


REPUBLIC OF KENYA



*Enhancing Accountability*



PARLIAMENT  
OF KENYA  
LIBRARY

 THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE: 15 NOV 2022	DAY: Tuesday
TABLED BY: Hon. Silvanus Osoo, MP Chief whip Majority	
CLERK-AT-THE-TABLE: Halima Subeiman	

**THE AUDITOR-GENERAL**

**ON**

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

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

30<sup>th</sup> June 2019




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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NDARAGWA  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

 <b>THE NATIONAL ASSEMBLY</b>	
P. _____ DAY _____	
DATE: 15 NOV 2022 <u>Tuesday</u>	
TABLED BY:	Hon. Silvanus Oson, MP Chief Whip Majority
CLERK AT THE TABLE:	Halima Suliman

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

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
NDARAGWA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**Core Values**

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

**(b) Key Management**

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

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	A.KIRAGU MWANGI
3.	Sub-County Accountant	Antony Ngunjiri
4.	Chairman NGCDFC	Joshua IregiMagu
5.	Member NGCDFC	

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 16-20306  
CDF Office Building  
Nyahururu – Nyeri Road  
Ndaragwa, KENYA

## **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

**(f) NGCDF Ndaragwa Constituency Contacts**

Telephone: (254) 721898531  
E-mail: [cdfindaragwa@ngcdf.go.ke](mailto:cdfindaragwa@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF Ndaragwa Constituency Bankers**

Bank Name:	Cooperative Bank
Branch:	Nyahururu
Account Name:	Ndaragwa CDF
Account Number:	01120037972400
Address:	Nyahururu

**(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**

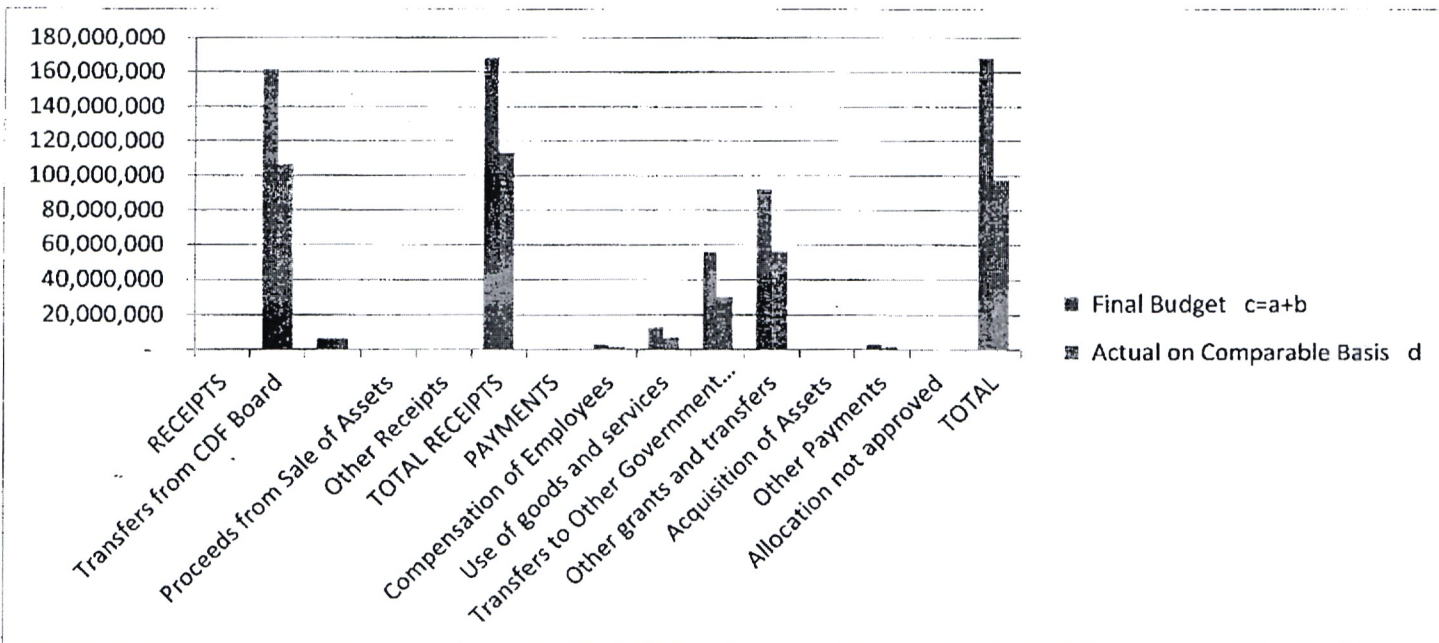
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
 NDARAGWA CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2019**

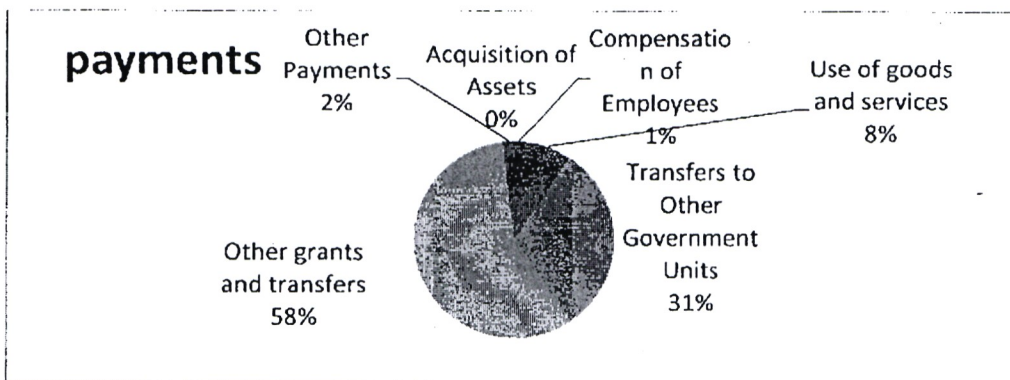
**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

It is my great pleasure to present the annual report and financial statement prepared in accordance with the cash basis of accounting method under the International Public Sector Accounting Standard (IPSAS) for the financial year ended 30<sup>th</sup> June, 2019.

