30 th June 2018 since the sub-county treasury had been requesting for the physical cheques before reversal could be done hence the delay. However, the cheques have since been replaced and reversed. The cashbook extract and bank reconciliation statement attached in Annex 1 confirms the replacements.	Fund Account Manager	Resolved	Resolved



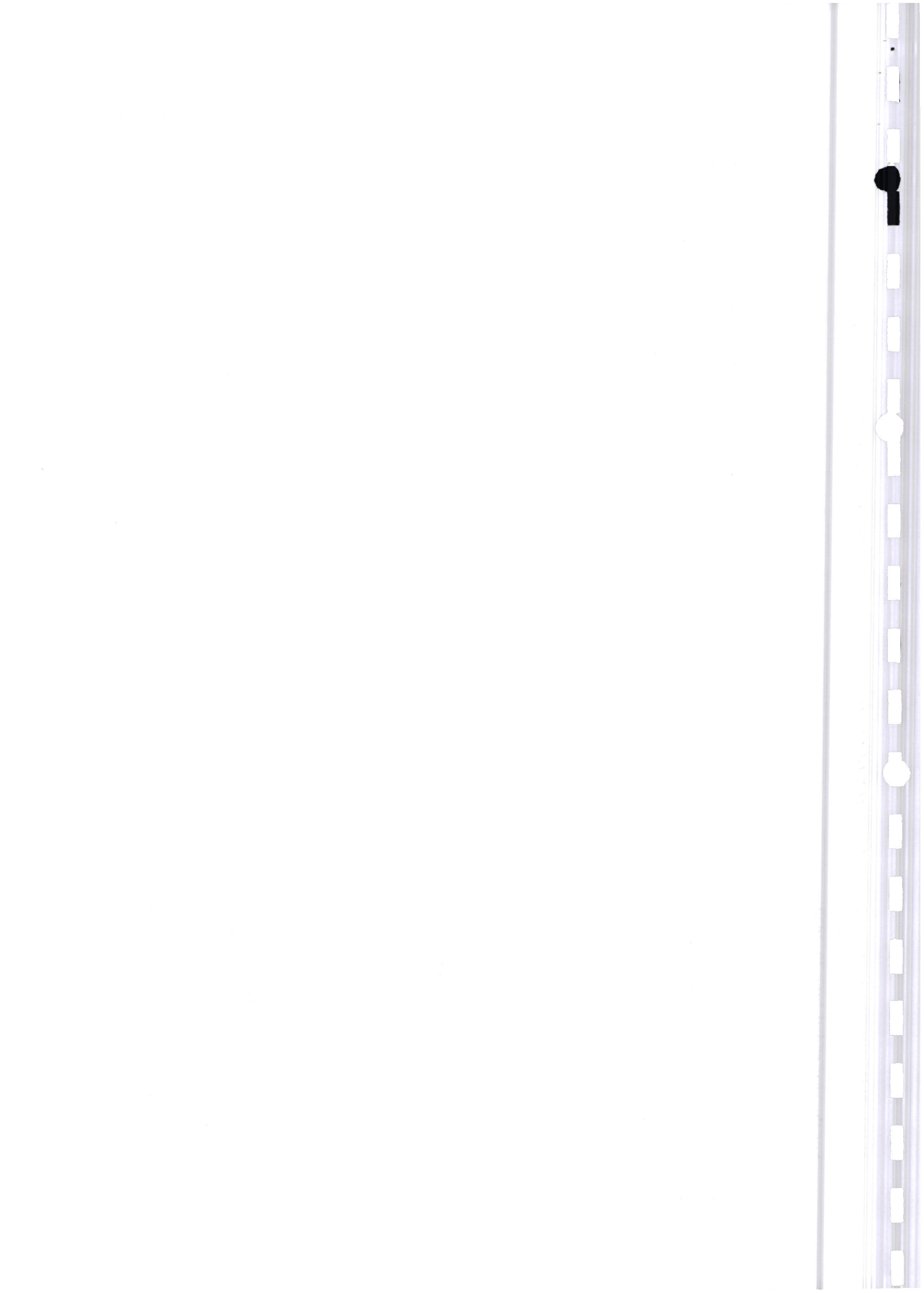
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	could not be replaced or written back into the cash book. Consequently, the accuracy and validity of bank balances of Kshs 4,588,146 could not be confirmed.				
<p>4.2 Compensation of employees</p> <p>Observation</p> <p>During the financial year under review, Kandara NG-CDF reported compensation of employees at Kshs.1, 508,330.00 in the statement of receipts and payment. However in the corresponding notes, note number 4, reflects total compensation of employees as Kshs.29, 600.00 for the current year and Kshs.28, 800.00 for the comparative year. This does not correspond with the figure reported in the statement of receipts and payments.</p>	<p>Response</p> <p>As observed by the Auditor, this was a misstatement error in the notes of the financial statement. The notes have since been amended as the summation of Kshs.1,478,730 which is basic wages of contractual employees and Kshs. 29,600 which was employee contribution to NSSF. The summation of the two figures now totals to Kshs. 1,508,330 which is the figure indicated in the statement of receipts and payments as observed by the auditor and also the correct position as indicated in Annex 2</p>		Fund Account Manager	Resolved	Resolved



