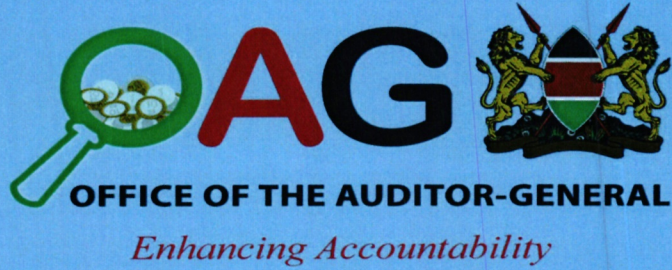


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY
PARLIAMENT

DATE: 21 OCT 2021

DAY: Thursday

TABLED OF	LoMP
CLERK-AT THE-TABLE:	Maima Wanjiku

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

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



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -KANDUYI
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)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

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 KANDUYI 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	Paul Byegon
2.	Sub-County Accountant	Consolata Oyinda
3.	Chairman NGCDFC	Christopher B. Kalabai

(d) Fiduciary Oversight Arrangements

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

P.O. Box 2666-50200
Bungoma,
KENYA.

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

(f) NGCDF KANDUYI Constituency Contacts

Telephone: (254) 079 1 181 066
E-mail: cdfkanduyi@ngcdf.go.ke
Website: Kanduyiconstituencygo.ke

(g) NGCDF KANDUYI Constituency Bankers

1. Cooperative Bank of Kenya
Bungoma branch
P.O. Box 1964-50200
Bungoma, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Kanduyi NGCDF funded infrastructure projects in Primary schools, Secondary schools and security projects in 2018/19FY.

Other areas are statutory and are projects that were not devolved but fall under National government functions.

The total budget for 2018/19FY amounted to **Kshs.109,040,875.52** is as shown in the table below;

NAME OF PROJECT	AMOUNT ALLOCATED
Administration/Recurrent	6,542,452.53
Monitoring and Evaluation /Capacity Building	3,271,226.27
Bursary Scheme	29,026,568.25
Emergency Reserve	5,738,993.45
Sports Activities	2,180,817.51
Environmental Projects	2,180,817.51
Primary School Projects	21,200,000.00
Secondary School Projects	34,900,000.00
Security Projects	2,000,000.00
Roads & Bridges	2,000,000.00
Total for the Financial Year	109,040,875.52

Despite the delay in disbursement of funds during the financial year, the overall average performance of the fund in terms of budget utilisation was **51.7%** which is just slightly above average. Kanduyi NGCDF received a total of **Kshs.54,000,000** of the total original budgeted amount of **Kshs.109,040,875.52** in 2018/19FY.

During the financial year, the overall final budget performance is as shown in the appropriation table below;

Receipt/Expense Item	Original Budget	Final Budget	Budget Utilisation Difference	% of Utilisation
	a	c=a+b	e=c-d	f=d/c %
RECEIPTS	109,040,876	126,207,146	61,004,669	51.7%
Transfers from NGCDF Board	109,040,876	126,207,146	61,004,669	
TOTAL RECEIPTS				
PAYMENTS				
Compensation of Employees	2,970,000	2,970,000	1,046,067	64.8%
Use of goods and services	6,843,679	7,867,817	(499,026)	106.3%

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KANDUYI CONSTITUENCY

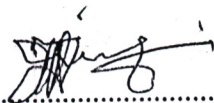
**Reports and Financial Statements
For the year ended June 30, 2019**

Transfers to Other Government Units	56,100,000	58,100,000	41,500,000	28.6%
Other grants and transfers	43,127,197	57,269,329	18,964,522	66.9%
TOTALS	109,040,876	126,207,146	61,011,564	51.7%

Despite this achievement, there were implementation challenges. Delay in disbursement of funds from the Board occasioned the low utilisation of funds. The fund allocation to the Board from the National Government is also low hence slow pace of implementation of all proposed projects by the community.

The Board should therefore disburse funds on time to improve on utilisation of funds within the financial year.

The National Government should also consider increasing the fund allocation to the NGCDF Board for faster development at the constituencies.



CHAIRMAN NGCDF COMMITTEE

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

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.

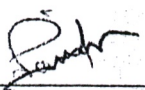
The Accounting Officer in charge of the NGCDF-KANDUYI Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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.

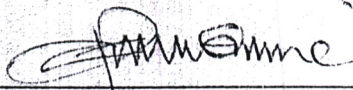
The Accounting Officer in charge of the NGCDF-KANDUYI Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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 in charge of the NGCDF-KANDUYI 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-KANDUYI 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

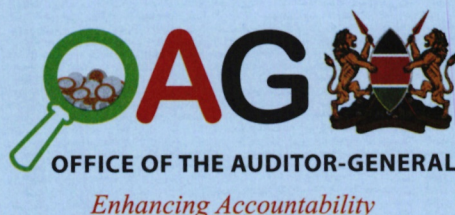
The NGCDF-KANDUYI Constituency financial statements were approved and signed by the Accounting Officer on 30/06 2019.


