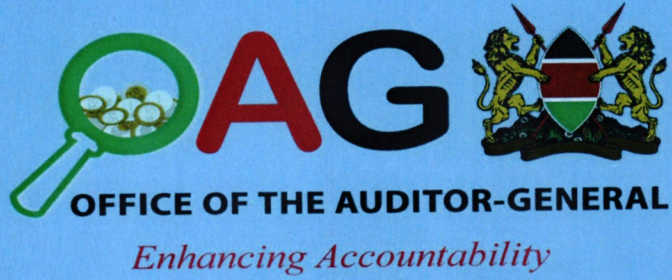



REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

 REPORT THE NATIONAL ASSEMBLY PROCESSED	
DATE: 21 OCT 2021	DAY: <u>Thursday</u>
TABLED BY: OF	<u>LOMP.</u>
CLERK-AT THE-TABLE:	<u>Maira Wanjiku</u>

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND -
KURIA EAST CONSTITUENCY**

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

Revised Template 30th June 2019



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KURIA
EAST 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)
SUNA EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

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KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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

Core Values

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

(b) Key Management

The NGCDF KURIA EAST 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	Korir K.Bernard
2.	Sub-County Accountant	George Kapodoh
3.	Chairman NGCDFC	Rvasco N.Mutundi
4.	Member NGCDFC	Flavian Boke

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –KURIA EAST 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) NG-CDF KURIA EAST Constituency Headquarters

P.O. Box 7-40416 Kegonga
NG-CDF Office Building
Kehancha Ntimaru Rd
Kegonga, KENYA

(f) NG-CDF KURIA EAST Constituency Contacts

Telephone: (254) 724669962
E-mail: cdfkuriaeast@ngcdf.go.ke
Website: www.ngcdf.go.ke

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

(g) NG-CDF KURIA EAST Constituency Bankers

Bank Name: Kenya Commercial Bank
Branch: Kehancha
Account Name: Kuria East NG-CDF
Account Number: 1147942986
Address: 266-40413, Kehancha

(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

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

I.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Presented herein please find the Kuria East NG-CDF's annual report and financial statements for the financial year 2018/2019. In the year under review, we are pleased with our overall performance with an increased annual expenditure compared to the previous financial year. We have put systems in place to ensure that there is improved service delivery and value for money which is in line with the constituency's vision and mission statement.

The actual amounts utilised by the constituency in its various expense items was at 61.5% of our annual budget of Kshs. 109,040,875, however the target should be 100% if funds are availed in time during the respective financial year.

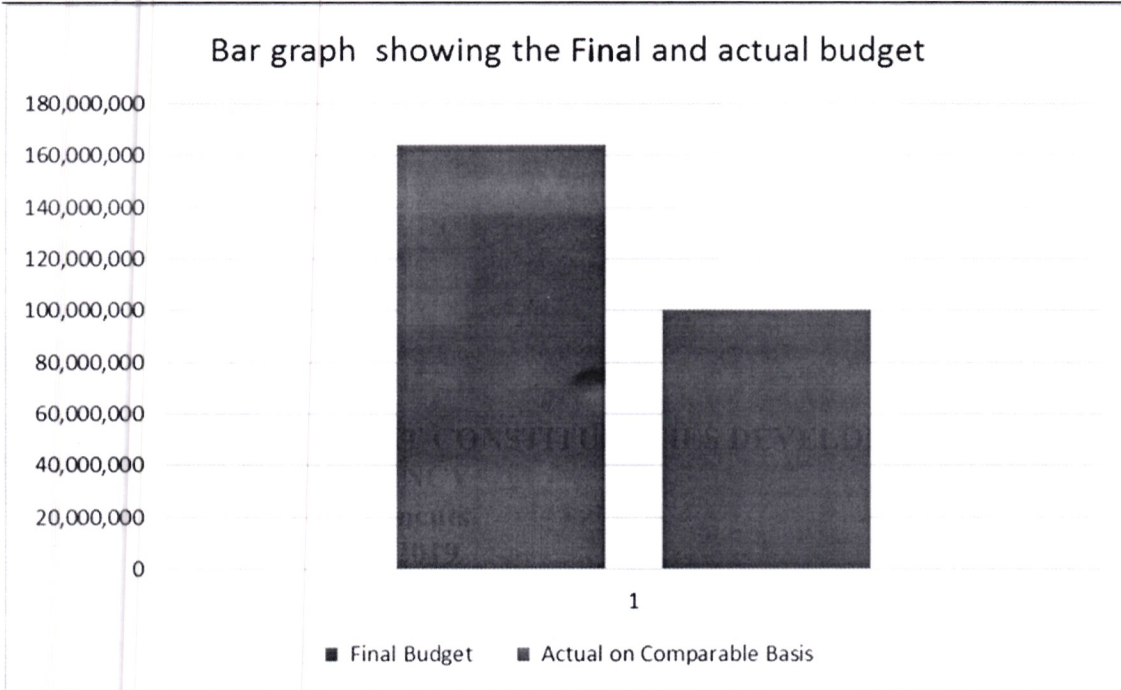
**Pie Chart Comparing FY 2018/2019 and FY 2017/2018
Allocations**