The overall budget performance stands as 58.2%. This was as a result of most of the funds delayed at the head office



During the year most of the funds were channelled to other government units to totalling to 58 % of the total payments



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
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The Ndaragwa NG CDFC has always allocated funds to projects to completion which has improved on the completion rates and value for money.

It is also important to highlight the need for the National Treasury to promptly release funds to the NG CDF Board to allow it disburse the same to the constituencies for efficiency and effectiveness in the implementation of projects.

The NG-CDF is planning to intensify PMC capacity building and carrying out intensive monitoring and evaluation to ensure any emerging challenge is sorted out within the shortest time possible.

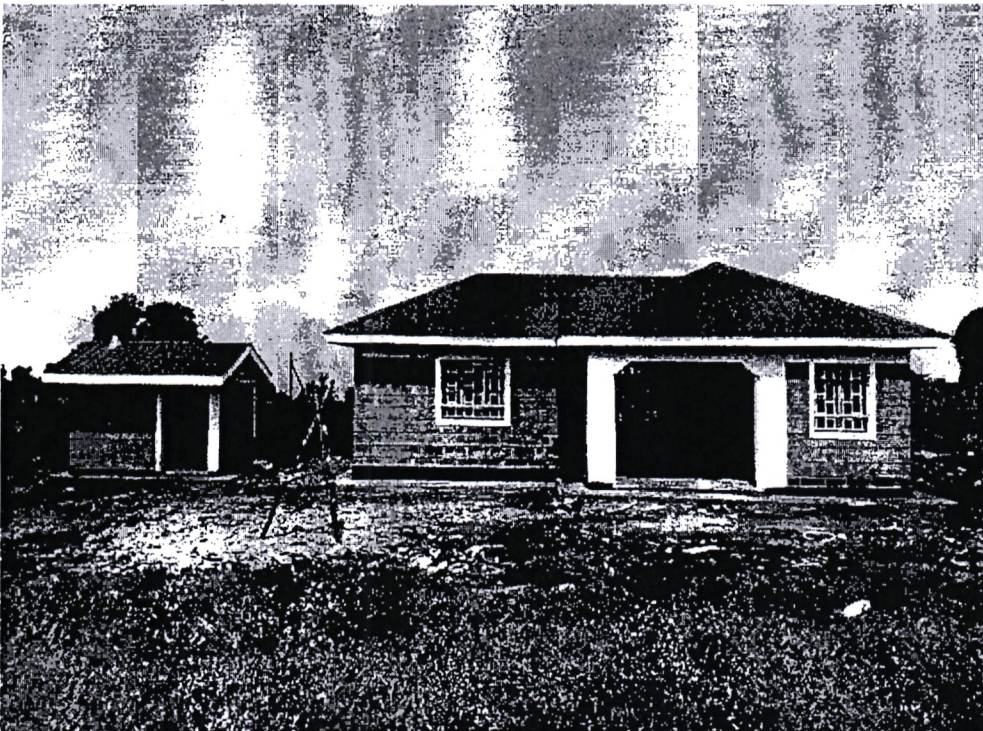
The public are also encouraged to participate effectively in the identification of projects and having their priorities documented during public forums with a view to equity in distribution of funds.

Ndaragwa NG CDF appreciates the recommendations from external and internal Auditors whose feedback has always been used to improve on the technical and financial management of projects.

On complaints, the Fund Manager has always acknowledged, responded adequately, convincingly and in time.

I also take this opportunity to thank the NG CDF Board for its continued support during the financial year under review.

## **SUBUKU POLICE POST.**



Completion of the additional unit for the police at Subuku police post.

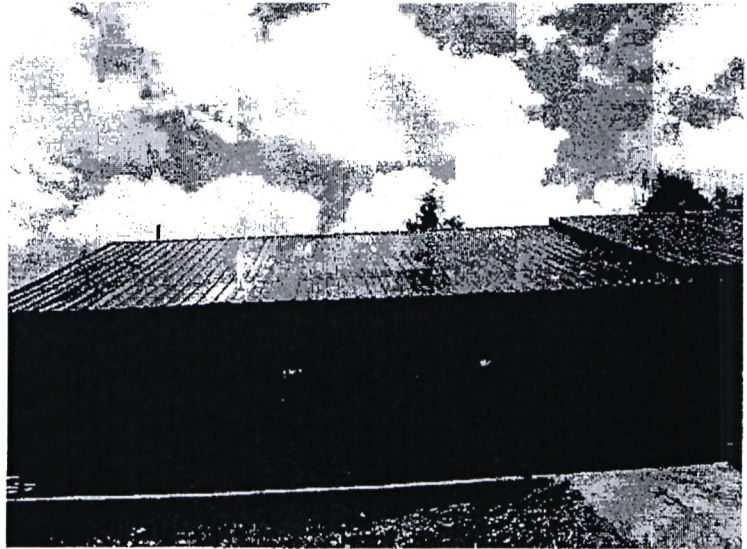
The police post will be able to host at least five officers the post will help in ensuring there is security within the area with estimated beneficiaries being over 900 people

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
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Reports and Financial Statements  
For the year ended June 30, 2019**

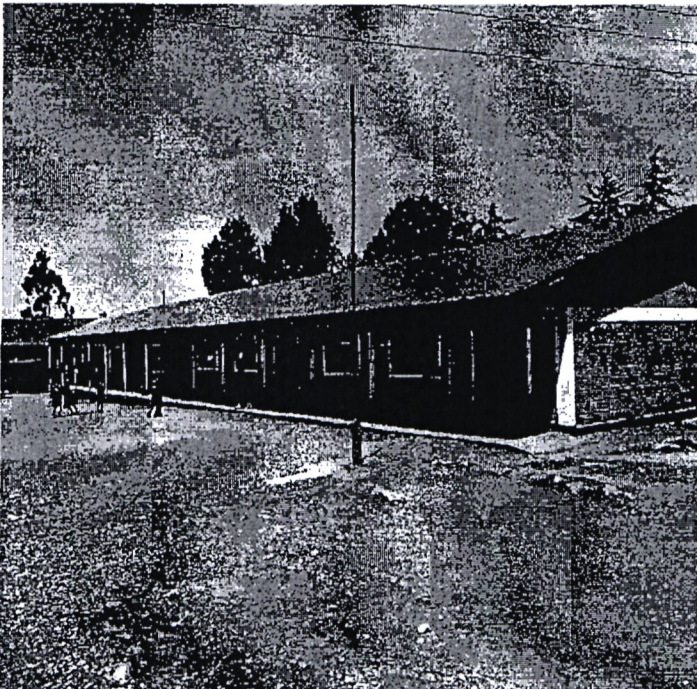
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### **Kamburaini primary school**

Construction of two classes to completion at kamburaini primary school to take care of students who were sharing classes and others didn't have classes though the school requires more classes these will benefit more that 70 students in the school



### **RITAYA PRIMARY SCHOOL – CONSTRUCTION AND RENOVATIONS OF CLASSES**



The school has a population of over 1,000 students Ndaragwa NGCDF had built for classes and also been able to renovate others the school has dilapidated classes but Ndaragwa NG-CDF has come in to ensure that the school has a conducive environment for the students to do their studies.

