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REPORT

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 THE NATIONAL ASSEMBLY PAPERS L A T D	
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THE AUDITOR-GENERAL

ON

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

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



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

REPORTS AND FINANCIAL STATEMENTS

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

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

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
P. U. Box 618-00515, BURUBURU

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)
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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 MAKADARA 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 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Job Munyi
2.	Sub-County Accountant	Stephen Mbugua
3.	Chairman NGCDFC	Ronald Milare
4.	Member NGCDFC	Catherine Nzilani

(d) Fiduciary Oversight Arrangements

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

KCB Building, 6th Floor
Jogoo Road Opposite Uchumi Supermarket
P.O.Box 618-00515
Nairobi, KENYA

(f) NGCDF MAKADARA Constituency Contacts

Telephone: (254) 0724870038

E-mail: info2cdf.go.ke.go.ke

Website: www.cdf.go.ke

(g) NGCDF MAKADARA Constituency Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Equity Bank Ltd
Buruburu branch
P.O.BOX 75104
Nairobi.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

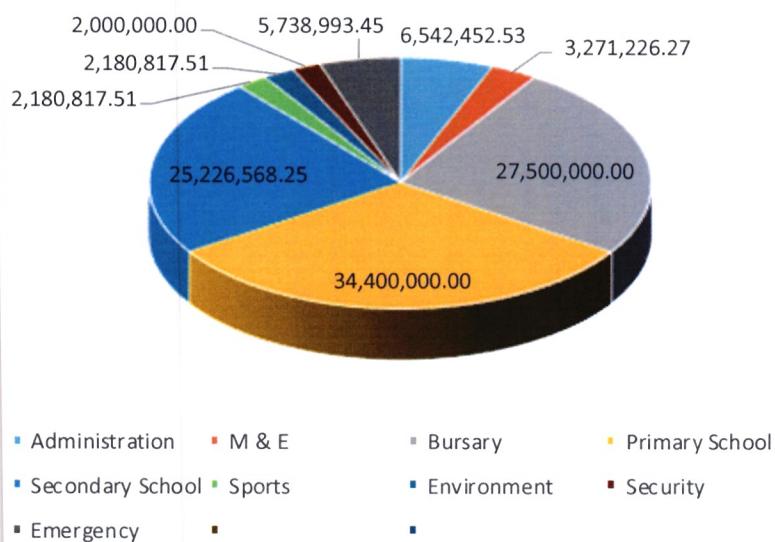
The Makadara Constituency NG-CDF total disbursement for the financial year 2018/2019 was Ksh120, 420,185 this was a rise from Kshs, 76,810,345 disbursed in financial year 2017/2018.

Our key focus during the year was awarding bursary to the needy bright students in various institution. We also focused our efforts on primary and secondary school in order to facilitate good learning environment and ample space to the increasing rate of enrolment of pupil in primary and secondary school towards the four agenda of the government.

Table 1.1 Showing allocation on comparative Basis

Financial year	Allocation	Disbursement within the year
2017/2018	98,189,655	76,810,345
2018/2019	109,040,875	120,420,185
Difference	10,851,220	43,609,840

Figure 1.1 Showing Fund Distribution Financial Year 2018/2019



Key Achievements.

- Bursaries were awarded to over 3,000 needy students in secondary school , colleges and Universities.
- We were able to complete Various Projects during the year. Such as painting of Bahati Primary school, Painting of St Elizabeth primary school rehabilitation of classroom at Martin Luther and Dr Krapf Primary school.

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- Construction of 4 new classroom at Baraka Primary school is ongoing
- Constructions of 30 new classroom at Star of Hope Primary School is also ongoing
- Construction of perimeter wall and rehabilitation of borehole at Joseph Apudo primary school
- Construction of perimeter wall at DCC's office
- Construction of perimeter wall at Buruburu girls secondary school

Challenges

- Some projects may require along span of implementation creating difference between initial budget and actual cost during implementation
- Limited fund against competing needs from different institutions.
- High number of vulnerable populations.
- Inadequate awareness of NG-CDF functions.