Note

There was an increase in FY 2018/2019 allocation by Kshs. 22,230,530

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

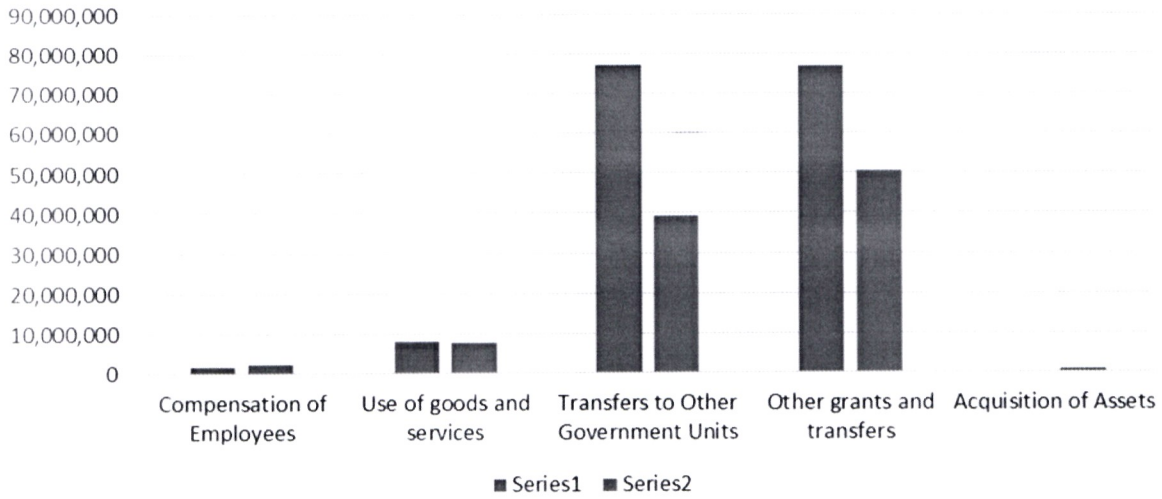


Note

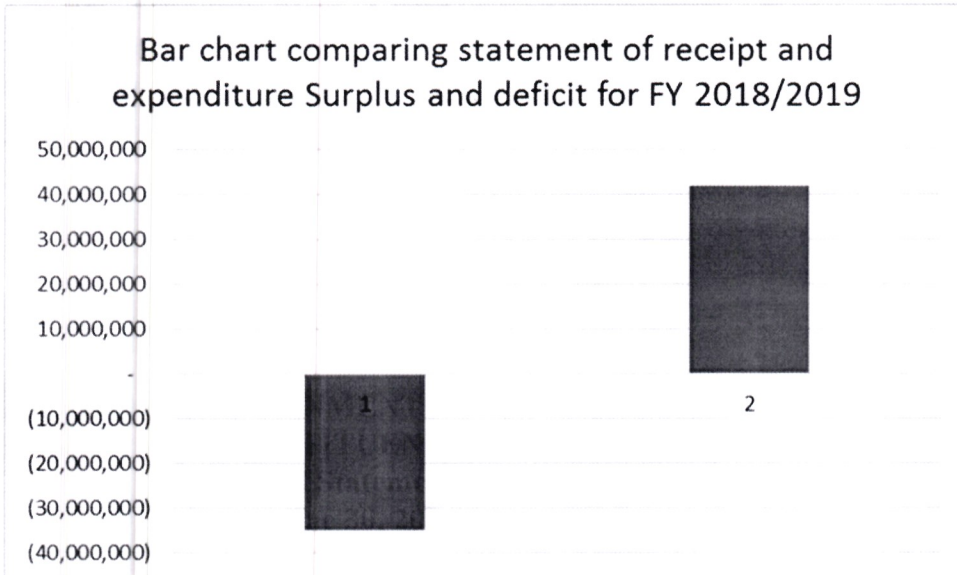
The utilization of funds against the final budget is at 60 %, since the constituency has an outstanding disbursement from the NG-CDF Board of Kshs. 55,040,875 for the financial year 2018/2019

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

Bar graph comparing Final budget Actual budget during the financial year 2018/2019



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



Note

This is an indicator of improved funds disbursement to projects in the current financial year 2018/2019 with a surplus of Kshs. 35,057,923 compared to the disbursements in the financial year 2017/2018 which had a deficit of Kshs. 41,976,590

Key Achievements for the Kuria East NG-CDF

- In the education sector, NG-CDF funding of infrastructure in schools has assisted in increasing pupils/ students enrolment and provided conducive learning environment.
- The NG-CDF bursary has helped retain students from low income families in schools.
- In the security sector, funding of chiefs offices, ACC Residence, Police station administration police lines have ensured conducive working and living environment and prompt responses to calls on their duties.