***MICHINDA PRIMARY SCHOOL CONSTRUCTION OF A DORMITORY***

Michinda primary school is one of the few boarding primary schools within the constituency it has big population and some of the students especially from class six the board so that they can be able to concentrate with their studies the school has dormitories that are made of iron sheets and Ndaragwa NGCDF has come in to assist in construction of a dissent boarding facility for the students it also requires an additional dormitory for the girls.



*Sign*



CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
NDARAGWA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the NGCDF-Ndaragwa 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, 2019 This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

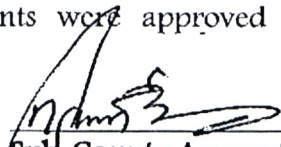
The Accounting Officer in charge of the NGCDF-Ndaragwa Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards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

The Accounting Officer in charge of the NGCDF-Ndaragwa 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-Ndaragwa Constituency financial statements were approved and signed by the Accounting Officer on 13/08/2019.

  
Fund Account Manager  
Name: A.KIRAGU MWANGI

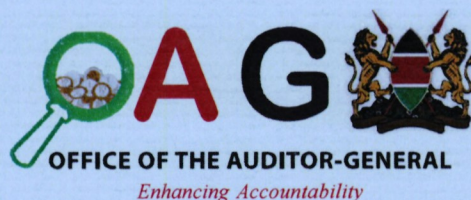
  
Sub-County Accountant  
Name: Antony Ngunjiri  
ICPAK Member Number:15171

**FUND ACCOUNT MANAGER  
NDARAGWA NG - CDF  
P.O BOX 16-20306, NDARAGWA**

**NATIONAL SUB-COUNTY, ACCOUNTANT  
NYANDARUA NORTH**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NDARAGWA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Ndaragwa Constituency set out on pages 1 to 22, which comprise of the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

#### Basis for Qualified Opinion

##### 1. Inaccuracies in the Financial Statements

The annual reports and the financial statements prepared and presented for audit had the following errors:

- i. Pages 8 and 17 of the financial statements are unnumbered and their headers reads National Government entity instead of National Government Constituencies Development Fund - Ndaragwa Constituency;
- ii. Note 15.3 on Unutilized Fund does not indicate the financial year it relates while no comparative figures have been provided;

- iii. Annex 3 on breakdown of the Unutilized Fund amounting to Kshs.70,356,546, has not been provided;
- iv. Progress report on the follow up of Auditor's recommendations has not been incorporated in the financial statements;
- v. Headers at pages 4 to 7 are incomplete; and
- vi. Page 22 is unnumbered.

This is contrary to the format prescribed by the Public Sector Accounting Standard Board (PSASB) in accordance with Section 194(1)(d) of the Public Finance Management Act, 2012.

Consequently, the annual reports and the financial statements as prepared and presented are not IPSAS compliant.

## **2. Project Management Committee (PMC)**

### **2.1. Unreconciled Comparative Balances**

Note 15.4 PMC account to the financial statements discloses comparative project bank account balances of Kshs.5,126,156 which differs with the audited balances of Kshs.3,301,833 resulting to a variance of Kshs.1,824,324. No explanations or disclosure notes have been rendered for the adjustments.

In the circumstances, the accuracy and fair statement of the PMC comparative bank balance of Kshs.5,126,156 could not be confirmed.

### **2.2. Unsupported Closing Balances**

The Note also discloses closing PMC bank account balances of Kshs.5,923,145 which includes an amount of Kshs.1,348,048 in respect of Ndaragwa Sports account which were unsupported by way of; certificate of bank balance and reconciliation statement.

In the circumstances, the accuracy and fair statement of the reported PMC bank account balances of Kshs.5,923,145 could not be confirmed.

## **3. Other Grants and Other Payments**

The statement of receipts and payments reflects other grants and other payments of Kshs.56,548,725;(2018-Kshs.37,757,686) and as disclosed under Note 7 to the financial statements. The following unsatisfactory issues were noted: -

### **3.1. Unsupported Bursary Payments**

Acknowledgement receipts for bursary payments amounting to Kshs.27,662,646 by the beneficiaries were not availed.

Consequently, the validity of the payments could not be established.

### **3.2. Unreconciled Bursary on Social Security**

Included in the amount also is Social Security Bursaries amounting to Kshs.4,362,069 which differs with the ledger balance of Kshs.3,461,220 resulting to an unexplained variance of Kshs.900,849.

In the circumstances, the accuracy and validity of other grants and other payments of Kshs.56,548,725 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Ndaragwa Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### **Key Audit Matters**

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

#### **Other Matter**

##### **Budget Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.161,386,566 and Kshs.106,345,690 respectively resulting to an under-funding of Kshs.55,040,876 or 34 % of the budget. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery for the constituents of Ndaragwa. Further, of the receipts amount realized of Kshs.106,345,690, only Kshs.98,019,857 was absorbed resulting to an under absorption of Kshs. 8,325,833 or 7.8% of the receipts.

No satisfactory explanations have been rendered contrary to the values and principles of public service as provided for under Article 232 (1-c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

In the circumstances, the constituents might have not received the services as planned.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources sections 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. Unsatisfactorily Implemented Projects**

Ten (10) Projects with a funding allocation of Kshs.26,058,794 were sampled for verification during the month of January, 2020. The individual observations made against the projects are detailed in **Appendix 1**.

