


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

 REPORT THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 MAR 2021	DAY: Thurs
TABLED BY:	OF The Majority Leader Hon. Amos Kimunya
CLERK AT THE TABLE:	Halima Suleiman

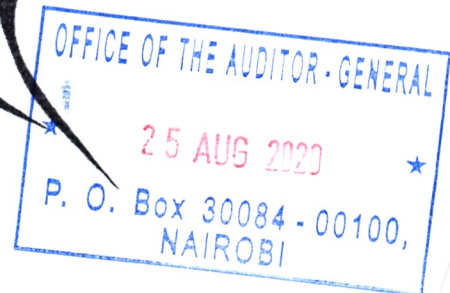
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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
CENTRAL BANK OF KENYA ACCOUNT**

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD

REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019

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

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements for the year ended June 30th 2019

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KEY NGCDF INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) is established under the National Government Constituencies Development Fund (Amendment) Act, 2015. The NG-CDF is under the National Treasury and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

The Fund's overall management is the responsibility of the NGCDF Board. While the supervision and coordination is done by National Treasury and Planning.

The Board has aligned the operations of the Fund with new Act and the Constitution. The Board launched its new strategic plan on 16th August 2016 for the planning period 2016/2017 to 2020/2021. The Board also attained ISO 9001:2008 certification in March 2016 whose unveiling was done on the same date 16th August 2016.

(b) Principal Activities

As outlined in the NGCDF Act 2015 the Board's core mandate and responsibility

- Ensuring timely and efficient disbursements of funds to every constituency
- Ensuring efficient management of the fund
- Receiving and discussing annual reports and returns from the constituencies
- Ensuring the compilation of proper records, returns and reports from the constituencies
- Receiving and addressing complaints and disputes, and taking appropriate action
- Considering project proposals submitted from various constituencies under the Act, approving for funding for those projects proposals and sending funds to respective Constituency Fund accounts

The Board will provide strategic direction in the management, use and accountability of monies drawn from the Fund. The Board therefore aspires to the following Vision, Mission and Core Values in meeting its mandate.

VISION
To provide Socio-economic development countrywide

MISSION
To provide leadership and policy direction for effective and efficient management of the Fund

VALUES

Transparency and accountability

Professionalism and integrity

Commitment and teamwork

Neutrality and objectivity

Timeliness and excellence

Advocacy for citizen participation

STRATEGIC OBJECTIVES

To improve operational efficiency and effectiveness in service delivery

To Strengthen Institutional Capacity (skills, numbers and work environment)

To ensure efficient and effective project management

To enhance good governance

To promote effective communication and appropriate partnership

GOALS

1. To achieve Automation of Board's operations

2. To improve performance management

3. To implement quality management systems

4. To improve accounting system

5. To enhance research capacity to support evidence based decision making

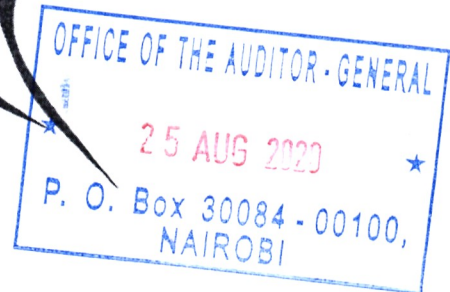
6. To improve Internal Audit and risk management

7. To improve customer responsiveness and management

8. To improve organizational structure

9. To improve morale of staff

10. To implement a talent management and succession planning strategy



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND BOARD

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VISION

Equitable Socio-economic development countrywide

MISSION

To provide leadership and policy direction for effective and efficient management of the Fund

CORE VALUES

1. Transparency and accountability
2. Professionalism and integrity
3. Commitment and teamwork
4. Neutrality and objectivity
5. Timeliness and excellence
6. Advocacy for citizen participation

KEY STRATEGIC OBJECTIVES

1. To improve operational efficiency and effectiveness in service delivery
2. To Strengthen Institutional Capacity (skills, numbers and work environment)
3. To ensure efficient and effective project management
4. Enhance good governance
5. Promote effective communication and appropriate partnership

STRATEGIC GOALS

- a) Continue Automation of Board's operations
- b) Improve performance management
- c) Implement quality management systems
- d) Improve accounting system
- e) Strengthen research capacity to support evidence based decision making
- f) Strengthening Audit and risk management
- g) Strengthen disaster responsiveness and management
- h) streamline the organizational structure
- i) develop capacity of staff
- j) Develop and implement a talent management and succession planning strategy

- k) improve on the work environment
- l) Promote public participation in project identification and implementation
- m) Promote timely submission and approval of project proposals
- n) Promote prioritization of on-going projects in allocation of Funds
- o) Improve collaboration with technical officers from relevant government agencies
- p) Improve management of transition of NG-CDFC's in relation to resources and projects
- q) widen projects scope and strengthen collaboration with MDAs
- r) Promote openness and accountability in management of the Fund
- s) Promote compliance with applicable laws, regulations and standards.
- t) Adopt Transformative Leadership
- u) Mainstream Cross cutting issues and public participation
- v) Enhance engagement with internal & external stakeholders
- w) Enhance Media Relations
- x) Enhance relations with other Government agencies
- y) Enhance Media monitoring

STRATEGIC PROGRAMMES

- a) Design, Develop & Rollout Management information systems
- b) Further installation of appropriate ICT network infrastructure and improve their security
- c) Develop and implement annual performance contract for the board, cascade to constituencies
- d) Operationalize M&E Unit and review M&E framework
- e) Develop constituencies factsheets and conduct monitoring & evaluation of Boards' operations
- f) Continuously carry out QMS audits to maintain certification and carry out recertification audit for organization
- g) Develop and disseminate accounting manual for constituencies and establish constituencies accounting unit at Headquarters
- h) Train staff and key stakeholders on public finance management and reporting
- i) Prepare/review annual financial statements and implement audit recommendations
- j) Receive and review financial returns and update the assets register
- k) Establish and operationalize a research and policy Unit and establish and operationalize a resource centre
- l) Establish a Risk Management Unit, conduct risk assessment and carryout Risk Response planning
- m) Develop a disaster preparedness and management manual and train constituencies on Disaster Risk Reduction and Response Mechanism
- n) Develop & issue guidelines on community managed disaster risk reduction (CMDRR)

- o) Review and implement an organizational structure, conduct work load analysis to establish optimal staffing levels and recruit more staff
- p) Conduct Training Needs Assessment and develop and implement an annual training plan
- q) Conduct work environment survey and employee satisfaction survey and implement feasible recommendations
- r) Acquire additional office space
- s) Develop and issue guidelines on public participation & identification of projects; submission of project proposals; Projects and release of funds; Project funds absorption; Management of incomplete & on-going projects during NG-CDFCs transitions and Residual Projects
- t) Develop collaboration framework for the NG-CDFCs and government technical officers
- u) Establish a liaison office to enhance operations of the Board, Ministries and National Assembly
- v) Train NG- CDFCs
- w) Develop and implement policy on documentation and dissemination of constituency best practices
- x) Evaluate constituencies' performance, publicize top performers and showcase the best practices in implementation of projects
- y) Implement Mwongozo code of governance and ensure compliance with all tendering and procurement requirements
- z) Facilitate access to information and publish constituency financial and project reports on a timely basis
- aa) Convene regular stakeholder forums/awareness campaigns, open days and road shows and participate in Corporate Social Responsibility activities
- bb) Update the Boards website and social media presence and participate in relevant television and radio programmes to enhance the profile of the NG-CDF
- cc) Review and implement service charter and Corporate Identity Manual
- dd) Participate in relevant exhibitions and conferences and organize media events (press conferences, media tours, workshops, breakfast meetings) to clarify and explain issues to the media on newsworthy events
- ee) Carryout customer satisfaction survey and implement feasible recommendations

KEY STRATEGIC PRIORITIES

- Improve the implementation, Monitoring and Evaluation projects
- Come up with strategies to develop and turnaround for under-performing Constituencies
- Ensure timely availability and disbursement of Funds to Constituencies
- Develop and implement guidelines for project implementation that are in line with existing procurement laws and regulations

- Develop sound financial controls in line with Finance Management Act of 2012 and in compliance with Office of the Auditor General Requirements

Key Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were as follows:

S/NO	NAME	TITLE
1.	Yusuf Mbuno	Ag.Chief Executive Officer
2.	Venazio Gachara	Senior Accountant
3.	Polly Maingi	Senior Accountant

(c) Fiduciary Oversight Arrangements

- Board of Directors
- Internal Audit Department

(e) Registered office

NGCDF headquarters
Harambee Plaza Building
5th Floor
Telephone No. 2230015/19/27
Haile Sellasie/Uhuru Highway Junction.
P.O. Box 46682 – 00100 **NAIROBI**

(f) Contacts

Telephone :(020) 2230015/9,2230027
E-mail : info@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Bankers

Central Bank of Kenya
Haile Selassie Avenue

P.O. Box 60000
City Square 00200
Nairobi, Kenya

Independent Auditors

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

(h) Principal Legal Adviser

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

BOARD DIRECTORS



Mr. Robert Nyariki Momanyi Masese

Chairman of the Board

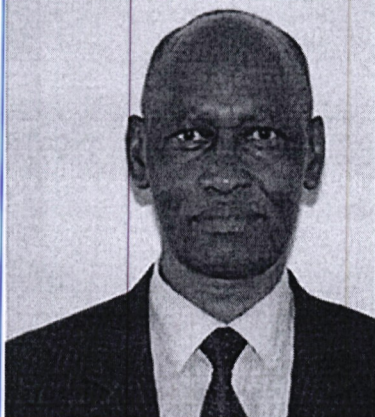
Born on 19th May, 1956, Mr. Robert is the chairman of NG-CDF Board of directors. He was appointed to this position on 29th March, 2019. He has served in the same board as the Alternate Director to the Principal Secretary Ministry of Education a position he held since 26 February, 2016. He has also served as a Director in Kenya Literature Bureau (KLB) and in School Equipment Production Unit

Mr. Robert has a Master of Education, Management & Planning and Bachelor of Science Education

Mr. Kennedy Ogendi Ondieki

Alternate Director to the principle Secretary, the National Treasury



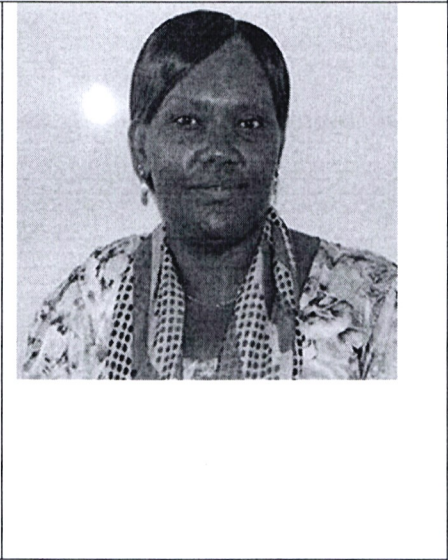
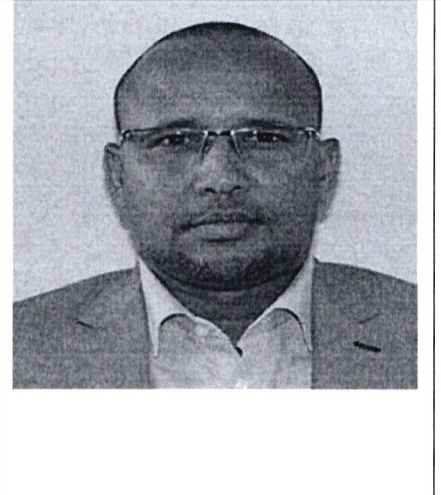
Born in 1967, Mr. Ondieki is the Director Investments at the National Treasury. He was appointed to the Board on 14th October, 2015. He hold master degree of Business Administration. He has specilized in public finance and governance and he is also professionally trained in public accounting and secretary, and financial investment analyst. He is a member of Certified Public Accountant (CPA) and Institute of Certified Financial Investment Analyst.



Mr. Joseph Njihia Mukui

Alternate Director to the Principal Secretary , State Department for Planning

Born in June 1958, Mr. Joseph has served in the board for more than ten years and his last reappointed was on 7th January 2016. He is also a board member in Vision 2030 and in The African Institute for Economic Development and Planning (IDEP) which is a subsidiary body of the United Nations Economic Commission for Africa (UNECA). Previously, he served in Community Development Trust Fund (*CDTF*) and Tana and Athi Rivers Development Authority (*TARDA*) boards. Mr. Joseph holds a Master of arts and Bachelor of Science. He has specilized in statistics, project management, economic development and he is also professionally trained in business management impact assessment, monitoring and evaluation. He is a member of Evaluation Society of Kenya (ESK) and Institute of Internal Auditors (IIA)

<p>Ms. Karen Rono Alternate Director to the Attorney General</p> <p>Born on 19th March 1979, Karen was appointed to the Board on 11th September, 2018.. She holds a Masters in Law (LLM), Bachelor of Laws (LLB), PGD (KSL), Strategic Leadership Development Program (SLDP), Senior Management Course (SMC) KSG.</p>	
	<p>Mr. Paul Kibet Alternate Director to the Principal Secretary , State Department of Early Learning and Basic Education, Ministry of Education.</p> <p>Born on 6th June 1964, was appointed to the Board on 5th February, 2019. Mr. Paul holds a Master of science in physics, post graduate diploma in education and bachelor of science</p>
<p>Ms. Maria Lekoloto Director</p> <p>Born on 23rd may 1974, Ms. Maria was appointed to the NG-CDF Board on 26th March 2019. She presents people with disability which is a legal requirement in constituting the Board. She is also a chair person of pastoralist heritage concern board. Ms. Maria has a Master of Business Administration-Human Resource Management Bachelor of Business Administration-Human Resource and Diploma in Community Based Development. She has specilized in Human Resource Management, and she is a member of Institute of Human Resource Management.</p>	
	<p>Mr. Abdiaziz Bulle Yarrow Director</p> <p>Born on 15th February 1982, Mr. Abdiaziz was appointed to the NG-CDF Board on 26th March, 2019. He has previously served as managing director top ten agencies and safaricom dealer for seven years</p> <p>Mr. Abdiaziz holds a Master's of Art degree in Diplomacy and International Studies and Bachelor of Political Science Public Administration & Sociology. He is specilized in Public administration and management.</p>

Dr. Isabel Nyambura Waiyaki

Director

Born on 19th September 1982, Dr Isabel is a lecturer at the University of Nairobi. She is also a board member in Kikuyu Boys secondary School and Father Kelvin Kerry Secondary School. Previously, she served in Kikuyu CDF committee for 6 years, since 2013.

Dr. Isabel holds a Postgraduate Doctoral Degree in Economics, Master of Arts in Economics, Master of Arts in Leadership & Governance, Bachelor's degree in Economics and CPA part I. Dr Isabel is a member of Institute of Economic Affairs, Africa Finance & Economic Association, and African Economic & Research Consortium (AERC).

She was appointed to the NG-CDF Board on 26th March 2019.



Hon. Peter Edick O. Anyanga

Director

Born on 23rd August, 1966, Hon. Peter was appointed to the NG-CDF Board on 26th March, 2019. He is also a board member in Agricultural Finance Corporation (AFC). Previously, he served as a member of parliament for Nyatike Constituency for two terms.

Hon. Peter has a Master of Business Administration (global) specialization and Bachelor of Business Administration He has specialized in financial Administration and he is a member of Chartered Management Institute (CMI).




Ms. Irene Masit

Director



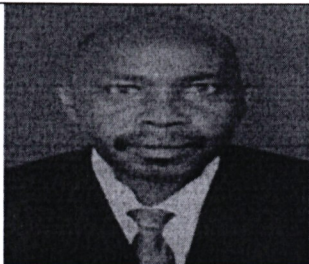


Born on 29th March 1967, Ms. Irene was appointed to the NG-CDF Board on 26th March 2019. Previously, she has served in Kopkega Girls Secondary Board, Mokwo (St. Agatta) Girls Secondary Board, Athal Andie Boys Secondary Board, and Elgeyo Marakwet Boards of National Land Commission. She has also worked as a commissioner Interim Boundaries Commission and deputy secretary constitution review commission

Ms. Irene holds a Master of science degree and Bachelors degree in Arts and in Law. she is a member of International Society of Substance Use Professionals (ISSUP).