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



Figure 1. Kegonga police Station Completed in the financial year 2018/2019



Figure 2. Komotobo Secondary school Administration Block Completed in Fy 2018/2019



Figure 3. Nyankongo Primary .Renovation of nine classrooms and Administration Block



Figure 4: Itongo chief's office completed in FY 2018/2019

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


Emerging Issues Related to the NG-CDF

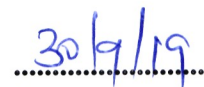
Entrenching NG-CDF in the new constitutional dispensation would go a long way in protecting the fund, since it is facing a lot of legal challenges, hence Members of Parliament should enact legislations which do not contravene the constitution in order to protect the NG-CDF.

Implementation Challenges and Recommended Way Forward

- Late disbursement of funds, lead to rise in project costs due to factors like inflation coupled to time value of money and also the public do not get the value of the funds in time, as such the NG-CDF Board should disburse funds to constituencies in time during the financial year
- Public's inability to distinguish national government functions as pertains NG-CDF and devolved functions pertaining to county governments, as such frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives and the jurisdiction of the various development partners and stakeholders
- The NG-CDF Act and the constitution limiting the operations of NG-CDF to Education and National security functions, leaving out all the devolved functions that still affect the constituents

Ravasco N. Mutundi NG-CDFC Chairman
Name Designation


.....
Sign.


.....
Date

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KURIA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-KURIA EAST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-KURIA EAST Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-KURIA 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-KURIA EAST 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-KURIA EAST Constituency financial statements were approved and signed by the Accounting Officer on 30/9 2019.



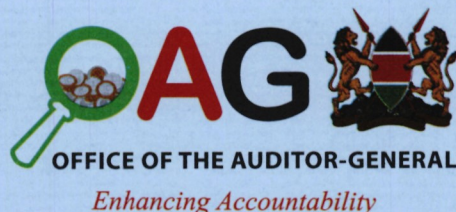
Fund Account Manager
Name: Bernard Kiprono Korir



Sub-County Accountant
Name: George Oluoch Kapodoh
ICPAK Member Number: 15287

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KURIA EAST 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 - Kuria East Constituency set out on pages 14 to 42, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 the National Government Constituencies Development Fund – Kuria East 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Project Management Committees Bank Balances

Disclosed under Note 15.4 to the financial statements and Annex 2, are Project Management Committees (PMC) bank account balances of Kshs.874,548 as at 30 June, 2019. However, supporting documents including bank reconciliation statements, bank balances confirmation certificates and cash books were not provided for audit.

Consequently, the accuracy, existence and completeness of the PMC account balances of Kshs.874,548 could not be confirmed.

2. Lack of Ownership Documents for Land

The statement of receipts and payments reflects Kshs.39,329,500 for transfers to other government units which includes an amount of Kshs.5,029,500 incurred on purchase of ten (10) acres of land for Nyamtiro Boarding Primary School. However, ownership documents for the land were not provided for audit.

In the circumstances, the ownership of the land and value for money of the expenditure of Kshs.5,029,500 could not be confirmed.

3. Unsupported Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers expenditure of Kshs.56,418,222. The expenditure includes Kshs.16,248,550, Kshs.17,643,900 and Kshs.3,033,600 being bursaries disbursed to secondary schools, tertiary institutions and special schools respectively, all totaling to Kshs.36,926,050. However, the bursary application forms completed and submitted were not accompanied by key supporting documents such as copies of the beneficiaries' identity cards, fee statement balances and admission letters. Further, the bursary sub-committee did not give remarks on the status of each applicant as required under Regulation 21(3) of the National Government Constituencies Development Fund, Regulations, 2016.

In the circumstances, the validity, accuracy and completeness of the expenditure of Kshs.36,926,050 incurred on bursary disbursements could not be confirmed.

4. Summary Statement of Appropriation

4.1 Unsupported Budgetary Adjustments

The summary statement of appropriation - recurrent and development combined, reflects original expenditure budget of Kshs.109,040,875 and adjustments of Kshs.40,527,849 bringing the total final approved expenditure budget to Kshs.149,568,724. However, the approved code list indicating the individual projects approved in the prior year for implementation in the financial year 2018/2019, was not provided.

In the absence of the approved code list, the accuracy and completeness of the adjustments of Kshs.40,527,849 could not be confirmed.

4.2 Unreconciled Variances on Unutilized Funds

The summary statement of appropriation - recurrent and development combined, reflects a budget under-utilization of Kshs.44,730,231. However, Note 15.3 to the financial statements reflects an unutilized funds balance of Kshs.64,712,329 while Annex 3 where the details of the unutilized funds are disclosed reflects a total unutilized funds balance of Kshs.26,067,286.