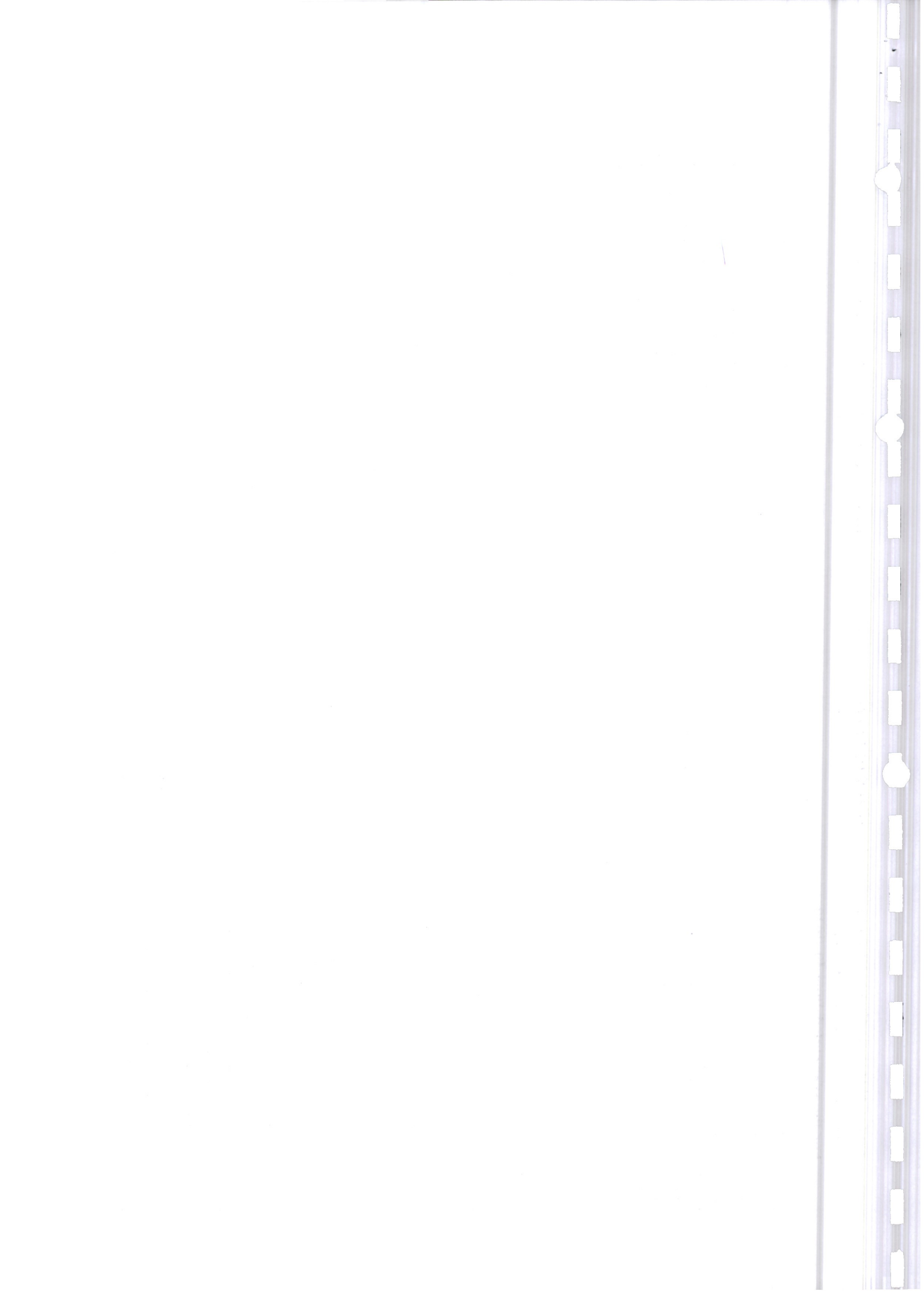
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY
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	<p>4.3 Un-utilized project Kandara secondary school Kshs 2,129,460</p> <p>Observation</p> <p>Kandara NG-CDFC awarded a contract of Kshs.3, 919,430.00 to M/S Pentti and Bartek Ltd for the construction of a laboratory at Kandara Mixed Day Secondary School. However, a physical inspection of the project revealed that although the laboratory had been completed six (6) months earlier, it was not in use for lack of equipment, electricity and water. A scrutiny of the Project Code List and the Bills of Quantities (BQ) revealed that no budget had been allocated for purchase and installation of the equipment, electricity and water.</p>	<p>Response</p> <p>At the time of project verification the project was not in use due to lack of equipment, electricity and water. The school had requested for the project as it was, hoping that the ministry would give them funds to equip the laboratory, however, the ministry has delayed to fund the same. The school has however, written a formal request to Kandara NG-CDFC which the NG-CDFC has planned to prioritize. The formal request is as attached in Annex 3</p>	Fund Account Manager	Resolved	Resolved
	4.4 Failure to label projects	As observed by the Auditor the input of financial year in the project labeling was an omission.	Fund Account	Resolved	Resolved



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	<p>Observation</p> <p>Examination of project files revealed that the CDFC awarded four (4) school projects at a total contract sum of Kshs.13, 596,560.00 as shown below:</p> <table border="0" data-bbox="821 1350 1181 1966"> <tr> <td>School</td> <td>Project</td> <td>Contract Sum(Kshs)</td> </tr> <tr> <td>Muruka Primary School</td> <td>Renovation of 4 no. classrooms</td> <td>3,688,020</td> </tr> <tr> <td>Wahu Primary School</td> <td>Completion of 2 no. classroom block</td> <td>3,998,890</td> </tr> <tr> <td>Gituru Secondary School</td> <td>Completion of 3 no. classroom block</td> <td>3,003,420</td> </tr> <tr> <td>Gituru Secondary School</td> <td>Completion of 2 no. classroom block</td> <td>2,906,230</td> </tr> <tr> <td colspan="2">Total</td> <td>13,596,560</td> </tr> </table> <p>It was however noted, that though the projects were completed and in use, no plaque, signage or any other form of labelling was seen clearly indicating the source of the funding and the financial</p>	School	Project	Contract Sum(Kshs)	Muruka Primary School	Renovation of 4 no. classrooms	3,688,020	Wahu Primary School	Completion of 2 no. classroom block	3,998,890	Gituru Secondary School	Completion of 3 no. classroom block	3,003,420	Gituru Secondary School	Completion of 2 no. classroom block	2,906,230	Total		13,596,560	<p>However, the FMC has since labeled the projects accordingly including the input of the financial year; photos of clearly labeled projects are attached in Annex 4</p>	<p>Manager</p>		
School	Project	Contract Sum(Kshs)																					
Muruka Primary School	Renovation of 4 no. classrooms	3,688,020																					
Wahu Primary School	Completion of 2 no. classroom block	3,998,890																					
Gituru Secondary School	Completion of 3 no. classroom block	3,003,420																					
Gituru Secondary School	Completion of 2 no. classroom block	2,906,230																					
Total		13,596,560																					

