

REPUBLIC OF KENYA



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REPORT

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 THE NATIONAL ASSEMBLY OF KENYA	
DATE: 21 OCT 2021	DAY: Thursday
TABLED BY: LOMP	
THE AUDITOR-GENERAL Maira Wanjiku	

ON

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

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



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

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
SHINYALU CONSTITUENCY
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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	JULIUS E OKETCH
2.	Sub-County Accountant	GEORGE EFUMBI KHISA
3.	Chairman NGCDFC	ELIZABETH SHYAMALA
4.	Member NGCDFC	JAMIN LUMITI

(d) Fiduciary Oversight Arrangements

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

NG-CDF Office
Khalisia Plaza
P.O Bo 405-50100
KAKAMEGA

(f) NGCDF SHINYALU Constituency Contacts

Telephone: (254) 722574566
E-mail: cdsSHINYALU@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF SHINYALU Constituency Bankers

Kenya Co-operative Bank
P.O Box 595-50100
KAKAMEGA

(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 CHAIRPERSON NGCDF COMMITTEE

I am pleased to once again present the reports and financial statements of the Shinyalu National Government Constituency Development Fund financial year 2018/2019.

In the financial year 2018/2019 Shinyalu constituency received a total of Ksh 73,405,173 (Seventy three million, four hundred five thousand, and one hundred seventy three only), out of this funds ksh 43,405,173 (forty three million four hundred five thousand one hundred seventy three) was for the financial year 2017/2018 and ksh 30,000,000 (thirty Million) was for the 2018/2019 financial year.

KEY ACHIEVEMENTS

- We prioritised and disbursed ksh 49,954,852 (Forty-nine million nine hundred fifty-four thousand eight hundred fifty two), which was more than half the total funds received as bursary support for needy students in the constituency. These funds have benefited over 7000 needy and vulnerable students. This was a strong statement in line with the constituency strategic plan that has education as one of the major pillars for social economic transformation.
- We also managed to intervene and construct exhaustible pit latrines at Magale primary school, Wakukha primary school, Munyanda primary school, Senyende primary school, Mukulusu primary school, Shanyinya primary school and at Shivakala new primary schools to a tune of ksh 4,400,000 (Four Million four hundred thousand only) from the emergency reserve. The schools had been condemned by the public health department and were facing closure
- We are happy to announce that Shibuye primary school which had a roof of the computer laboratory blown off is now back to normal status after the constituency development fund committee moved in quickly and had the roof repaired at a cost of ksh 1,500,000 (one million five hundred thousand only) from the emergency reserve.
- The constituency procured and had a comprehensive 5 year strategic plan (2018-2023) drawn up that will be the guiding principle in implementation of the fund to achieve social economic development for the people of Shinyalu constituency. The plan focuses on thirteen strategic themes including Education and training, agriculture, commerce, urban development

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housing and tourism, employment creation and promotion, water, energy, roads, security, environmental management, technology and finally resource mobilization and governance

- In line with the environment strategic theme we were able to purchase and distribute over 10,000 indigenous tree seedlings to over 20 schools to heed the national government call of achieving 20 % forest cover by the year 2020.
- The constituency also organized and executed a successful soccer tournament in the month of December 2018 that aimed at enhancing youth talent by providing a higher platform for them to showcase their skills to potential professional soccer scouts and big league teams.

CHALLENGES, EMERGING ISSUES AND THE WAY FORWARD

- As we appreciate the continued support from the national government in making slight additions to the kitty we however regrettably wish to say that it's not enough to assist the constituency make the rapid anticipated challenge of providing proper infrastructure for the education sector and security organs. The national government should seriously consider the re-introduction of the poverty index scheme for distribution of the national cake.
- Its common knowledge that there are certain pockets of regions in this country that have a high poverty index like Shinyalu and they have to be jump started economically to catch up with regions that have made huge strides in matters development.
- We remain committed as a committee to ensure that the fund makes the expected impact in the constituency in terms of enabling needy and bright students attend and complete their formal education in a convenient environment.
- We also are focused to ensure our constituency achieves the lowest regional and national crime indices.

Thank you and God bless you.



ELIZABETH SHYAMALA
CHAIRPERSON NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SHINYALU CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

III. STATEMENT OF NGCDF-SHINYALU CONSTITUENCY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government NGCDF-SHINYALU Constituency shall prepare financial statements in respect of that NGCDF-SHINYALU Constituency. 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.

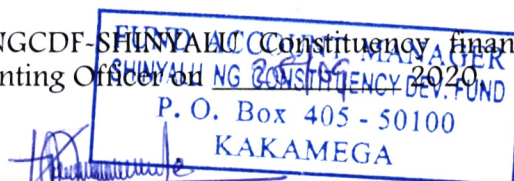
The Accounting Officer in charge of the NGCDF-SHINYALU Constituency is responsible for the preparation and presentation of the NGCDF-SHINYALU Constituency's financial statements, which give a true and fair view of the state of affairs of the NGCDF-SHINYALU Constituency for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NGCDF-SHINYALU Constituency ; (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 NGCDF-SHINYALU Constituency ; (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-SHINYALU Constituency accepts responsibility for the NGCDF-SHINYALU Constituency'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 NGCDF-SHINYALU Constituency's financial statements give a true and fair view of the state of NGCDF-SHINYALU Constituency's transactions during the financial year ended June 30, 2019, and of the NGCDF-SHINYALU Constituency's financial position as at that date. The Accounting Officer charge of the NGCDF-SHINYALU Constituency further confirms the completeness of the accounting records maintained for the NGCDF-SHINYALU Constituency, which have been relied upon in the preparation of the NGCDF-SHINYALU Constituency's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-SHINYALU Constituency confirms that the NGCDF-SHINYALU Constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF-SHINYALU Constituency'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 NGCDF-SHINYALU Constituency'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-SHINYALU Constituency financial statements were approved and signed by the Accounting Officer on 2020