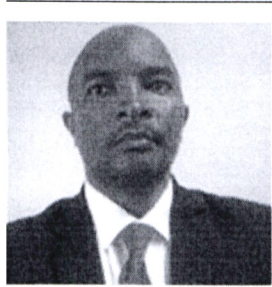






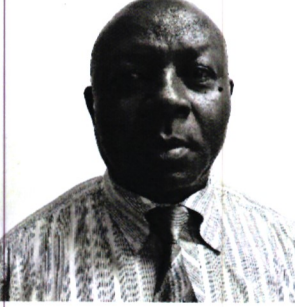

	<p>Mr. George Kasatua Ole Meshuko Director</p> <p>Born on 26th December 1972, Hon. George was appointed to the NG-CDF Board on 26th March, 2019. Previously, he has served in Olasiti Secondary School board. He has also worked in Owing Immigration (interior) for 10years, County Executive Committee - Narok County for 3 years and in Canon NGO's as for 3 years.</p> <p>Hon. George holds a Bachelor of Art education and is currently doing Master of Arts, Education Economic Planning in University of Nairobi. He has specialized in Economic Planning & Administration.</p>
<p>Mr. Yusuf Mbuno Ag. Chief Executive Officer</p> <p>Born on 27th April 1966, Mr. Yusuf is the Ag. Chief executive Officer, National Government Constituencies Development Fund Board</p> <p>Mr. Mbuno holds Master of Arts degree in Economics Bachelor of Arts in Economics and Certificate in Project Planning & Management</p>	
	<p>Simon Ndweka Secretary to the Board</p> <p>Born on 24th December 1974, Mr. Ndweka is the Corporation Secretary National Government Constituencies Development Fund Board</p> <p>Mr. Ndweka holds Master in Business Administration degree (Strategic Management), Post Graduate Diploma in Law and Bachelors of Law degree, certified public Accountant and Certified Public Secretaries</p> <p>Mr. Ndweka is a member of Institute of certified public secretaries.</p>

MANAGEMENT TEAM

	NAME	ACADEMIC	PROFESSIONAL
1	 Yusuf Mbuno Chief Executive Officer	Master of Arts – Economics Bachelor of Arts –Economics	<ul style="list-style-type: none"> • Certificate in Project Planning & Management
2	 Simon Ndweka Corporation secretary	Master of Business Administration Bachelor of Laws	<ul style="list-style-type: none"> • Post Graduate Diploma in Law, Kenya School of Law. • CPA (K) • CPS (K)
3	 Venazio Gachara Senior Accountant- Headquarter Services	Master of Business Administration	
4	 Polly Maingi Senior Accountant- Field Services	Master of Business Administration Bachelor of Management	 da Onyino Communication

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements for the year ended June 30 2019

 Raphael Nduati Ag. Chief Manager Corporate Planning and Strategy	Master of Art in Economics Bachelor of Arts In Economics.	CPA Part I
 Alice Wachira Chief Internal Auditor	Master of Business Administration – Finance & Banking	<ul style="list-style-type: none"> • CPA (K) • CPS (K)
 Mumbi Manager Human	Master of Science – Human Resource Management Bachelor of Science – Communication & PR	<ul style="list-style-type: none"> • Higher Diploma – Human Resource Management • Diploma – Personnel Management
 Manager	Master of Arts – Communication Bachelor of Arts in Communication – PR & Business Administration	Diploma in Project Management

7	 Jack Odhoch Chief ICT Officer	Master of Science – Information Systems Bachelor of Science	<ul style="list-style-type: none"> • Certified Professional – Oracle • CCNSP • Prince 2 and Web development
8	 Kennedy A. Nyabiera Chief Supply Chain Management Officer	MSc Procurement & Logistics Bachelor of Arts - Economics	<ul style="list-style-type: none"> • MCIPS • MKISM • Graduate Diploma – Purchasing & Supply (CIPS)
9	 Elizabeth Kitundu Ag. Chief Manager Programme and Field Services Coordination	Master of Education – Economics & Education Bachelor of Education – Arts	<ul style="list-style-type: none"> • Diploma in Management – Project Planning

DIRECTOR'S STATEMENT

The Board has the responsibility of preparing financial statements that give a true and fair view of the state of affairs of the Fund at the end of the financial year. Section 39(3) of the NGCDF Act 2015, requires that the Chairperson of the Board submit an annual report on the activities, operations and the expenditure of the Fund and the Board. They are also responsible for safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors regularly meet to monitor the Fund's financial performance. Specific review of management performance and operational issues were under taken through normal board meetings and working session of the Board of Directors. Nothing has come to the attention of the Directors to indicate that the National Government Constituencies Development Fund will not remain as a going concern for at least the next twelve months.....

.....
Robert Masese
Board Chair

20/8/2020
Date.....

CHAIRMAN'S STATEMENT



Robert Masese

CHAIRMAN, NGCDF BOARD

On behalf of Board of Directors and the Secretariat of National Government Constituencies Development Fund I am profoundly glad in presenting the FY 2018/2019 Annual Report for the Fund. Despite the challenges experienced occasioned by the fact that the Board was not fully constituted and hence it was difficult to muster quorum, the Board continued discharging its main mandate of approving projects proposals, disbursement of funds to the approved projects funded and ensuring efficient management of the Fund at the constituencies.


The Board registered exemplary performance in the year under review as demonstrated by implementation of projects, programmes and activities in the sectors of Education, Security, Sports and Environment which falls within the mandate of the Fund established by the National Government Constituencies Development Fund Act, 2015 (as amended in 2016).

The Fund augmented the national government's infrastructure development in education sector through construction, renovation and equipping of schools. A total of 4,894 classrooms, 238 dormitories, 298 Laboratories, 407 administration blocks, and 4,054 toilets were constructed through the allocation to the Fund. This initiative supported the 100% transition policy which has put high demand on education infrastructure across the country. The Board also approved projects

on construction and equipping of 2,597 security facilities amounting to Kshs 1,431,869,489.00 in FY 2018/2019 to enhance security in most parts of the country.

In addition, the Fund supported retention rate of students in secondary and tertiary institutions through issuance of bursary to needy students. A total of Kshs. 6,419,552,900.52 of bursary allocation was approved for award to needy students in constituencies. The National Government Constituencies Development Fund Committees who are the custodians of the Fund in constituencies developed criteria for bursary awards as guided by the performance contracts they signed at the beginning of FY 2018/2019.

Looking ahead, the Board is targeting to review its strategic plan to incorporate Medium Term Plan III and the Big 4 agenda of the national government. The strategic initiatives envisaged in the plan are aimed at enhancing operational efficiency and effectiveness, strengthen institutional capacity, ensure efficient and effective projects management, enhance good governance, promote effective communication and appropriate partnership to ensure effective delivery of our mandate.


.....
20/8/2020
Mr. Robert Masese
Chairman, National Government Constituencies Development Fund Board

Chief Executive Officer's Report



Yusuf Mbuno

CHIEF EXECUTIVE OFFICER

The Board draws its mandate from the National Government Constituencies Development Fund Act, 2015 (as amended in 2016). The main purpose of the Fund is to enhance infrastructural and socio-economic development at the constituency level in order to reduce poverty by dedicating a minimum of two and half per cent (2.5%) of the National Government's share of annual revenue towards projects identified at constituency level by the communities.

This annual report outlines the achievements of the Board in the FY 2018/2019. It highlights the projects, programs and activities implemented and resultant achievements; requisite statistical information, challenges encountered as well as Financial Statement of the Board. Below are highlights of the projects, programmes and activities implemented by the Board during the period under review.

Big 4 initiatives and Vision 2030 Flagship projects: The Board approved construction, renovation and equipping of 30 KMTCs in FY 2018/2019 amounting to Kshs 174,888,799.23 at the constituencies. Moreover, the Board approved construction, renovation and equipping of 39 TTIs amounting to Kshs 188,702,926.25 in FY 2018/2019. These projects were at different phases of implementation during the reporting time.

Education and Training Projects: The Board approved projects proposed by the constituencies on construction and equipping of 8,040 school facilities in FY 2018/2019 amounting to **Kshs 11,540,9244,15.84**. In order to promote student's retention rate and augment 100% transition rate policy in schools the Board approved allocation of funds to bursary to constituencies amounting to **Kshs 6,419,552,900.52**.