Solutions

- NGCDF board need to be flexible in fund disbursement for the project implementation considering project projects with longer lifespan.
- Public participation in project implementation be conducted regularly.
- Collaboration with other government institution where possible.
- Ensuring we have capable NGCDF committee to spear head the NGCDF proposed projects.

Emerging Issues

- Shortage of land to implement new projects such as schools police camp, chief 'camp.
- High level of unemployment's leading to high dependence levels, the government should consider increasing the NGCDF kitty to gap the unemployment
- The continuous state of campaign moods.

PHOTO GALLERY



Renovated roof at Martin Luther Primary School



Perimeter Wall at Joseph Apudo Primary School



Painting at St Elizabeth Primary School.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Ongoing Construction of Star of Hope Primary School

Ronald Milare
CHAIRMAN NGCDF COMMITTEE

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
P. O. Box 618-00515, BURUBURU

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-MAKADARA 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-MAKADARA 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, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MAKADARA 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-MAKADARA 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-MAKADARA Constituency financial statements were approved and signed by the Accounting Officer on 20-09-2019.



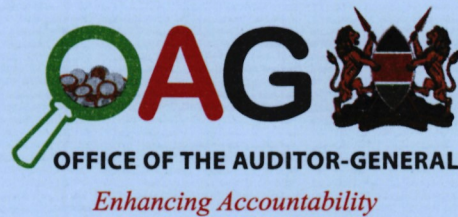
Fund Account Manager
Name: Job Munyi



MAKADARA NATIONAL GOVERNMENT Sub-County Accountant
CONSTITUENCY DEVELOPMENT FUND Name: Stephen Mbugua
P. O. Box 618-00515, BURUBURU ICPAK Number: 14496

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 – MAKADARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Makadara Constituency set out on pages 11 to 41, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 - Makadara 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

Unexplained Restatement of Prior Year Balances

The statement of assets and liabilities reflects restated comparative balances of Kshs.19,665,566 and Kshs.3,147,813 for bank balances and fund balance brought forward respectively. However, the reason for the restatement of the balances from the prior year's audited balances of Kshs.25,344,415 and Kshs.2,531,036 respectively has not been provided. This is contrary to Paragraph 54 (a) and (b) of International Public Sector Accounting Standard (IPSAS) No.3 - Accounting Policies, Changes in Accounting Estimates and Errors - which requires an entity to disclose the nature of prior period errors and the amount of correction for each financial statements line item affected.

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

Key Audit Matters

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

Other Matter

1. Budget Control and Performance

According to the summary statement of appropriation, the National Government Constituencies Development Fund - Makadara Constituency had budgeted to receive Kshs.155,764,601 from the National Government Constituencies Development Fund Board and spend the entire amount. However, the actual receipts and total actual expenditure amounted to Kshs.145,922,601 and Kshs.136,194,567, respectively. The resultant under-collection and under-expenditure of Kshs.9,842,001 and Kshs.19,570,034 respectively, is an indication that some approved projects and programmes were not fully implemented which in turn negatively impacted on efficient and effective delivery of services to the constituents.

2. Unresolved Prior Year Audit Matters

As disclosed under the progress on follow up of auditor recommendations section of the financial statements, various prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided satisfactory reasons for the delay in resolving the issues.

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 on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Account for Stadium Hire Charges - Camp Toyoyo Stadium

As previously reported, the Makadara National Government Constituencies Development Fund spent over Kshs.72,246,842 to construct and rehabilitate Camp Toyoyo Stadium

between financial years 2013/14 to 2017/18. The facility was handed over to the local Community-Based Management (CBM) called Camp Toyoyo Project Management Committee after its completion. This was done to enable the local people deal with the unique social, political and economic issues within the Constituency. The Camp Toyoyo Project Management Committee was to hire the facility out for practice sessions or full matches to various teams at a fee. The charges were fixed at Kshs.10,000 per match and/ or practice sessions for division one or premier league teams and Kshs.5,000 for other teams. All teams based in Makadara would play or practice for free.