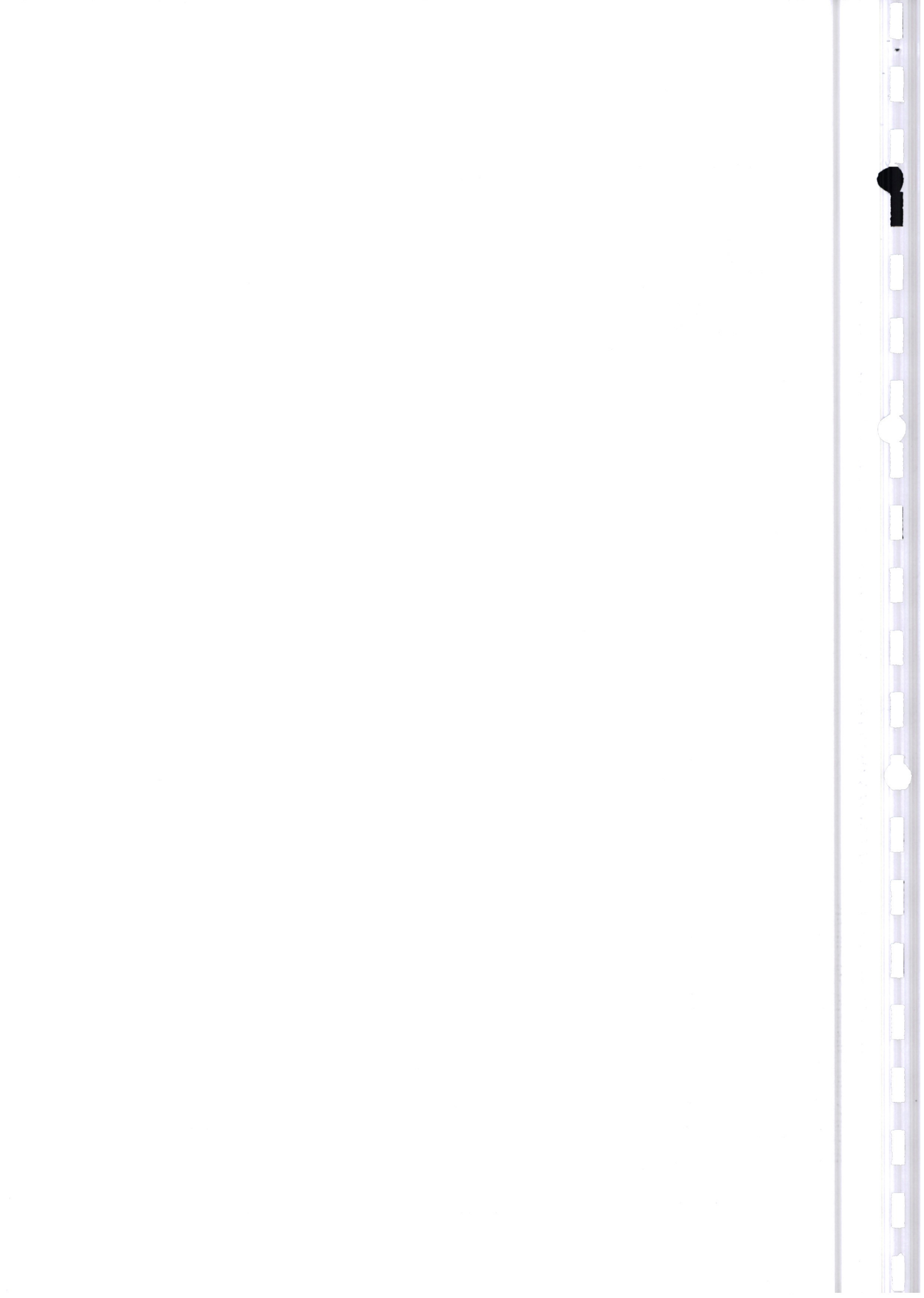


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	year as required by law. No explanation was given for the breach of the regulations.				
	<p>4.5 Construction of classrooms – Githunguri primary school – Kshs 3,849,195</p> <p>Observation</p> <p>Examination of project files revealed that the CDFC awarded a contract of Kshs 3,849,195 to M/s Heshima Construction and General Supplier for renovation of Thirteen (13) classrooms at Githunguri Primary School. However, a physical inspection carried out revealed, there are other seven (7) classrooms not being used at the school that are in a deplorable state and urgently need renovation work. This has resulted in congestion in the renovated classrooms since the seven are not being used.</p>	<p align="center">Response</p> <p>The NG-CDF renovated the 13 classrooms according to the budget. The observed classes were not in use and were not a priority by then. The classes are not in use to date. However, the NG-CDFC has adopted a proposal moving forward to renovate all classes in a school at ago including the offices.</p>	Fund Account Manager	Resolved	Resolved