Improved Performance Management in Constituencies: In order to efficiently and effectively achieve the mission of the Fund, all the 290 constituencies signed performance contracts in the first quarter of FY 2018/2019. The constituencies were also advised to develop their five (5) year strategic plans to guide their strategic interventions in the forthcoming years.

The Board carried out quarterly & mid-term site visits for verification of Performance Contracts implementation as well as assessment of development and implementation of strategic plans in some selected constituencies in Coast region during the reporting period.

Strengthened linkages and communication through media: The Board organized and participated in two (2) media education tours to constituencies in Coast and Central regions in order to expose the media to NG-CDF programmes to enhance balanced reporting on programmes, projects and activities implemented by NG-CDF in the country.

Additionally, the Board produced 12 infomercials (short informative video clips) to enhance the image of the Fund through regular communication on NG-CDF operations. The Board also improved awareness of the Fund operations by updating all its social media platforms, such as Facebook, Twitter, and Instagram as well as regularly updating its website throughout the FY 2018/2019.

Similarly, the Board participated in nine (10) ASK Shows during the FY 2018/2019 in Machakos, Nakuru, Kisii, Kisumu, Mombasa, Nyeri, Kitale, Nairobi, Kakamega & Eldoret and showcased achievements and best practises of the Fund.

Challenges: A number of challenges impacted negatively on the execution of our mandate during the reporting period. These include inadequate staff capacity at the Board, piece meal , and lengthy court case challenging the existence of the Fund at Supreme Court of Kenya.

Way Forward: Despite the challenges during the reporting period the Board remained determined to achieve its mandate. Adequate plans have been laid down by the fully constituted Board to enhance operations of the Fund. As at the time of this report, the Board had signed its performance contract for the FY 2019/2020 and cascaded the same to all the 290 constituencies. The Board also finished auditing 17 constituencies in Nairobi region in the beginning of the new FY 2019/2020 as well as integrating risk management and Information Security Management System (ISMS) in the 290 Constituencies.

On behalf of NG-CDF Board, I wish to express my sincere gratitude to all those who participated and, or supported the Board as it prepared this annual report. We look forward to improve service delivery to Kenyans and reduce poverty thus creating a better society for all.



Mr. Yusuf Mbuno

Chief Executive Officer, NG-CDF Board

MANAGEMENT DISCUSSION AND ANALYSIS

FUNDS DISBURSEMENTS

The Fund was established in 2003 as the Constituencies Development Fund (CDF). The name was changed to the National Government Constituencies Development Fund (NG-CDF) following the enactment of the NG-CDF Act, 2015 meant to align the Fund with the Constitution of Kenya.

Between 2003/2004 and 2018-2019, the Fund has been allocated a total of **Kes.261.979 billion**. Kes.258.316 billion being statutory allocation while Kes.3.663 billion was conditional grant for completing stalled projects. Out of the funds allocated, **Kes.12.044 billion** was allocated for running the Board secretariat while the balance of **Kes.283.221 billion** was allocated for disbursement to constituencies.

The Fund was allocated Kes 33.286162 Billion in Financial Year 2018/2019 This comprises of Kes 31.6218539 Billion being allocation for disbursement to the constituencies and Kes 1.6643081 billion being allocation to the Board Secretariat for administrative purposes. The Board has received a total of Kes 28Billion to date

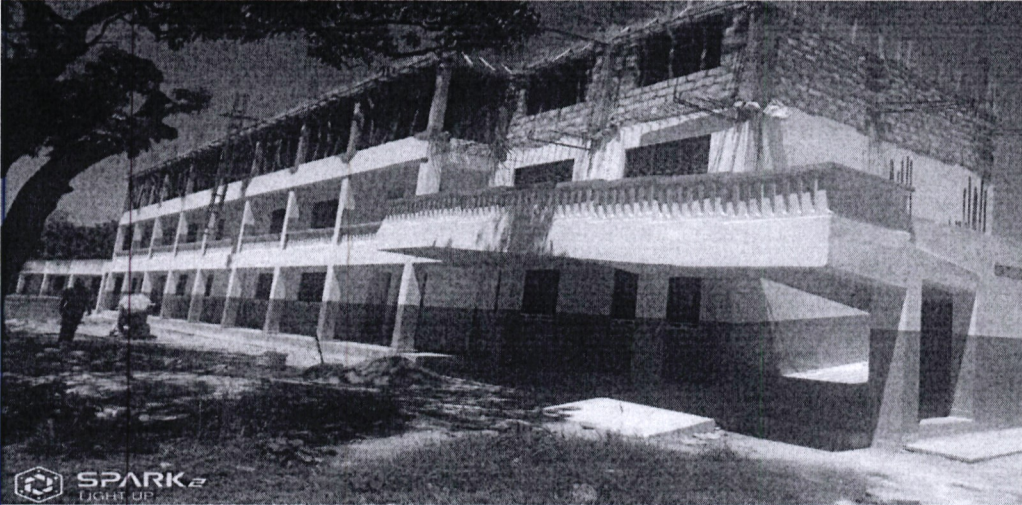
Pursuant to section 34 (1) of the NG-CDF (Amendment) Act of 2016, the Board allocated all 290 constituencies an equal share of the Kes. 31.6218539 National NG-CDF kitty. This translated to Kes 109,040,875.52 per constituency. By the end of 30th June 2019, the Board had received a total of Kes 35.925 billion from the National Treasury of which Ksh 28 billion were funds allocated in 2018/2019 financial year and Ksh 7.925 were funds allocated in 2017/2018 financial year was not received by the end of the 2017/2018 financial year.

The Funds were disbursed to the constituencies as follows.

- Thirty-one (31) constituencies have received full allocation amounting to Ksh 5,233,962,024.
- Two hundred and fifty-nine (259) have received between 28% and 99% of the funds allocated amounting to Ksh 14,770,789,290,
- Ksh 1,547,930,000 has been disbursed to the secretariat for administrative purposes.
- Ksh 11,839,869,572 disbursed to the constituencies with respect to previous financial years' allocation.

PROJECTS IMPLEMENTED THROUGH THE FUND

- i. **Education and Training Projects:** The Board approved projects on construction and equipping of 8,040 school facilities in FY 2018/2019 amounting to Kshs 11,540,9244,15.84. This has contributed towards achievement of 100% transition from primary education to secondary education



Kongowea Secondary School construction of 9 classrooms and 2 laboratories(ongoing) the school has increased uptake of secondary school students in the area.



PROJECT IMPLEMENTED BY NNAKHOLO NGCDF



ST PETERS HIGH SCHOOL NNUMBERI FULLY FUNDED BY NGCDF

ii. **NGCDF as an enabler of 100% transition from primary schools to secondary**

In order to promote student's retention rate and augment 100% transition rate policy in schools the Board approved allocation of funds to bursary to constituencies amounting to Kshs 6,419,552,900.52.

NG-CDF has also been effective as an enabler in the transition from primary to secondary through funding of school buses that have been resourceful in running most school logistics and most of all improving students' morale. Purchase of sports kits and planting of trees has also been a part of the NG-CDF agenda in order to promote extra-curricular programs at the same time teaching students on better ways of conserving the environment. Construction of police posts within close reach of the school compound has improved student enrolment countrywide due to improved security conditions.