The fee was to be used for maintaining the facility to ensure that it was in a good working condition for the users. The Management opened a bank account at a local bank for the Project. However, even though several teams had hired and used the facility since its handover, no bank records were provided for audit.

The income and expenses for the period January, 2016 to October, 2017 (22 months) amounted to Kshs.3,994,000 and Kshs.3,171,664, respectively translating to an average collection of Kshs.182,000 per month. Documents to account for revenue and expenditure for the period November, 2017 to December, 2019 were not provided for audit leading to revenue of undetermined value not accounted for.

Also, the Management did not provide various correspondences between the Camp Toyoyo Project Management Committee, the National Government Constituencies Development Fund - Makadara Constituency and the Ministry of Labor, Social Security and Services - under which the facility is registered.

Consequently, it could not be ascertained whether the facility was being managed professionally with the aim of self-sustainability through the collections and charges.

2. Unconfirmed Supply of Furniture to Schools

As previously reported, information available at the Fund's Constituency Office indicated that some merchants claimed to have supplied furniture to schools within the Constituency for the period between July, 2009 and December, 2012 at a cost of Kshs.54,067,454. However, it was not clear how the contracts were awarded and on what basis the items were supplied to the public schools in Makadara Constituency without adequate documentation and instructions.

Information available indicated that the Fund Manager had sent a letter to thirty-three (33) schools on 4 January, 2016 requesting confirmation of receipt of the furniture. However, only twelve (12) schools responded. The Makadara District Education Officer through a letter Ref: MAK/EDU/5/10/11 of 28 November, 2011 provided details of the lockers and chairs supplied to the schools. However, delivery notes, inspection and acceptance committee reports, contract documents, tender documents, and Local Purchase Orders were not attached to the letter.

Further information indicated that there was no budgetary allocation for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several law suits on the matter had since been filed against the Fund by the merchants and a Garnishee Order Nisi issued against the Fund's bank account held at a local bank.

3. Delay in Project Completion

The statement of receipts and payments reflects transfers to other government units of Kshs.88,435,069 which as disclosed at Note 6 to the financial statements, includes an amount of Kshs.61,751,014 transferred to primary schools. Out of the amount transferred to primary schools, Kshs.35,505,258 was paid to a construction company for the construction of thirty-two (32) classrooms at a primary school in Viwandani Ward. The total contract sum was Kshs.108,928,060. The works started on 13 November, 2018 and were due for completion on 11 May, 2019. However, the progress of works report was not provided for audit review.

Further, site audit Inspection on 18 December, 2019, revealed that the project implementation was behind schedule as only the ground floor structure without the top slab had been done. The contractor was not on site and the Project appeared to have stalled. Although Management explained that the project implementation period was three (3) years and that amendments would be made in the contract to reflect the correct project implementation period, evidence of the amendment of the contract period was not provided for audit.

In the circumstances, timely completion of the Project and value for money on the Kshs.35,505,258 incurred on the Project 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 controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution.

My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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.

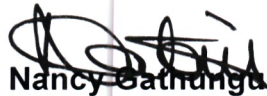
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 Fund's ability 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 - Makadara 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.



