
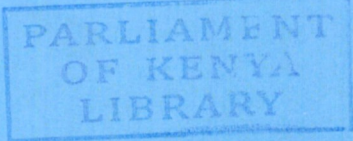


REPORT

 THE NATIONAL ASSEMBLY	
DATE: 08 FEB 2022	
DAY: Tuesday	
TABLED BY:	Lom
CLERK-AT THE-TABLE:	Benson



THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MUHORONI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2020



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

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

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 Muhoroni Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Henry S.J. Opilo
2.	Sub-County Accountant	Isabella S. N. Omoke
3.	Chairman NGCDFC	Benard Ogutu Del
4.	Member NGCDFC	Hilda Atieno

(d) Fiduciary Oversight Arrangements

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

P.O. Box 60-40116
CDF Building, Chemelil
Muhoroni Sub-County Headquarters
Chemelil, Kenya

(f) NGCDF Muhoroni Constituency Contacts

Telephone: (254) 721967624

E-mail:

Website: www.go.ke

(g) NGCDF Muhoroni Constituency Bankers

1. Kenya Commercial Bank
KCB Bank
P.O. Box 60000
City Square 00200
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

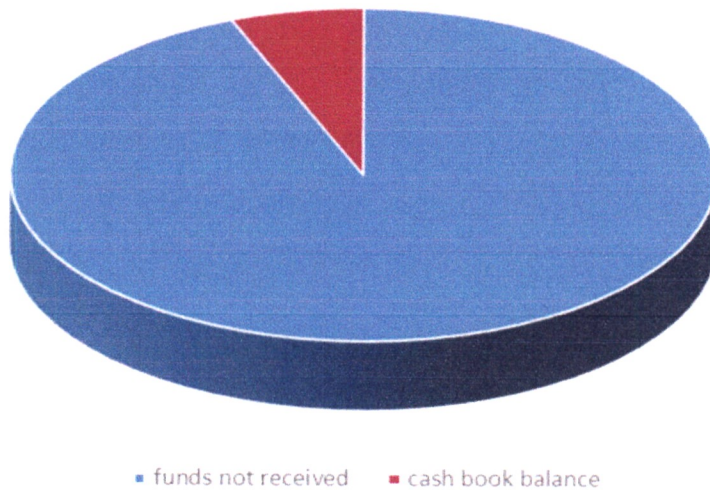
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

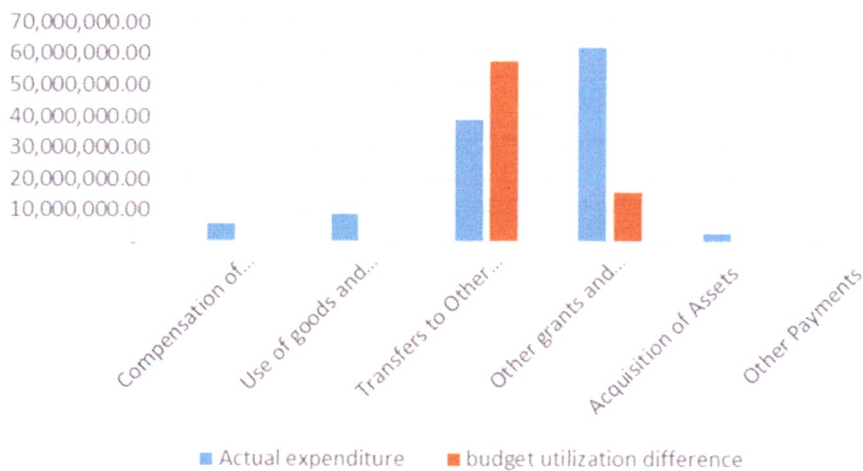
Summary of budget performance

Once again, I present our constituency Annual Report and Financial Statements for the year ended 30th June 2020. The actual receipt from the NGCDF board for the year 2019/2020 was Kshs. 68,000,000 against the annual budget (allocation) of Kshs 137,367,724.00. By the closure of the financial year, a balance of Kshs. 69,367,724 of the allocated fund including balances not received from previous years had not been received as elaborated in the appropriate summary (see graph on appropriation of the budget utilization). The absorption rate is not impressive with a utilization rate of over 61.9% overall as indicated by the appropriation analysis summary due to the delay in funding from the Board (see the graphs below). This is an increase of 3% from last year absorption rate.

budget utilization difference



budget utilization analysis



Achievements

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Our commitment to achieve our dream of being the model constituency in Kenya by bringing all the essential services to the people had been our main motivation for the continued good performance under the difficult operating environment.

Some of the key achievement during this financial year included disbursement of funds to different government entities; Kshs. 22,030,000.00 was for primary schools and 16,930,000.00 for secondary schools. We were also able to disburse Kshs. 31,000,000.00 to various secondary schools with the county and 21,000,000.00 to tertiary institutions benefiting close to 4,000 students within the constituency, this indicate how education wise the NG-CDF funds is impacting on the lives of Kenyans with specific reference to Muhoroni constituents.

In terms of social responsibility sports activities was held to help the youths showcase their talents and a total of Kshs. 1,928,880.00 was utilized on the activity.



Emerging issues.

During this financial year the emerging issues were;

- I. The change of committee members
- II. The long rains that affected the implementation of the projects
- III. The outbreak of Corona Virus (COVID-19)

Implementation challenges

- i. Delay of funds from the board
- ii. Floods in the Muhoroni
- iii. Poor roads within the constituency
- iv. Lack of technical advisers in project implementation

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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Way forward

- i. The board should ensure funds are disbursed on time to avoid rollover of the projects. This will ensure 100% utilizations of funds during the year under review.
- ii. The board should provide an independent works office to help in supervision of NG-CDF projects because the works officer we are using is under county Government and they are hardly available.

Muhoroni NG-CDF through the area MP has collaborated with the county government to open up the drainages to mitigate the flood in the area.