Fund Account Manager
Name: Paul K. Bfeem


Sub-County Accountant
Name: CONSOLATA OYINDA
ICPAK Member Number: 10523

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KANDUYI 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 - Kanduyi Constituency set out on pages 7 to 34, which comprise of the statement of assets and liabilities as at 30 June, 2019, 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 the National Government Constituencies Development Fund - Kanduyi Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Compensation of Employees

As disclosed in Note 2 to the financial statements, the statement of receipts and payments reflects compensation of employees' comparative balance of Kshs.4,514,010 which differs with a total of Kshs.4,074,115 reflected in the previous year's audited financial statements leading to an unreconciled variance of Kshs.439,895. Further, the comparative balance differs with the computed amount of Kshs.4,411,464 resulting to an unreconciled variance amounting to Kshs.102,546 equivalent to employer contribution to National Social Security Fund.

In the circumstances, the accuracy, completeness and validity of compensation of employees' comparative balance totalling to Kshs.4,514,010 reflected in the in the

statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

2.0 Use of Goods and Services

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects use of goods and services totalling to Kshs.8,366,842. The following unsatisfactory matters were noted:

2.1 Unsupported Expenditure

The balance includes an expenditure totalling to Kshs.5,629,342, incurred under the various economic items which were not supported by expenditure returns as detailed below:

Item	Amount Kshs.
Utilities, Supplies and Services	235,000
Communication, Supplies and Services	358,710
Domestic Travel and Subsistence	150,000
Printing, Advertising and Information Supplies & Services	1,700,000
Hospitality Supplies and Services	876,500
Office And General Supplies and Services	743,200
Other Operating Expenses	864,432
Routine Maintenance - Other Assets	475,000
Committee Expenses	226,500
Total	5,629,342

Although Management have explained that these items were accounted for in the expenditure returns under goods and services and training expenses the accounting differ with the chart of accounts approved by The National Treasury. Further, detailed budget for the expenditure was not provided.

2.2 Inaccuracies in Account Balances

Further, the Management spent an amount of Kshs.400,000 on fuel, oil and lubricants during the year under review and an amount of Kshs.489,700 in the previous year. However, these amounts were erroneously accounted for in the previous year's financial statements under other operating expenses instead of fuel, oil and lubricants.

In addition, routine maintenance – other assets comparative balance of Kshs.878,247 was disclosed under routine maintenance – vehicle and other transport equipment.

In the circumstances, the accuracy, completeness and validity of use of goods and services totalling to Kshs.8,366,842 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

3. Inaccuracy in Fund Balance and Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents and fund balance comparative balance totalling to Kshs.50,753, while the previous year's audited

financial statements reflected comparable balance amount of Kshs.490,648. Management has explained that the resulting variance amount of Kshs.439,895 arose from understatement of compensation of employees in the previous year but no explanation was provided for not including prior year adjustment in the statement of assets and liabilities for the year under review.

In the circumstances, the accuracy, completeness and validity of cash and cash equivalents and fund balance comparative balance totalling to Kshs.50,753 each as at 30 June, 2019 could not be confirmed.

4.0 Variance in the Summary Statement of Appropriation

4.1 Summary Statement of Appropriation and Project Implementation Status

The summary statement of appropriation - recurrent and development combined reflects payments totalling to Kshs.65,195,582, while the Project Implementation Status (PIS) report as at 30 June, 2019 showed disbursements totalling to Kshs.107,040,876, resulting in an unreconciled and unexplained variance totalling to Kshs.41,845,296.

4.2 Budget Execution by Programmes and Sub-programmes

The report on budget execution by programmes and sub-programmes reflects original budget, adjustments, final budget and budget utilization difference totalling to Kshs.291,800,122 which differ on comparable basis with amount shown in the summary statement of appropriation - recurrent and development combined totalling to Kshs.313,425,857 resulting to unreconciled variance amounting to Kshs.21,625,735.

4.3 Unutilized Funds

Note 8.1 and Annex 1 to the financial statements reflect unutilized funds for the year under review amounting to Kshs.57,011,563, while the summary statement of appropriation - recurrent and development combined shows unutilized budget allocation totalling to Kshs.61,510,589, resulting to an unexplained and unreconciled variance of Kshs.4,499,026.

In the circumstances, accuracy, completeness and validity of the balances reflected in the summary statement of appropriation for the year ended 30 June, 2019 could not be ascertained.

5. Unsupported Transfers to Other Government Units

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects transfers to other Government Units amount of Kshs.16,600,000. The balance includes expenditure on six (6) projects totalling to Kshs.7,875,000 at various institutions. However, the Project Management Committees (PMC) did not provide procurement and payment documents, including opening of tender minutes, tender evaluation minutes, professional opinion, letter of acceptance of award, contract agreement between the PMC and the Contractor, design and drawing of the projects, inspection and acceptance report and payment certificates from the Works Department.