In the circumstances, the accuracy of the unutilized funds balance as at 30 June, 2019 could not be confirmed

5. Inconsistencies in Presentation of the Financial statements

The statement of assets and liabilities reflects net assets of Kshs.1,287,115 which are represented by an equivalent fund balance. However, the fund balance is erroneously described as net liabilities.

In addition, referenced disclosure Notes on the face of the statement of receipts and payments, do not match the respective Notes under the Notes to the financial statements as shown below:

Payment	Reference Note as per the statement of receipts and payments	Note as per the Notes to the Financial Statements
Compensation of Employees	4	2
Use of Goods and Services	5	3
Transfers to Other Government Units	6	4
Other Grants and Transfers	7	5
Acquisition of Assets	8	7

In the circumstances, the financial statements were not properly presented.

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

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.149,568,724 and Kshs.106,125,607 respectively, resulting to an under-funding of Kshs.43,443,117 or 29% of the budget. The Fund's expenditure was limited to the receipts realized. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents.

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

Delay in Completion of Projects

Audit inspection of eleven (11) projects with disbursements totaling to Kshs.28,800,000 revealed that, some of the projects were completed and put to use before certificates of practical completion were issued, some were completed but not equipped, while others were partly funded hence incomplete as indicated in **Appendix I**.

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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal 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 ability of National Government Constituencies Development Fund - Kuria East Constituency to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing 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 about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

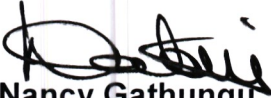
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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

01 October, 2021

APPENDIX 1 – Delay in Completion of Projects

Project	Details	% Level of Completion	Cost (Kshs.)	Status
Gokeharaka Primary School	Additional funds for fixing windows, doors, plastering and painting of four (4) classrooms on ground floor of one storey building.	100%	2,000,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Kendege Technical Training Institute	Construction of a new gate and sentry house.	45%	4,700,000	-Gate was erected and bricks to sentry house laid. -Roofing, plastering, windows, doors and flooring were yet to be done.
Koromangucha Primary School	Additional funds for flooring, roofing, fixing doors, windows of an ongoing construction of administration block and two (2) classrooms.	65%	2,000,000	-Bricks wall was erected and roofing done. -Windows, doors, plastering, flooring and painting was yet to be done. -Learners had already moved to the incomplete classrooms.
Taragai Secondary School	Renovation of three (3) classrooms- (roofing, flooring, fixing windows, doors, plastering and painting).	90%	2,500,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Bongebo Boarding Primary School	Purchase of one hundred (100) double decker beds. Additional funds for flooring plastering, fixing verandah and painting of a dormitory.	100%	4,100,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Gureta Primary School	Construction of two (2) new classrooms.	95%	1,600,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.

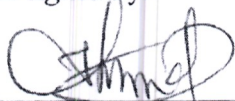
Project	Details	% Level of Completion	Cost (Kshs.)	Status
Kebare Primary School	Renovation of four (4) classrooms (fixing of verandah, flooring, plastering, fixing doors, windows, plastering and painting)	95%	2,500,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Kendege Primary School	Construction of four (4) new classrooms. Construction of one classroom and four-door pit latrine (2017/18 FY).	90%	3,000,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Nyaitara Primary School	Renovation of four (4) classrooms (flooring, fixing doors, windows and painting)	95%	1,000,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Kegonga Police Station	Completion of divisional police headquarter offices-(fixing doors, tilling, glassing and painting)	100%	4,100,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
Itongo Chief's Office	Additional funds for flooring, fixing windows, doors, plastering and painting of Chief's Office.	100%	1,300,000	-Project was satisfactorily completed and put to the intended use. -Certificate of practical completion was not issued.
	Total		28,800,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 KURIA EAST CONSTITUENCY
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III. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	65,379,310	86,610,344
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		65,379,310	86,610,344
PAYMENTS			
Compensation of employees	4	2,190,091	2,354,101
Use of goods and services	5	6,340,680	9,241,594
Transfers to Other Government Units	6	39,329,500	9,400,000
Other grants and transfers	7	56,418,222	25,086,800
Acquisition of Assets	8	560,000	-
Other Payments	9	-	-
TOTAL PAYMENTS		104,838,493	46,082,495
SURPLUS/DEFICIT		(39,459,183)	40,527,849

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 30/9/2019 and signed by:



Fund Account Manager
 Name: Bernard Kiprono Korir



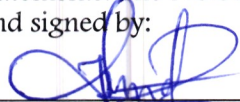
Sub-County Accountant
 Name: George Oluoch Kapodoh
 ICPAK Member Number: 15287


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

IV. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019 Kshs	2017 - 2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	1,287,115	40,746,298
Cash Balances (cash at hand)	10B		-
Total cash and cash equivalent		1,287,115	40,746,298
Accounts Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		1,287,115	40,746,298
Financial Liabilities			
Accounts payables-Retantion & Deposits			
NET FINANCIAL ASSETS		1,287,115	40,746,298
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	40,746,297	218,448
Surplus/Defict for the year		(39,459,182)	40,527,849
Prior year adjustments	14	-	-
NET LIABILITIES		1,287,115	40,746,297