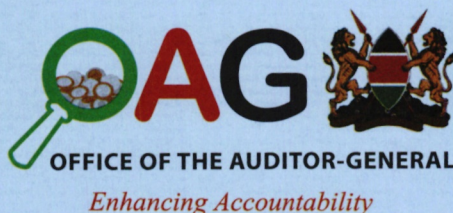


Fund Account Manager
JULIUS OKETCH

Sub-County Accountant
GEORGE EFUMBI KHISA

REPUBLIC OF KENYA

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Shinyalu Constituency set out on pages 8 to 34, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unreconciled Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance reflects Kshs.27,170,085 as at 30 June, 2019, while the reconciled cash book reflected a balance of Kshs.27,146,951 resulting in an unreconciled and unexplained variance of Kshs.23,134.

In addition, there were receipts of Kshs.25,000 in bank not recorded in the cash book and payments in bank not in cash book totalling Kshs.487,886 in respect of bank charges relating to the period between September, 2016 and April, 2019. The bank reconciliation

statement further reflects receipts amounting to Kshs.4,308,138 in cash book not recorded in bank which related to the period March, 2019 and prior years.

Further, review of the bank reconciliation statement for the month of June, 2019 showed unrepresented cheques totalling Kshs.10,411,459 out of which cheques totalling Kshs.5,911,193 related to the period between February, 2015 and December, 2018 and were therefore stale and had not been reversed in the cash book.

Consequently, it has not been possible to confirm that the cash and cash equivalents balance of Kshs.27,170,085 as at 30 June, 2019 is fairly stated.

2. Unsupported Expenditure

The statement of receipts and payments reflects an expenditure of Kshs.9,568,088 in respect of use of goods and services. Included in the amount is an expenditure of Kshs.2,528,260 under various expenditure components as disclosed in Note 3 to the financial statements that were not properly supported contrary to Section 104(1) of Public Finance Management (National Government) Regulations, 2015. The details are as below.

Component	P.V No.	Amount Kshs.	Remarks
Committee Allowance	33	252,100	Imprest warrant, No. of days the meetings were held and minutes were not provided
Committee Allowance	34	425,000	Imprest warrant, attendance register duly signed and dates of the meeting not availed.
Committee Allowance	35	498,000	Imprest warrant, attendance register duly signed and dates of the meeting not availed.
Committee Allowance	57	136,000	Imprest warrant, signed attendance register & minutes not provided
Committee Allowance	76	227,000	No minutes and signed attendance register
Office and General Supplies and Services	18	200,000	No completion certificate
Office and General Supplies and Services	36	254,000	Evidence of receipt of goods and ledger record not availed
Office and General Supplies and Services	73	136,160	Evidence of receipt of goods and ledger record not availed
Office and General Supplies and Services	77	400,000	10 members were each paid Kshs.35,000 for a single committee meeting and no reason was provided. Also no imprest warrant, No minutes of the meeting.
Total		2,528,260	

Consequently, the propriety of the expenditure of Kshs.2,528,260 included in use of goods and services figure of Kshs.9,568,088 for the year ended 30 June, 2019 could not be confirmed.

3. Unexplained Variance in Other Committee Expenses

Included under use of goods and services of Kshs.9,568,088 is other committee expenses figure of Kshs.1,151,000 as disclosed in Note 3 to the financial statements and which was described as allowances for bursary preparation and filling. However, the supporting payment voucher No.78 dated 6 June, 2019 reflects an amount of Kshs.151,000 resulting to a variance of Kshs.1,000,000 which has not been explained or reconciled.

Consequently, the propriety of the expenditure of Kshs.1,151,000 could not be confirmed.

4. Un-Vouched Expenditure

The use of goods and services figure of Kshs.9,568,088 for the year under review included payments totalling to Kshs.4,017,800 whose payment vouchers together with the supporting documents were not availed for audit review as listed below:

Project Code	Sector/Project Title	Date/ month	P.V No.	Amount Kshs.
2210809	Committee Allowance	June	70	112,800
2211100	Office General Supplies & Services	May	67	371,200
2210809	Committee Allowance	June	79	458,794
2211100	Office General Supplies & Services	June		300,000
2211100	Office General Supplies & Services	June		653,000
2211100	Office General Supplies & Services	June		225,006
2211100	Office General Supplies & Services	June		680,000
2211100	Office General Supplies & Services	June		605,000
2211100	Office General Supplies & Services	June		612,000
				4,017,800

Further, there were no records to show what was purchased and whether the same was received and taken on charge.

In addition, other grants and payments expenditure of Kshs.63,770,984 includes a payment of Kshs.1,000,000 under cheque No. 004955 for environment sector whose payment voucher was not availed for audit review.

Consequently, the propriety of the expenditure of Kshs.4,017,800 and Kshs.1000,000 or the year ended 30 June, 2019 could not be confirmed.

5. Unsupported Expenditure on Development of the Strategic Plan 2018/22

The other payments figure of Kshs.3,500,000 as reflected under Note 7 to the financial statements relates to a payment made in October, 2018 being the contract price for the

development of the Shinyalu National Government Constituency Development Fund Strategic Plan for 2018-2022. However, the payment voucher together with tender documents including tender advert, minutes of the tender opening and award committees were not availed for audit review.