Sign 

CHAIRMAN NGCDF COMMITTEE

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

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of NGCDF-Muhoroni Constituency's 2018-2022 strategic plan are to:

- I. To reduce insecurity in Muhoroni Constituency by 90% by 2022.
- II. Increase access and retention of learners in various learning institutions.
- III. Increase access to ICT training for youths and women.
- IV. To promote participation of youths in various sporting activities.
- V. Increase tree cover from 1% to 10%.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Program	Objective	Outcome	Indicator	Performance
Education	Increase access and retention of learners in various learning institutions.	Improved access and completion rates among primary and secondary school children	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions	In the FY 2019/20 the constituency constructed seven primary school classrooms, two secondary school classroom, dining hall in secondary school summary of projects that you did this year. 12 classrooms in primary school, 1 school fenced, 5 pit latrine in 1 primary school 1 Administration

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				block in primary school 6 classrooms in secondary school Dining hall in secondary school
Security	To reduce insecurity in Muhoroni Constituency by 90% by 2022.	Improved security and peace within the Sub-County and at the boundary.	Number of usable physical infrastructure build in police stations and administrative offices within Muhoroni sub county.	In the financial year 2019/2020 we renovated a hall, constructed houses and fencing (ongoing projects) Completion of DO's residential house Construction of pit latrine Summary Renovation of hall of RDU at songhor. Constructed houses of RDU at songhor. Constructed pit latrine at Kopere police post.
Environment	Increase tree cover from 1% to 10%	Improved local human environment through conservation of bio-diversity	Planting trees and campaigns against environmental degradation and its impact on human and animal life.	The financial year 2019/2020 we did not perform any environmental activities due to the outbreak of COVID 19
Sports	To promote participation of youths in various sporting activities	Recognition of sports as an employer among the youth.	Purchase and distribution of sports kits Organize stakeholders meeting and training for the youths	In the financial year 2019/2020 we purchased 1 sets of uniforms to 10 local football clubs in Muhoroni Stakeholder meeting was held and training of youths within the constituency
Information	Increase access to	Enhanced skill	Connect all	In the financial

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Communication Technology	ICT training for youths and women	development and integration of ICT to widen opportunities for the youth	secondary schools with Wi-Fi	year 2019/2020 we connected Wi-Fi in one secondary school Dining hall at St. Stephens menara secondary school was connected with Wi-Fi
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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Muhoroni Constituency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely; Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

Emerging literature has shown that only sustainable NG-CDF projects will be able to meet the objectives of the NG-CDF that is poverty reduction and development at grassroots. A project becomes sustainable when its resources are managed and utilized in the way that ensures successful project completion. There are three major principles of project sustainability: -

- a) Use of limited resources. This implies that a project can only be accomplished if resources are available and enough.
- b) Project should never exceed available resources. This means that a project will successful if the use of available resources never exceeds amount of resources necessary for project completion. This therefore means that resources must be planned in advance and minimize resources waste.
- c) Resources must be allocated strategically. This means that one has to recognize the importance of allocating project resources to only prioritized direction according to the strategies. Resource allocation activities should be planned for long-term perspectives and utilized considering stakeholders' expectations.

Project sustainability is affected by two factors: -

- a) Macroeconomic policies
- b) Political environment

On the issue of macroeconomic policies Muhoroni Projects are allocated enough funds based on technical advice from the sub county works officer who is the supervisor of the projects, National Construction Authority and National Environment Management Authority. This has ensured that the minimal resources are shared in proportional to the needs of the constituents. It is the policy of Muhoroni NG-CDF to ensure that local contractors from the constituency are given priority for project tendering and all the local skilled and un-skilled labour are involved in order to enhance the community standard of living.

It has been a directive of Muhoroni NG-CDF that all the contractual materials for all projects be procured from the local investors in order to ensure that the funds trickle down to everybody in the society thereby increasing the purchasing power of the consumers. Therefore, small scale businesses have improved to a great margin raising the standard of living of the constituents.

The success of Muhoroni projects is attributed by good political goodwill from the area MP who is very supportive and the local community who is involved directly in supervision of the NG-CDF projects.

It is also evident that there are minimal confrontational politics and the constituency is always in low political temperatures giving an enabling and peaceful environment in project implementation. However, there are instances where projects fail to take off due to various reasons

- 1) Poor access roads
- 2) Delayed funding from the NG-CDF board.
- 3) Lack of input from works officers who are employees of the county
- 4) Lack of skilled manpower in the constituency
- 5) NG-CDFCs and PMCs mostly composes of people with no relevant skills and experience.

2. Environmental performance

- a) Environmental policy is the commitment of an organization or government to the laws, regulations and other policy mechanisms concerning environmental issues. Muhoroni NG-CDF has drafted an environmental policy on: -
- b) Increasing of the number of trees in the constituency by ensuring that in every year funds on planting of trees are allocated.
- c) Ensuring that the constituency observe the international environmental day every year.
- d) Ensuring that youths are involved in matters of environmental issues e.g. during the environmental day they are involved in un-broking of drainages.

Success of the policy.

Due to continued planting of trees especially in primary and secondary schools, the ground cover has been enhanced reducing soil erosion. Also it is evident that the weather patterns have been enhanced due to the increased number of trees in the constituency.

The communities have been trained on the need to conserve environment based on the benefits witnessed over time.

Short comings

One of the shortcomings of the environmental policy in Muhoroni is sustainability of the projects. Majority of the schools have little sources of water and mostly many trees end up drying retarding the progress of the projects.

The heavy rains during the years has also affected the sustainability of the project because the Muhoroni is a flood prone area.

Majority of the schools are very poor and sustaining the project become a challenge.

Management of biodiversity.

Muhoroni NG-CDF believe in maintaining the ground cover which is an ecosystem favorable to human and organisms. The air we breathe is an integral part of wider benefits derived from conserving the environment and other earth fauna assist in breaking down humus into nutrients consumable by plants and eventually plants become food to human.

It is therefore imperative that management of biodiversity is the key objective advanced by Muhoroni NG-CDF ensuring that environmental conservation through tree planting is a priority.

Waste Management.

Waste management include the activities and actions required to manage waste from its inception to its final use. Muhoroni NG-CDF has embarked on implementing bio-digest ablution blocks in several schools and all big projects are directed to avoid septic tanks which influents are disposable and basically areas of disposal are a great challenge.

3. Employee welfare

Muhoroni NG-CDFC offers only two categories of employment, which are Contract employees who are employed for 3 years on a renewable contract. Such employees are eligible for employee benefits in line with the statutory requirements. Casual employees are hired to perform specific duties on a daily or weekly basis on a piece rate payment system. Casuals are not allowed to work continuously for more than three (3) months and are not eligible for any employee benefits in line with statutory requirements.

Muhoroni has adhered to a policy of gender parity whereby one third rule enshrined in the constitution is followed to the letter.

ALL the stakeholders in the wards are involved in the recruitment process to promote equity although the recruitment is an open process acceptable by everyone in the constituency.

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Efforts to improve skills, managing careers, appraisal and reward system

Muhoroni NG-CDF is recognizing the importance of developing a talent management process strategy and improvement of skills. This is an approach which is concerned with the long-term professional development of employees in the organization. Its aim is getting the right person in the right job at the right time and to enhance skills commensurate with their job placement. For that matter NG-CDFC committee has sponsored employees in colleges and universities to advance their careers.

On performance appraisal it is a review, evaluation or method by which the job performance of an employee is documented and evaluated.

Here the employees are given targets which are evaluated at the end of the period and employees are ranked in order of performance and rewarded at the end of the year by the NG-CDFC committee.