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 30/9/ 2019 and signed by:


Fund Account Manager
Name: Bernard Korir

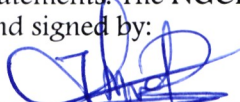

Sub-County Accountant
Name: Oluoch Kapodoh
ICPAK Member Number: 15287


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

V. STATEMENT OF CASHFLOW

		2018-2019	2017 - 2018
Receipts for operating income			
Transfers from CDF Board	1	65,379,310	86,610,344
Other Receipts	3	-	-
		65,379,310	86,610,344
Payments for operating expenses			
Compensation of Employees	4	2,190,091	2,354,101
Use of goods and services	5	6,340,680	9,241,594
Transfers to Other Government Units	6	39,329,500	9,400,000
Other grants and transfers	7	56,418,222	25,086,800
Other Payments	9	-	-
		104,278,493	46,082,495
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		(38,899,183)	40,527,849
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	560,000	-
Net cash flows from Investing Activities		560,000	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(39,459,183)	40,527,849
Cash and cash equivalent at BEGINNING of the year	13	40,746,297	218,448
Cash and cash equivalent at END of the year		1,287,115	40,746,297

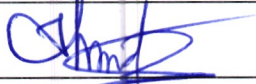
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KURIA EAST Constituency financial statements were approved on 30/9/2019 and signed by:



Fund Account Manager
Name: Bernard Korir
ICPAK Member Number: 15287


Sub-County Accountant
Name: Oluoch Kapodoh

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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TRIAL BALANCE AS AT 30TH JUNE 2019			
		DR	CR
Cash and Cash equivalents			
	Bank Balances	1,287,115	
	Cash Balances	-	
	Outstanding Imprest	-	
Payments			
	Compensation of Employees	2,190,091	
	Use of goods and services	6,340,680	
	Transfers to Other Government Units	39,329,500	
	Other grants and transfers	56,418,222	
	Acquisition of Assets	560,000	
	Other Payments	-	
Receipts			
	Transfers from the Board		65,379,310
	Proceeds from sale of assets		-
	Others receipts		-
	Prior Year Adjustment		-
	Fund Balance b/f		40,746,298
	TOTAL	106,125,608	106,125,608


 Fund Account Manager
 Name: Bernard Korir


 Sub-County Accountant
 Name: Oluoch Kapodoh
 ICPAK Member Number: 15287

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY
Reports and Financial Statements
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VI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

	Original Budget	Adjustments	Final Budget	Final Budget	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,875	40,527,849	149,568,724	106,125,607	43,443,117	71.0%
Proceeds from Sale of Assets		0	0	0	0	
Other Receipts		0	0	0	0	-
TOTAL	109,040,875	40,527,849	149,568,724	106,125,607	43,443,117	71.0%
PAYMENTS						
Compensation of Employees	1,959,000.00		1,959,000	2,190,091	-231,091	111.8%
Use of goods and services	7,854,679.00	560,000	8,414,679	6,340,680	2,073,999	75.4%
Transfers to Other Government Units	59,100,000.00	18,300,000	77,400,000	39,329,500	38,070,500	50.8%
Other grants and transfers	40,127,196.45	21,667,849	61,795,045	56,418,222	5,376,823	91.3%
Acquisition of Assets		0	0	560,000	-560,000	
Other Payments	0		0	0	0	
TOTAL	109,040,875	40,527,849	149,568,724	104,838,493	44,730,231	70.1%

1. The transfers to other government units and other grants and transfers were below 90% in utilization, since the constituency had an outstanding disbursement for the financial year 2018/2019 from the NG-CDF Board of **Kshs. 55,040,875**

2. The over utilization of compensation of employees is brought by the outstanding gratuity for previous financial year 2017/2018 paid in 2018/2019.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY
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VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-Programme	2018/2019		2018/2019		30/06/2019	
	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization	
	Kshs	Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent						
1.1 Compensation of employees	1,959,000.00	-	1,959,000.00	2,190,090.81	(231,090.81)	
1.2 Committee allowances	750,000.00	-	750,000	750,000	-	
1.3 Use of goods and services	3,583,453.00		3,583,453.00	2,569,454.00	1,013,999.00	
2.0 Monitoring and evaluation						
2.1 Capacity building	1,500,000.00	-	1,500,000.00	1,500,000.00	-	
2.2 Committee allowances	1,000,000.00	-	1,000,000.00	1,000,000.00	-	
2.3 Use of goods and services	521,226.00	-	521,226.00	515,967.00	5,259.00	
3.0 Emergency	5,738,993.00	2,618,966.00	8,357,959.00	6,537,000.00	1,820,959.00	
4.0 Bursary and Social Security						
4.1 Special Schools	3,000,000.00	-	3,000,000.00	3,033,600.00	(33,600.00)	
4.2 Secondary Schools	10,000,000.00	5,415,118.00	15,415,118.00	16,248,550.00	(833,432.00)	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