Further, during physical verification as at the time of the audit, several unsatisfactory issues were noted as shown in **Appendix I**.

In the circumstances, accuracy, completeness and validity of the balances incurred on the projects totalling to Kshs.7,875,000 for the year ended 30 June, 2019 could not be ascertained.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.126,207,146 and Kshs.65,202,477 respectively, resulting to an under-funding of Kshs.61,004,669 or 48% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.126,207,146 and Kshs.65,195,582 respectively, resulting to an under expenditure of Kshs.61,011,564 or 48% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. Management has indicated the issues as resolved. However, Parliament has not discussed the report.

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. Non-compliance with the Public Sector Accounting Standards Board Requirements

The annual report and the financial statements contain the following anomalies; not all balances have not been rounded off to the nearest shilling and budget execution by programmes and sub-programmes does not reflect grand totals. Further, the summary statement of appropriation - recurrent and development combined reflects budget utilization of 106% against use of goods and services but no explanation was provided under budget Notes as required by the reporting template. In addition, progress on follow-up of auditor recommendation schedule at Appendix X to the financial statements for the year under review does not include issues reported in the final report of the Auditor-General for the year ended 30 June, 2018. This is contrary to the accounting framework recommended by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the annual report and the financial statements for the year under review is not in accordance with the prescribed PSASB format.

2. Irregular Emergency Projects Expenditure

The Project Implementation Status report as at 30 June, 2019 indicated that during the year under review, an amount of Kshs.2,350,000 was utilized from the Emergency Reserve for construction of one classroom each at Lumasa Primary School and Namamuka Secondary School and for youth sports activities within the Constituency. However, no disclosure was made in the financial statements as to why implementation of these projects was an emergency to warrant use of Emergency Reserve Fund as per the National Government Constituencies Development Fund Act, 2015 threshold.

In the circumstances, it has not been possible to determine whether, the amount totalling to Kshs.2,350,000 was spent on valid emergency projects.

3. Lack of Fixed Assets Insurance

As disclosed in Note 3 to the financial statements, the statement of receipts and payments reflects nil insurance expenses a decreased from a total of Kshs.463,100 in the year 2017/2018. This was an indication that the Management did not insure fixed and moveable assets totalling to Kshs.26,895,226, shown in Annex 2 to the financial statements. This is contrary to Section 36(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that all fixed and movable assets, including equipment bought under this Act for use by the Constituency Committee shall be the property of the Board and shall be insured in the name of the Board.

The Management was therefore in breach of the law.

4. Delay in Project Implementation

The Project Implementation Status (PIS) report as at 30 June, 2019 showed that Buumba Wecheka bridge was allocated an amount of Kshs.2,000,000 in the financial year

2015/2016 and another Kshs.2,000,0000 in the year under review. However, according to the PIS report, out of the Kshs.4,000,000 allocations, no funds had been disbursed towards the construction of the bridge and the project remained at 70% completion level.

Consequently, the public may not have achieved value for money on the expenditure incurred on the bridge.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 October, 2021

Appendix I: Unsupported Projects


Project Name	Contract Amount Kshs.	Amount Paid during the Year Kshs.	Amount Paid to Date Kshs.	Observation
Nakayonjo Primary School- construction of two (2) classrooms	1,400,000	700,000	1,400,000	Contractor used gauge 28 of iron sheet instead of gauge 30
Friends Secondary School Misinga- construction of administration block	19,500,000	700,000		Materials purchased were not taken on charge
St. Mary Magdalene Siloba Secondary School- construction of three (3) classrooms	4,556,451	1,000,000	2,849,261	Contractor used gauge 28 of iron sheet instead of gauge 30
Namamuka Secondary School- construction of three (3) classrooms	2,331,895	300,000		Tendering for labour was irregularly done by the Fund Management, instead of the school's PMC. Project design, detailed bills of quantities and store records were not provided
Siritanyi Secondary School- Purchase of land	1,000,000	1,000,000	1,000,000	Professional opinion and notification of award and title deed not provided
ACK The Good Shepherd Secondary School- Purchase of land	4,175,000	4,175,000	4,175,000	Professional opinion and notification of award and title deed not provided
Total		7,875,000		

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

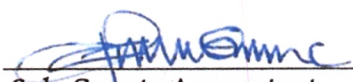
IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	65,151,724	87,574,140
TOTAL RECEIPTS		65,151,724	87,574,140
PAYMENTS			
Compensation of employees	2	1,923,933	4,514,115
Use of goods and services	3	8,366,842	10,026,616
Transfers to Other Government Units	4	16,600,000	39,600,000
Other grants and transfers	5	38,304,807	33,385,414
TOTAL PAYMENTS		65,195,582	87,526,145
SURPLUS/(DEFICIT)		(43,858)	47,995