On workplace safety programs are designed to give the tools necessary to develop and manage an effective safety culture that not only help reduce work related injuries but also minimize compensation related costs.

Muhoroni has the following policy on workplace safety program: -

- Employees have been trained on roles on safety measures.
- Different hazard control methods have been identified and kept on standby
- Documentation of safety data and hazard analysis and standard operating procedures put in place.
- Fire extinguisher installed in the office and often training of staffs and public at large.
- Emergency doors are fixed in the office.

HIV/AIDS

HIV and AIDS is a major challenge facing officers in and out of the Institute. It poses a big threat to the individual, the family and the public Service. It is in cognizance of this that the Institute has put in place care and support programs for the infected and affected officers to enable them remain productive. HIV/AIDS shall be treated like any other challenging issue at the workplace. All officers of the Institute shall have a role to play in the wider struggle to mitigate the effects of the pandemic. An officer shall not be discriminated or stigmatized on the basis of HIV status. It is an offence for any person to discriminate another on the ground of actual, perceived or suspected HIV status. It is the responsibility of the Fund Account Manager in liaison with NG-CDFC to train and sensitize the staff on the risk of HIV/AIDS transmission by adopting first aid/universal infection control precautions at the workplace. HIV/AIDS screening shall not be a requirement for job seekers, recruitment or for persons in employment. Screening shall be confidential, voluntary and shall be after counselling. shall be no disclosure of HIV/AIDS test results of any related assessment results to any person without the written consent of the officers.

Drug and Substance Abuse

Addiction to drugs or substance will be treated like any other disease. An officer who is determined to deal with drug and substance abuse problem by engaging in rehabilitation services will be referred by the office by a Government doctor for evaluation, within the limits and budgets endorsed by the NG-CDFC.

Persons Living with Disability

An employee with impairment in his/her body will be expected to confirm their disability status with a doctor after medical examination. Once it is confirmed that he/she is disabled, the employee will register with the National Council for Person with Disabilities. The employee will then present the registration certificate from the National Council for Persons with Disabilities to the Institute

which will then recognize them as employees living with disabilities. The office shall provide facilities and effect such modification, whether physical, administrative or otherwise, in the workplace as may be reasonably required to accommodate persons with disabilities

Sexual harassment and other Forms of Harassment

Any staff of the office should not harass another officer sexually through, direct or indirect request for favors, use of language whether written or spoken of a sexual nature, use visual material of a sexual nature and show physical behavior of a sexual nature which directly or indirectly subjects the person to behavior that is unwelcome or offensive. Disciplinary action will be taken against an officer of the Institute for harassing another person.

4. Market place practices-

Responsible competitiveness is about making sustainable development count in global and local markets. It means markets that reward business practices that deliver improved social, environmental and economic outcomes. And it means economic success for nations that encourage such business practices through public policies, societal norms and citizen actions. Responsible competitiveness strategies enhance productivity by shaping business strategies and practices and the context in which they operate to take explicit account of their social, economic and environmental impacts. Thus responsible competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices and penalised for the converse.

Muhoroni adhere strictly to the laid down procedures on project identification, implementation and accountability of funds to ensure the community get value for the funds.

The committee has an oversight sub-committee mandated to track funds from disbursement to completion of the project curbing corruption at the project level and also giving autonomy to project implementation committee.

Muhoroni respect its competitors who are in the county and mutually education projects benefit from the water borehole dug by the county for implementing of projects.

The constituency has prequalified its own suppliers through an open process and tenders are awarded competitively with the winners offered jobs without controversy.

Muhoroni NG-CDFC ensures that all contractors and suppliers are paid promptly after certification of goods and services for quality and quantity.

Product stewardship is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimising the environmental impact throughout all stages of the products life cycle, including end life management.

It also ensures that the end product meet the desired qualities to enhance customer value.

Muhoroni has endeavoured to live to its policy framework of good quality projects with no negative environmental impact to the society.

5. Community Engagements-

Muhoroni NG-CDF is well connected to the community and it starts in the project identification stage through public participation where community is actively engaged on decisions regarding the projects they desire. Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs.

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The community is always mobilized especially when they are vetting beneficiaries of bursaries in the year. This help in equitable distribution of the bursary and identifying the poor families who are not able to apply on time.

Taking into consideration the current Corona Virus epidemic, 2019, in line with the Governments directive on combating the spread of the virus, the office took the following precautionary measures: -

- Muhoroni NG-CDF purchased face masks, hand cloves and hand sanitizers and distributed to the public through the office of the DCC. The DCC instructed area administration officers to reach the venerable.
- The team from the office in collaboration with the DCC office performed a sensitization programmes to the vulnerable group after which they provided them with some food staffs.

Muhoroni NG-CDF participate sporting activities which help in bringing the community together and enhance unity of purpose. Through sporting activities talents are identified and developed.

Muhoroni NG-CDFC motor vehicle sometimes is offered to families which are bereaved because of inability to raise funds for the occasion. The motor vehicle is also available to the community to render services in cases of any emergency like sickness.

Also in several occasions the health sub-county departments are assisted with the vehicle when there are national health campaigns e.g. immunization, and creating awareness of HIV AIDS

During national examination period the NG-CDF vehicle is always availed for transportation of examination and supervisors in various schools within the constituency.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MUHORONI CONSTITUENCY**

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For the year ended June 30, 2020**

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

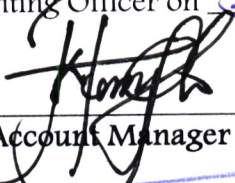
The Accounting Officer in charge of the NGCDF-Muhoroni Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

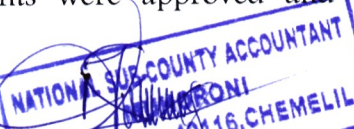
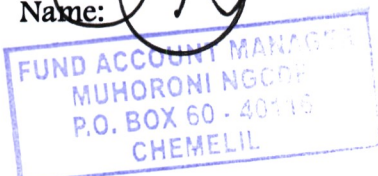
The Accounting Officer in charge of the NGCDF-Muhoroni Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Muhoroni 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-Muhoroni 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-Muhoroni Constituency financial statements were approved and signed by the Accounting Officer on 30th sep. 2020.