In addition, there was no evidence that the strategic plan document had been finalised and accepted by the Management as having been prepared in accordance to the terms of the agreement. Although Management explained that the payment voucher together with the supporting documents were taken away by the Directorate of Criminal Investigation.

Consequently, the propriety of the expenditure of Kshs.3,500,000 for the year ended 30 June, 2019 could not be confirmed.

6. Net Financial Position

The statement of financial assets and liabilities reflects total financial assets balance of Kshs.27,170,085 and nil financial liabilities as at 30 June, 2019. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of financial assets and liabilities shows at the bottom net liabilities instead of net financial position of Kshs.27,170,085. No explanation was given for this anomaly.

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

Key Audit Matters

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

Other Matter

1. Budget Control and Performance

The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.202,519,338 and Kshs.112,099,154 respectively, resulting to an under-funding of Kshs.90,420,184 or 44% of the budget.

Similarly, the Fund spent Kshs.85,107,056 against an approved budget of Kshs.202,519,338 resulting to an under-expenditure Kshs.117,412,282 or 58% of the budget. The

underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Shinyalu Constituency.

2. Unresolved Prior Year Issues

Although the Management has provided a statement on progress on follow up of auditor recommendations as required by the reporting format recommended by the Public Sector Accounting Standards Board, no evidence has been provided on the resolution of the previous year issues which has an impact on the current financial statements. The issues includes variance of Kshs.40,000 between the compensation of employees in the financial statements and supporting schedules; unreconciled variance of Kshs.365,508 between the cash and cash equivalents and the cash book balance; stale cheques that had not been updated in the cash book of Kshs.4,536,570; receipts in the cash book not yet recorded in the bank of Kshs.4,277,558 and irregular cheque replacement of Kshs.2,000,000 together with non-disclosure of pending receivables and payables.

Consequently, the resolution of the previous years' issues and completeness of the financial statements for the year ended 30 June, 2019 could not be ascertained.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non Submission of Project Implementation Status Report

The Fund did not prepare and submit to the Board project implementation status (PIS) report as at 30 June, 2019 as provided by Regulation 11(1)(t) and stipulated in Section 5(5) of the Act.

From the financial records scrutinized, the Fund Management has not focused on major projects like construction of classrooms over the past two years but has instead given priority to payment of committee allowances, sports projects, environment projects and bursary disbursements.

2. Irregularities in the Environment Project

The statement of receipt and payments reflects other grants and transfers amount of Kshs.63,770,948, which includes environment expenditure of Kshs.2,374,137 as

disclosed in Note 5 to the financial statements. This in turn includes Kshs.1,637,931 paid to two Project Management Committees in respect of purchase of tree seedlings.

However, there was no evidence to confirm public participation, procurement process, supply, delivery and report of the inspection and acceptance committee to confirm that the seedlings worth Kshs.1,637,931 were indeed supplied and planted.

Consequently, the accuracy and propriety of the expenditure of Kshs.1,637,931 for the year ended 30 June, 2019 could not be confirmed.

3. Irregular Disbursements to Two Primary Schools

Included under transfers to other government units of Kshs.7,400,000 is transfers to primary schools figure of Kshs.5,400,000, which in turn includes Kshs.2,000,000 paid to two primary schools. However, the two primary schools, Shimoli and Shivakala Primary Schools were in the previous year reported to have received Kshs.1,000,000 each for replacement of cheques for construction of two classrooms and pit latrines respectively which were not implemented.

In the previous report, concern was raised regarding two similar payments which were made to the same schools vide cheque Nos.008480 and 008481 respectively dated 3 June, 2018 which was described as replacement of stale cheques according to CDFC MIN. No.38/14/7/2018. The Fund Account Manager together with the respective Project Management Committees (PMCs) of the schools had withdrawn the Kshs.2,000,000 in July, 2018 purportedly to implement the envisaged projects in the two schools but the two projects had not commenced.

Further, no explanation or documentary evidence was provided in support of the withdrawn funds totalling Kshs.2,000,000 and why the two schools were given additional funds even when they were not in the approved budget.

Consequently, the Management was in breach of the law and the people of Shinyalu did not get value for the Kshs.2,000,000 disbursed to the two institutions.

4. Unsupported Expenditure on Sports Projects

Included in other grants and transfers amount of Kshs.63,770,948 is sports amount of Kshs.3,284,564 as disclosed in Note 5 to the financial statements which was disbursed for sports projects but which were not supported by the approval minutes of the Shinyalu CDFC.

In addition, there were no proposed budgets and expenditure returns in support of how the funds were utilised and no evidence was availed for purchase of uniforms, boots and balls and how the same were distributed.

Consequently, the propriety of Kshs.3,284,564 spent on sports for the year ended 30 June, 2019 could not be confirmed.

5. Irregularities in Emergency Projects

The other grants and transfers figure of Kshs.63,770,948 for the year ended 30 June, 2019 includes emergency projects amount of Kshs.5,460,434 as disclosed in Note 5 to financial statements out of which Kshs.3,862,434 was spent on five projects as follows:

Date	PV No	Details	Amount Kshs.	Remarks
19/06/19	75	Construction of toilets at Ihondolo	580,000	No inspection report/completion certificate
06/06/19	74	Renovation of Computer Laboratory	1,500,000	No inspection report/ completion certificate
01/10/18	24	Construction of 6 door pit latrine	600,000	No PMC file maintained/ no inspection report/ completion certificate
14/08/18	17	Construction of 6 door pit latrine- Senyende Primary School	591,217	No inspection report/ completion certificate
14/08/18	16	Construction of 6 door pit latrine-Mukuluso Primary	591,217	No inspection report/ completion certificate
		Total	3,862,434	

However, in all cases, there were no quotations, minutes of tender evaluation and award, letters of award, completion certificates and reports of the inspection and acceptance committee as required.