Nancy Gathungu
AUDITOR-GENERAL

Nairobi


01 October, 2021


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

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
RECEIPTS			
Transfers from NGCDF board	1	120,420,186	76,810,345
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	<u>158,000</u>	-
TOTAL RECEIPTS		120,578,186	76,810,345
PAYMENTS			
Compensation of employees	4	2,629,971	2,511,143
Use of goods and services	5	8,083,985	8,563,323
Transfers to Other Government Units	6	88,435,069	14,544,500
Other grants and transfers	7	37,045,542	28,378,000
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		136,194,567	53,996,966
SURPLUS/(DEFICIT)		<u>(15,616,381)</u>	<u>22,813,379</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MAKADARA Constituency financial statements were approved on 20-09 2019 and signed by:


 Fund Account Manager
 Name: Job Munyi


 MAKADARA NATIONAL GOVERNMENT
 CONSTITUENCY DEVELOPMENT FUND
 P. U. Box 618-00515, BURUBURU
 Sub-County Accountant
 Name: Stephen Mbugua
 ICPAK Number:14496

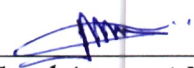
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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V. STATEMENT OF ASSETS AND LIABILITIES

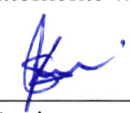
	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	4,049,185	19,665,566 R
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		4,049,185	19,665,566
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		4,049,185	19,665,566
FINANCIAL LIABILITES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
NET FINANCIAL ASSETS		4,049,185	19,665,566
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	19,665,566	(3,147,813) R
Surplus/Defict for the year		(15,616,381)	22,813,379
Prior year adjustments	14		-
NET LIABILITIES		4,049,185	19,665,566

R-Restatement of the prior year figure.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MAKADARA Constituency financial statements were approved on 20-09-2019 and signed by:


Fund Account Manager
Name: Job Munyi

MAKADARA NATIONAL GOVERNMENT
CONSTITUENCY DEVELOPMENT FUND
P.O. Box 618-00515, BURUBURU


Sub-County Accountant
Name: Stephen Mbugua
ICPAK Number: 14496

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

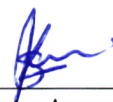
VI. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from CDF Board	1	120,420,186	76,810,345
Other Receipts	3	158,000	
Total Receipts		120,578,186	76,810,345
Payments			
Compensation of Employees	4	2,629,971	2,511,143
Use of goods and services	5	8,083,985	8,563,323
Transfers to Other Government Units	6	88,435,069	14,544,500
Other grants and transfers	7	37,045,542	28,378,000
Other Payments	9	-	-
Total Payments		136,194,567	53,996,966
Total Receipts Less Total Payments		(15,616,381)	22,813,379
Adjusted for:			
Outstanding Imprest	11	-	-
Retention	12A	-	-
Gratuity Payable	12B	-	-
Prior Year adjustment	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		(15,616,381)	22,813,379
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(15,616,381)	22,813,379
Cash and cash equivalent at BEGINNING of the year	13	19,665,566	(3,147,813) R
Cash and cash equivalent at END of the year		4,049,185	19,665,566 R

R-Restatement of the prior year figure

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MAKADARA Constituency financial statements were approved on 20-09- 2019 and signed by:


 Fund Account Manager
 Name: Job Munyi


 MAKADARA NATIONAL GOVERNMENT
 CONSTITUENCY DEVELOPMENT FUND
 P. U. Box 618-00515, BURUBURU
 Sub-County Accountant
 Name: Stephen Mbugua
 ICPAK Number: 14496