Fund Account Manager
Name:

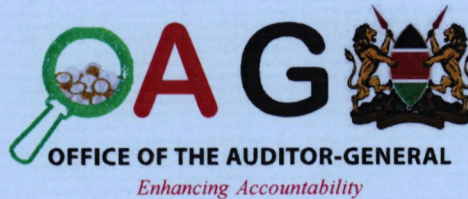


Sub-County Accountant
Name:

ICPAK Member Number:

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 - MUHORONI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Muhoroni Constituency set out on pages 19 to 54, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Muhoroni Constituency as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Bank Balances

The statement of assets and liabilities reflects bank balances of Kshs.4,538,622 as at 30 June, 2020. According to June, 2020 bank reconciliation statement provided for audit, unrepresented cheques totalled to Kshs.595,269. However, as at the time of audit in January 2021, the payments had not been cleared through the banks and the cheques had therefore already become stale. Reversal of the entries had not been effected in the cashbook.

Consequently, the accuracy and validity of the bank balance of Kshs.4,538,622 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Muhoroni 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 budgeted to receipts of Kshs.193,939,746 during the year under review but the transfers from the National Government Constituencies Development Fund Board totalled to Kshs.124,572,022 resulting into an under-funding of Kshs.69,367,725. Further, the Fund incurred an expenditure of Kshs.120,033,400 representing 62% of the approved budget of Kshs.193,939,747 and resulting into an under-absorption of Kshs.73,906,347 or 38%.

Consequently, some programs and activities were not implemented as planned hence hindering the achievement of the intended objectives of improved service delivery to the residents of Muhoroni Constituency.

2. Unresolved Prior Year Audit Matters

As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided satisfactory reasons for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Audit Inspection of Projects Findings

Review of documents and audit inspection of six (6) projects for which Kshs.5,211,764 was disbursed, revealed poor workmanship and other anomalies as detailed at **Appendix I**.

Consequently, it could not be confirmed that value for money was achieved from the expenditure of Kshs.5,211,764 on the projects.

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 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 Funds ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. 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 audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls 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 Fund's 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 Funds 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2022

Appendix I - Audit Inspection of Projects Findings

No.	School Name	Project Details	Amount Paid (Kshs.)	Remarks
1.	Nyadundo Primary School	Construction of two Classrooms	650,000	<ul style="list-style-type: none"> • Single doors done instead of double doors as per element no. 4 of the bills of quantities (BQ) • Painted with a one coat instead of 3 coats as per element no. 7 of the BQ • The metallic doors were slanting an indication of poor workmanship. • The plastered areas were peeling off an indication of poor ratios of cement and sand. • The building was occupied but there was no evidence of official handing over from the contractor
2.	Sauset Primary school	Construction of two Classrooms	650,000	<ul style="list-style-type: none"> • The classrooms had cracks on walls and depressions on the floor indicating poor workmanship. • The project had not been branded • The classrooms were in use but there was no evidence of official handing over • The internal plinths on the internal walls had not been done as per element No. 1 page 3 of the BQ
3.	Chetuyet Primary School	Construction of two Classrooms	1,490,000	<ul style="list-style-type: none"> • Project was in use but there was no handing over report. • The plastered areas were peeling off. • There were major cracks on the walls and the floor • The project had not been branded • Only the under-coat painting had been applied to both the internal and external walls instead of two coats

No.	School Name	Project Details	Amount Paid (Kshs.)	Remarks
4.	Nyakunguru Primary	Construction of two Classrooms	650,000	<ul style="list-style-type: none"> The classrooms had cracks on walls and depressions on the floor indicating poor workmanship and cement and sand ratios. The classrooms were in use but there was no evidence of official handing over of the Project.
5.	Muhoroni Factory primary school	Construction of two Classrooms	1,490,000	<ul style="list-style-type: none"> The classrooms were in use without official handing over from the contractor Branding had not been done. There were cracks on walls. Peeling off of the floor and the plastered area indicating poor workmanship
6.	National sub county treasury office at Chemilil	fixing of burglar proof doors and windows	281,764	<ul style="list-style-type: none"> The works were fully done and completed but the offices had not been occupied as at the time of audit inspection.
	Total		5,211,764	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MUHORONI CONSTITUENCY

Reports and Financial Statements


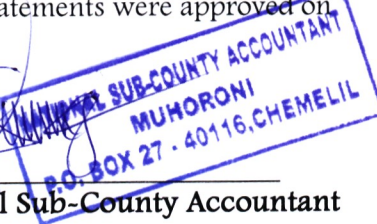
For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,040,876	65,379,310
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		123,040,876	65,379,310
PAYMENTS			
Compensation of employees	4	5,936,800	3,443,520
Use of goods and services	5	9,028,059	11,797,498
Transfers to Other Government Units	6	39,302,000	21,733,964
Other grants and transfers	7	62,556,227	43,485,079
Acquisition of Assets	8	3,210,314	713,520
Other Payments	9	-	-
TOTAL PAYMENTS		120,033,400	81,173,581
SURPLUS/(DEFICIT)		3,007,476	(15,794,271)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Muhoroni Constituency financial statements were approved on 30th sep 2020 and signed by:


 Fund Account Manager
 Name: _____



 National Sub-County Accountant
 Name: _____
 ICPAK Member Number: _____


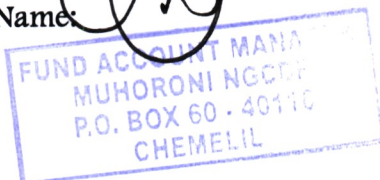
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 MUHORONI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2020**

VIII. STATEMENT OF ASSETS AND LIABILITIES

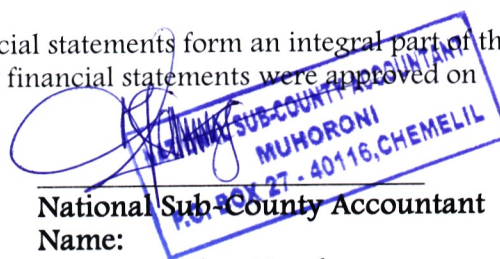
	Note	2019-2020 Kshs	2018-2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	4,538,622	1,531,146
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		4,538,622	1,531,146
Accounts Receivable		-	-
Outstanding Imprests	11	4,538,622	1,531,146
TOTAL FINANCIAL ASSETS			
FINANCIAL LIABILITIES			
Accounts Payable	12A	-	-
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		4,538,622	1,531,146
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd	13	1,531,146	17,325,417
Prior year adjustments	14	-	-
Surplus/Deficit for the year		3,007,476	(15,794,271)
NET FINANCIAL POSITION		4,538,622	1,531,146

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Muhoroni Constituency financial statements were approved on 30th sep 2020 and signed by:

Fund/Account Manager
Name:



National Sub-County Accountant
Name:
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MUHORONI CONSTITUENCY