Consequently, the Management was in breach of the law.

6. Inadequacies in Renovation Works at St. Mary's Shibuye Primary School

During the year under review, the Fund under the emergency account released Kshs.1,500,000 for the renovation of a computer laboratory at St Mary's Shibuye Primary School said to have been blown off by wind. The works had been assessed by the Works Officer, Shinyalu Sub County Works Office at Kshs.1,488,180. However, it was noted that included in the bill of quantities were works for areas assessed not to have been affected by the blowing off by the wind.

During a site visit, it was noted that works measured and certified were about 49% of the actual cost on the ground resulting to an estimated loss of Kshs.635,780 as detailed below:

Ref	BQ Area	Actual	BQ Measure	Rate Kshs.	Actual Cost Kshs.	Certified Cost Kshs.	Loss Kshs.
A	Roof	312	365	800	249,600	292,000	42,400
B	Ridge Cap	28	50	450	12,600	22,500	9,900
H	Facial Board	80	114	450	36,000	51,300	15,300

Ref	BQ Area	Actual	BQ Measure	Rate Kshs.	Actual Cost Kshs.	Certified Cost Kshs.	Loss Kshs.
I	Ceiling Board	168	360	800	134,400	288,000	153,600
J	Cornice	62	120	100	6,200	12,000	5,800
G & H	Branding	0	960	150	-	144,000	144,000
H	Facial Board Paint	80	114	120	9,600	13,680	4,080
A	Wall Interior	186	387	300	55,800	116,100	60,300
B	Wall Exterior	31	315	300	9,300	94,500	85,200
C	Ceiling Painting	168	360	300	50,400	108,000	57,600
D	Floor Painting	168	360	300	50,400	108,000	57,600
Total					614,300	1,250,080	635,780

Further, no monitoring report was availed to confirm that proper supervision was done despite the project site being only a few metres from the NGCDF offices in Shinyalu.

Consequently, the constituents may have not received value for the expenditure amounting to Kshs.1,500,000.

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 standard requires 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, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

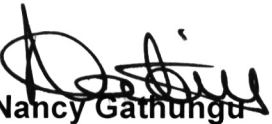
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

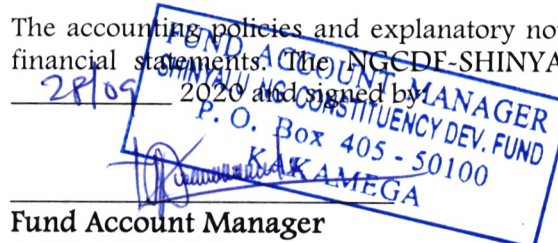
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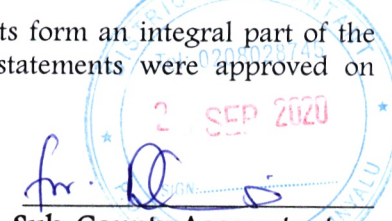
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019 Kshs	2017-2018 Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	73,405,173	83,753,447
TOTAL RECEIPTS		73,405,173	83,753,447
PAYMENTS			
Compensation of employees	2	868,020	1,095,898
Use of goods and services	3	9,568,088	9,559,053
Transfers to Other Government Units	4	7,400,000	17,900,000
Other grants and transfers	5	63,770,948	21,892,968
Acquisition of Assets	6	-	111,070
Other Payments	7	3,500,000	-
TOTAL PAYMENTS		85,107,056	50,558,989
SURPLUS/DEFICIT		(11,701,883)	33,194,458

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on 28/09/2020 and signed by


Fund Account Manager
JULIUS OKETCH


Sub-County Accountant
GEORGE EFUMBI KHISA

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

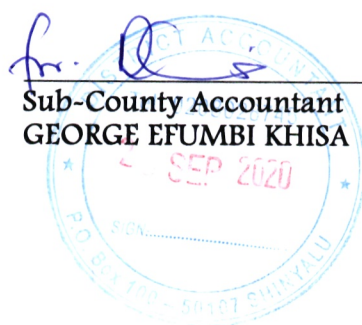
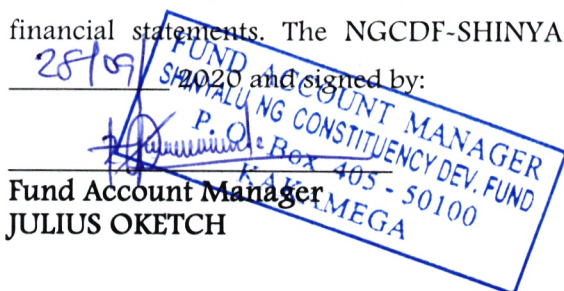
VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	27,170,085	38,693,981
Total Cash and Cash Equivalents		27,170,085	38,693,981
TOTAL FINANCIAL ASSETS		27,170,085	38,693,981
REPRESENTED BY			
Fund balance b/fwd 1st July...	9	38,693,981	5,673,523
Surplus/Deficit for the year		(11,701,883)	33,194,458
Prior year adjustments	10	177,987	(174,000)
NET LIABILITIES		27,170,085	38,693,981