4.3 Tertiary Institutions	14,907,385.00	3,100,000.00	18,007,385.00	17,643,900.00	363,485.00			
5.0 Sports				-	-			
5.1 Organizing of constituency tonourment	2,180,818.00	1,536,207.00	3,717,025.00	5,055,172.40	(1,338,147.40)			
6.0 Environment				-	-			
6.1 Komotobo secondary	100,000.00	-	100,000.00	-	100,000.00			
6.2 Masangora girls	100,000.00	-	100,000.00	-	100,000.00			
6.3 Sakuri Girls	100,000.00	-	100,000.00	-	100,000.00			
6.4 Kwiho Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.5 Taragai Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.6 Kegonga Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.7 Maeta Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.8 Kebaroti Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.9 Nyamaranya Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.10 Gogeharaka Secondary	100,000.00	-	100,000.00	-	100,000.00			
6.11 Nyamotambe Secondary	100,000.00	-	100,000.00	-	100,000.00			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY

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

6.12 Kwibancha Secondary	100,000.00	-	100,000.00	-	100,000.00	100,000.00
6.13 Gwitembe Secondary	100,000.00	-	100,000.00	-	100,000.00	100,000.00
6.14 Siabai Secondary	100,000.00	-	100,000.00	-	100,000.00	100,000.00
6.15 Matare Boys	100,000.00	-	100,000.00	-	100,000.00	100,000.00
7.0 Primary Schools Projects						
7.1 Gokeharaka primary	-	2,000,000.00	2,000,000.00	2,000,000.00	-	-
7.2 koromangucha primary	1,500,000.00	500,000.00	2,000,000.00	2,000,000.00	-	-
7.3 Bongebo boarding primary	1,300,000.00	2,800,000.00	4,100,000.00	4,100,000.00	-	-
7.4 Chacha Marwa primary	1,000,000.00	-	1,000,000.00	500,000.00	500,000.00	500,000.00
7.5 Girigiri primary	-	2,000,000.00	2,000,000.00	2,000,000.00	-	-
7.6 Gureta primary	1,200,000.00	400,000.00	1,600,000.00	1,600,000.00	-	-
7.7 Kebare pri school	1,200,000.00	1,500,000.00	2,700,000.00	2,500,000.00	200,000.00	200,000.00
7.8 Kendege primary	2,000,000.00	1,000,000.00	3,000,000.00	3,000,000.00	-	-
7.9 Kohero Primary	-	600,000.00	600,000.00	600,000.00	-	-
7.10 Kugitimo primary	1,000,000.00	300,000.00	1,300,000.00	300,000.00	1,000,000.00	1,000,000.00
7.11 Nyaitara Primary	1,000,000.00	-	1,000,000.00	1,000,000.00	-	-
7.12 Nyakehomo primary	-	300,000.00	300,000.00	300,000.00	-	-
7.13 Nyamotambe primary	-					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY

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

8.9 Kwio Secondary	2,000,000.00	-	2,000,000.00	-	2,000,000.00
8.10 Saibai Secondary School	1,000,000.00	-	1,000,000.00	-	1,000,000.00
8.11 Itongo Secondary	1,000,000.00	-	1,000,000.00	-	1,000,000.00
8.12 Gokeharaka secondary	2,000,000.00	-	2,000,000.00	-	2,000,000.00
8.13 Nyaroha Girls sec.	1,500,000.00	-	1,500,000.00	-	1,500,000.00
9.0 Tertiary institutions Projects					
9.1 Kegonga KMTC	3,000,000.00	-	3,000,000.00	-	3,000,000.00
9.2 Kegonga KMTC	2,000,000.00	-	2,000,000.00	-	2,000,000.00
9.3 Kuria Campus Rongo university	5,000,000.00	-	5,000,000.00	-	5,000,000.00
9.4 Kegonga Resource centre	3,000,000.00	-	3,000,000.00	-	3,000,000.00
9.5 Kendege Technical Training Institute	3,000,000.00	1,700,000.00	4,700,000.00	4,700,000.00	-
10.0 Security Projects					
10.1 Itongo chief office	500,000.00	800,000.00	1,300,000.00	1,300,000.00	-
10.2 Kegonga police	-	4,100,000.00	4,100,000.00	4,100,000.00	-
10.3 Koromangucha AP line	-	1,000,000.00	1,000,000.00	1,000,000.00	-
10.4 Masangora asst chief	800,000.00	-	800,000.00	500,000.00	300,000.00
10.5 Nitmaru DCC	-	1,000,000.00	1,000,000.00	1,000,000.00	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

10.6 Getongoroma Ap line	1,500,000.00	-	1,500,000.00	-	1,500,000.00
11.0 others					
11.1 Purchase of furnitures	-			560,000.00	-560,000
Grand Total	109,040,875.00	42,570,291.00	150,597,167	106,287,233.21	46,772,673.19

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting 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-KURIA EAST 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA
EAST CONSTITUENCY
Reports and Financial Statements
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SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KURIA
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

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 Kenya Commercial Bank of Kenya 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.