Reports and Financial Statements

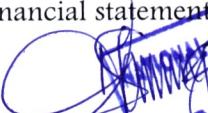
For the year ended June 30, 2020

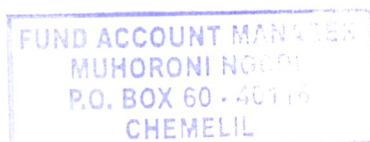
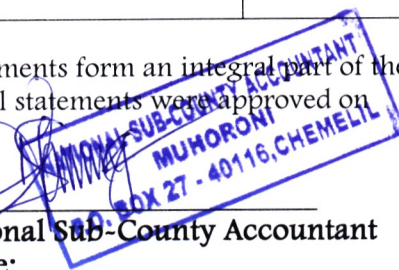
IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	123,040,876	65,379,310
Other Receipts	3	-	-
Total receipts		123,040,876	65,379,310
Payments for operating expenses			
Compensation of Employees	4	5,936,800	3,443,520
Use of goods and services	5	9,028,059	11,797,498
Transfers to Other Government Units	6	39,302,000	21,733,964
Other grants and transfers	7	62,556,227	43,485,079
Other Payments	9	-	-
Total payments		116,823,086	80,460,061
Total Receipts Less Total Payments		6,217,790	(15,080,751)
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
Net cash flow from operating activities		6,173,900	(15,080,751)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	3,210,314	713,520
Net cash flows from Investing Activities		3,210,314	713,520
NET INCREASE IN CASH AND CASH EQUIVALENT		3,007,476	(15,794,271)
Cash and cash equivalent at BEGINNING of the year	13	1,531,146	17,325,417
Cash and cash equivalent at END of the year		4,538,622	1,531,146

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Muhoroni Constituency financial statements were approved on 30th sep 2020 and signed by:

Fund Account Manager
Name: 


National Sub-County Accountant
Name:
ICPAK Member Number:



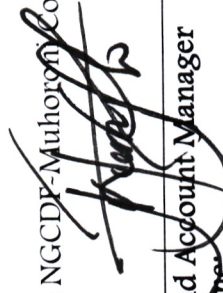
Reports and Financial Statements
For the year ended June 30, 2020

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

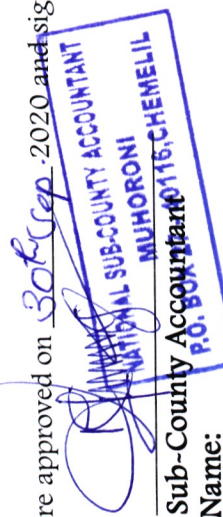
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	56,572,022	193,939,746	124,572,022	69,367,725	64.2%
Proceeds from Sale of Assets	-	-	-	-	-	0.0%
Other Receipts	-	-	-	-	-	0.0%
	137,367,724	56,572,022	193,939,746	124,572,022	69,367,725	64.2%
PAYMENTS						
Compensation of Employees	5,764,800	172,000	5,936,800	5,936,800	-	100.0%
Use of goods and services	6,598,295	2,495,148	9,093,443	9,028,059	65,384	99.3%
Transfers to Other Government Units	52,657,000	44,510,000	97,167,000	39,302,000	57,865,000	40.4%
Other grants and transfers	72,347,629	6,120,192	78,467,821	62,556,227	15,911,594	79.7%
Acquisition of Assets	-	3,274,683	3,274,683	3,210,314	64,369	98.0%
Other Payments	-	-	-	-	-	0.0%
TOTALS	137,367,724	56,572,023	193,939,747	120,033,400	73,906,347	61.9%

- I. Utilization of funds under transfer to other government units was below 90% because there was a delay of funds disbursement from the board and late implementation due to bad weather.
- II. On other grants and transfer the utilization is below 90% due to long rains and environmental projects could not kick off.

The NGCDF-Muhoroni Constituency financial statements were approved on 30th Sep 2020 and signed by:



Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:

FUND ACCOUNT MANAGER
MUHORONI NGCDF
P.O. BOX 60 - 40116
CHEMELIL

MUNICIPAL SUB-COUNTY ACCOUNTANT
MUHORONI
P.O. BOX 60116, CHEMELIL

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

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	5,764,800	0	5,764,800	5,936,800	-172,000
1.2 Committee allowances	1,248,000	0	1,248,000	1,125,200	122,800
1.3 Use of goods and services	1,229,263.45	2,274,632	3,503,895	3,478,699	25,196
2.0 Monitoring and evaluation					
2.1 Capacity building	1,271,226.27	942,517	2,213,743	2,678,000	-464,257
2.2 Committee allowances	1,000,000.00	0	1,000,000	200,000	800,000
2.3 Use of goods and services	1,849,805.45	0	1,849,805	1,546,160	303,645
3.0 Emergency					
Emergency projects	7,198,241.38	3,939,947	11,138,188	7,706,040	3,432,148
3.1 Primary Schools	0	0	0	0	0
3.2 Secondary schools	0	0	0	0	0
3.3 Tertiary institutions	0	0	0	0	0
3.4 Security projects	0	0	0	0	0
4.0 Bursary and Social Security					
4.1 Primary Schools	0	0	0	0	0
4.2 Secondary Schools	32,500,000	3,529	32,503,529	31,909,480	594,049
4.3 Tertiary Institutions	15,578,703.45	0	15,578,703	21,011,827	-5,433,124
4.4 Universities	0	0	0	0	0
4.5 Social Security	0	0	0	0	0
5.0 Sports					
Sports projects	2,747,354.48	732,750	3,480,104	1,928,880	1,551,224
6.0 Environment					
Environment projects	2,747,354.48	0	2,747,354	0	2,747,354

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.0 Primary Schools Projects (List all the Projects)					
God Abuoro primary school	0	500,000	500,000	500,000	0
Pawteng primary school	0	1,650,000	1,650,000	0	1,650,000
Ramula primary school	0	1,650,000	1,650,000	0	1,650,000
Nyakoko primary school	0	1,650,000	1,650,000	0	1,650,000
Orago primary school	2,103,000	0	2,103,000	0	2,103,000
Obumba primary school	2,103,000	0	2,103,000	0	2,103,000
Olik Oliero primary school	2,103,000	0	2,103,000	0	2,103,000
Omanyi primary school	2,103,000	0	2,103,000	0	2,103,000
Rangombe primary school	0	500,000	500,000	500,000	0
Chetuiyet primary school	0	1,650,000	1,650,000	1,650,000	0
Karunga primary school	0	550,000	550,000	380,000	170,000
Muhoroni Factory primary school	0	1,650,000	1,650,000	1,650,000	0
Kigoche primary school	0	2,450,000	2,450,000	2,450,000	0
Waware primary school	0	500,000	500,000	500,000	0
Nyalenya primary school	0	500,000	500,000	500,000	0
Kiliti primary school	0	500,000	500,000	500,000	0
Yago primary school	0	500,000	500,000	500,000	0
Miwani Estate Primay School	2,103,000	0	2,103,000	1,650,000	453,000
Oreng Primary School	2,103,000	0	2,103,000	1,650,000	453,000
Nyatao Primary School	2,103,000	0	2,103,000	1,650,000	453,000
Nyadundo Primary School	2,103,000	0	2,103,000	1,650,000	453,000
Nyakunguru Primary School	0	1,650,000	1,650,000	1,650,000	0
Nyang Primary School	0	1,650,000	1,650,000	1,650,000	0
Sauset Primary School	0	1,650,000	1,650,000	1,650,000	0
Bacho primary school	0	1,650,000	1,650,000	0	1,650,000