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

SHINYALU CONSTITUENCY

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VII. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 - 2019	2017 - 2018
Receipts			
Transfers from CDF Board	1	73,405,173	83,753,447
Total Receipts		73,405,173	83,753,447
Payments			
Compensation of Employees	2	868,020	1,095,898
Use of goods and services	3	9,568,088	9,559,053
Transfers to Other Government Units	4	7,400,000	17,900,000
Other grants and transfers	5	63,770,948	21,892,968
Other Payments	7	3,500,000	-
Total Payments		85,107,056	50,447,919
Total Receipts Less Total Payments		(11,701,883)	33,305,528
Adjusted for:			
Prior Year adjustment	10	177,987	(174,000)
Net Adjustments		177,987	(174,000)
Net cash flow from operating activities		(11,523,896)	33,131,528
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(111,070)
Net cash flows from Investing Activities		-	(111,070)
NET INCREASE IN CASH AND CASH EQUIVALENT		(11,523,896)	33,020,458
Cash and cash equivalent at BEGINNING of the year	9	38,693,981	5,673,523
Cash and cash equivalent at END of the year		27,170,085	38,693,981

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SHINYALU Constituency financial statements were approved on 28/09/2020 and signed by


Fund Account Manager
JULIUS OKETCH


Sub-County Accountant
GEORGE EFUMBI KHISA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,874	93,478,464	202,519,338	112,099,154	90,420,184	55.4%
TOTAL RECEIPTS	109,040,874	93,478,464	202,519,338	112,099,154	90,420,184	55.4%
PAYMENTS						
Compensation of Employees	272,000	1,605,177	1,877,177	868,020	1,009,157	46.2%
Use of goods and services	9,541,678	3,151,000	12,692,678	9,568,088	3,124,590	75.4%
Transfers to Other Government Units	52,500,000	43,145,528	95,645,528	7,400,000	88,245,528	7.7%
Other grants and transfers	45,439,458	29,697,449	75,136,907	63,770,948	11,365,959	84.9%
Acquisition of Assets	1,287,738	-	1,287,738	-	1,287,738	0.0%
Other Payments	-	4,500,000	4,500,000	3,500,000	1,000,000	77.8%
Unallocated funds	-	11,379,310	11,379,310	-	11,379,310	0.0%
TOTAL	109,040,874	93,478,464	202,519,338	85,107,056	117,412,282	

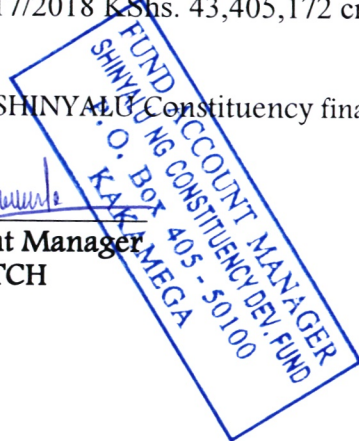
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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The adjustment figure of KShs. 93,478,464 comprises of the cash book balance brought forward from the financial year 2017/2018 of KShs. 38,693,982 plus the supplementary budget figure of KShs. 11,379,310 yet to be allocated and undisbursed funds from the original budget of 2017/2018 KShs. 43,405,172 credited in the financial year 2018/2019

The NGCDF-SHINYALU Constituency financial statements were approved on 28/9/ 2020 and signed by:


Fund Account Manager
JULIUS OKETCH


Sub-County Accountant
GEORGE EFUMBI KHISA



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference	Budget utilization difference
	2018/2019		2018/2019	30/06/2019		
	Kshs	Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent						
1.1 Compensation of employees	272,000	1,605,177	1,877,177	868,020	1,009,157	46
1.2 Committee allowances	2,506,300	801,000	3,307,300	2,623,694	683,606	79
1.3 Use of goods and services	3,764,152	2,350,000	6,114,152	5,793,394	320,758	95
2.0 Monitoring and evaluation						
2.1 Capacity building	1,748,226	-	1,748,226		1,748,226	-
2.2 Committee allowances	1,523,000	-	1,523,000	1,151,000	372,000	76
2.3 Use of goods and services	-	-	-	-	-	
3.0 Emergency						
3.1 Primary Schools	5,738,993	5,160,434	10,899,427	5,460,434	5,438,993	50
4.0 Bursary and Social Security						
4.1 Primary Schools						
4.2 Secondary Schools	33,500,000	15,878,314	49,378,314	49,189,041	189,273	100
4.3 Tertiary Institutions	1,500,000	-	1,500,000	1,465,811	34,189	98
5.0 Sports						
5.1	2,000,465	3,284,564	5,285,029	3,284,564	2,000,465	62
6.0 Environment						
6.1	2,100,000	2,374,137	4,474,137	2,374,137	2,100,000	53
7.0 Primary Schools Projects						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Isecheno Primary School	200,000		200,000		200,000	-
Likhobero Primary School	200,000		200,000		200,000	-
Shikulu Primary School	200,000		200,000		200,000	-
Shitsava Primary School	200,000		200,000		200,000	-
Solyo Primary School	600,000		600,000		600,000	-
Ikuywa Primary School	300,000		300,000		300,000	-
Musanyi Primary School	1,000,000		1,000,000		1,000,000	-
Shilongo Primary School	1,000,000	5,000,000	6,000,000		6,000,000	-
Shilongo Primary School	1,000,000		1,000,000		1,000,000	-
Vikoshe Primary School	1,000,000		1,000,000		1,000,000	-
Ingolomosio Primary School	2,000,000	3,000,000	5,000,000		5,000,000	-
Makakha Primary School	2,000,000		2,000,000		2,000,000	-
Shanda Primary School	2,000,000		2,000,000		2,000,000	-
Khayega Primary School	3,000,000	5,000,000	8,000,000		8,000,000	-
Shanyinya Primary School	1,000,000		1,000,000		1,000,000	-
Shihumbu Primary School	2,000,000		2,000,000		2,000,000	-
Mukhonje Primary School	300,000		300,000		300,000	-
Muraka Primary School	2,000,000	5,000,000	7,000,000		7,000,000	-
St. KizitoBukusi Primary School	300,000		300,000		300,000	-
Luvini P.A.G Primary School	2,000,000	1,578,501	3,578,501		3,578,501	-
Makuchi Primary School	1,000,000		1,000,000		1,000,000	-
Bukhaywa Primary School	2,000,000		2,000,000		2,000,000	-
Lunyu Primary School	3,000,000		3,000,000		3,000,000	-
St. Paul's Shibuye Primary School	2,000,000	3,000,000	5,000,000		5,000,000	-
Shagungu Primary School	1,000,000		1,000,000		1,000,000	-
Maluna Primary School	1,500,000	1,500,000	3,000,000		3,000,000	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Shandarema Primary School	1,500,000		1,500,000		1,500,000	-
Ihondolo Primary School	1,200,000		1,200,000		1,200,000	-
Ihondolo Primary School	2,000,000		2,000,000		2,000,000	-
Iirhanda mixed primary school		600,000	600,000	600,000	-	100
shivakala new primary school		1,600,000	1,600,000	1,600,000	-	100
murhanda primary school		1,000,000	1,000,000	1,000,000	-	100
iloro primary school		500,000	500,000	500,000	-	100
st augustine mukumu boys boarding primary		500,000	500,000	500,000	-	100
handidi primary school		200,000	200,000	200,000	-	100
shamiloli primary school		1,000,000	1,000,000	1,000,000	-	100
8.0 Secondary Schools Projects (List all the Projects)						
St Gerald Shanjero Secondary School	200,000		200,000		200,000	-
Murhanda Secondary School	500,000		500,000		500,000	-
Shanderema Secondary School	5,000,000	10,000,000	15,000,000		15,000,000	-
Mukhonje Secondary School	1,000,000		1,000,000		1,000,000	-
Munasio Secondary School	2,500,000		2,500,000		2,500,000	-
Ivakale Secondary School	2,000,000	2,667,027	4,667,027		4,667,027	-
Ileho Secondary School	2,000,000		2,000,000		2,000,000	-
Mundulu Secondary School	1,500,000		1,500,000	1,000,000	500,000	67
shagungu secondary school		1,000,000	1,000,000	1,000,000	-	100
10.0 Security Projects						
Virhembe Police Post	200,000		200,000		200,000	-
Mukhonjelleho Police Patrol Base	200,000		200,000		200,000	-
Shinyalu Police Station	300,000	1,000,000	1,300,000		1,300,000	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Mukhonje Assistant chiefs office	200,000		200,000		200,000	-
muraka adminstration police camp		2,000,000	2,000,000	1,996,961	3,039	100
11.0 Acquisition of assets						
11.3 Purchase of furniture and equipment	1,287,738	-	1,287,738		1,287,738	-
12.0 Others			-		-	
12.1 Strategic Plan	-	3,500,000	3,500,000	3,500,000	-	100
12.2 Innovation Hub	-	1,000,000	1,000,000	-	1,000,000	
12.3 Unallocated funds		11,379,310	11,379,310	-	11,379,310	-
TOTAL	109,040,874	93,478,464	202,519,338	85,107,056	117,412,282	

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

Reports and Financial Statements

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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 NGCDF-SHINYALU Constituency or by the beneficiary.

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

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

The NGCDF-SHINYALU Constituency recognises all payments when the event occurs and the related cash has actually been paid out by the NGCDF-SHINYALU Constituency.

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 NGCDF-SHINYALU Constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the NGCDF-SHINYALU Constituency 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 NGCDF-SHINYALU Constituency 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.

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

Reports and Financial Statements

For the year ended June 30, 2019

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 NGCDF-SHINYALU Constituency 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.

11. Budget

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

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

Reports and Financial Statements

For the year ended June 30, 2019

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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X. NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description		2018-2019 Kshs	2017-2018 Kshs
Normal Allocation	AIE NO A 892508		5,500,000
	AIE NO A 892567		40,348,275
	AIE NO A 896780		37,905,172
	AIE NO A 896780	43,405,173	
	AIE NO B 047538	30,000,000	
TOTAL		73,405,173	83,753,447

2 COMPENSATION OF EMPLOYEES

Description	2018-2019 Kshs	2017-2018 Kshs
Basic wages of contractual employees	868,020	1,095,898
TOTAL	868,020	1,095,898

3 USE OF GOODS AND SERVICES

Description	2018-2019 Kshs	2017-2018 Kshs
Electricity	100,000	
Office rent	300,000	32,000
Communication, supplies and services	9,828	113,280
Other committee expenses	1,151,000	3,515,335
Committee allowance	2,623,694	4,119,300
Office and general supplies and services	4,261,566	369,030
Fuel , oil & lubricants	1,000,000	1,150,000
Routine maintenance - vehicles and other transport equipment	122,000	260,108
TOTAL	9,568,088	9,559,053

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4 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to Primary schools	5,400,000	14,800,000
Transfers to Secondary schools	2,000,000	3,100,000
TOTAL	7,400,000	17,900,000

5 OTHER GRANTS AND OTHER PAYMENTS

Description	2018-2019 Kshs	2017-2018 Kshs
Bursary -Secondary	48,489,041	16,035,500
Bursary -Tertiary	1,465,811	3,973,404
Mocks & CAT	700,000	
Security	1,996,961	
Sports	3,284,564	
Environment	2,374,137	
Emergency Projects	5,460,434	1,884,064
TOTAL	63,770,948	21,892,968