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY

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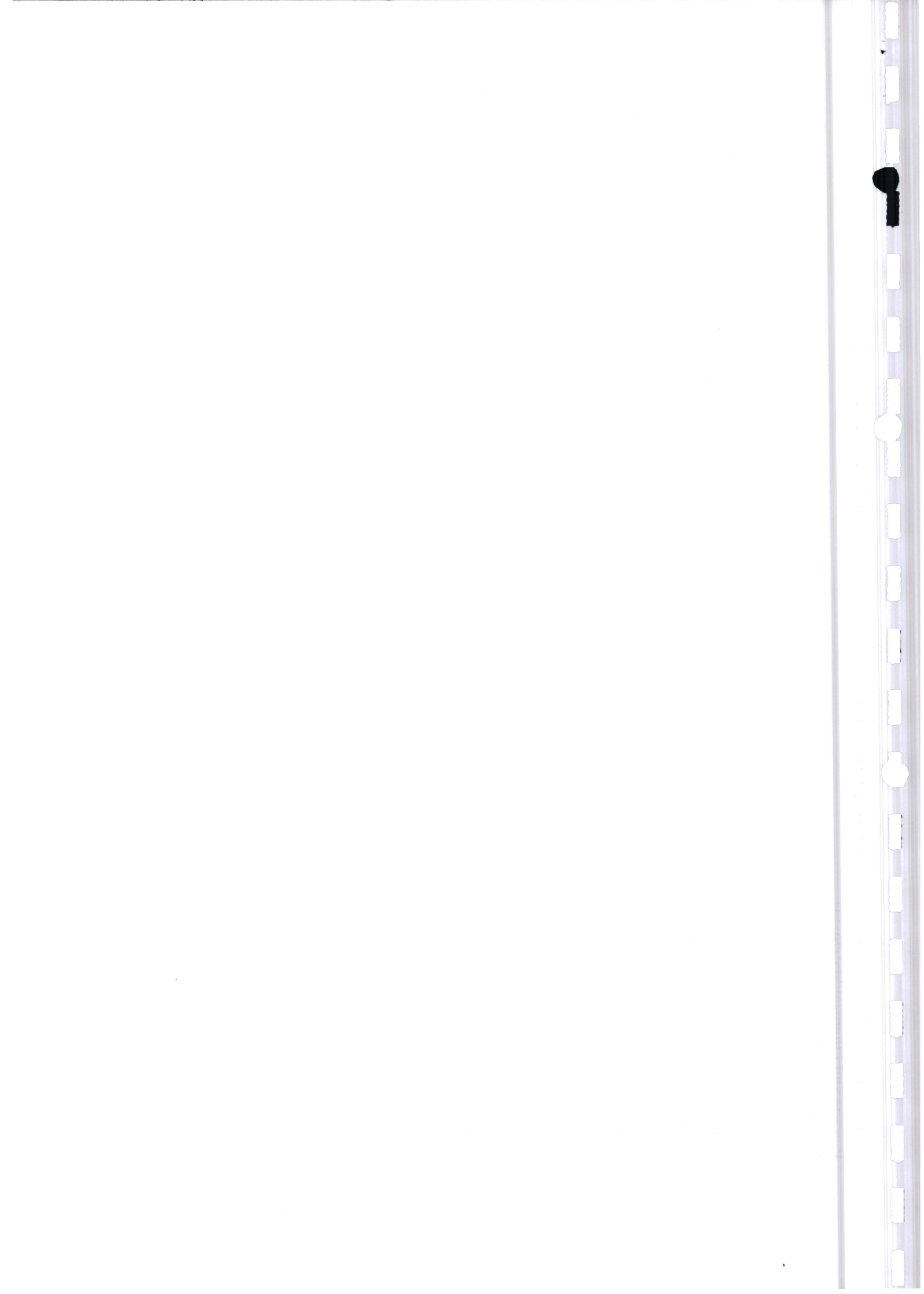
For the year ended June 30, 2020

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>4.6 Bursary Fund – Kshs, 8,466,000</p> <p>Observation</p> <p>During the year under review, National Government Constituencies Development Fund (NG-CDF)-Kandara Constituency disbursed bursaries worth Kshs.8,466,000.00 to be distributed to various learning institutions in respect of needy students within Kandara Constituency. The bursary funds were disbursed to the benefitting students. However no signed vetting minutes or reports were availed for audit to authenticate the criteria used in awarding the bursaries. In the circumstances, it was not possible to confirm whether the amount disbursed as bursaries benefited deserving and needy cases.</p>	<p>Response</p> <p>The vetting minutes were not availed at the time of audit as they had been misplaced. The vetting minutes for the monies are herein attached Annex 5</p>	Fund Account Manager	Resolved	Resolved



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<p>4.7 Stalled project – Nguthuru Sec School, construction of toilet- Kshs 200,000</p> <p>Observation</p> <p>Kshs.200, 000.00 was allocated from the emergency reserve for construction of an eight door pit latrine for boys at Nguthuru Secondary School via CDFC meeting held on 29th June 2018. Physical verification done on 26th February 2019 however revealed that the project stalled at the foundation slab level and no work was ongoing as at the time of the audit. Some materials were found left on site.</p>	<p>Response</p> <p>The school was allocated Kshs 200,000 to construct a toilet as the one they were using had collapsed. The school management constructed a toilet alongside a septic which depleted the funds before it could be completed. The NG-CDFC is considering allocating more funds to the school to complete the toilet as planned.</p>	Fund Account Manager	Resolved	Resolved	
<p>4.8 Environments project – Kshs 1,000,000</p>		<p>Response</p> <p>The environment project for the financial year included planting of trees in the indicated</p>	Fund Account Manager	Resolved	Resolved