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Kibigori Railways primary school	0	550,000	550,000	1,350,000	-800,000
Kibigori primary school	0	50,000	50,000	0	50,000
Kipturi primary school	2,103,000	1,650,000	3,753,000	0	3,753,000
Tamu primary school	3,154,500	1,650,000	4,804,500	0	4,804,500
Wuok primary school	2,103,000	0	2,103,000	0	2,103,000
Obiavo primary school	2,103,000	0	2,103,000	0	2,103,000
Koru Township primary school	2,103,000	0	2,103,000	0	2,103,000
8.0 Secondary Schools Projects (List all the Projects)					
Ngeny Secondary school	0	500,000	500,000	500,000	0
St. Stephens Menara sec. school	3,700,000	2,500,000	6,200,000	5,580,000	620,000
Kibigori secondary school	0	2,450,000	2,450,000	2,450,000	0
God Abuoro secondary school	0	2,450,000	2,450,000	2,450,000	0
St. Boniface Magare secondary school	0	0	0	0	0
Our Lady Queen Of peace sec. school	0	2,450,000	2,450,000	2,450,000	0
Acheho Girls secondary school	0	303,964	303,964	0	303,964
Ngere Kagoro secondary school	0	5,000,000	5,000,000	0	5,000,000
Miwani secondary school	2,103,000	5,000,000	7,103,000	0	7,103,000
Songhor secondary school	2,103,000	0	2,103,000	0	2,103,000
Oduwo secondary school	2,103,000	0	2,103,000	0	2,103,000
Masara mixed secondary school	2,103,000	0	2,103,000	0	2,103,000
Muhoroni secondary school	3,154,500	0	3,154,500	0	3,154,500
9.0 Tertiary institutions Projects (List all the Projects)					
Construction of Technical Training Institute	9,000,000	0	9,000,000	342,000	8,658,000
10.0 Security Projects					
Completion of A.C.C Office at Miwani	2,500,000	0	2,500,000	0	2,500,000
11.0 Acquisition of assets					

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
11.1 Motor Vehicles (including motorbikes)	0	0	0	0	0
11.2 Construction of CDF office	6,000,000	3,274,683	9,274,683	3,210,314	6,064,369
11.3 Purchase of furniture and equipment	0	0	0	0	0
11.4 Purchase of computers	0	0	0	0	0
11.5 Purchase of land	0	0	0	0	0
12.0 Others					
12.1 Strategic Plan	0	0	0	0	0
12.2 Innovation Hub	0	0	0	0	0
12.2 Road project	3,075,975.18	0	3,075,975	0	3,075,975
Totals	137,367,724	56,572,022	193,939,746	120,033,400	73,906,346

(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)

XI. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-Muhoroni 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 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

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

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

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

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO. A 855974	1		11,379,310
AIE NO. B 030104	2		10,000,000
AIE NO. B 006466	3		8,000,000
AIE NO. B 005419	4		12,000,000
AIE NO. A 724485	5		11,000,000
AIE NO. B 042809	6		13,000,000
AIE NO. B 041056	1	55,040,876	
AIE NO. B 041149	2	4,000,000	
AIE NO. B 047621	3	20,000,000	
AIE NO. B 047986	4	6,000,000	
AIE NO. B 049394	5	14,000,000	
AIE NO. B 096623	6	9,000,000	
AIE NO. B 104419	7	15,000,000	
TOTAL		123,040,876	65,379,310

2. PROCEEDS FROM SALE OF ASSETS

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUHORONI CONSTITUENCY**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	3,460,000	3,132,480
Personal allowances paid as part of salary	-	-
Pension and other social security contributions (Gratuity)	2,321,280	-
Employer Contributions Compulsory national social security schemes	155,520	311,040
Total	5,936,800	3,443,520

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUHORONI CONSTITUENCY**

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	2,917,050	5,415,000
Utilities, supplies and services	515,336	1,356,000
Communication, supplies and services	152,200	-
Domestic travel and subsistence	22,800	-
Printing, advertising and information supplies & services	154,000	-
Rentals of produced assets	-	-
Training expenses	-	164,000
Hospitality supplies and services	2,495,780	-
Other committee expenses	722,800	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	518,800	-
Fuel, oil and lubricants	154,000	1,600,000
Other operating expenses	416,800	3,155,567
Bank service commission and charges	29,858	106,931
Routine maintenance – vehicles and other transport equipment	710,435	-
Routine maintenance – other assets	218,200	-
Total	9,028,059	11,797,498

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MUHORONI CONSTITUENCY**

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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	22,030,000	14,883,964
Transfers to secondary schools (see attached list)	16,930,000	6,850,000
Transfers to tertiary institutions (see attached list)	342,000	-
Transfers to health institutions (see attached list)	-	-
TOTAL	39,302,000	21,733,964

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	31,649,480	25,998,851
Bursary – tertiary institutions (see attached list)	21,011,827	10,264,000
Bursary – special schools (see attached list)	260,000	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	-	-
Sports projects (see attached list)	1,928,880	1,492,550
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	7,706,040	5,729,678
Total	62,556,227	43,485,079

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

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	3,210,314.00	713,520.00
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	3,210,314.00	713,520.00

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-

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

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Kenya Commercial Bank, Kisumu Branch. Muhoroni NG-CDF A/C no.1104058669</i>	4,538,622	1,531,146
Total	4,538,622	1,531,146
10B: CASH IN HAND		
Location 1	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		-	-	-
		-	-	-
<i>Total</i>				-

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
	-	-
	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
	-	-
	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	1,531,146	17,325,417
Cash in hand	-	-
Imprest	-	-
Total	1,531,146	17,325,417

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

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

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

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

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

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	-	2,551,843
Use of goods and services	65,384	115,305
Amounts due to other Government entities (see attached list)	57,865,000	44,510,000
Amounts due to other grants and other transfers (see attached list)	15,911,594	6,120,192
Acquisition of assets	64,369	3,274,683
Others (<i>specify</i>)	-	-
	73,906,347	56,572,023

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

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	8,091,793.00	2,529,098
	8,091,793.00	2,529,098