6 ACQUISITION OF ASSETS

Non-Financial Assets	2018-2019 Kshs	2017-2018 Kshs
Purchase of computers ,printers and other IT equipment's	-	111,070
TOTAL	-	111,070

7 OTHER PAYMENTS

	2018-2019 Kshs	2017-2018 Kshs
Strategic plan	3,500,000	-
TOTAL	3,500,000	-

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8 BANK BALANCES (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2018-2019 Kshs (30/6/2019)	2017-2018 Kshs (30/6/2018)
Cooperative Bank Kakamega branch	A/C no.01120098471300	27,170,085	38,693,981

9 BALANCES BROUGHT FORWARD

	2018-2019 Kshs	2017-2018 Kshs
Bank accounts (1/7/2018)	38,693,981	5,673,523
TOTAL	38,693,981	5,673,523

10 PRIOR YEAR ADJUSTMENTS (See Annex 1)

	2018-2019 Kshs	2017-2018 Kshs
Bank accounts	177,987	(174,000)
TOTAL	177,987	(174,000)

Prior year adjustments comprise stale cheques reversed hence increasing the cashbook bank balance and reconciling items cleared reducing the balance for previous year

11. OTHER IMPORTANT DISCLOSURES

11.1 PENDING STAFF PAYABLES (See Annex 2)

	2018-2019 Kshs	2017-2018 Kshs
Contractual employees	424,080	-
	424,080	-

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11.2 UNUTILIZED FUNDS (See Annex 3)

	2018-2019	2017 - 2018
	Kshs	Kshs
Compensation of employees	1,009,157	807,451
Use of goods and services	3,124,590	1,910,981
Amounts due to other Government entities	87,945,528	43,193,803
Amounts due to other grants and other transfers	11,665,959	36,360,918
Acquisition of assets	1,287,738	-
Others Payments	1,000,000	-
Unallocated	11,379,310	11,379,311
	117,412,282	93,652,464

11.3 SUMMARY OF FIXED ASSET REGISTER (See Annex 4)

	2018-2019	2017-2018
	Kshs	Kshs
Historical cost	12,414,530	12,414,530

11.4 PMC ACCOUNT BALANCES (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC		
Sundry Institutions	2,421,610	5,281,388

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**ANNEX 1 - SCHEDULE OF REVERSED CHEQUES THAT FORM PRIOR YEAR
ADJUSTMENTS**

NO	PAYEE	AMOUNT Kshs.
8839	Tire tech ltd	77,759
8840	Commissioner VAT	4,241
9155	Kakamega school	59,000
8573	St Marys Mumias girls high school	36,987
	TOTAL	177,987

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2018	Comments
		a	b	c	d=a-c		
NGCDFC Contractual Staff gratuity							
1 VICTORIA LUHABI	CLERK	212,040	1/7/2016	0	212,040		
2 ZACHARIA SHICHENJE	CLERK	212,040	1/7/2016	0	212,040		
Sub-Total					424,080		
Grand Total					424,080		

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ANNEX 3: UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance
		2018/19	2017/18
Compensation of employees	Payment of staff salaries, NHIF, NSSF and Gratuity	1,009,157	807,451
Use of goods & services	Committee Expenses and allowances and purchase of general goods and services	3,124,590	1,910,981
Sub-Total		4,133,747	2,718,432
Amounts due to other Government entities			43,193,803
Transfers to primary schools	Various school projects	61,578,501	
Transfers to secondary schools	Various school projects	26,367,027	
Sub-Total		87,945,528	43,193,803
Amounts due to other grants and other transfers			36,360,918
Emergency	Payment for unforeseen occurrences	5,438,993	
Sports	Purchase of equipment for Constituency Sports Activities	2,000,465	
Bursary (Secondary)	Payment of bursary for needy students in secondary schools	189,273	
Bursary (Tertiary)	Payment of bursary for needy students in universities and other tertiary institutions	34,189	
Security	Improvement of police posts, and assistant chief's office	1,903,039	
Environment	Payment for purchase of tree seedlings and other environmental activities.	2,100,000	
Sub-Total		11,665,959	36,360,918
Acquisition of assets		1,287,738	-
Sub-Total		1,287,738	-
Others (specify)			
Innovation Hub		1,000,000	-

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Unallocated Funds		11,379,310	11,379,311
Sub-Total		12,379,310	11,379,310
Grand Total		117,412,282	93,652,464

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost B/f	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost
	(Kshs)			(Kshs)
	2017/2018			2018/2019
Transport equipment	11,702,190	0	0	11,702,190
Office equipment, furniture and fittings	18,600	0	0	18,600
ICT Equipment, Software and Other ICT Assets	535,670	0	0	535,670
Other Machinery and Equipment	47,000	0	0	47,000
Total	12,303,460	0	0	12,303,460