No satisfactory explanations have been rendered for the deficiencies in project implementation and non-submission of expenditure returns and non-retention of monies from the contractor's contrary to Section 26(l) of the standard tender document for procurement of works.

Consequently, the constituents of Ndaragwa might not realize value for money from the unsatisfactorily implemented projects for the year ended 30 June, 2019.

### **2. Irregular Expenditure**

Included in other grants and other payments amount is transfer of Kshs.3,670,000 on account of diverse projects as detailed out below:

<b>Project</b>	<b>Cheque Number</b>	<b>Work Description</b>	<b>Amount (Kshs.)</b>
Wakanene Dam	9952	Dam embankment used as access road	900,000
Wakanene Dam	9953	Dam embankment used as access road	619,700
Wakanene Dam	9945	Dam embankment used as access road	50,100
Wakanene Dam	9946	Dam embankment used as access road	100,200
D387: Junction D388 Mailo 10 - Junction-B 5 Ndaragwa	9619/20/21	Heavy Grading with watering and compaction, gravel patching	2,000,000
<b>Total</b>			<b>3,670,000</b>

The Management has not rendered satisfactory explanation for the implementation of Projects outside its mandate in contravention with Section 24(a) of the National Government Constituencies Development Fund Act, 2015 which states that a Project under this Act shall only be in respect of works and services falling within the functions of the National Government under the Constitution.

Consequently, the Management is in breach of the law.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Overall Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Risk Management Policy**

The Fund does not have a Risk Management Policy that guides on assessment and evaluation of risk and to develop the strategies to mitigate them. This is contrary to Regulation 165(1) of the Public Finance Management Act (National Government) Regulations, 2015.

Consequently, it has not been possible to confirm whether the risks faced have been identified and appropriately mitigated.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

31 December, 2021

## Appendix 1: Unsatisfactorily Implemented Projects

Project Beneficiary and Details	Cost (Kshs.)	Observations
Michinda Primary School - Completion of dormitory from the lintel level roofing, doors and windows plastering flooring and painting	2,000,000	The dormitory was not in use and unlabeled; Electrical works undone; Septic tank not factored in the project design.
Muruai Primary School - Construction to completion of a dormitory	2,000,000	Completed, unlabeled and not handed over; and Contractor was not on-site.
Olborosat Secondary School - Construction of a dining hall to completion for 400 students	4,900,000	The hall has developed huge cracks on the floor and walls and was not in use; Repair works ongoing while painting and plumbing have not been done; and Soil test report to determine the structural works and material needed and engineers' reports were not made available for audit review.
Ritaya Primary School - Construction of three (3) classrooms to completion 3,900,000 and renovation of two (2) Classrooms stone dressing, flooring painting and roofing,	4,900,000	3 classrooms were completed and were in use. 2 renovated classrooms and in use but their sizes are not as per requirements of the Ministry of Education.
Ndaragwa Police Station - Construction of six (6) doors toilet (Kshs.800,000); Completion of OCS's staff house - flooring, plastering, fixing of windows and doors (Kshs.300,000)	1,100,000	Completed and in use.
Shamata Chief's Office - Construction to completion of a modern Chief's office with an armory.	4,900,000	Completed, labeled but not in use.
Subuku Administration Police Post - Construction of 5 staff houses (Kshs.2,500,000) and 4 Doors Staff toilet (Kshs.600,000) to completion	1,588,793	Completed, labeled but not in use.
D387: Junction D388 Mailo 10-Junction-B 5 Ndaragwa - Heavy grading with watering and	2,000,000	Completed and in use but it's a County Government road.

<b>Project Beneficiary and Details</b>	<b>Cost (Kshs.)</b>	<b>Observations</b>
compaction, gravel patching as instructed by engineer		
Kangocho Primary School - Levelling and drainage of the School playing field - Diversion of Stream	1,000,000	Yet to be Implemented
Wakanene Dam - embankment used as access road	1,670,000	Completed, labeled but not in use.  Completed and in use but it's a County Government Project
<b>Grand Total</b>	<b>26,058794</b>	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
NDARAGWA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**IV. AUDITORS REPORT**

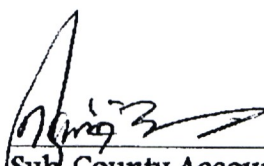
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
 NDARAGWA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018-2019	2017 - 2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	106,345,690	76,253,447
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	99,000	-
<b>TOTAL RECEIPTS</b>		<b>106,444,690</b>	<b>76,253,447</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,527,754	1,001,533
Use of goods and services	5	7,502,000	9,214,009
Transfers to Other Government Units	6	30,572,122	22,004,000
Other grants and transfers	7	56,548,725	37,757,686
Acquisition of Assets	8	-	-
Other Payments	9	1,869,257	-
<b>TOTAL PAYMENTS</b>		<b>98,019,857</b>	<b>69,977,228</b>
<b>SURPLUS/DEFICIT</b>		<b>8,424,833</b>	<b>6,276,220</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Ndaragwa Constituency financial statements were approved on 13/08/2019 and signed by:

  
 Fund Account Manager  
 Name: A.KIRAGU MWANGI

  
 Sub-County Accountant  
 Name: Antony Ngunjiri  
 ICPAK Member Number:15171

**FUND ACCOUNT MANAGER  
 NDARAGWA NG - CDF  
 P.O BOX 16-20306, NDARAGWA**

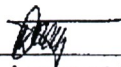
**NATIONAL SUB-COUNTY, ACCOUNTANT  
 NYANDARUA NORTH  
 13 AUG 2019  
 P.O BOX 221-20300, NYAHURURU**

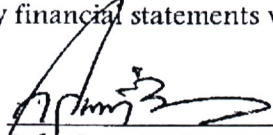
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
 NDARAGWA CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2019**

**VI. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018-2019 Kshs	2017 - 2018 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	15,315,670	6,890,838
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>15,315,670</b>	<b>6,890,838</b>
<b>Current Receivables</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>15,315,670</b>	<b>6,890,838</b>
<b>FINANCIAL LIABILITES</b>			
<b>Accounts Payable</b>			
Retention	12A	-	-
Gratuity	12B	-	-
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>
<b>NET FINANCIAL ASSETS</b>		<b><u>15,315,670</u></b>	<b><u>6,890,838</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	6,890,838	275,014
Surplus/Deficit for the year		8,424,833	6,276,220
Prior year adjustments	14	-	339,605
<b>NET LIABILITIES</b>		<b><u>15,315,670</u></b>	<b><u>6,890,838</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NDARAGWA Constituency financial statements were approved on 13/08/2019 and signed by:

  
 Fund Account Manager  
 Name: A.KIRAGU MWANGI

  
 Sub-County Accountant  
 Name: Antony Ngunjiri  
 ICPAK Member Number:15171

**FUND ACCOUNT MANAGER  
 NDARAGWA NG - CDF  
 P.O BOX 16-20306, NDARAGWA**

**NATIONAL SUB-COUNTY ACCOUNTANT  
 NYANDARUA NORTH  
 13 AUG 2019  
 P. O. Box 221-20300, NYANDARUA**

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
 NDARAGWA CONSTITUENCY  
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 For the year ended June 30, 2019**

**VII. STATEMENT OF CASHFLOW**

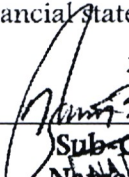
**CASH FLOWS FROM OPERATING  
 ACTIVITIES**

		2018 - 2019	2017 - 2018
<b>Receipts</b>			
Transfers from CDF Board	1	106,345,690	76,253,447
Other Receipts	3	99,000	-
<b>Total Receipts</b>		<b>106,444,690</b>	<b>76,253,447</b>
<b>Payments</b>			
Compensation of Employees	4	1,527,754	1,001,533
Use of goods and services	5	7,502,000	9,214,009
Transfers to Other Government Units	6	30,572,122	22,004,000
Other grants and transfers	7	56,548,725	37,757,686
Other Payments	9	1,869,257	-
<b>Total Payments</b>		<b>98,019,857</b>	<b>69,977,228</b>
<b>Total Receipts Less Total Payments</b>		<b>8,424,833</b>	<b>6,276,220</b>
 <b>Adjusted for:</b>			
Gratuity Payable	12B	-	-
Prior Year adjustment	14	-	339,605
<b>Net Adjustments</b>		<b>-</b>	<b>339,605</b>
<b>Net cash flow from operating activities</b>		<b>8,424,833</b>	<b>6,615,825</b>
 <b>CASHFLOW FROM INVESTING      ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND      CASH EQUIVALENT</b>		<b>8,424,833</b>	<b>6,615,825</b>
<b>Cash and cash equivalent at      BEGINNING of the year</b>	13	<b>6,890,838</b>	<b>275,014</b>
<b>Cash and cash equivalent at END of      the year</b>		<b>15,315,670</b>	<b>6,890,838</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NDARAGWA Constituency financial statements were approved on 13/08/2019 and signed by:

  
 Fund Account Manager  
 Name: A.KIRAGU MWANGI

FUND ACCOUNT MANAGER

  
 Sub-County Accountant  
 Name: Antony Ngunjiri  
 ICPAK Member Number: 15171  
 13 AUG 2019  
 NORTH

## VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

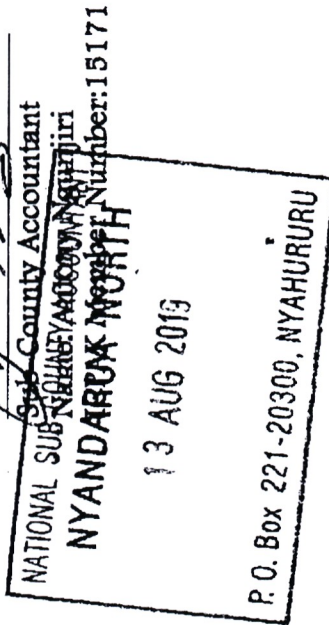
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,876	52,345,690	161,386,566	106,345,690	55,040,876	65.9%
Proceeds from Sale of Assets		6,890,838	6,890,838	6,890,838	-	
Other Receipts		99,000	99,000	99,000		
<b>TOTAL RECEIPTS</b>	<b>109,040,876</b>	<b>59,335,528</b>	<b>168,376,404</b>	<b>113,335,528</b>	<b>55,040,876</b>	<b>67.3%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,188,059	782,102.00	2,970,161	1,527,754	1,442,407	51.4%
Use of goods and services	7,013,823	6,032,874	13,046,697	7,502,000	5,544,697	57.5%
Transfers to Other Government Units	46,800,000	9,264,352	56,064,352	30,572,122	25,492,230	54.5%
Other grants and transfers	49,538,994	43,157,200	92,696,194	56,548,725	36,147,469	61.0%
Acquisition of Assets	300,000	0	300,000	-	300,000	0.0%
Other Payments	3,200,000	99,000	3,200,000	1,869,257	1,330,743	58.4%
Allocation not approved			99,000		99,000	0.0%
<b>TOTAL</b>	<b>109,040,876</b>	<b>59,335,528</b>	<b>168,376,404</b>	<b>98,019,857</b>	<b>70,356,546</b>	<b>58.2%</b>

- The budget utilization for compensation of employees was 51.%, apparently caused by late disbursement of funds from the board
- Use of goods and services 57.7%, also brought about by late disbursement of funds hence low rate of absorption
- Transfers to other government units 54.5%, similarly brought about by late disbursement of funds from the board
- Other grants and transfers 61%, which was due to late disbursement of funds from the board
- All sectors are below 90%, and this is mainly because of late disbursements from the board thereby affecting budget absorption.