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANDUYI Constituency financial statements were approved on 30/8/ 2019 and signed by:



Fund Account Manager
Name: Paul K. Byegon



Sub-County Accountant
Name: CONSOLATA OYINDA
ICPAK Member Number: 10523

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

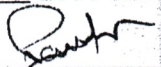
KANDUYI CONSTITUENCY

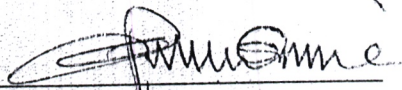
Reports and Financial Statements
For the year ended June 30, 2019

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)	6	6,895	50,753
Total Cash and Cash Equivalents		6,895	50,753
TOTAL FINANCIAL ASSETS			
		6,895	50,753
REPRESENTED BY			
Fund balance b/fwd	7	50,753	2,651
Surplus/Deficit for the year		(43,858)	48,100
NET FINANCIAL POSITION			
		6,895	50,753

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANDUYI Constituency financial statements were approved on 30/2/2019 2019 and signed by:


Fund Account Manager
Name: Paul K. Byerem


Sub-County Accountant
Name: CONSOLATA OYINDA
ICPAK Member Number: 10523

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KANDUYI CONSTITUENCY

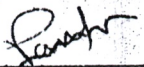
Reports and Financial Statements

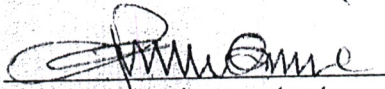
For the year ended June 30, 2019

VI. STATEMENT OF CASH FLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
		Kshs	Kshs
Receipts			
Transfers from NGCDF Board	1	65,151,724	87,574,140
Total receipts		65,151,724	87,574,140
Payments			
Compensation of Employees	2	1,923,933	4,514,010
Use of goods and services	3	8,366,842	10,026,616
Transfers to Other Government Units	4	16,600,000	39,600,000
Other grants and transfers	5	38,304,807	33,385,414
Total payments		65,195,582	87,526,040
Total Receipts Less Total Payments		(43,858)	48,100
Net cash flow from operating activities		(43,858)	48,100
NET INCREASE IN CASH AND CASH EQUIVALENT		(43,858)	48,100
Cash and cash equivalent at BEGINNING of the year	7	50,753	2,653
Cash and cash equivalent at END of the year		<u>6,895</u>	<u>50,753</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANDUYI Constituency financial statements were approved on 30/8/2019 and signed by:


 Fund Account Manager
 Name: Paul K. Byegon


 Sub-County Accountant
 Name: CONSOLATA OYINDA
 ICPAK Member Number: 10523

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY

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

VII. 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 %
	Kshs	Kshs	Kshs	Kshs	Ksh	
RECEIPTS						51.7%
Transfers from NGCDF Board	109,040,876	17,166,271	126,207,146	65,202,477	61,004,669	51.7%
TOTALS	109,040,876	17,166,271	126,207,146	65,202,477	61,004,669	
TOTAL RECEIPTS						
PAYMENTS						64.8%
Compensation of Employees	2,970,000		2,970,000	1,923,933	1,046,067	106.3%
Use of goods and services	6,843,679	1,024,138	7,867,817	8,366,842	(499,026)	28.6%
Transfers to Other Government Units	56,100,000	2,000,000	58,100,000	16,600,000	41,500,000	66.9%
Other grants and transfers	43,127,197	14,142,133	57,269,329	38,304,807	18,964,522	51.7%
TOTALS	109,040,876	17,166,271	126,207,146	65,195,582	61,011,564	
SURPLUS/DEFICIT	-	-	-	6,895	(6,995)	

(a) There was no ALA during the financial year.

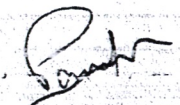
(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
i. Total receipts during the financial year amounted to Kshs.54Million for 2018/19 FY budget and Kshs 11,151,724 for 2017/18FY supplementary budget. Other adjustments include kshs.4 Million not yet approved for Buumba-Wacheka bridge and Kshs.1,963,793.10 unapproved for environment and Kshs.50,753 being balance brought forward from 2017/18FY. Only Kshs.65,151,724 was received representing 51.7% of the final budgeted receipts. The balance was still owing from the NGCDF Board as at 30/06/2019.

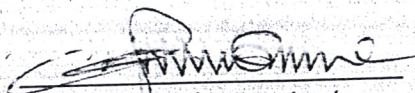
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY

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

- ii. There was 64.8%, 28.6% and 66.9% utilisation of compensation of employees, transfers to other government units and other grants and transfers respectively. This was occasioned by non-receipt of all the budgeted amounts during the financial year
- iii. Use of goods and services was slightly over 100% at 106.3%.