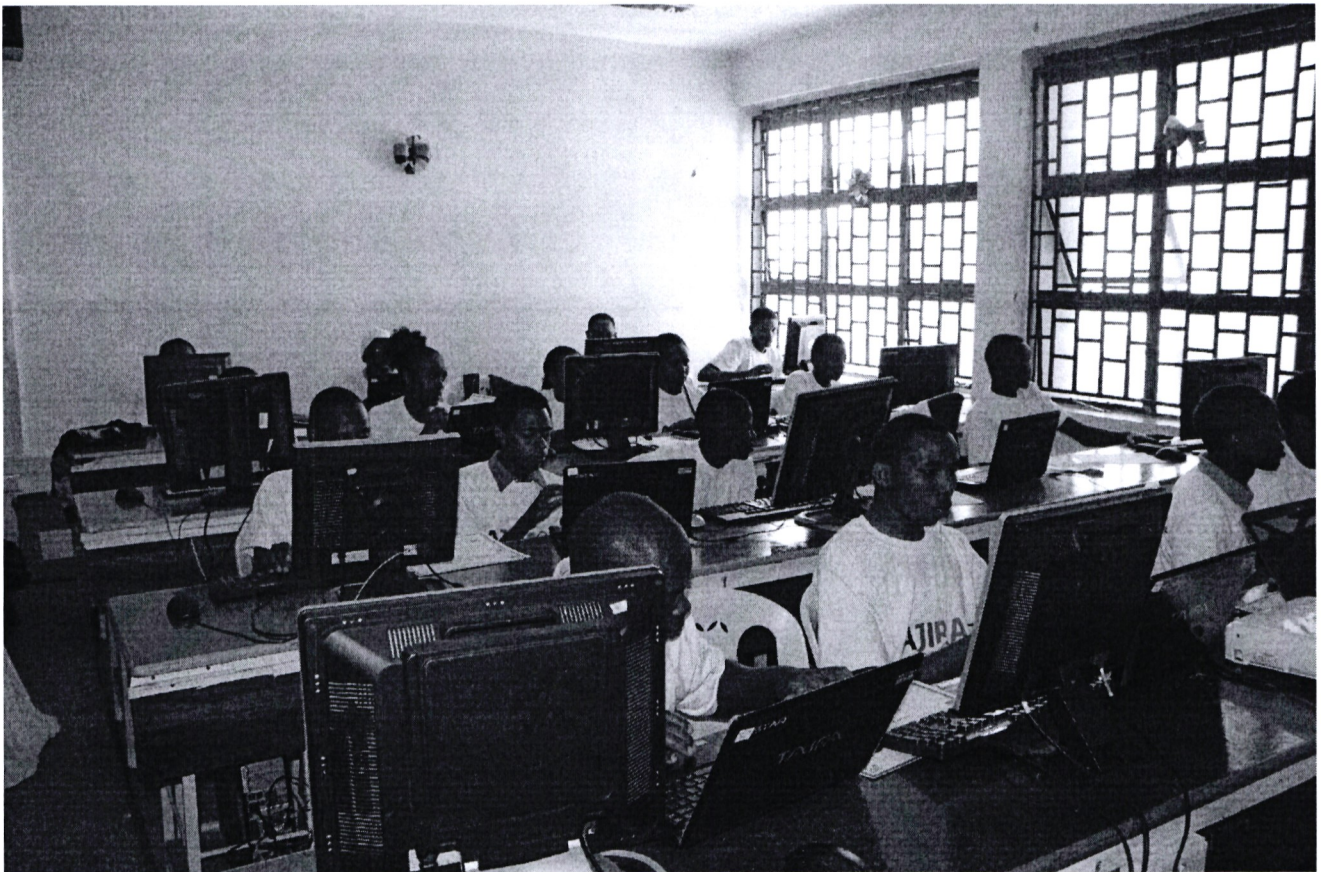
BUS PROJECT FUNDED BY NAROK SOUTH NGCDF

iii. **Ajira digital platform**

Ajira digital platform is an online jobs platform initiative by the Government, driven by the Ministry of ICT to empower the youth access job opportunities. The program's aim is to introduce young

people to online digital work and provide the tools, training and mentorship needed for young people to work and earn an income with dignity achieving the country's objective of a globally competitive knowledge-based middle-income economy in an increasingly digital world.

The NG-CDF Board, through its regular guidelines to constituencies, urged constituencies to include Constituency Innovation Hubs (CIH) in their project proposals. Currently, two hundred and fifty-eight (258) constituencies have set aside funds to support establishment of nine hundred and seventy-one (971) CIH projects. To set up one hub requires Kshs. 1,169,256.80 (cost covered by NG-CDF) which is paid to Telkom Kenya to supply free internet, install and commission the equipment needed to run the Hub.



MUKURWEINI NGCDF ICT HUB PROJECT



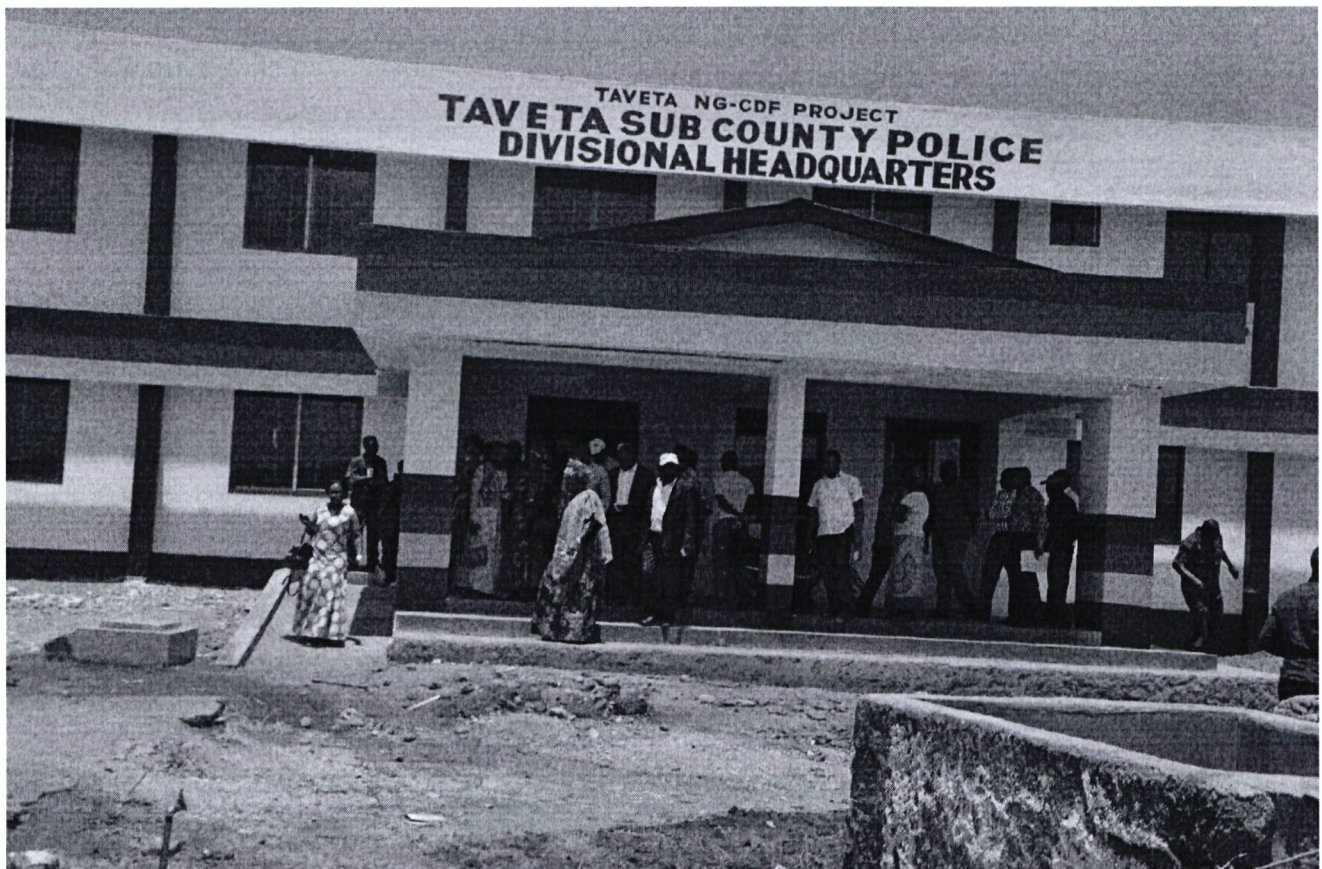
KAMUKUNJI NGCDF ICT HUB PROJECT

iv. **Big 4 initiatives and Vision 2030 Flagship projects:**

The Board approved construction, renovation and equipping of 30 KMTCS in FY 2018/2019 amounting to Kshs 174,888,799.23 at the constituencies. Moreover, the Board approved construction, renovation and equipping of 39 TTIs amounting to Kshs 188,702,926.25 in FY 2018/2019. These projects were at different phases of implementation during the reporting time.

v. Security projects

During the year under review, the Board approved projects proposals towards construction of police posts, chief offices, installation of security lights among others. This has contributed towards improving security of the locals at the constituencies as well as reduction in crime rates.