The NGCDF-Ndaragwa Constituency financial statements were approved on 20/9/ 2018 and signed by:

  
Fund Account Manager  
Name: A.KIRAGU MWANGI

FUND ACCOUNT MANAGER  
NDARAGWA NG - CDF  
P.O BOX 16-20305, NDARAGWA



## IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	2018/2019	2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration</b>					
Employees' Salaries	2,188,059	782,102.00	2,970,161	1,527,753.64	1,442,407
Goods and Services	1,354,394	1,300,000	2,654,394	1,200,460.00	1,453,934
Committee Expenses	2,500,000	1,050,000	3,550,000	1,267,400	2,282,600
<b>Sub-Total</b>	<b>6,042,453</b>	<b>3,132,102</b>	<b>9,174,555</b>	<b>3,995,614</b>	<b>5,178,941</b>
<b>2.0 Monitoring and Evaluation</b>					
Goods and Services	659,430	941,495	1,600,925	972,950	627,975
Committee Expenses	700,000	2,000,000	2,700,000	1,814,190	885,810
Capacity Building of NG-CDFs/PMCs	1,800,000	741,379	2,541,379	2,247,000	294,379
<b>Sub-Total</b>	<b>3,159,430</b>	<b>3,682,874</b>	<b>6,842,304</b>	<b>5,034,140</b>	<b>1,808,164</b>
<b>3.0 Emergency</b>					
Emergency	5,738,993		5,738,993		5,738,993
Emergencies		5,137,931	5,137,931	4,643,000	494,931
<b>Sub-Total</b>	<b>5,738,993</b>	<b>5,137,931</b>	<b>10,876,924</b>	<b>4,643,000</b>	<b>6,233,924</b>
<b>4.0 Bursary and Social Security Programme</b>					
Bursary Secondary Schools	15,000,000	9,500,000.00	24,500,000	23,388,656	1,111,344
Bursary Special Schools	2,000,000	2,600,000.00	4,600,000	797,000	3,803,000
Bursary Tertiary Schools	9,000,000	5,500,000.00	14,500,000	11,033,000	3,467,000
Social Security Programmes -NHIF	7,500,000	4,362,069	11,862,069	4,362,069	7,500,000
<b>Sub-Total</b>	<b>33,500,000</b>	<b>21,962,069</b>	<b>55,462,069</b>	<b>39,580,725</b>	<b>15,881,344</b>

For the year ended June 30, 2019

<b>5.0 Sports</b>								
ndaragwa tournament	1,700,000	1,963,794	3,663,794	1,736,207	1,927,587			
	<b>1,700,000</b>	<b>1,963,794</b>	<b>3,663,794</b>	<b>1,736,207</b>	<b>1,927,587</b>			
<b>6.0 Environment</b>								
environment		1,227,586	1,227,586	1,000,000	227,586			
<b>Sub-Total</b>	-	<b>1,227,586</b>	<b>1,227,586</b>	<b>1,000,000</b>	<b>227,586</b>			
<b>7.0 Primary School Projects</b>								
Nyonjoro Primary School	3,000,000		3,000,000		3,000,000			
Murichu Primary school	2,600,000		2,600,000		2,600,000			
Kahutha primary school	2,600,000		2,600,000		2,600,000			
Simbara primary school	1,000,000		1,000,000		1,000,000			
Muririchua primary school	2,600,000		2,600,000	2,600,000	-			
Gitare primary school	1,300,000		1,300,000		1,300,000			
Ritaya primary school	4,900,000		4,900,000	4,900,000	-			
kamburaini primary school	1,300,000		1,300,000	1,300,000	-			
Miatuiku primary school	2,600,000		2,600,000	2,600,000	-			
Muruai Boarding primary school	4,000,000		4,000,000	2,000,000	2,000,000			
Michinda Primary	2,000,000		2,000,000	2,000,000	-			
Michinda Primary School		4,295,387	4,295,387	1,795,386.55	2,500,000			
kamburaini primary		1,900,000	1,900,000	1,900,000	-			
ndaragwa primary		3,068,965	3,068,965	3,068,965	-			
<b>Sub-Total</b>	<b>27,900,000</b>	<b>9,264,352</b>	<b>37,164,352</b>	<b>22,164,352</b>	<b>15,000,000</b>			
<b>8.0 Secondary School Projects</b>								
kihara secondary	3,500,000		3,500,000		3,500,000			
Mung'etho secondary school	2,500,000		2,500,000		2,500,000			
Aberdare Girls Secondary school	1,200,000		1,200,000		1,200,000			
Olbolosat Secondary School	4,900,000		4,900,000	4,900,000	-			
Simbara Secondary School	3,000,000		3,000,000		3,000,000			
Raichiri secondary school	3,800,000		3,800,000		3,800,000			
kaheho day secondary school				3,507,770	(3,507,770)			
<b>Sub-Total</b>	<b>18,900,000</b>	-	<b>18,900,000</b>	<b>8,407,770</b>	<b>10,492,230</b>			

<b>9.0 Roads Projects</b>									
D387:Junction D388 Mailo 10-Junction-B 5 Ndaragwa		2,000,000	2,000,000	2,000,000	2,000,000				
<b>Sub-Total</b>	-	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>				
<b>10.0 Security Projects</b>									
shamata chiefs office	4,900,000		4,900,000	4,900,000	4,900,000				
Gathanga Chiefs Office	2,500,000		2,500,000	2,500,000	2,500,000				2,500,000
Uruku chiefs office	500,000		500,000	500,000	500,000				500,000
Ndururi chiefs office	700,000		700,000	700,000	700,000				700,000
Subuku AP Post		1,588,794	1,588,794	1,588,794	1,588,794				
Ndaragwa Police Station		1,100,000	1,100,000	1,100,000	1,100,000				
	<b>8,600,000</b>	<b>2,688,794</b>	<b>11,288,794</b>	<b>7,588,794</b>	<b>3,700,000</b>				
<b>11.0 Acquisitions of Assets</b>									
office computers and photocopier	300,000		300,000						300,000
<b>12.0 Others</b>									
NG- CDF office	1,000,000		1,000,000	700,000					300,000
school lockers	2,500,000		2,500,000						2,500,000
Strategic Plan		3,500,000	3,500,000						3,500,000
Ndaragwa NG CDF Conference Hall		1,169,257	1,169,257	1,169,257					
Aberdare Teachers Training College		1,169,257	1,169,257	1,169,257					1,169,257
Pesi Youth Plytechnic		1,169,257	1,169,257	1,169,257					1,169,257
Ndaragwa Technical Training Institute		1,169,257	1,169,257	1,169,257					1,169,257
		99,000	99,000	99,000					99,000
<b>Sub-Total</b>	<b>3,500,000</b>	<b>8,276,027</b>	<b>11,776,027</b>	<b>1,869,257</b>	<b>9,906,770</b>				
<b>GRAND TOTAL</b>	<b>109,040,876</b>	<b>59,335,528</b>	<b>168,376,403</b>	<b>98,019,857</b>	<b>70,356,546</b>				

## **X. 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-Ndaragwa 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.