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MUHORONI CONSTITUENCY

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MUHORONI CONSTITUENCY

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MUHORONI CONSTITUENCY

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	-	-	-	-
Buildings and structures	17,713,520	3,210,314	-	20,923,834
Transport equipment	18,005,520	-	-	18,005,520
Office equipment, furniture and fittings	3,070,109	-	-	3,070,109
ICT Equipment, Software and Other ICT Assets	217,000	-	-	217,000
Other Machinery and Equipment	95,000	-	-	95,000
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	39,101,149	3,210,314	-	42,311,463

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
God Abuoro primary school	KCB	1116529750	298.00	1,646.00
Jagir Singh primary school	CO- OPERATIVE BANK	01139012934001	8,477.00	8,477.00
Keyo primary school	CO- OPERATIVE BANK	01139015130901	2,373.00	2,373.00
Homalime primary school	KCB	1211329232	670.00	670.00
Menara primary school	KCB	1232722243	44.00	44.00
Ogen primary school	KCB	1211126684	750.00	750.00
Miwani Section 3 primary school	KCB	1110152299	719.00	719.00
Kore primary school	KCB	1226388256	0	159,324.00
Ogwedhi primary school	KCB	1114067865	1,278.00	1,278.00
Chetuiyet primary school	KCB	1252394543	824.00	824.00
Karunga primary school	KCB	1255463198	49,975.00	49,975.00
Muhoroni Factory primary school	KCB	1109557817	35,733.00	37,050.00
Kigoche primary school	KCB	1253172927	649.00	775.00
Waware primary school	KCB	1251382231	2549.00	2,049.00
Nyalenya primary school	CO- OPERATIVE BANK	01139015034702	0	1,732.00
Kiliti primary school	KCB	1255038055	1149.00	275.00
Yago primary school	KCB	1168488575	237.00	21.00
Miwani Estate Primay School	KCB	1272655717	774,575.00	0
Oreng Primary School	KCB	1272647374	1,650,000.00	0
Nyatao Primary School	KCB	1273787730	790,095.00	0
Nyadundo Primary School	KCB	1273806182	768,175.00	0
Nyang Primary School	KCB	1273963504	1,651,000.00	0
Sauset Primary School	KCB	1272009599	255,695.00	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 MUHORONI CONSTITUENCY
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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Ngeny Secondary school	KCB	1253177104	1,790.00	790.00
St.Stephens Menara sec. school	KCB	1104075717	9,294.00	2,251,096.00
Kibigori secondary school	KCB	1111796386	2,985.00	2,985.00
St.Boniface Magare sec. school	KCB	1243365765	6,244.00	6,244.00
Our Lady Queen Of peace	KCB	1272870235	689,395.00	0
God Abuoro Sec. School	KCB	1111865809	1,386,820.00	0
Total			8,091,793.00	2,529,097.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MUHORONI CONSTITUENCY

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For the year ended June 30, 2020

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)
4.1	<p>The financial statements availed for audit review reflected the following anomalies:</p> <p>1. Note 7 for Other grants and other payments is misaligned. Roads and bridges is inserted in the same column with sports projects. The expenditure of Kshs. 1,492,550 relates to Sports projects and not Environment projects. Opening balance of Kshs. 1,842,000 relates to Environment projects and not Emergency projects. Balances of expense items in unutilized fund under note 15.3 differ with the balances in Annex 3</p> <p>The financial statements availed for audit review reflected variances between Opening Balances in the certified accounts</p>	<p>As regards to note 7, other grants and payments have since been aligned to conform to the prescribed format of the financial statements as per PFM Act 2012.</p> <p>The expenditure of Kshs. 1,492,550 which relates to sports projects has been correctly classified and the same applies to Kshs. 1,842,000 which relates to environment projects.</p> <p>2. The balances of expense items in unutilized fund under note 15.3 has since been adjusted.</p>	Fund Account Manager	Resolved	
4.2	<p>The financial statements availed for audit review reflected variances between Opening Balances in the certified accounts</p>	<p>Opening Balances in the certified accounts have since been brought forward</p>	Fund Account Manager	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MUHORONI CONSTITUENCY