The NGCDF-KANDUYI Constituency financial statements were approved on 30/6/2019 2019 and signed by:


Fund Account Manager
Name: Paul K Byem


Sub-County Accountant
Name: CONSOLATA OYINDA
ICPAK Member Number: 10523

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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	Budget
	2018/2019		2018/2019	basis	utilization
	KShs	KShs	KShs	30/06/2019	difference
				KShs	KShs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,970,000	-	2,970,000	1,923,933	1,046,067
1.2 Committee allowances	2,223,655	-	2,223,655	1,217,500	1,006,155
1.3 Use of goods and services	1,348,797	682,759	2,031,556	4,879,342	(2,847,786)
Total	6,542,452	682,759	7,225,211	8,020,775	-795,564
2.0 Monitoring and evaluation					
2.1 Capacity building	1,361,828	-	1,361,828	664,000	697,828
2.2 Committee allowances	1,400,000	-	1,400,000	856,000	544,000
2.3 Use of goods and services	509,399	341,379	850,778	750,000	100,778
Total	3,271,227		3,612,606	2,270,000	1,342,606
3.0 Emergency					
3.1 Primary Schools	3,000,000	568,966	3,568,966	1,650,000	1,918,966
3.2 Secondary schools	2,738,994	50,753	2,789,747	700,000	2,089,747
Total	5,738,994	619,719	6,358,713	2,350,000	4,008,713
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	9,026,568	-	9,026,568	6,133,000	2,893,568
4.3 Tertiary Institutions	7,000,000	2,776,678	9,776,678	8,135,000	1,641,678
4.4 Universities	13,000,000	6,554,356	19,554,356	16,270,000	3,284,356

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
4.5 Social Security					
Total	29,026,568	9331034	38,357,602	30,538,000	4,535,246
5.0 Sports					
5.1	2,180,818.00	227,586.00	2,408,404.00	2,408,404.00	0.00
Total	2,180,818.00	227,586.00	2,408,404.00	2,408,404.00	0.00
6.0 Environment					
6.1	2,180,818.00	1,963,793.00	4,144,611.00	3,008,404.00	1,136,207.00
Total	2,180,818.00	1,963,793.00	4,144,611.00	3,008,404.00	1,136,207.00
7.0 Primary Schools Projects (List all the Projects)					
Bukusu Primary School	700,000.00	0.00	700,000.00	-	700,000.00
Bulondo Primary School	700,000.00	0.00	700,000.00		700,000.00
Buumba Primary School	700,000.00	0.00	700,000.00		700,000.00
Chemululuch primary school	1,400,000.00	0.00	1,400,000.00	700,000.00	700,000.00
Khaweli Primary School	700,000.00	0.00	700,000.00	700,000.00	-
Kikwechi primary school	700,000.00	0.00	700,000.00	-	700,000.00
Kimugui primary school	500,000.00	0.00	500,000.00		500,000.00
Maliki primary school	1,000,000.00	0.00	1,000,000.00	1,000,000.00	-
Mukholi Primary School	1,000,000.00	0.00	1,000,000.00		1,000,000.00
Mwibale Primary School	500,000.00	0.00	500,000.00		500,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY

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

Programs/Sub-program	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual/Comparable 2018/2019	Budget Utilization Difference
Mwikhupo primary school	700,000.00	0.00	700,000.00	700,000.00	-
Nabutola primary school	700,000.00	0.00	700,000.00	700,000.00	700,000.00
Nakayoujo Primary School	700,000.00	0.00	700,000.00	700,000.00	-
Namasanda Primary School	500,000.00	0.00	500,000.00	500,000.00	500,000.00
Ndakaru Primary School	800,000.00	0.00	800,000.00	800,000.00	-
Nzoia Industrial primary school	2,100,000.00	0.00	2,100,000.00	1,000,000.00	1,100,000.00
Nzoia industrial primary school	700,000.00	0.00	700,000.00	700,000.00	700,000.00
Okanya primary school	700,000.00	0.00	700,000.00	700,000.00	-
Ranje Primary school	4,000,000.00	0.00	4,000,000.00	1,000,000.00	3,000,000.00
Sio Primary School	400,000.00	0.00	400,000.00	400,000.00	400,000.00
Tulienge primary school	1,000,000.00	0.00	1,000,000.00	1,000,000.00	1,000,000.00
Walala Primary School	1,000,000.00	0.00	1,000,000.00	1,000,000.00	1,000,000.00
Total	21,200,000.00	0	21,200,000.00	7,300,000	13,900,000.00
8.0 Secondary Schools Projects (List all the Projects)					
Bulondo secondary school	800,000.00	-	800,000.00	800,000.00	800,000.00
Bungoma High School	1,000,000.00	-	1,000,000.00	1,000,000.00	1,000,000.00
Bungoma Muslim Secondary School	700,000.00	-	700,000.00	700,000.00	700,000.00
Chengwali Secondary School	700,000.00	-	700,000.00	700,000.00	700,000.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actuals to date 30/06/2019	Budget utilisation at 30/06/2019
Samoya secondary school	1,000,000.00	-	1,000,000.00	-	1,000,000.00
Sikalame secondary school	600,000.00	-	600,000.00	-	600,000.00
Sikalame secondary school	1,000,000.00	-	1,000,000.00	-	1,000,000.00
Siloba Secondary school	3,000,000.00	-	3,000,000.00	1,000,000.00	2,000,000.00
Sio secondary school	1,000,000.00	-	1,000,000.00	-	1,000,000.00
Sirtanyi secondary School	1,000,000.00	-	1,000,000.00	500,000.00	500,000.00
St Martins mwibale secondary school	1,000,000.00	-	1,000,000.00	500,000.00	500,000.00
St Peters Sang'alo secondary	1,000,000.00	-	1,000,000.00	500,000.00	500,000.00
St. Martin's Kitinda Secondary School	2,000,000.00	-	2,000,000.00	-	2,000,000.00
Namachanja High School	1,000,000	-	1,000,000.00	-	1,000,000.00
Namamuka secondary school	300,000	-	300,000.00	300,000.00	-
Total	34,900,000.00	-	34,900,000.00	9,300,000.00	25,600,000.00
10.0 Security Projects	500,000.00	-	500,000.00	-	500,000.00
Mechimeru Chiefs Office	700,000.00	-	700,000.00	-	700,000.00
Mwibale chiefs office	500,000.00	-	500,000.00	-	500,000.00
sango police post	300,000.00	-	300,000.00	-	300,000.00
Sirtanyi Chiefs Office	2,000,000.00	-	2,000,000.00	-	2,000,000.00
Total	2,000,000.00	-	2,000,000.00	-	2,000,000.00

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

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

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 Standard (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-KANDUYI 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.

KANDUYI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. Cash and Cash Equivalents

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

3. 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.

4. 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.

5. 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.

6. 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.

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

SIGNIFICANT ACCOUNTING POLICIES

7. 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 and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

8. Comparative Figures

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

9. 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.

10. 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.

11. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO	1		5,500,000
AIE NO	2		1,000,000
AIE NO	3		3,500,000
AIE NO A892827	4		37,905,172
AIE NO A896880	5		39,668,968
AIE NO B030182	1	10,000,000	
AIE NOA006363	2	8,000,000	
AIE NO A699016	3	12,000,000	
AIE NO A699119	4	11,000,000	
AIE NO 042899	5	13,000,000	
	6		
AIE NO B005270		11,151,724	
TOTAL		65,151,724	87,574,140

2. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	1,923,933	2,011,709
Personal allowances paid as part of salary		
Gratuity - paid		2,399,755
Total	1,923,933	4,514,010

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	2,300,000	2,882,500
Utilities, supplies and services	235,000	168,280
Communication, supplies and services	358,710	375,900
Domestic travel and subsistence	150,000	250,000
Printing, advertising and information supplies & services	1,700,000	1,248,687
Training expenses	664,000	1,650,000
Hospitality supplies and services	876,500	745,000
Insurance costs	0	463,100
Office and general supplies and services	743,200	875,202
Other operating expenses	864,432	489,700
Routine maintenance – other assets	475,000	878,247
Total	8,366,842	10,026,616

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to primary schools (see attached list)	7,300,000	18,400,000
Transfers to secondary schools (see attached list)	9,300,000	21,200,000
TOTAL	16,600,000	39,600,000

5. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools (see attached list)	6,133,000	7,051,000
Bursary – tertiary institutions (see attached list)	24,405,000	15,342,000
Security projects (see attached list)	0	4,020,000
Sports projects (see attached list)	2,408,404	1,736,207
Environment projects (see attached list)	3,008,404	1,736,207
Emergency projects (see attached list)	2,350,000	3,500,000
Total	38,304,807	33,385,414

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

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	Kshs	Kshs
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. : Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Name of Bank, Account No.</i>	6,895	50,753
Total	6,895	50,753

7. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	50,753	2,653
Total	50,753	2,653

8. . OTHER IMPORTANT DISCLOSURES

8.1: UNUTILIZED FUND (See Annex 1)

	Kshs	Kshs
Compensation of employees	1,046,067	0
Use of goods and services	(499,025.52)	(1,785,147)
Amounts due to other Government entities (see attached list)	41,500,000	(400,000)
Amounts due to other grants and other transfers (see attached list)	14,964,521.57	6,412,000
	57,011,563.00	4,226,853