#### **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.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) –  
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For the year ended June 30, 2019**

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

During the year ended 30<sup>th</sup> June 2019, 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.

**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.

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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 Funds**

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

**11. Budget**

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

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2019.

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**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.

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**XI. NOTES TO THE FINANCIAL STATEMENTS**

<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
<b>1. Transfers from the NGCDF Board.</b>		<b>Kshs</b>	<b>Kshs</b>
Normal Allocation	AIE.....B005125	52,345,690	
.	AIE.....B047506	30,000,000	
.	AIE.....B047530	24,000,000	
.	AIE.....A855968		5,500,000
.	AIE.....A892609		30,948,275
.	AIE.....A892968		37,905,172
.	AIE.....A892648		1,900,000
Conditional grants			-
Receipt from other Constituency			-
<b>TOTAL</b>		<b>106,345,690</b>	<b>76,253,447</b>
.			
.			
<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
.		<b>Kshs</b>	<b>Kshs</b>
Receipts from the Sale of Buildings		-	-
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	-
Receipts from the Sale of Office and General Equipment		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>
<b>3 OTHER RECEIPTS</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
.		<b>Kshs</b>	<b>Kshs</b>
Interest Received			
Rents			
Sale of Tender Documents		99,000	
Other Receipts Not Classified Elsewhere (specify)		-	-
<b>TOTAL</b>		<b>99,000</b>	<b>-</b>
.			

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<b>4 COMPENSATION OF EMPLOYEES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees		1,527,754	445,045
Basic wages of casual labour			
<b>Personal allowances paid as part of salary</b>			
House allowance			
Transport allowance			
Leave allowance			
Other personnel payments			20,436
Employer contribution to NSSF			
Gratuity-Accrued			536,052
<b>TOTAL</b>		<b>1,527,754</b>	<b>1,001,533</b>
<b>5 USE OF GOODS AND SERVICES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services			10,000
Electricity		35,000	22,850
Water & sewerage charges			
Office rent			
Communication, supplies and services			244,400
Domestic travel and subsistence		117,200	761,000
Printing, advertising and information supplies & services		432,840	293,000
Rentals of produced assets			
Training expenses		2,247,000	832,900
Hospitality supplies and services			84,553
Other committee expenses			
Committee allowance		3,081,590	5,734,255
Insurance costs			
Specialised materials and services			
Office and general supplies and services		403,310	831,051
Fuel , oil & lubricants		600,000	400,000
Other operating expenses		18,000	
Bank service commission and charges		64,110	
Security operations		130,000	
Routine maintenance - vehicles and other transport equipment		372,950	

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Routine maintenance- other assets			
Strategic Plan			
<b>TOTAL</b>		<b>7,502,000</b>	<b>9,214,009</b>
<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Transfers to Primary schools		22,164,352	17,304,000
Transfers to Secondary schools		8,407,770	4,700,000
Transfers to Tertiary institutions			
TIVET			
<b>TOTAL</b>		<b>30,572,122</b>	<b>22,004,000</b>
<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Bursary -Secondary		23,072,756	1,436,000
Bursary -Tertiary		11,348,900	2,664,000
Bursary-Special schools		797,000	6,300,000
bursary social security		4,362,069	8,102,204
Security		7,588,794	5,711,206
Sports		1,736,207	
Environment		1,000,000	1,044,276
Emergency Projects		4,643,000	2,500,000
Roads and bridges projects		2,000,000	10,000,000
<b>TOTAL</b>		<b>56,548,725</b>	<b>37,757,686</b>
<b>8 ACQUISITION OF ASSETS</b>			
<b>Non Financial Assets</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
Purchase of Buildings		-	
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles			
Purchase of Bicycles & Motorcycles			
Overhaul of Vehicles			
Purchase of office furniture and fittings			
Purchase of computers ,printers and other IT equipments			

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Purchase of photocopier		-	-
Purchase of other office equipment		-	
Purchase of soft ware		-	
Acquisition of Land		-	-
<b>TOTAL</b>		-	-
<b>9 Other Payments</b>			
ICT HUB		1,169,257	-
repairs		700,000	-
specify		-	-
<b>TOTAL</b>		<b>1,869,257</b>	-
<b>10A: Bank Balances (cash book bank balance)</b>			
<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
cooperative bank , Nyahururu	A/C no.01120037972400	15,315,670	6,890,838
<b>10B: CASH IN HAND)</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
		<b>(30/6/2019)</b>	<b>(30/6/2018)</b>
Location 1		0-	0
Other receipts (specify)		0-	0
<b>TOTAL</b>		<b>0-</b>	<b>0-</b>
<i>[Provide cash count certificates for each]</i>			
<b>11: OUTSTANDING IMPRESTS</b>			
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	<b>Date imprest taken</b>	<b>Kshs</b>	<b>Kshs</b>
		0	0
<b>. TOTAL</b>		<b>0</b>	<b>0-</b>
<b>12 Retention</b>			
<b>Supplier/Contractor</b>	<b>PV No.</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
<b>TOTAL</b>		<b>0</b>	<b>0</b>

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<b>13 BALANCES BROUGHT FORWARD</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>(1/7/2018</b>	<b>(1/7/2017)</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		6,890,838	275,014
Cash in hand			-
Imprest			-
<b>TOTAL</b>		<b>6,890,838</b>	<b>275,014</b>
<i>Provide short appropriate explanations as necessary]</i>			
<b>14 PRIOR YEAR ADJUSTMENT</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		0	339,605
Cash in hand		0-	0
Imprest		0	0
<b>TOTAL</b>		<b>0</b>	<b>339,605</b>
<b>15 OTHER IMPORTANT DISCLOSURES</b>			
<b>15.1: PENDING ACCOUNTS PAYABLE (</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
<b>TOTAL</b>		<b>0</b>	<b>0-</b>
<b>15.2: PENDING STAFF PAYABLES</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
NGCDFC Staff		-	-
Others (specify)		-	-
<b>15.3: UNUTILIZED FUND 2018-2019 (See Annex 3)</b>			
<b>TOTAL UNUTILIZED FUND</b>			<b>70,056,546</b>