TAVETA SUBCOUNTY POLICE DIVISIONAL HEADQUARTERS IMPEMENTED BY TAVETA NGCDF

STATUTORY REQUIREMENTS

The Board has continued to ensure that management of the Fund at the constituency level complies with all the statutory requirements through issuance of circulars and policies. In the period under review no sanction was received for non- compliance in the management of the Fund.

MAJOR RISKS FACING THE FUNDS

Mwongozo code of governance on state corporations require the board to ensure risk assessment is conducted and the risks are monitored. The NGCDF board through management conducted risk assessment and identified major risks facing the fund.

1. Shortage/insufficient staff at the NGCDF Board.
2. Inadequate technical support from relevant government departments.
3. Litigations on Constitutionality of NGCDF Act
4. Inadequate managerial and technical skills among some NG-CDFC members
5. Abandonment of/ Non allocation of funds to ongoing projects
6. Delayed disbursement of funds to the constituencies.
7. Inadequate project management and supervision skills among the PMC members
8. Delay in approval of project proposals, resubmissions and reallocations by the NG-CDF Board
9. Excess employment of NGCDFC staff
10. Poor and unreliable internet connectivity in NGCDF offices
11. Insecurity incidences in constituencies
12. Needy and deserving students missing out on bursary
13. Inequitable distribution of projects within the constituency
14. Stalled projects under devolved factions resulting from commencement of NG-CDF act 2015
15. Complete but unutilized projects
16. Lack of ownership documents on public land for project implementation.
17. Poor workmanship on projects by contractors
18. Non adherence to public procurement process.

Proper internal controls have been put in place and they are being monitored continuously.

IMPLEMENTATION CHALLENGES AND EMERGING ISSUES

During the period under review, the NG-CDF Board has continued pursue the goal of performance improvement by institutionalising public sector reforms implemented by the Government of Kenya as well as other internal interventions with the aim of ensuring efficient, effective and ethical delivery of services to the people of Kenya.

The Board continues to commit itself to this goal by developing annual performance targets that it believes will aid in bring about sustainable change and ultimately negotiating a performance contract with the Government of Kenya. This coupled with other public sector reforms that have been put in place all serve to improve efficiency and effectiveness in the management of public affairs by the Board in its operations at the constituency level as well as at its headquarters.

However, despite its best efforts, the accomplishment of these goals has been hampered by several factors over the past year.

(i) Pending receipts for previous Financial Years

Analysis of the receipts from the National Treasury for 2011/2012, 2013/14 and 2014/15, financial years indicates an outstanding arrears amounting to Kes.4,976,750,000 as shown in the table below: -

No.	Financial Year	Allocation	Amount Received	Amount in Arrears
1	2011/2012	22,978,000,000	22,436,250,000	541,750,000
2	2013/2014	23,062,000,000	20,933,500,000	2,128,500,000
3	2014/2015	33,213,000,000	30,906,500,000	2,306,500,000
	Total	79,253,000,000	74,276,250,000	4,976,750,000

This gap between allocation and receipts constrains the Board's ability to finance the entire approved Constituencies' Project Proposals.

(ii) Pace in replenishment of the Board's main account.

The pace of replenishment of Board's account has remained a challenge to project implementation. However, the Board continues to engage the National Treasury with a view to ensuring regular replenishment of the account at predictable tranches

(iii) Legal challenges

The National Government Constituency Development Fund is facing Constitutional legal suits now at the Supreme Court after two organisations challenged a decision made by the Court of Appeal in November 2017. The Institute for Social Accountability (TISA) and Centre for Enhancing Democracy and Good Governance have gone to Supreme Court to challenge the constitutionality of NG-CDF Act, 2015. They argue that the current NG-CDF Act is unconstitutional as it offends the principles of public finance, division of revenue and the division of functions of the national and county governments.

(iv) Staff Levels

The NG-CDF Board secretariat is understaffed. This has severely hampered the Board's operations especially in as far as labour intensive tasks are concerned. As a result, the existing staff find themselves spread thin and take longer to perform some duties than expected. However, recruitment

of additional staff will be undertaken once the National Treasury blanket freezing on hiring that was put in place in July 2017 is lifted.

STATEMENT OF DIRECTORS' 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 (National Government Constituencies Development Fund) 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 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.

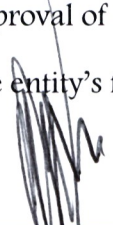
The Accounting Officer in charge of the (NGCDF) accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The 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 period ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the (NGCDF) 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) 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 entity's financial statements were approved and signed by




Robert Masese
Board Chair

20/8/2020



Yusuf Mbuno
Ag. Chief Executive Officer

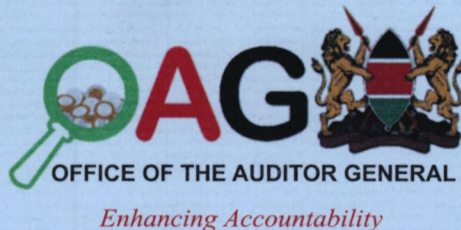


Polly Maingi
Head of Finance

ICPAK No: 5427

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 - CENTRAL BANK OF KENYA ACCOUNT FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Central Bank of Kenya Account set out on pages 32 to 51, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, the statement of cash flows and the statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund-Central Bank of Kenya Account 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 National Government Constituencies Development Fund (Amendment) Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund-Central Bank of Kenya 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 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.

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, I confirm that, nothing 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

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 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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention 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 money is applied in an effective manner.

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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

14 January, 2021

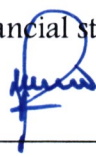
STATEMENTS OF RECEIPT AND PAYMENTS

	Note	2018-2019 Kshs	2017-2018 Kshs
RECEIPTS			
Transfers from Other Government Entities	1	35,925,000,000	21,875,000,000
TOTAL RECEIPTS		35,925,000,000	21,875,000,000
PAYMENTS			
Other grants and transfers	2	33,475,980,741	21,884,358,540
TOTAL PAYMENTS		33,475,980,741	21,884,358,540
SURPLUS/DEFICIT		2,449,019,259	-9,358,540

The accounting policies and explanatory notes to these financial statements form an integral part of the Financial statements. The NGCDF financial statements were signed on behalf of the Board by:


 Robert Masese
 Board Chair

20/8/2020


 Yusuf Mbuno
 Ag. Chief Executive Officer



 Polly Maingi
 Head of Finance
 ICPAK No: 5427

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements for the year ended June 30 2019


STATEMENT OF FINANCIAL ASSETS AND LIABILITIES

	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	3	2,449,811,208	791,950
TOTAL FINANCIAL ASSETS		2,449,811,208	791,950
 REPRESENTED BY			
Fund balance b/fwd	4	791,950	10,150,490
Surplus/Deficit for the year		2,449,019,259	-9,358,540
		2,449,811,208	791,950


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:

 20/8/2020

Robert Masese
Board Chair



Yusuf Mbuno
Ag. Chief Executive Officer




Polly Maingi
Head of Finance
ICPAK No: 5427

STATEMENT OF CASHFLOWS

		2018-2019	2017-2018
Receipts for operating income			
Transfers from Other Government Entities	1	35,925,000,000	21,875,000,000
Payments for operating expenses			
Transfer to the Constituencies and the Secretariat	2	33,475,980,741	21,884,358,540
Net cash flow from operating activities		2,449,019,259	-9,358,540
Net increase in cash and cash equivalent		2,449,019,259	-9,358,540
Cash and cash equivalent at BEGINNING of the year	4	791,950	10,150,490
Cash and cash equivalent at END of the year	3	2,449,811,209	791,950

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:


20/8/2020
Robert Masese
Board Chair


Yusuf Mbuno
Ag. Chief Executive Officer


Polly Maingi
Head of Finance


STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from Other Government Entities	33,286,162,000	12,902,541,950	46,188,703,949	35,925,791,949	10,262,912,000	78%
TOTALS	33,286,162,000	12,902,541,950	46,188,703,949	35,925,791,949	10,262,912,000	78%
PAYMENTS						
Transfers to the Constituencies	31,621,853,900	12,902,541,950	44,524,395,850	31,928,050,741	12,596,345,108	72%
Transfers to the Secretariat	1,664,308,100	0	1,664,308,100	1,547,930,000	116,378,100	93%
TOTALS	33,286,162,000	12,902,541,950	46,188,703,950	33,475,980,741	12,712,723,208	72%

Explanatory notes on material variances

- The Board was allocated Ksh 33,286,162,000 in Financial Year 2018/2019 This comprises of Ksh 31,621,853,950 being allocation for disbursement to the constituencies and Ksh 1,664,308,100 being allocation to the Board Secretariat for administrative purposes
- The composition of adjustments column of Ksh 12,902,541,950 is as follows
 - Opening balance of Ksh 791,950
 - Ksh 7,925,000,000 allocated in financial year 2017-2018 but was received in financial year 2018-2019
 - Ksh 4,976,750,000 arrears from previous financial years allocation that has not been received from The National Treasury to date
- The variance of 28% on transfer to the constituencies was due to delay in receipt of funds from The National Treasury

accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:


20/8/2020
Robert Masese
Board Chair


Yusuf Mbuno
Ag. Chief Executive Officer


Polly Maingi
Head of Finance
ICPAK No: 5427

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.