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ANNEX 5: PMC BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance as at 30th June 2019	Bank Balance as at 30 th June 2018
Busulwa Primary School	Cooperative	1139165040800	1,009	1,009
Friends School Lukusi Secondary	Cooperative	1100033619500	-	24,360
Friends School Shilyalyo Secondary	Cooperative	1139165359202	503,577	503,577
Ihondolo Primary School	Cooperative	1139631733100	3,444	3,444
Iloro Primary School	Cooperative	1100165626000	-	0
Irobo Primary School	Cooperative	1139632241100	1,563	236,563
Itenyi Primary School	Cooperative	1141165048100	1,775	1,775
Ivakale Primary School	Cooperative	1109165107100	1,460	1,461
Lirhanda Mixed Primary School	Cooperative	1139167559901	22,273	4,573
Lugango Primary School	Cooperative	1109023471300	1,890	2,245
Luvini PAG Primary School	Cooperative	1139631627602	2,723	2,083
Lwanda Secondary School	Cooperative	1139167256501	590	2,178
Madioli Primary School	Cooperative	1139165666900	270	270
Madioli Primary School	Cooperative	1139165659001	3,023	270
Magakha PAG Primary School	Cooperative	113963264400	1,553	1,523
Mukhonje Primary School	Cooperative	1139165074201	1,001	1,001
Muleche Primary School	Cooperative	1139165051000	2,362	2,482
Mundulu Primary School	Cooperative	1139165050601	4,341	4,341
Murhanda Secondary School	Cooperative	1139545688902	73	73
Shanda Primary School	Cooperative	1139166529300	2,800	2,800
Shanderema Primary School	Cooperative	1109165042100	421	776
Shavirotsi Primary School	Cooperative	1139165058101	6,249	6,249
Shikulu Primary School	Cooperative	1109165043300	-	0
Shilyalyo Primary School	Cooperative	1139165080900	2,803	2,803
Shinyalu Constituency Environment PMC	Cooperative	1141632733800	6,471	998,650

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Shinyalu Constituency Health PMC	Cooperative	1141632683800	1,751,185	2,451,084
Shinyalu Constituency Water PMC	Cooperative	1141632683900	841	951
Shinyalu Security PMC	Cooperative	1134632232600	8,608	8,718
Shitochi Primary School	Cooperative	1139167563200	1,000	1,249
Solyo Primary School	Cooperative	1141545043300	2,103	2,103
St. Albert Shanjero Primary School	Cooperative	113902357900	3,795	3,795
St. Annes Ikuywa Secondary School	Cooperative	113902357900	-	0
St. Gerald Shanjero Secondary School	Cooperative	1139165032901	1,330	1,330
St. Joseph's Mukulusu Secondary School	Cooperative	1139165082400	2,066	2,066
St. Monica Lubao Secondary School	Equity	500263316847	-	0
St. Monica Lugose Secondary School	Cooperative	1139632639600	2,013	2,013
St. Paul's Shibuye Boys Primary School	Cooperative	1141632846500	21,325	0
St. Peter's Shirulu Primary School	Cooperative	1139165820500	1,571	1,571
Virhembe Police Post	Cooperative	11200098471300	979	979
Wakukha Primary School	Cooperative	11396326390600	-	0
Wanzalala Primary School	Cooperative	1139632628100	53,123	1,001,023
		TOTAL	2,421,610	5,281,388

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.1 Bank Reconciliation	An audit review of bank reconciliation as at 30 th June 2018 revealed un presented cheques totalling ksh 12,100,260 out of which ksh 3,844,304 relates to period between 2015 and 2017 hence the cheques were stale and no explanation was provided for not reversing the cheques in the cash book	The un presented cheques that comprised ksh 3,844,304 were mostly VAT cheques that had not been presented for payment. The cheques needed to be registered in I tax system before being presented to the bank. As at close of business on 30 th June 2018 Kakamega East Sub County Treasury had no pay point PIN from KRA hence the Accountant could not present the cheques for clearance. Otherwise the bulk of the other cheques were bursary cheques that have since gone through.	Sub County Accountant	Resolved	Resolved
2.2 Irregular Cheque replacement	During the year under review payments were made to two schools at Ksh 1,000,000 to Shamiloli primary school for construction of two classrooms and ksh 1,000,000 to	The transfer of the said funds was made by the Sub county treasury on advisement of the Fund Account manager vide minute no CDFC MIN No. 38/14/7/2018 through which the constituency development fund committee(CDFC) approved the allocation of the funds to the two	Fund Account Manager	Not Resolved	30th June 2020

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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)
	Shivakala new primary school for construction of pit latrines. However the at the time of audit implementation of the said projects had not commenced and no explanation was given by management.	schools. The project had been indicated as labor based projects. There however have not been any official explanation from the Project Implementation Committees (PMC) from the two schools on why the projects are not being implemented			
1.1 Budget Performance	During the year under review the fund had an approved budget of Ksh 144,211,453 against actual expenditure of ksh 50,558,989 representing 35% of the approved budget resulting in under expenditure of Ksh 93,652,464 or 65% of the final budget. However, the management did not provide any reason for non-utilization of funds that were meant for development projects.	During the year under review there's was a delay by the CDFC to finalize and submit the project proposals for approval by the NG CDF Board hence delay in receiving an approved code list for project implementation in time. This has however been resolved since all the funds for the financial year 2017/2018 have been transferred to the respective PMCs for project implementation	Fund Account Manager	Resolved	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)
1.2 Project implementation status	The management of the fund did not provide an updated and current project implementation status (PIS) report as at 30 th June 2018 for audit review in support of the budgeted projects which had a total disbursement of ksh 39,904,038.	During the period under review the office of the fund account manager had fallen vacant and a replacement taken longer than anticipated hence leading to delay of submission of some statutory reports. This has however been resolved and all the reports submitted	Fund Account Manager	Resolved	Resolved

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting NGCDF-SHINYALU Constituency

The financial statements are for the NGCDF-SHINYALU Constituency. The financial statements encompass the reporting NGCDF-SHINYALU Constituency 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 NGCDF-SHINYALU Constituency for all the years presented.

a) Recognition of Receipts

The NGCDF-SHINYALU Constituency recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the NGCDF-SHINYALU Constituency.

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 NGCDF-SHINYALU Constituency)

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 NGCDF-SHINYALU Constituency .

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