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UNUTILIZED FUNDS 2018-19

<b>1.0 Administration</b>	
Employees' Salaries	1,442,407
Goods and Services	1,453,934
Committee Expenses	2,282,600
<b>Sub-Total</b>	<b>5,178,941</b>
<b>2.0 Monitoring and Evaluation</b>	-
Goods and Services	627,975
Committee Expenses	885,810
Capacity Building of NG-CDFs/PMCs	294,379
<b>Sub-Total</b>	<b>1,808,164</b>
<b>3.0 Emergency</b>	-
Emergency	5,738,993
Emergencies	494,931
<b>Sub-Total</b>	<b>6,233,924</b>
<b>4.0 Bursary and Social Security Programme</b>	-
Bursary Secondary Schools	1,111,344
Bursary Special Schools	3,803,000
Bursary Tertiary Schools	3,467,000
Social Security Programmes –NHIF	7,500,000
<b>Sub-Total</b>	<b>15,881,344</b>
<b>5.0 Sports</b>	-
ndaragwa tournament .	1,927,587
	<b>1,927,587</b>
<b>6.0 Environment</b>	-
Environment	227,586
<b>Sub-Total</b>	<b>227,586</b>
<b>7.0 Primary School Projects</b>	
Nyonjoro Primary School	3,000,000
Murichu Primary school	2,600,000
Kahutha primary school	2,600,000
Simbara primary school	1,000,000
Muririchua primary school	-
Gitare primary school	1,300,000
Ritaya primary school	-
kamburaini primary school	-
Matuiku primary school	-
Muruai Boarding primary school	2,000,000
Michinda Primary	-
Michinda Primary School	2,500,000
kamburaini primary	-
ndaragwa primary	-
<b>Sub-Total</b>	<b>15,000,000</b>

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<b>8.0 Secondary School Projects</b>	-
kihara secondary	3,500,000
Mung'etho secondary school	2,500,000
Aberdare Girls Secondary school	1,200,000
Olbolosat Secondary School	-
Simbara Secondary School	3,000,000
Raichiri secondary school	3,800,000
kaheho day secondary school	(3,507,770)
<b>Sub-Total</b>	<b>10,492,230</b>
<b>9.0 Roads Projects</b>	-
D387:Junction D388 Mailo 10-Junction-B 5 Ndaragwa	-
<b>Sub-Total</b>	-
<b>10.0 Security Projects</b>	-
shamata chiefs office	-
Gathanga Chiefs Office	2,500,000
Uruku chiefs office	500,000
Ndururi chiefs office	700,000
Subuku AP Post	-
Ndaragwa Police Station	-
	<b>3,700,000</b>
<b>11.0 Acquisitions of Assets</b>	-
office computers and photocopier	300,000
<b>12.0 Others</b>	-
NG- CDF office	-
school lockers	2,500,000
Strategic Plan	3,500,000
Ndaragwa NG CDF Conference Hall	-
Aberdare Teachers Training College	1,169,257
Pesi Youth Polytechnic	1,169,257
Ndaragwa Technical Training Institute	1,169,257
Un Allocated Income	99,000
<b>Sub-Total</b>	<b>9,606,770</b>
<b>GRAND TOTAL</b>	<b>70,356,546</b>

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15.4 PMC ACCOUNTS

	Name of the project	Account number	30th June 2019	30th June 2018
	Kamburaini primary school	O1139501921500	69,073.75	2,312.75
	Michinda primary school	1236721810	623,232.50	5,081.00
	Ngari primary school	1229050744	794,066.00	17,866.00
	Sumbuku ap post	1234626152	1,667,045.00	690,445.00
	Ritaya primary school	1226728774	905.00	289,643.00
	Muririchua primary school	1232757179	48,866.00	289,643.00
	Kihingo primary school	1260324575	-	37,400.00
	Matuiku primary school	1227115091	24,480.00	76,354.00
	Kangocho primary school	1257741632	1,000,000.00	-
	ndaragwa Sports account		1,348,048.00	1,348,048.00
	Shamatta chiefs office	1254971521	-	349,913.00
	Olborosat secondary school	O1134689208900	18,725.25	19,450.25
	Muruai primary school	O1141169476100	10,983.24	2,000,000.00
	Ndaragwa Mailo Kumi Road	125597749	800.00	-
	ndaragwa primary school	equity	316,920.00	-
			5,923,144.74	5,126,156.00

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**ASSET REGISTER 30 JUNE 2019**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2017/18</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2018/19</b>
Land	0	0	0	0
Buildings and structures	8,364,778.00	0	0	8,364,778.00
Transport equipment	3,400,000.00	0	0	3,400,000.00
Office equipment, furniture and fittings	2,195,880.00	0	0	2,195,880.00
ICT Equipment, Software and Other ICT Assets	0	0	0	0
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
<b>Total</b>	<b>13,960,658.00</b>	<b>0</b>	<b>0</b>	<b>13,960,658.00</b>

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<b>TRIAL BALANCE AS AT 30TH JUNE 2019</b>			
		<b>DR</b>	<b>CR</b>
<b>Cash and Cash equivalents</b>			
	Bank Balances	16,393,957	
	Cash Balances	-	
	Outstanding Imprest	-	
<b>Payments</b>			
	Compensation of Employees	1,527,754	
	Use of goods and services	7,502,000	
	Transfers to Other Government Units	30,572,122	
	Other grants and transfers	56,548,725	
	Acquisition of Assets	-	
	Other Payments	1,869,257	
<b>Receipts</b>			
	Transfers from the Board		106,345,690
	Proceeds from sale of assets		-
	Others receipts		99,000
Prior Year Adjustment			-
Reccivables			
Payables			
<b>Fund Balance b/f</b>			<b>6,890,838</b>
<b>TOTAL</b>		<b>113,335,528</b>	<b>113,335,528</b>

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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	Status: (Resolved / Not Resolved)	Timeframe:
1.	Security projects	Included in note 6 of the financial statements under other grants and other payments is an amount of Kshs. 5,711,206 security projects expenditure out of which Kshs. 3,100,000 during the financial year was to construction of 5 staff houses and four door toilet though a contract was awarded to Joskimy company Physical inspection reviled 4 small rooms and two door toilet.	PMC /FAM	RESOLVED	ALL ISSUES RESOLVED – AWAITING SFAC HEARING AND APPEARANCE