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 Fund. 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 (Ksh), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Summary of Significant Accounting Policies Applied

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

a. Recognition of Receipts

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 the amount is reflected in the bank statement. The funds were received as follows:

No	Date	Amount Received
1	3/7/2018	2,125,000,000
2	5/7/2018	5,800,000,000
3	26/10/2018	4,000,000,000
4	23/11/2018	2,000,000,000
5	8/2/2019	2,000,000,000
6	11/2/2019	2,000,000,000
7	19/2/2019	2,000,000,000
8	22/2/2019	2,000,000,000
9	15/3/2019	2,000,000,000
10	19/3/2019	2,000,000,000

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

11	23/4/2019	2,000,000,000
12	25/4/2019	2,000,000,000
13	17/5/2019	4,000,000,000
14	24/5/2019	2,000,000,000
	Total	35,925,000,000

b. 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. Some 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.

c. Budget Information.

The budget is the allocation to the Fund as approved by the National Assembly. This comprises of 95% allocation to the constituencies and 5% allocation to the Secretariat. The original budget was approved by Parliament 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.

d. Recognition of payments

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

e. 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.

f. Accounts Receivable

For the purposes of these financial statements, Monies allocated to the Fund but not yet received at the end of the Financial comprises of pending receipts from the national Treasury. This is in compliance with Sec 7(2) of the NGCDF Act that states that all funds allocated to a constituency shall be cumulative and shall be carried forward from one financial year to the next, including funds returned into the accounts in accordance with section 6(3) or funds which are not utilized for whatever reasons.

g. Accounts Payable

For the purposes of these financial statements, amount allocated to the constituencies but not disbursed by the end of the financial year have been recognized on an accrual basis (as owing disbursements to the constituencies). This is in compliance with Sec 7(2) of the NGCDF Act that states that all funds allocated to a constituency shall be cumulative and shall be carried forward from one financial year to the next, including funds returned into the accounts in accordance with section 6(3) or funds which are not utilized for whatever reasons. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies.

h. Comparative Figures

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

i. Subsequent Events

Out of the total allocation of Kes. 33,286,162,000 in 2018/2019 Financial Year., the Board received Kes 28,000,000,000 within the financial year. The balance of Kes 5,286,162,000 was received on 10th July 2019 after the reporting period. This funds will therefore be disbursed to the constituencies in financial year 2019/2020.

j. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: 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.

k. 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.

NOTES TO THE FINANCIAL STATEMENTS

1. Transfer from other Government Entities

Date	2018-2019	2017-2018
	Kshs	Kshs
Receipts from State Department for Planning		
3/7/2018	2,125,000,000	
5/7/2018	5,800,000,000	
Receipts from State Department for Devolution		
26/10/2018	4,000,000,000	
23/11/2018	2,000,000,000	
8/2/2019	2,000,000,000	
11/2/2019	2,000,000,000	
19/2/2019	2,000,000,000	
22/2/2019	2,000,000,000	
15/3/2019	2,000,000,000	
19/3/2019	2,000,000,000	
23/4/2019	2,000,000,000	
25/4/2019	2,000,000,000	
17/5/2019	4,000,000,000	
24/5/2019	2,000,000,000	
19/1/2018		2,000,000,000
29/1/2018		2,000,000,000
13/2/2018		2,000,000,000
16/2/2018		2,000,000,000
26/2/2018		2,000,000,000
27/3/2018		2,000,000,000
10/4/2018		2,000,000,000
16/4/2018		2,000,000,000
10/5/2018		2,000,000,000
18/5/2018		1,875,000,000
28/5/2018		2,000,000,000
TOTAL	35,925,000,000	21,875,000,000

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

2. TRANSFER TO THE CONSTITUENCIES AND SECRETARIAT

	2018-2019 Kshs	2017-2018 Kshs
Transfers to the constituencies(Annex I)	31,928,050,741	20,559,358,540
Transfer to NGCDF Board Secretariat (5% allocation) (Annex II)	1,547,930,000	1,325,000,000
Total	33,475,980,741	21,884,358,540

3. BANK ACCOUNTS

Name of Bank, Account No. & currency	2018-2019 Kshs	2017-2018 Kshs
Central Bank of Kenya, Recurrent Account no.1000304316	2,449,811,208	791,950
	2,449,811,208	791,950
Total		

4. BALANCES BROUGHT FORWARD

	2018-2019 Kshs	2017-2018 Kshs
Bank account	791,950	10,150,490
Total	791,950	10,150,490

5. IMPORTANT DISCLOSURES

1. Owing to the constituencies	12,712,723,208
2. Pending receipts from National Treasury	10,262,912,000

Annex I

DISBURSEMENT TO THE CONSTITUENCIES IN 2018/2019 FINANCIAL YEAR

No.	Constituency	Amount Disbursed
1	Changamwe	200,352,931
2	Jomvu	108,784,483
3	Kisauni	65,379,310
4	Nyali	108,784,483
5	Likoni	119,839,368
6	Mvita	107,548,276
7	Msambweni	65,379,310
8	Lunga Lunga	110,284,483
9	Matuga	163,825,359
10	Kinango	65,379,310
11	Kilifi North	68,879,310
12	Kilifi South	66,615,516
13	Kaloleni	98,984,483
14	Rabai	163,825,359
15	Ganze	94,134,483
16	Malindi	164,325,359
17	Magarini	67,015,517
18	Garsen	165,825,359
19	Galole	121,794,452
20	Bura	106,784,483
21	Lamu East	120,420,186
22	Lamu West	93,581,033
23	Taveta	163,825,359
24	Wundanyi	65,379,310
25	Mwatate	65,379,310
26	Voi	108,134,483
27	Garissa Township	108,512,070
28	Balambala	107,084,483
29	Lagdera	108,784,483

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
30	Dadaab	65,379,310
31	Fafi	157,709,772
32	Ijara	54,000,000
33	Wajir North	108,784,483
34	Wajir East	104,840,186
35	Tarbaj	108,784,483
36	Wajir West	108,784,483
37	Eldas	108,784,483
38	Wajir South	108,784,483
39	Mandera West	126,087,277
40	Banissa	109,484,483
41	Mandera North	108,784,483
42	Mandera South	116,420,186
43	Mandera East	109,040,876
44	Lafey	108,784,483
45	Moyale	108,784,483
46	North Horr	161,708,380
47	Saku	108,784,483
48	Laisamis	108,784,483
49	Isiolo North	71,353,448
50	Isiolo South	54,000,000
51	Igembe South	125,284,483
52	Igembe Central	65,379,310
53	Igembe North	114,784,483
54	Tigania West	108,784,483
55	Tigania East	65,879,310
56	North Imenti	108,784,483
57	Buuri	114,622,414
58	Central Imenti	113,434,483
59	South Imenti	109,784,483
60	Maara	154,039,152
61	Chuka/Igambang'ombe	100,908,621