Reports and Financial Statements
For the year ended June 30, 2019

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2018/2019		Kshs		2018/2019		Kshs		2018/2019	
Administration										
Employee Salaries	2,800,000.00									
NSSF	70,000.00									
NHIF	100,000.00									
Compensation of Employee			1,581,926.00							
Sub-Total	2,970,000.00		1,581,926.00		4,551,926.00		2,629,971.00		1,921,955.00	
Goods and Services	1,072,452.53						1,072,452.53			
Committee Expenses	2,500,000.00						2,500,000.00			
Monitoring and Evaluation										
Goods and Services	800,000.00						800,000.00			
Committee Expenses	1,171,226.27						1,171,226.27			
NG-CDFC/PMC Capacity Building	1,300,000.00						1,300,000.00			
Use of Goods & Services			510,899.00							
Strategic Plan							345,000.00			
Sub-Total	6,843,678.80		2,092,825.00		8,936,503.80		7,188,678.80		1,747,825.00	
Bursary										
Bursary Secondary Schools	17,500,000.00				17,500,000.00		19,364,000.00			
Bursary Tertiary Institutions	10,000,000.00				10,000,000.00		10,000,000.00			
Bursary			3,409,632.00		3,409,632.00					
Sub-Total	27,500,000.00		3,409,632.00		30,909,632.00		29,364,000.00		1,545,632.00	
Subcounty Headquartes	2,000,000.00				2,000,000.00		1,905,880.00		94,120.00	
Constituency Sports Tournament	2,180,817.51		683,721.00		2,864,538.51		2,790,000.00		74,538.51	
Emergency	5,738,993.45		537,932.00		6,276,925.45		128,240.00		6,148,685.45	
Environmental Activities	2,180,817.51		2,457,044.00		4,637,861.51				4,637,861.51	

Reports and Financial Statements
For the year ended June 30, 2019

Sub-Total	12,100,628.47	3,678,697.00	15,779,325.47	4,824,120.00	10,955,205.47
Primary School Projects					
Star of hope primary school	15,000,000.00	6,400,000.00	21,400,000.00	32,273,258.29	(10,873,258.29)
Joseph apundo primary school	2,500,000.00	4,056,674.00	6,556,674.00	4,381,556.50	2,175,117.50
St Paul Primary school	7,000,000.00	2,550,000.00	9,550,000.00	658,000.00	8,892,000.00
Baraka primary school	2,000,000.00	3,300,000.00	5,300,000.00	3,858,000.00	1,442,000.00
Dr. Krapf pry	1,650,000.00	-	1,650,000.00	2,508,000.00	-858,000.00
Martin luther pry	1,650,000.00	-	1,650,000.00	2,158,000.00	(508,000.00)
Bahati pry school	950,000.00	-	950,000.00	2,298,000.00	-1,348,000.00
St. Michael pry	950,000.00	-	950,000.00	3,108,000.00	(2,158,000.00)
St. Elizabeth Lungalunga	1,700,000.00	-	1,700,000.00	1,700,000.00	-
Kaloleni Primary School		700,000.00	700,000.00	639,196.00	60,804.00
Various primary schools(list attached)	1,000,000.00	10,000,000.00	11,000,000.00	-	11,000,000.00
Sub-Total	34,400,000.00	27,006,674.00	61,406,674.00	53,582,010.79	7,824,663.21
Secondary School Projects					
Buruburu girls secondary school	18,000,000.00	1,000,000.00	19,000,000.00	20,046,000.00	(1,046,000.00)
Nile Road secondary School	2,576,568.25	-	2,576,568.25	-	2,576,568.25
Makongeni Secondary School	1,650,000.00	-	1,650,000.00	-	1,650,000.00
Ofafa Jericho secondary school	3,000,000.00	-	3,000,000.00	862,000.00	2,138,000.00
Star of Hope Secondary Sch	-	4,858,870.00	4,858,870.00	5,038,920.00	(180,050.00)
Sub-Total	25,226,568.25	5,858,870.00	31,085,438.25	25,946,920.00	5,138,518.25
Other Payment(ICT Hub)		4,677,027.00			
GRAND TOTAL	109,040,875.52	46,723,725.00	152,669,499.52	44,006,769.80	17,387,750.50

**Reports and Financial Statements
For the year ended June 30, 2019**

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

IX. 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-MAKADARA 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.

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 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.

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 various commercial bank at the end of the financial year.