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Description		2018-2019	2017 - 2018
1330407	Normal Allocation		Kshs	Kshs
	11/7/2018	B047782	11,379,310	
	27/12/2018	B030261	10,000,000	
	11/3/2019	B030464	12,000,000	
	22/02/2019	B006411	8,000,000	
	2/4/2019	B042782	12,000,000	
	10/5/2019	B042923	12,000,000	
	30/1/2018	A855889		5,500,000.00
	7/3/2018	A892835		37,905,172.00
	6/6/2018	A896870		43,205,172.00
	TOTAL		65,379,310	86,610,344.00

2. COMPENSATION OF EMPLOYEES

	Description	2018-2019	2017 - 2018
		Kshs	Kshs
2110201	Basic wages of contractual employees	1,857,858	1,982,001
2110202	Basic wages of casual labour		120,000
2110301	House allowance		150,000
2110308	Leave allowance		28,000.00
2110314	Employer contribution to NSSF	181,129	74,100
2710120	Gratuity - paid	151,104	-
	Total	2,190,091	2,354,101

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3. USE OF GOODS AND SERVICES

	Description	2018-2019	2017 - 2018
		Kshs	Kshs
2210100	Utilities, supplies and services	140,000	202,980.00
2210104	Communication and services	160,000	128,000.00
2210200	Domestic travel and subsistence	350,000	350,000.00
2210300	Printing, advertising and information supplies & services	112,700	77,100.00
2210500	Training expenses	1,500,000	1,590,000.00
2210600	Hospitality supplies and services	150,000	102,400.00
2210700	Other committee expenses	1,000,000	560,000.00
2210800	Committee allowance	750,000	720,000.00
2210802	Specialised materials and services	70,000	59,700.00
2210809	Office and general supplies and services	112,000	302,000.00
2210900	Fuel ,oil & lubricants	1,600,000	1,100,000.00
2211000	Routine maintenance – vehicles and other transport equipment	275,980	280,000.00
2211100	Routine maintenance – other assets	120,000	235,000.00
	Bank Charges	-	33,419.50
2211300	Other operating expense(Strategic plan)	-	3,500,000.00
	Total	6,340,680	9,241,594.00

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4. TRANSFER TO OTHER GOVERNMENT ENTITIES

2630200	Description	2018-2019	2017 - 2018
		Kshs	Kshs
2630204	Transfers to Primary schools	30,529,500	1,700,000.00
2630205	Transfers to Secondary schools	4,100,000	7,700,000.00
2630206	Transfers to Tertiary institutions	4,700,000	-
	TOTAL	39,329,500	9,400,000.00

5. OTHER GRANTS AND OTHER PAYMENTS

2640000	Description	2018-2019	2017 - 2018
		Kshs	Kshs
2640101	Bursary -Secondary	16,248,550	7,919,800.00
2640102	Bursary -Tertiary	17,643,900	7,317,000.00
2640104	Bursary-Special schools	3,033,600	900,000.00
2640105	Security	7,900,000	7,000,000.00
2640505	Sports	3,855,172	-
2640506	Environment	1,200,000	-
2640507	Emergency Projects (Annex 5)	6537,000	1,950,000.00
	Total	56,418,222	25,086,800

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7. ACQUISITION OF ASSETS

<u>Non-Financial Assets</u>	2018 - 2019	2017 - 2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
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	560,000	-
Purchase of ICT Equipment, Software and other ICT Assets	-	-
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	560,000	0

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10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2018-2019 Kshs (30/6/2018)	2017 - 2018 Kshs (30/6/2017)
<i>KCB Kehancha Branch</i>	1147942986	1,287,115	40,746,298
Total		1,287,115	40,746,298

13. BALANCES BROUGHT FORWARD

	2018-2019 Kshs (1/7/2018)	2017 - 2018 Kshs (1/7/2017)
Bank accounts	42,195,038	218,448.00
Cash in hand	-	-
Imprest		
Total	42,195,038	218,448.00

[Provide short appropriate explanations as necessary]

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15.3: UNUTILIZED FUNDS (See Annex 3)

	2018 - 2019	2017 - 2018
	Kshs	Kshs
Use of goods and services	65,259	-
Amounts due to other Government entities (see attached list in annex 3)	22,600,000	18,300,000
Amounts due to other grants and other transfers entities (see attached list in annex 3)	4,820,959.00	24,270,291
Total	64,712,329	42,570,291

15.4: PMC ACCOUNT BALANCES (See Annex 4)

	2018 - 2019	2017 - 2018
	Kshs	Kshs
PMC Account Balances (see attached list)	874,547.85	1,768,979.85
Total	874,547.85	1,768,979.85