8.2: PMC account balances (See Annex 3)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	274,811.00	307,538.00
	274,811.00	307,538.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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ANNEX 1 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2018/19 Kshs	Outstanding Balance 2017/18 Kshs	Comments
Compensation of employees	Being balance carried forward to 2019/20FY	1,046,067	0	
Use of goods & services	Being amount spent over and above the budgeted amount	(499,025.00)	(1,185,147)	
Amounts due to other Government entities	Being amount carried forward to 2019/20FY	41,500,000	(400,000)	
Sub-Total		42,047,042	(2,185,147)	
Amounts due to other grants and other transfers	Being amount carried forward to 2019/20FY	14,964,522.00	6,185,147.00	
Sub-Total		14,964,522.00	6,185,147.00	
Grand Total	Being amount carried forward in all sectors to 2019/20FY	57,011,564.00	4,000,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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ANNEX 2 – 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	17,900,000	0	0	17,900,000
Transport equipment	4,504,865	0	0	4,504,865
Office equipment, furniture and fittings	4,161,211	0	0	4,161,211
ICT Equipment, Software and Other ICT Assets	221,150	0	0	221,150
Other Machinery and Equipment	108,000	0	0	108,000
Total	26,895,226	0	0	26,895,226

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
			Kshs	Kshs
Bukusu Primary School	Co-Operative Bank	1141669149200	341	1,463
Bulondo Primary School	Co-Operative Bank	1141668837600	201	1,583
Buumba Primary School	Kcb	1141049928	1,168	3,002
Chemululuch primary school	Equity	1139050129400	9,353	12,260
Khaweli Primary School	Cooperative	1141425094300	6,788	1,933
Kikwechi primary school	Cooperative	1141011613900	4,005	3,213
Kimugui primary school	Equity	1141427394300	118	2,866
Maliki primary school	Cooperative	1141668364700	298	298
Mukholi Primary School	Cooperative	1139049373000	4,323	2,033
Mwibale Primary School	Cooperative	1141535073500	823	2,852
Mwikhupo primary school	National	1141668619800	987	13
Nabutola primary school	Cooperative	1141290096800	87	3,022
Nakayonjo Primary School	Cooperative	1141425361300	13,462	233
Namasanda Primary School	Cooperative	114142601800	3,551	2,263
Ndakaruru Primary School	National	1141049135200	3,138	1,113
Nzoia Industrial primary school	Cooperative	1141668887200	15,573	1,463
Nzoia industrial primary school	Cooperative	1141011605400	1,028	9,405
Okanya primary school	Cooperative	1141668344800	34,877	2,993
Ranje Primary school	Cooperative	1120535463300	30,563	4,496
Sio Primary School	National	1120535463300	3502.92	95.58
Tulienge primary school	Cooperative	1139049923802	4,828	2,700
Walala Primary School	Equity	1141049271900	4,618	90,373

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
			Kshs	Kshs
Bulondo secondary school	Cooperative	1141536430100	2403	2403.5
Bungoma High School		1141049264000	660	2,574
Bungoma Muslim Secondary School	Co-Operative Bank	1141536430100	1,553	19,404
Chengwali Secondary School	Co-Operative Bank	1141050154400	-	673
Fuchani Secondary School	Co-Operative Bank	1139290670600	1,113	1,665
Kamba secondary school	Co-Operative Bank	1139011592400	6806	4136
Khaoya secondary school	Co-Operative Bank	1139011592400	1,211	4,136
Kimkungi girls secondary school	Co-Operative Bank	1141536543600	435	2,157
Kisuluni secondary scxhool	Co-Operative Bank	11415365543600	788	2157.25
Kongoli secondary school		1141425169600	1,798	1,463
Lutungu secondary school	Co-Operative Bank	1141049270100	7.98	4742.5
Marakaru secondary School	Co-Operative Bank	1141049270100	3,855	4,743
Matumbufu secondary school	Co-Operative Bank	1141669001800	3,470	1,463
Mechimeru secondary school	Co-Operative Bank	1141049500700	4,463	2,003
Misanga Secondary School	Co-Operative Bank	1141425025200	457	3,410
Mwikhupo secondary school	Co-Operative	1141669952800	500	4,325