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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) –
 MAKADARA CONSTITUENCY
 Reports and Financial Statements
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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description			2018-2019	2017-2018
			Kshs	Kshs
NGCDF Board				
AIE NO	B005064		11,379,310.35	
AIE NO	B030093		10,000,000.00	
AIE NO	B030489		15,000,000.00	
AIE NO	B006436		6,000,000.00	
AIE NO	A724467		11,000,000.00	
	B047026		12,000,000.00	
AIE NO				
	B047566		55,040,875.50	
	A855913			5,500,000.00
	A896891			33,405,172.80
	A896766			37,905,172.00
TOTAL			120,420,186	76,810,345

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	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) –
MAKADARA CONSTITUENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 OTHER RECEIPTS			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Interest Received		-	-
Rents		-	-
Sale of Tender Documents		158,000	-
Other Receipts Not Classified Elsewhere (specify)		-	-
TOTAL		158,000	-
4 COMPENSATION OF EMPLOYEES			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Basic wages of contractual employees		1,698,171	867,731
Basic wages of casual labour			
Personal allowances paid as part of salary			
House allowance		501,000	230,000
Transport allowance		411,600	184,000
Leave allowance			
Other personnel payments			
Employer contribution to NSSF		19,200	9,200
Gratuity-Paid			1,220,212
Gratuity-Accrued			
TOTAL		2,629,971	2,511,143

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

3. USE OF GOODS AND SERVICES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Utilities, supplies and services	238,322	175,064
Electricity		
Water & sewerage charges		
Office rent	746,752	739,852
Communication, supplies and services	301,520	138,020
Domestic travel and subsistence	441,000	453,291
Printing, advertising and information supplies & services	72,898	368,730
Rentals of produced assets		
Training expenses	1,389,000	1,500,000
Hospitality supplies and services	340,000	87,000
Other committee expenses	1,545,000	396,000
Committee allowance	2,468,000	1,525,000
Insurance costs		
Specialised materials and services		
Office and general supplies and services	158,158	75,366
Fuel , oil & lubricants		
Other operating expenses	26,500	
Bank service commission and charges	11,835	
Security operations		
Routine maintenance - vehicles and other transport equipment		
Routine maintenance- other assets		
Strategic Plan	345,000	3,105,000
TOTAL	8,083,985	8,563,323

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

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Transfers to Primary schools	61,751,014	7,585,279
Transfers to Secondary schools	26,684,055	5,022,705
Transfers to Tertiary institutions		1,936,516
TIVET		
TOTAL	88,435,069	14,544,500

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	19,364,000	16,896,000
Bursary -Tertiary	11,870,000	4,510,000
Bursary-Special schools		680,000
Mocks & CAT		
Security	2,893,302	
Sports	2,790,000	1,692,000
Environment		
Emergency Projects	128,240	4,600,000
TOTAL	37,045,542	28,378,000

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

8. ACQUISITION OF ASSETS

Non Financial Assets	2018-2019	2017 - 2018
	Kshs	Kshs
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 equipment's	-	
Purchase of photocopier	-	-
Purchase of other office equipment's	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
TOTAL	-	-

9. OTHER PAYMENTS

9 Other Payments	2018-2019	2017-2018
ICT HUB	-	-
specify	-	-
specify	-	-
TOTAL	-	-

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Equity bank Buruburu branch(A/C No 0950262163417)</i>	<i>0950262163417</i>	19,202,602	25,344,415
<i>Cash Book Balance</i>		4,049,185	19,665,566
10B: CASH IN HAND)			
		2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
TOTAL		-	-
		<i>[Provide cash count certificates for each]</i>	

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

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>
	Date imprest taken	<i>Kshs</i>	<i>Kshs</i>
			-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-

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

12A. RETENTION

Supplier/Contractor	PV No.	2018-2019	2017 - 2018
		-	-
TOTAL		-	-

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019	2017-2018
	Kshs	Kshs
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate		
Total	-	-

[Provide short appropriate explanations as necessary]

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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13. BALANCES BROUGHT FORWARD

		2018-2019	2017 - 2018
		(1/7/2018	(1/7/2017)
		Kshs	Kshs
Bank accounts		4,049,185	(3,147,813)
Cash in hand			22,813,379.00
Imprest			-
TOTAL		4,049,185	19,665,566