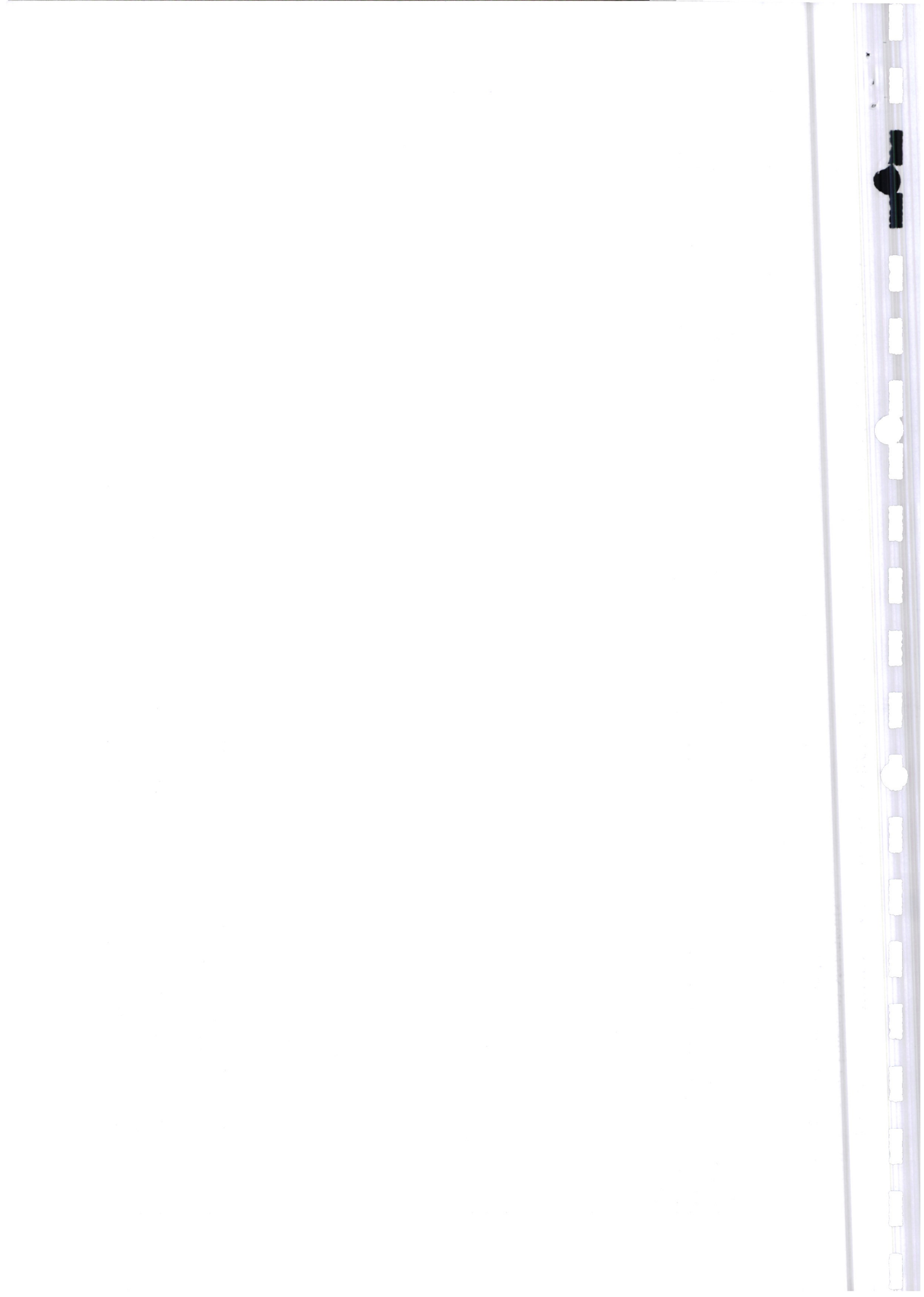
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDARA CONSTITUENCY
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	<p>Observation</p> <p>Kandara NG-CDFC budgeted to spend Kshs 1,736,206.90 on environmental projects. However Kshs 1,000,000 was disbursed during the year under audit. The following were the observation;</p> <ul style="list-style-type: none"> Whereas 18 schools were budgeted for, a total of 19 were supplied with seedlings and flowers. Out of these Rukira and Kariko were distributed with 1000 and 500 seedlings respectively and 300 and 100 flowers respectively. From the sampled environmental projects, it was evidenced that the public may have not gotten value for money since in some stations sampled, the seedlings and flowers were planted however they were not well taken care of by the 	<p>schools. However, as observed some of the trees had dried up and not taken care of by the benefiting institutions. However, the NG-CDFC has taken the initiative to urge the school heads to assign one tree to every student to take care of. This will ensure that the trees are well taken care of to maturity. The NG-CDFC has also considered tendering for the tree planting exercise until they get to a sustainable level.</p>			