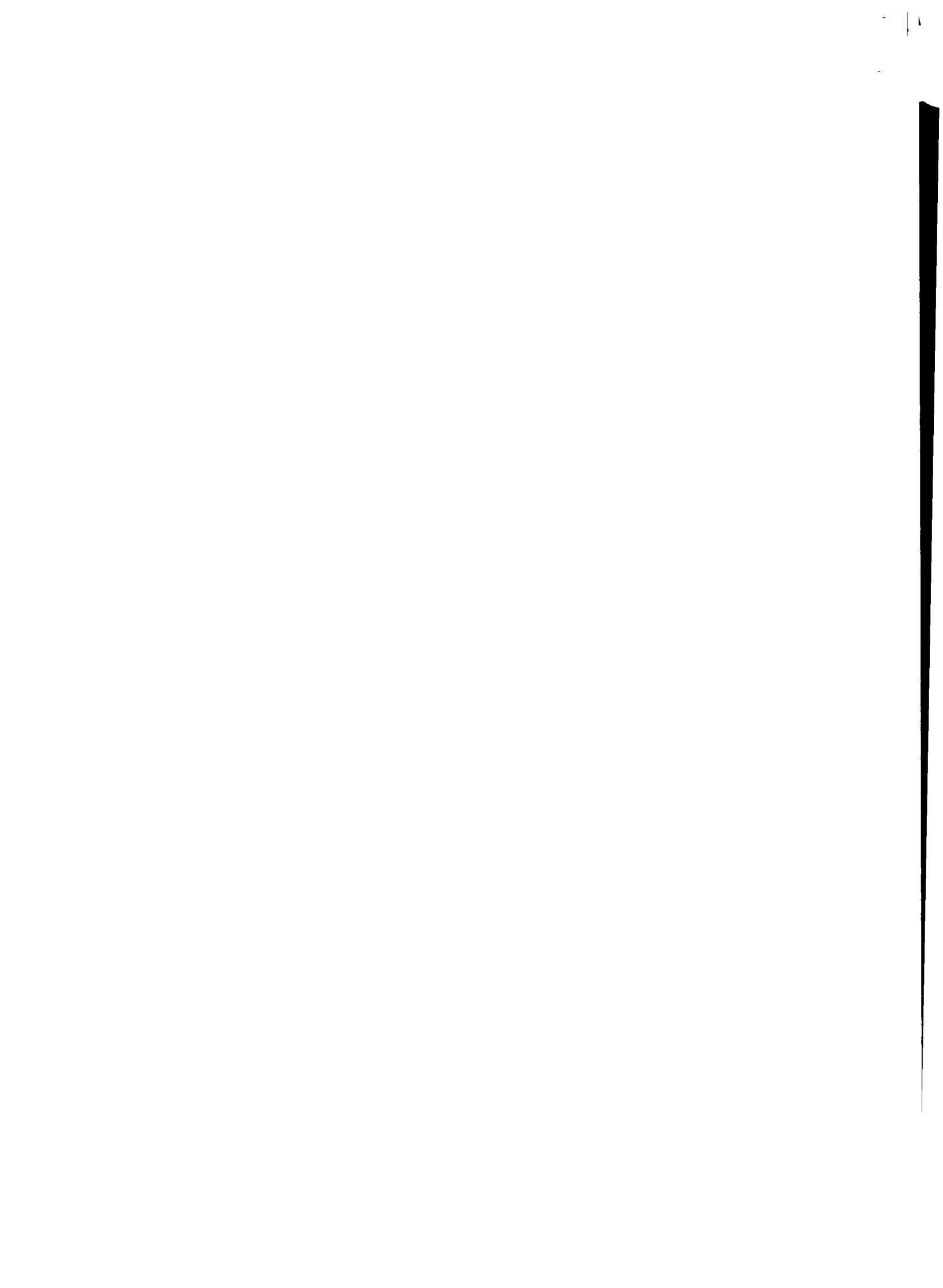
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.3	<p>and comparative balances in the financial statements.</p> <p>The statement of assets and liabilities as at 30 June 2019 reflects bank balances of Kshs. 1,531,146. However, the bank reconciliation statement reflects payments in the cash book not recorded in the bank statement (unpresented cheques) of Kshs. 2,207,635. Out of this amount, cheques totaling Kshs. 484,644 were stale as at 30 June 2019 and had not been reversed in the cash book nor replaced with other cheques. No explanation has been provided by the management for the failure to reverse or replace the stale cheques.</p>	<p>It is true since vast amount fell stale at the closure of the financial year. Bank reconciliations are usually done way after the closure of the financial year which lead to the delay. The stale cheques have since been reversed in the cashbook and the bank reconciliation updated.</p>	Fund Account Manager	Resolved	
4.4	<p>Included in the financial statement is bank charges of Kshs 2,466 paid to KCB Muhoroni. However, audit review of supporting documents (Payment vouchers, bank statement and cash book) revealed that the figure had been understated by Kshs 104,465.</p>	<p>It is true that there was an understatement in posting of bank charges in the financial statements and this might have resulted from error of omission. Financial statement has since been adjusted to include Kshs. 104,465 relating to bank charges.</p>	Fund Account Manager	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.5	Included in the financial statement is Kshs 164,000 relating to training expenses. However, payment vouchers, travel documents, attendance register and other relevant documents have not been availed to support the expenditure hence it cannot be verified.	The amount of Kshs 164,000 relating to training expenses in the financial statement has been availed with payment voucher, travel documents, attendance register and other relevant documents.	Fund Account Manager	Resolved	
4.6	Included in bursaries to secondary schools is an amount of Kshs. 10,264,000 being payment of bursaries to students in various universities and colleges vide payment voucher number 194 of 20 March 2019. This should have been classified under bursaries to tertiary institutions. As a result, bursaries to secondary schools is overstated by Kshs.10, 264,000.	Classification relating to bursaries-tertiary institutions of Kshs. 10,264,000 has since been adequately classified	Fund Account Manager	Resolved	
4.7	During the period, the Fund incurred an expenditure of Kshs. 81,173,581 representing 59% of the approved budget and resulting in under-absorption by Kshs. 56,572,022 of the approved	Under absorption of funds resulted from the late release of funds from the NG-CDF board to Muhoroni Constituency CDF account. Delay in project approvals also resulted to under	Board	Resolved	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.8	<p>budget. Consequently, failure to utilize all funds as budgeted/disbursed is an indication that programs and activities are not implemented as planned hence not achieving the intended objective of improving delivery of goods and services to the residents of Muhoroni Constituency.</p> <p>During the year under review, it was noted that the constituency office had not hired a clerk of works to monitor the implementation of projects within the constituency. As a result, instances of poor workmanship were noted on some projects during audit verification. This could have been occasioned by lack of close supervision during implementation of the projects. In addition, Muhoroni sub-county relies on works engineers from County government of Kisumu for the award of works certificates whereas the Fund falls under the mandate of National Government. It is therefore necessary that the</p>	<p>absorption of funds. However, most of the late approvals have since been implemented. Refer to copy of AIEs and approvals of unutilized funds to notice approval time</p> <p>Referring to the latest NGCDF Act (2015), it does not condition any NG-CDFC to employ a clerk of works. It allows employment of staff based on need and ability to pay. NG-CDFC Muhoroni Constituency utilizes Government works officer to supervise project implementation. This shall be recommended to the NG-CDFC for consideration. As regards to use of works engineers from County government, all works officers were devolved and thus this is a matter that shall BE recommended to the NG-</p>	NG-CDF Board	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>March 2020, the school had only paid Kshs. 1,500,000 and had not cleared the outstanding balance.</p> <ul style="list-style-type: none"> • There was no evidence of who is the custodian of the title deed as at March 2020. • There was no evidence that the school had lodged a Caveat on the parcel of land having paid partly for the same. • There was no evidence that the vendor served the purchaser a notice in writing so as to remedy the breach of the agreement within twenty-one (21) days as provided for in the agreement. <p>The piece of land has been appreciating since the date of the agreement as evidenced by the valuation report. This may lead to further costs incurred due to the delay in clearance of</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.10	<p>the outstanding balance.</p> <p>Included in transfers to secondary schools is an amount of Kshs. 1,500,000 paid vide cheque no.8750 to St. Rita Ramula Girls Secondary school for the purchase of school land. However, audit verification conducted on March 2020 revealed that although the school is in custody of the title deeds for the three parcels of land bought in 2018, it is yet to transfer the ownership to the school's name. No reason has been provided by management for the delay in transfer.</p>	<p>NG-CDF Muhoroni have inquired from the school management the reasons which might have led to delays in land ownership transfer</p>	<p>Fund Account Manager</p>	<p>Resolved</p>	
4.11	<p>Included in transfers to primary schools is an amount of Kshs.850,000 paid vide cheque no.8805 to Homaline primary school for the construction of two classrooms. However, audit verification conducted on March 2020 revealed that although the classes are complete and in use, the class floors are in a deplorable state and need urgent attention. The holes on the floor makes it difficult to clean the classrooms and the instability</p>	<p>Challenges which may result to the constructed buildings and classrooms getting cracks in the floors could be as a result of the type of black soil and nature of land in Muhoroni constituency area. Recommendations will be done for tiling of the classrooms to stand the test of time.</p>	<p>Fund Account Manager</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	of the desks and chairs during classes greatly affects the comfortability of the pupils.				