*[Provide short appropriate explanations as necessary]
 R-Restatement for the prior year figure*

14. PRIOR YEAR ADJUSTMENTS

		2018-2019	2017 - 2018
	Kshs	Kshs	
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
TOTAL			

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others gratuity	-	-
	-	-

15.3: UNUTILIZED FUND (See Annex 3)

	2018-2019	2017 - 2018
	Kshs	Kshs
Compensation of employees	1,482,429	1,142,400
Use of goods and services	10,121	1,250,427
Amounts due to other Government entities	3,757,041	32,565,542
Amounts due to other grants and other transfers	9,643,415	7,088,329
Acquisition of assets	-	-
Others (specify) ICT HUB	4,677,027	4,677,027
	19,570,033	46,723,725

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

15.4: PMC account balances (See Annex 5)

			2018-2019
PMC	BANK	A/C NO	Kshs
St Elizabeth Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278674973	176,621.40
Dr Krapf Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278674984	108,675.00
Bahati Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278560219	477,183.38
Joseph Apundo Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278676235	99,725.00
St Michael Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278674953	131,533.60
Baraka Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278673154	198,236.30
Martin Luther Primary School PMC	<i>Equity Bank ,Buruburu Branch</i>	0950278674942	134,800.00

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
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					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (<i>specify</i>)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance
		2018/19	2017/18
Compensation of employees		1,482,429	1,142,400
Use of goods & services		10,121	1,250,427
Amounts due to other Government entities		3,757,041	
Sub-Total		5,249,591	32,565,542
Amounts due to other grants and other transfers		9,643,415	
Sub-Total		9,643,415	7,088,329
Acquisition of assets			
Others (specify) ICT HUB		4,677,027	4,677,027
Sub-Total		4,677,027	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings	1,358,476			1,358,476
ICT Equipment, Software and Other ICT Assets	669,650			669,650
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	2,028,126			2,028,126

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Purchase of Uniforms The amounts includes Kshs 1,102,000 spent on purchase of sports uniform for Makadara teams, Documents in support of the expenditure were not provided for Audit Review. As a result the propriety of the expenditure of Kshs. 1,102,000 could not be confirmed</p>	<p>The Document for the supply together with the distribution list to the respective beneficiaries are available</p>	<p>Job Munyi FAM</p>	<p>Not Resolved</p>	<p>31/12/2019</p>
2	<p>Budget performance- under absorption of the expenditure budget During the year under review, the fund's budgeted expenditure amounted to Kshs 100,720,691, However, overall actual expenditure for the year was Kshs 53,996,966 resulting in an under expenditure of Kshs 46,723,725, which is equivalent to about 46% of the total budget. The under expenditure was mainly on transfers to other government units Kshs 32,565,542, other grants and transfers Kshs 7,088,329 and other payments Kshs 4,677,027. Further analysis of the budget against actual</p>	<p>The under absorption of 46.4% was mainly due to late disbursement of funds from NGCDFB</p>	<p>Job Munyi FAM</p>	<p>Not Resolved</p>	<p>31/12/2019</p>

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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)
3	<p>expenditure indicate that out of the development budget of Kshs 87,253,398, an amount of Kshs 42,922,500 was spent resulting in an under expenditure of Kshs 44,330,898 or 51% of the development budget. This implies that some budgetary provisions and plans were not met which impacted negatively on service delivery to the constituents.</p> <p>Unconfirmed Supply of Furniture to School As previous reported, information available at the fund's office indicates that some merchants claim to have supplied furniture to school within the constituency between 2009 and December 2012 at a cost of Kshs 47,428,765.52 without adequate documentation and instructions. It's not clear how the contracts were awarded and on what basis the item were supplied to the public school in Makadara constituency. A letter by the Fund manager to thirty-three schools dated 4 January 2016 requesting confirmation of receipt of the furniture had only twelve schools responding. The remaining twenty – one schools did not respond on whether they were supplied with the furniture or not. The Makadara District Education Officer through a letter Ref: MAK/EDU/5/10/11 of 28 November 2011</p>				
		<p>The Makadara NGCDFC has complied report on the above. The NGCDFC has further sought an advisory opinion from the Public Procurement Regulatory Authority who in turn directed the NGCDFC to seek further advice from the Attorney generals' guidance further the NGCDFC has a provision of Kshs10,000,000 in the financial year 2017/18 and Kshs 1,000,000 in the year 2018/19 to take</p>	Job Munyi FAM	Not Resolved	31/12/2019