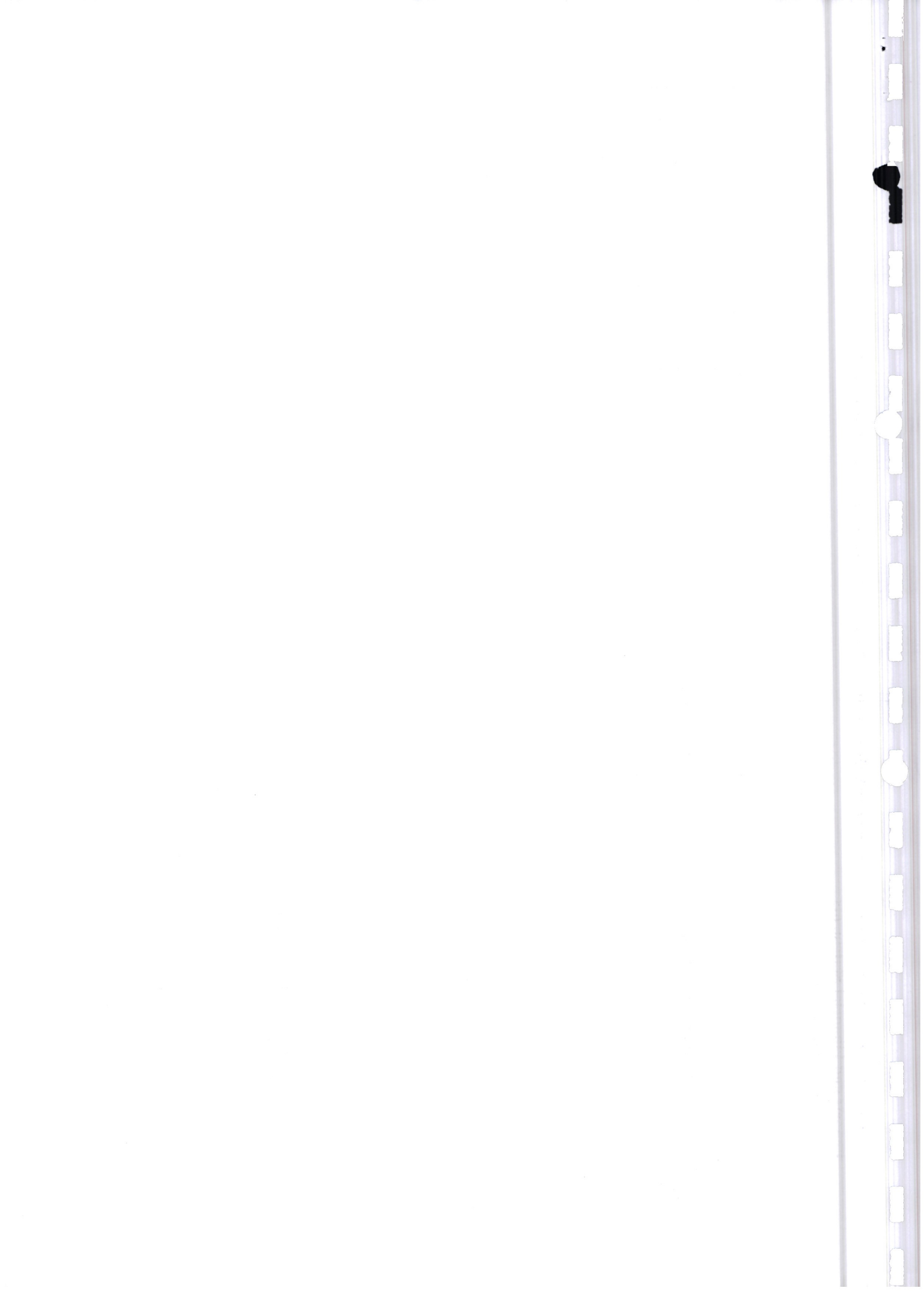
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	<p>benefiting institutions. This laxity in the part of the management of those schools/institutions may lead to dried up seedlings and flowers hence loss of public funds. The schools affected include but not limited to Ruona, Githaiti, Gathungu and Ngararia Primary schools.</p>				
<p>4.9 Incomplete project at 'Mung'aria Police Post – Kshs 792,666</p> <p>Observation</p> <p>Kshs.792, 666.00 was allocated to Mung'aria police post for renovation of four (4) rooms involving plastering, door fixing, veranda and flooring. A physical verification of the project revealed that the</p>	<p>Response</p> <p>At the time of audit the verandah and the plastering works were not complete. The contractor has since returned to the site and completion works are underway. The contractor will not be cleared until the incomplete works are completed and defects rectified.</p>	<p>Fund Account Manager</p>		Resolved	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)
	veranda work was incomplete and poorly done while the wall plastering was also poorly done with visible cracks.				
	<p>4.10 Sports project – Kshs 1,000,000</p> <p>Observation</p> <p>Kandara NG-CDFC budgeted to spend Kshs.1, 736,206.90 on sport projects. However Kshs 1,000,000 was disbursed and Kshs.430, 796.00 utilized during the year under audit towards purchase of sports equipment. The following was observed;</p> <p>Kenteka Enterprises allegedly supplied sports equipment worth Kshs.430, 796.00 however there were no records of receipts and how these equipment was distributed to the respective beneficiaries. Therefore the distribution was not properly accounted for and hence occurrence of</p>	<p>Response</p> <p>At