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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
	Bank			
			Kshs	Kshs
Nalutiri Secondary School	Co-Operative Bank	1141669585000	213	135
Nalutiri Secondary School	Co-Operative Bank	1141669585000	187	290
Namaanga Secondary School	Co-Operative Bank	1141049675000	3,463	10,964
Namasanda secondary school	Co-Operative Bank	1141049917600	3,260	16,138
Namwacha secondary school	Co-Operative Bank	1141427665200	7,124	760
Ndengelwa secondary school	Co-Operative Bank	1141669297300	241	5,013
Samoya secondary school	Co-Operative Bank	1141049280700	440	353
Sikalame secondary school	Co-Operative Bank	480298526085	9,513	450.42
Sikalame secondary school	Co-Operative Bank	1141049273700	6,999	5,203
Siloba Secondary school	Co-Operative Bank	1141011664600	2,378	2,033
Sio secondary school	Co-Operative Bank	480263816202	1035	1035
Siritanyi secondary School	Co-Operative Bank	1141049901401	932	4,393
St Martins mwibale secondary school	Co-Operative Bank	1141536224600	163	36,243
St Peters Sang'alo secondary	Co-Operative	1141049408901	1325.5	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
	Bank			
			Kshs	Kshs
St. Martin's Kitinda Secondary School	Co-Operative Bank	1141427066000	720	1,028
Namachanja High School	Co-Operative Bank	1141291186900	5,323	843
Namamuka secondary school	Co-Operative Bank	1141011510900	2,783	4,866
Mechimeru Chiefs Office	Co-Operative Bank	1141049072000	463	1,712
Mwibale chiefs office sango police post	Co-Operative Bank	1141669233400	49,604	4,463
Siritanyi Chiefs Office	Co-Operative Bank	1141049674800	3,199	163
	Co-Operative Bank	1141536741800	2,293	325
	Co-Operative Bank	Total	274,811.40	307,538.25

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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X 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)
Paragraph I	Budgetary Control Performance The Fund had an approved budget of Kshs 208,513,022 and spent Kshs 128,878,063 resulting in under expenditure of Kshs 79,634,959 which translates into 38% of budget underutilization. Further all budgetary expenditure items registered absorption rating of below 90%. This includes Compensation of employees, Use of goods and services, other grants and transfers and Transfers to Other Government Units with absorption level at 61%, 73%, 57% and 63% respectively. Consequently, the budget target was not met and various projects budgeted for were not done within the financial year. It is not clear how the CDF intended to clear this backlog of projects as they will affect next year's programme implementation.	The budgetary targets have since been met.	Paul K. Byegon-Fund Account Manager	Resolved	N/A
Paragraph 2	Project Implementation Status The Fund was to implement a total of 117 projects/programmes by various	All the projects have been implemented.	Paul K. Byegon-Fund Account Manager	Resolved	N/A

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue and (Name designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	sectors during the financial year. Further analysis indicated that 2 or 2% of the project had not started, 33 or 28% of the projects were still on going and 82 or 70% of the project had been completed. Therefore, the Fund did not fully meet the budget target and effective delivery of service.				
Paragraph 3	Undisbursed Allocation The Fund received Kshs 108,265,247 in the year against total National Allocation of Kshs.138,905,812 resulting to undisbursed allocation of Kshs 30,649,565. This will hinder effective implementation of this year's projects and subsequently have an impact on next year's delivery of targets.	The funds have been disbursed.	Paul Byegon-Fund Account Manger	Resolved	N/A
Paragraph 4	Lack of proof of ownership of Land Disbursements amounting to Kshs 3,800,000 as analysed in the table below were made to various institutions in respect of purchase of land parcels. However, the title deeds were not availed for audit verification. Consequently, the ownership of the parcels of land could not be confirmed.	The PMC have acquired the title deeds	Project Management committee for the respective projects.	Resolved	N/A
Paragraph 5	Delayed Construction & Completion of Kimukung Coffee Factory Project.	The funds have since been disbursed and the	NG-CDF Board	Resolved	N/A

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANDUYI CONSTITUENCY
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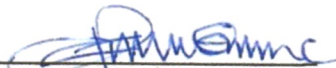
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The CDF contracted M/S Kamata Engineers Ltd towards proposed construction and completion of Kimukung Coffee Factory at a contract sum of Kshs.8, 584,404. However, the project commenced on 27 th September 2014 with an expected completion date of 15 th April 2015 and as at the time of audit, the project remained incomplete with the value of works certified and paid amounted to Kshs.7,453,476. Therefore, in view of this, the constituents are getting delayed service delivery.	Committee have completed the project			
1. Budgetary control and performance	During the year under review, the Fund spent Kshs 158,060,129 against a budgeted amount of Kshs 155,031,512 resulting to an over-absorption of Kshs 3,028,617 or 2% as highlighted below.	Overutilization was occasioned by balances of previous financial year balances that had not been utilized but now utilized in 2016/17FY.	Fund Account Manager	Resolved	N/A
2. Project Implementation status	Kanduyi National Government Constituency Development Fund was to implement a total of 60 projects/programmes by different sectors during the financial year as shown below. Further analysis indicated that all the projects had started, 35% were still on going and 65% of the project had been completed as at June 2017.	None implementation of projects as per approved timelines was occasioned by delays in disbursements of funds from the headquarters. This affected three sectors as shown in the table below. Other sectors were	Fund account manager/NG-CDFC Chairman	Resolved	N/A

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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>implemented 100% as per approved work plans and timelines.</p> <p>At the time of responding to the draft report, implementation status was as shown below;</p> <p>On the affected sectors, more funds have since been allocated to complete the projects in 2017/18 FY.</p>			



Fund Account Manager



Sub-County Accountant