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>gave details of the lockers and chairs supplied to Makadara public schools. However, the letter was not supported by delivery notes, inspection and acceptance committee reports, contract documents, tender documents and LPOs/LSOs. Therefore, its authenticity could not be ascertained.</p> <p>Further information indicates that there was no budget provided or allocated for the supplies in the respective financial years when the contracts were purportedly awarded. It was further noted that several court suits have since been filled against the Fund by merchants on the matter and even a garnishee Order Nisi issued against the fund's bank Account No. 0950262163417 at Equity Bank –Buru Buru Branch</p>	<p>care of the liability if the and when it materializes. Further provision will be in subsequent financial years. The FAM is yet to receive the advisory opinion from the attorney general</p>			
4	<p>Failure to account for Stadium Hire Charges-Camp Toyoyo</p> <p>The Makadara NGCDF spent over Kshs. 72,246,842 to construct and rehabilitate Camp Toyoyo Stadium between financial years 2013 to 2017. The facility was handed over to the local community-based management (CBM) called Camp Toyoyo Project Management Committee after its completion. This was done to enable the local people deal with the unique social, political</p>	<p>The Project having been fully funded by the NGCDFC was completed and handed over to the Camp Toyoyo Managements committee in July 2016. The PMC is completely fully in charge of</p>	<p>Job Munyi FAM</p>	<p>Not Resolved</p>	<p>31/12/2019</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>and economic issues within the constituency. The Camp Toyoyo Project Management Committee was to hire the facility for practise sessions or full matches to various teams at a fee. The rates were fixed at Kshs 10,000 per match and or session for division one or premier league teams and Kshs 5,000 for other teams. All Makadara based teams play or practise for free.</p> <p>The fees was to be used for maintaining the facility to make it be in a good working condition for users. The management opened a Bank Account No 0950166457342 domiciled at Buru Buru Branch. However, even though several teams have hired and used the facility since its handover, no bank records were produced for audit review.</p> <p>The income and expenses for the period January 2016 to October 2017 (22 months) amounted to Kshs 3,994,000 and Kshs 3,171,664 respectively. This translates to an average collection of Kshs 182,000 per month. Documents to account for the revenue and expenditure for the period November 2017 to March 2019 were not presented for audit review and this translate To approximately Kshs 3,094,000 not being accounted. Consequently it could not be ascertained whether the</p>	<p>the project both employment of staff and setting the charges for use of the facility and putting the collection into good use as per attached PMC constitution and registration certificate. The NGCDFC only remained with the peripheral role of advisory and monitoring the sustainability of the project.. The average monthly collection and expenditures as at October 2017 were Kshs 181,000 and Kshs 144,000 respectively.. However the NGCDFC is aware of management challenges being experienced at the project. Firstly there is an ongoing case against the office of the sub County Social Development Office</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>facility was during the year under review being managed professionally with the aim of sustaining itself from the collections and charges.</p>	<p>for instituting changes in the composition of the PMC membership. Secondly there is another court case against the Fund Manager for wrongfully dismissing the staff and lastly the account of the PMC was frozen by the treasurer. The current staff don't bank any collects and the NGCDFC is not aware where the funds are being banked despite the daily use of the project. There is an ongoing investigation by the DCI regarding the management of the project .Due to the fact the NGCDFC has no information about the operations of the project.</p>			