the time of audit the receipts and evidence of how the equipment was distributed were not available as they had been misplaced. However, the documents for receiving (Form s13) and distribution (Form s11) of the purchased sports equipment are herein attached (Annex 6).</p> <p>Dating of the request for quotations was an omission in two quotations. The error has since been rectified and requests for quotation attached with the correct dates. The opening and evaluation minutes also confirm the dates on the quotations. Attached in Annex 7 shows</p>	Fund Account Manager	Resolved	Resolved



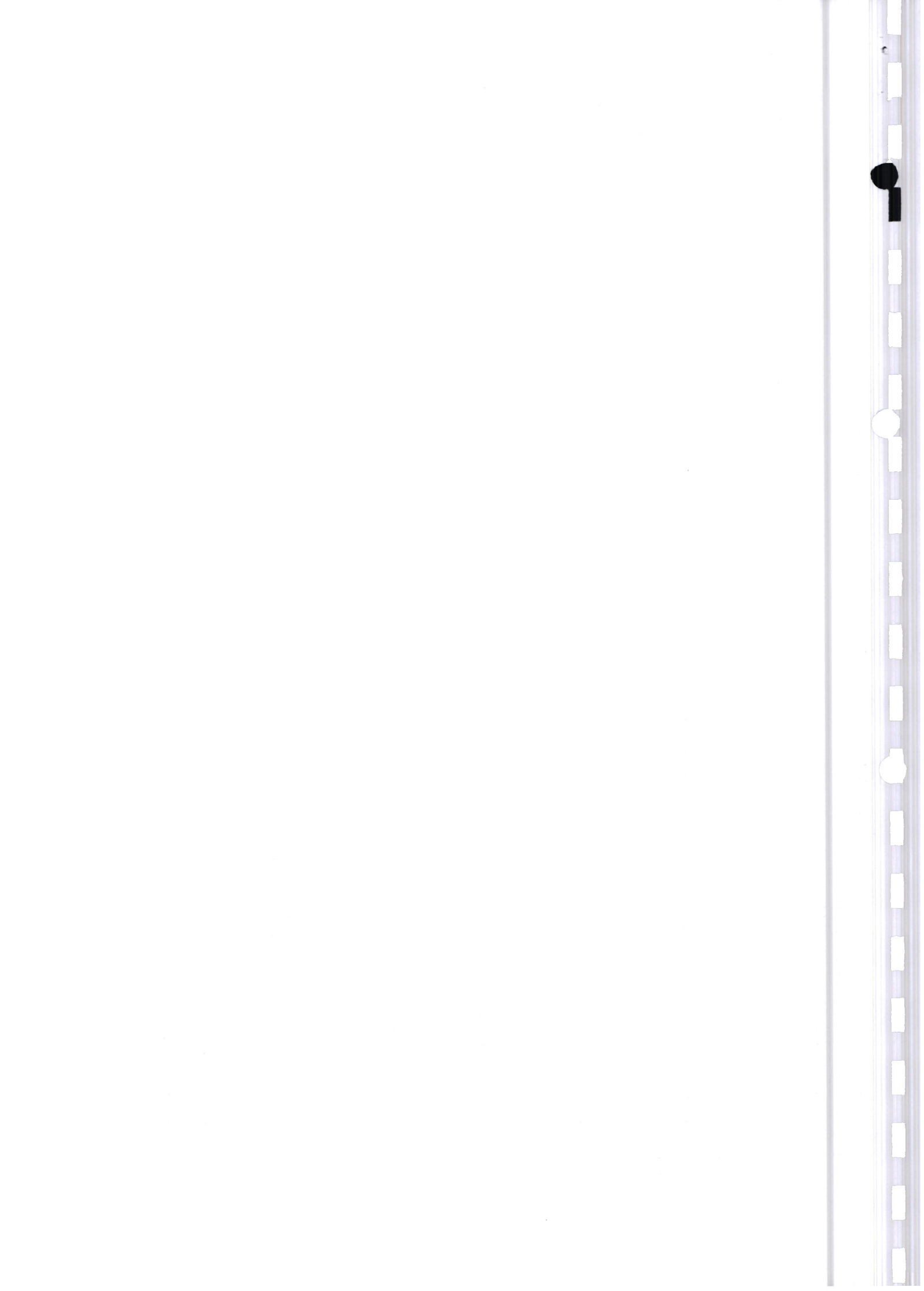
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	these deliveries could not be confirmed. Also noted was that the requests for quotation were not dated and the deadline for delivery not indicated.	the quotations and the opening and evaluation minutes			
	<p>4.11 Kawendo Primary school construction of toilets Kshs 150,000</p> <p>Observation</p> <p>Kshs 150,000 was allocated from the emergency reserve for construction of an eight door pit latrine for girls at Kawendo Primary School via CDFC meeting held on 29th June 2018. Physical verification done on 26th February however showed that the toilet was well done and is in use however there was no signage as is required by law.</p>	<p>Response</p> <p>The project was not labeled at the time of audit verification. However, the Project Management Committee has since put the signage including the financial years. The photo of the signage is attached in Annex 8</p>	Fund Account Manager	Resolved	Resolved
	<p>4.12 Makindi Primary School, construction of toilet – Kshs 300,000</p>	<p>Response</p> <p>The variance between the allocations is</p>	Fund Account Manager	Resolved	Resolved