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
62	Tharaka	107,784,483
63	Manyatta	108,406,897
64	Runyenjes	108,784,483
65	Mbeere South	91,939,656
66	Mbeere North	89,284,483
67	Mwingi North	93,548,276
68	Mwingi West	65,379,310
69	Mwingi Central	108,556,897
70	Kitui West	108,784,483
71	Kitui Rural	108,784,483
72	Kitui Central	120,420,186
73	Kitui East	108,784,483
74	Kitui South	109,659,035
75	Masinga	160,425,359
76	Yatta	155,089,152
77	Kangundo	118,239,368
78	Matungulu	108,784,483
79	Kathiani	58,600,000
80	Mavoko	108,784,483
81	Machakos Town	108,784,483
82	Mwala	82,479,310
83	Mbooni	108,784,483
84	Kilome	65,379,310
85	Kaiti	102,128,408
86	Makueni	104,284,483
87	Kibwezi West	109,284,483
88	Kibwezi East	94,328,276
89	Kinangop	114,324,496
90	Kipipiri	108,784,483
91	Ol Kalou	61,379,310
92	Ol Jororok	71,708,621
93	Ndaragwa	106,345,690

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
94	Tetu	108,784,483
95	Kieni	110,184,483
96	Mathira	108,784,483
97	Othaya	108,784,483
98	Mukurweini	88,784,483
99	Nyeri Town	108,784,483
100	Mwea	85,784,483
101	Gichugu	104,048,277
102	Ndia	129,487,069
103	Kirinyaga Central	161,325,359
104	Kangema	108,784,483
105	Mathioya	108,784,483
106	Kiharu	108,984,483
107	Kigumo	163,825,359
108	Maragua	120,420,186
109	Kandara	108,784,483
110	Gatanga	108,784,483
111	Gatundu South	120,420,186
112	Gatundu North	108,784,483
113	Juja	128,156,393
114	Thika Town	111,284,483
115	Ruiru	108,784,483
116	Githunguri	120,420,186
117	Kiambu Town	126,020,186
118	Kiambaa	64,645,710
119	Kabete	163,825,359
120	Kikuyu	111,634,483
121	Limuru	108,784,483
122	Lari	108,784,483
123	Turkana North	108,784,483
124	Turkana West	108,784,483
125	Turkana Central	108,748,482

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
126	Loima	108,784,483
127	Turkana South	140,861,652
128	Turkana East	165,825,359
129	Kapenguria	120,420,186
130	Sigor	108,784,483
131	Kacheliba	84,265,302
132	Pokot South	120,420,186
133	Samburu West	115,503,461
134	Samburu North	114,420,186
135	Samburu East	163,825,359
136	Kwanza	108,784,483
137	Endebess	108,784,483
138	Saboti	164,199,233
139	Kiminini	108,784,483
140	Cherangany	84,784,483
141	Soy	108,784,483
142	Turbo	108,184,483
143	Moiben	108,784,483
144	Ainabkoi	108,784,483
145	Kapseret	108,784,483
146	Kesses	108,784,483
147	Marakwet East	108,984,483
148	Marakwet West	108,784,483
149	Keiyo North	111,022,414
150	Keiyo South	108,548,276
151	Tinderet	164,325,359
152	Aldai	102,784,483
153	Nandi Hills	106,748,273
154	Chesumei	107,084,483
155	Emgwen	117,471,855
156	Mosop	160,725,358
157	Tiaty	109,284,483

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
158	Baringo North	109,284,483
159	Baringo Central	111,937,786
160	Baringo South	108,784,483
161	Mogotio	108,784,483
162	Eldama Ravine	161,227,665
163	Laikipia West	65,379,310
164	Laikipia East	108,784,483
165	Laikipia North	120,896,048
166	Molo	114,784,483
167	Njoro	65,379,310
168	Naivasha	108,784,483
169	Gilgil	123,820,186
170	Kuresoi South	122,620,186
171	Kuresoi North	118,820,186
172	Subukia	108,784,483
173	Rongai	129,120,186
174	Bahati	121,240,186
175	Nakuru Town West	118,420,186
176	Nakuru Town East	67,748,274
177	Kilgoris	103,980,076
178	Emuria Dikirr	97,405,173
179	Narok North	122,920,186
180	Narok East	120,420,186
181	Narok South	110,220,186
182	Narok West	113,420,186
183	Kajiado North	108,784,483
184	Kajiado Central	108,784,483
185	Kajiado East	108,784,483
186	Kajiado West	109,232,099
187	Kajiado South	117,782,846
188	Kipkelion East	163,825,359
189	Kipkelion West	154,825,359

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
190	Ainamoi	110,284,483
191	Bureti	108,784,483
192	Belgut	108,784,483
193	Sigowet/Soin	108,784,483
194	Sotik	106,384,483
195	Chepalungu	160,343,351
196	Bomet East	108,784,483
197	Bomet Central	108,784,482
198	Konoin	108,684,483
199	Lugari	65,978,160
200	Likuyani	122,140,186
201	Malava	162,675,359
202	Lurambi	100,784,483
203	Navakholo	162,325,359
204	Mumias West	120,420,186
205	Mumias East	166,375,359
206	Matungu	108,784,483
207	Butere	95,784,483
208	Khwisero	120,420,186
209	Shinyalu	73,405,173
210	Ikolomani	123,832,186
211	Vihiga	108,784,483
212	Sabatia	112,784,483
213	Hamisi	65,379,310
214	Luanda	162,825,359
215	Emuhaya	108,784,483
216	Mt. Elgon	125,920,186
217	Sirisia	95,784,483
218	Kabuchai	64,565,517
219	Bumula	121,370,186
220	Kanduyi	65,151,724
221	Webuye East	65,379,310

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
222	Webuye West	65,963,941
223	Kimilili	120,420,186
224	Tongaren	162,825,359
225	Teso North	70,579,310
226	Teso South	108,784,483
227	Nambale	108,784,483
228	Matayos	103,284,483
229	Butula	87,784,483
230	Funyula	105,326,713
231	Budalangi	104,208,621
232	Ugenya	107,748,316
233	Ugunja	112,620,186
234	Alego Usonga	106,493,586
235	Gem	102,034,483
236	Bondo	109,284,483
237	Rarieda	68,329,310
238	Kisumu East	65,879,310
239	Kisumu West	108,784,483
240	Kisumu Central	92,607,800
241	Seme	109,084,483
242	Nyando	163,825,359
243	Muhoroni	65,379,310
244	Nyakach	90,294,828
245	Kasipul	108,784,483
246	Kabondo Kasipul	137,738,148
247	Karachuonyo	112,920,186
248	Rangwe	102,484,483
249	Homa Bay Town	132,096,394
250	Ndhiwa	92,800,713
251	Suba North	108,784,483
252	Suba South	120,420,186
253	Rongo	117,770,186

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
254	Awendo	163,825,359
255	Suna East	65,379,310
256	Suna West	65,379,310
257	Uriri	108,784,483
258	Nyatike	108,299,483
259	Kuria East	65,379,310
260	Kuria West	95,784,483
261	Bonchari	171,509,215
262	South Mugirango	108,784,483
263	Bomachoge Borabu	120,420,186
264	Bobasi	95,784,483
265	Bomachoge Chache	161,791,841
266	Nyaribari Masaba	106,439,368
267	Nyaribari Chache	90,969,238
268	Kitutu Chache North	108,784,483
269	Kitutu Chache South	107,048,274
270	Kitutu Masaba	108,784,483
271	West Mugirango	108,784,483
272	North Mugirango	143,629,669
273	Borabu	115,988,185
274	Westlands	108,784,483
275	Dagoretti North	113,784,483
276	Dagoretti South	158,125,338
277	Langata	125,156,393
278	Kibra	65,379,310
279	Roysambu	152,446,048
280	Kasarani	108,784,483
281	Ruaraka	63,500,000
282	Embakasi South	125,984,483
283	Embakasi North	89,084,483
284	Embakasi Central	108,784,483
285	Embakasi East	106,284,483

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)
Reports and Financial Statements For the year ended June 30 2019

No.	Constituency	Amount Disbursed
286	Embakasi West	99,784,483
287	Makadara	120,420,186
288	Kamukunji	109,040,876
289	Starehe	108,784,483
290	Mathare	104,250,776
Total Disbursed		31,928,050,741

Annex II

Disbursement to the Board Secretariat

No.	Date Disbursed	Amount Disbursed
1	21/03/2019	200,000,000.00
2	30/04/2019	600,000,000.00
3	14/05/2019	747,930,000.00
Total Amount		1,547,930,000.00