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	<p>Observation</p> <p>Kshs 300,000 was allocated from the emergency reserve for construction of an eight door pit latrine for girls at Makindi Primary School via CDFC meeting held on 29th June 2018. Physical verification done on 26th February revealed that the toilet was well done and is in use. However the cost was inflated since other toilets which are similar to this, such as the one at Kawendo was done and completed for Kshs.150, 000.00 only. The additional Kshs150, 000.00 spent on the Makindi Primary School toilet was therefore not properly justified.</p>	<p>caused by the nature of the land. At Makindi Primary School, the land is rocky hence the cost of digging is high. Due to the nature of the land which is on a rocky place, digging the toilet took lots of funds which would explain why the two toilets had different costs.</p>			
	<p>4.13 Un-availed completion certificates</p> <p>A review of project files revealed that the Constituency Development Fund Committee (CDFC) incurred an</p>	<p>Response</p> <p>At the time of audit the completion certificates had been misplaced, however, the completion certificates for Kandara mixed day secondary school and Gakoigo Primary School are herein</p>	Fund Account Manager	Resolved	Resolved



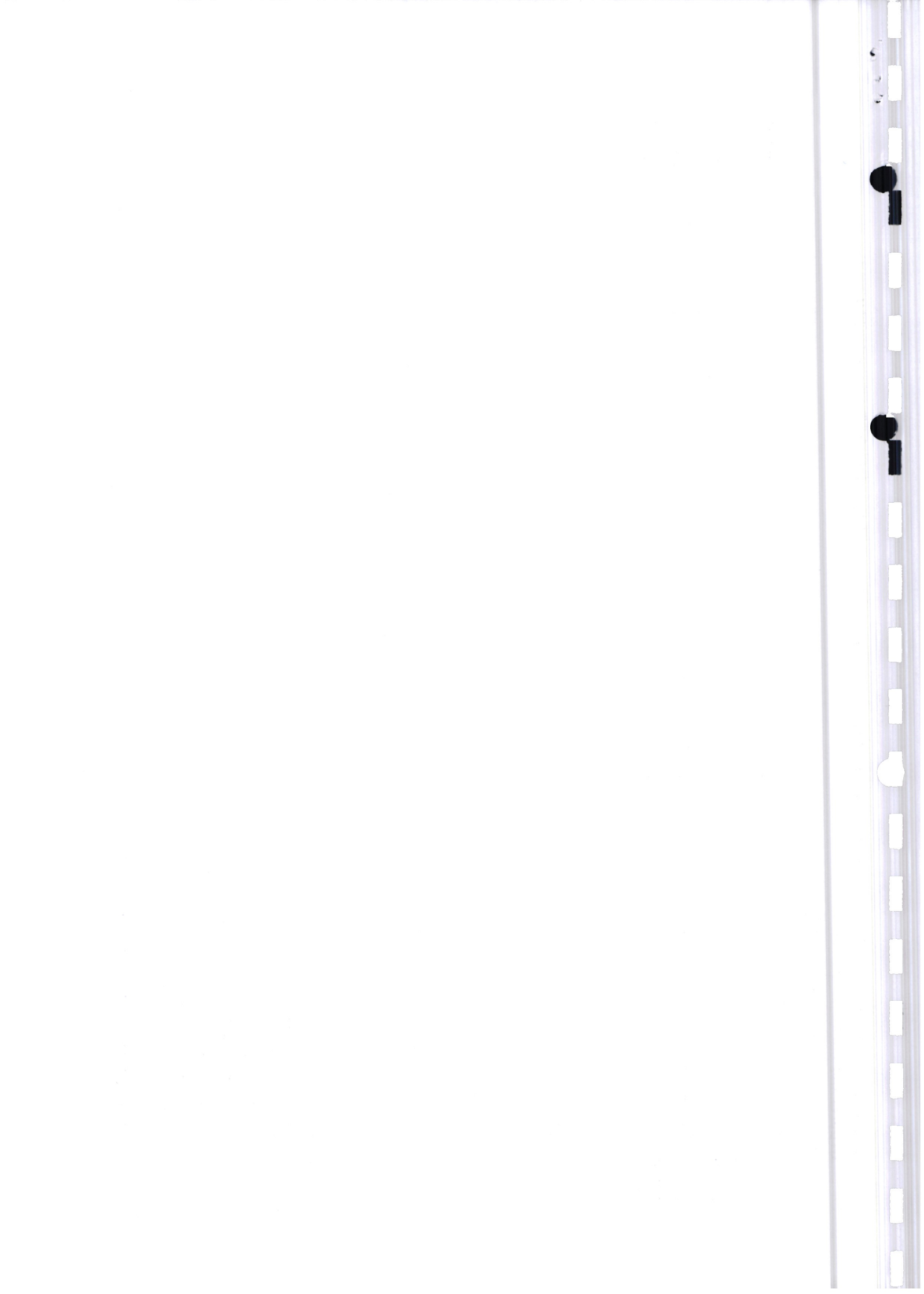
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	<p>expenditure of Kshs 3,685,300 on two (2) school projects as shown below:</p> <table border="1" data-bbox="667 1570 1023 1955"> <thead> <tr> <th>School</th> <th>Project</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Kandara Mixed Day Secondary School</td> <td>Completion of science laboratory</td> <td>2,129,460.00</td> </tr> <tr> <td>Gakolgo Primary School</td> <td>Construction of 2 no. classrooms</td> <td>1,555,840.00</td> </tr> <tr> <td></td> <td>Total</td> <td>3,685,300.00</td> </tr> </tbody> </table> <p>However, neither the project files nor payment vouchers had completion certificates attached. It was therefore not clear on what basis the respective project management committees (PMCs) used when making the final payments to the contractors. It was also not clear whether the County Works Office (CWO) had declared the projects complete. The</p>	School	Project	Amount	Kandara Mixed Day Secondary School	Completion of science laboratory	2,129,460.00	Gakolgo Primary School	Construction of 2 no. classrooms	1,555,840.00		Total	3,685,300.00	<p>Management comments attached. Annex 9.</p>			
School	Project	Amount															
Kandara Mixed Day Secondary School	Completion of science laboratory	2,129,460.00															
Gakolgo Primary School	Construction of 2 no. classrooms	1,555,840.00															
	Total	3,685,300.00															



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	propriety of the expenditure of Kshs 3, 685, 300, therefore, could not be confirmed.				
<p>4.14 Budgetary performance</p> <p>Observation</p> <p>Overall Budget Performance The Kandara National Government – Constituency Development Fund budgeted to undertake various projects during the year under review. Review of budget versus actual expenditure for the year revealed over/under expenditure as analyzed in appendix I attached. The approved budget for the year 2017/2018 was Kshs. 98,189,654 against a total actual expenditure of Kshs 38,846,124. This led to an underspending by Kshs 59,343,531. Of the projects budgeted for, Constituency internet hubs, electricity and strategic plan projects were not initiated during the year</p>	<p>Response</p> <p>As observed by the auditor the constituency had only received funds totaling to Kshs. 43,523,150 from the NG-CDF Board and a balance of Kshs. 54,666,504 had not been received. The constituency prioritized and funded projects worth Kshs 38,846,124. Kshs. 4,677,027 was meant for innovation hubs. The constituency was awaiting a directive from the ministry on funding the hubs hence the delayed funding. This resulted to delay in funding of the projects.</p>	<p>Fund Account Manager</p>	<p>Resolved</p>	<p>Resolved</p>	<p>Resolved</p>



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	<p>Budget Performance on Transfers to Other Government Units (appendix II) Transfers to other government entities development projects implementation status as at the financial year-end was as per: Kandara NG-CDFC budgeted to undertake twenty-six (26) projects on transfers to other government units during the year 2017/2018. As at the end of the financial year under audit, as per the projects implementation status report, only nine (9) primary school projects had been completed. Five (5) projects were ongoing while twelve (12) were not yet initiated. Total budget for transfers to other government entities was Kshs 49,024,734 against an actual expenditure of Kshs 21,444,746, this lead to an under spending by Kshs 27,579,988.</p> <p>Budget Performance on Other Grants</p>				



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	<p>and Transfers (Appendix III) Kandara NG-CDF office budgeted to implement twenty-six (26) projects in other grants and transfers excluding sports, bursaries and emergencies during the year under review. Out of these, twelve (12) projects were completed, twenty-two (22) projects were ongoing while six (6), including emergency projects were not yet started, a total of thirteen (13) emergency projects were considered for implementation. Total budget for other grants and transfers was Kshs 40,582,624 against an actual expenditure of Kshs 13,690,666 this lead to an under spending by Kshs 26,891,958.</p>				
<p>4.15 delayed remittances of statutory deductions. Observation Salary for seven months of Kshs.742,</p>		<p>Response The delayed remittances were caused by breakdown of the KRA system and delayed funding from the NG-CDF Board during the</p>	Fund Account Manager	Resolved	Resolved



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For the year ended June 30, 2020

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>092.00 running from July 2017 to January 2018 was credited to the respective employees' accounts on 12/02/2018. PAYE on these salaries of Kshs.50, 308.00 was however remitted on 22/03/2018 instead of on 09th of March, 2018, being the statutory deadline. Filing of returns was done on 22/03/2018, almost two weeks after the deadline. Further the National Social Security Fund (NSSF) deductions for the months of February to May 2018 were remitted late on 16/07/2018 attracting a penalty of Kshs.1, 240.00 that has not been cleared and may attract additional charges.</p>	<p>financial year caused by the long election period. This resulted to delayed remittances.</p>			



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