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2017/18	Comments
Use of Goods & Services	Payment of committee sitting allowances and other allowances to NG-CDFC members, M & E, capacity building and office utilities	65,259	Cash book closing balance
Sub-Total		65,259	
Amounts due to other Government entities			
Komotobo secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Masangora girls	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Sakuri Girls	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Kwiho Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Taragai Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Kegonga Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Maeta Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Kebaroti Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Nyamaranya Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Gogeharaka Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from

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Name	Brief Transaction Description	Outstanding Balance 2017/18	Comments
			the board
Nyamotambe Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Kwibanacha Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Gwitembe Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Siabai Secondary	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Matare Boys	Purchase and Distribution of seedlings to secondary schools	100,000	Awaiting the re allocations from the board
Nyamagongwi Primary	Renovation of four classrooms	500,000.00	Work in progress
Tungaine primary	Construction of one classroom	500,000.00	Awaiting the re allocations from the board
Kebare Primary	Renovation of Four classrooms	200,000.00	Work in progress
Kugitimo Primary	Construction of one classroom	1,000,000	Awaiting the re allocations from the board
Saibai Secondary School	Construction of two classroom	1,000,000	Awaiting the re allocations from the board
Masangora Girls Secondary School	Construction of kitchen cum dining hall	600,000	Work in progress
Nyaroha Girls sec.	Construction of girls dormitory	1,500,000	Awaiting the re allocations from the board
Kegonga KMTC	Construction of four new classrooms	3,000,000	Awaiting approval by the board
Kegonga KMTC	Construction of New Administration Block.	2,000,000	
Kuria Campus Rongo university	Fencing of 8 acres land with chain link and concrete poles.	5,000,000.00	Awaiting approval by the board

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Name	Brief Transaction Description	Outstanding Balance 2017/18	Comments
Kegonga Resource centre	Construction of new resource centre	3,000,000.00	Awaiting approval by the board
Getongoroma AP Line	Construction of four staff houses	1,500,000.00	Awaiting approval by the board
Others Payments			
Strategic Plan	Development of strategic plan	25,000	Cash book closing balance
ICT Hubs	Establishment of ICT Hubs	4,677,027	Cash book closing balance
GRAND TOTAL		26,067,286.00	

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ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2019

No.	Project Management Committee Name	Account Number	KCB	Balance As at 30th June 2019
1.	Kendege TTI	1178099954	KCB	2,549
2.	Komotobo mixed Secondary	1148887504	KCB	1,892.50
3.	Biangongo Chiefs Office	1177371294	KCB	3,469.55
4.	Bongebo Boarding primary	1133971407	KCB	2,738
5.	Chacha Marwa Primary	1133734436	KCB	241,923
6.	Girigiri primary	1236005554	KCB	1,100
7.	Itongo chiefs office	1237598338	KCB	3,353
8.	Kebare Primary	1132346754	KCB	4,927
9.	Kegonga police	1138271349	KCB	208.80
10.	Kendege Prison Primary	1154316092	KCB	1,400
11.	Kohero Primary School	1178307115	KCB	2,374.50
12.	Kokeharaka primary	1133784763	KCB	51,260
13.	Koromangucha pri sch	1171595174	KCB	6,200
14.	Kugitimo primary	1134549806	KCB	3,995
15.	Ntimaru Dos Residence	1254331905	KCB	268,635
16.	Koromangucha AP line	1141034697	KCB	2,890
17.	Nyaitara Primary	1171602219	KCB	6,970
18.	Nyakehomo primary	1138225754	KCB	4,398.50
19.	Nyamaranya Primary	1134986130	KCB	1,025
20.	Nyamotambe primary	1133591817	KCB	3,295
21.	Nyankongo Primary	1133652638	KCB	8,045
22.	Sironga Primary	1106377532	KCB	87,710
23.	St.peters Kegonga Secondary	1117859169	KCB	106,776
24.	Taragai sec school	1236058569	KCB	47043
25.	Tungaine Primary	1134943946	KCB	92.50
26.	Gurreta Primary	1123132550	KCB	1,374

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No.	Project Management Committee Name	Account Number	KCB	Balance As at 30th June 2019
27.	Simbori Primary	1135465479	KCB	8,903.50
				874,547.85

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ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost	Addition During the year	disposal During the year	Historical Cost
	(Kshs)			(Kshs)
	2017/18			2016-2017
Transport equipment	5,120,464.00	-	-	5,120,464.00
Office equipment, furniture and fittings	432,382.00	-	-	992,382
ICT Equipment, Software and Other ICT Assets	312,498.00	-	-	312,498.00
TOTAL	5,865,344.00	560,000.00	-	6,425,344

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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)
REF:KSI/HUB/KURIA EAST NG-CDF/2017/2018/ (6)	Summary Statement of Appropriation.	Statement of appropriation not showing the items in 2016-2017. Adjustment in the appropriation were made and have been supported by the attached approved code list.	Fund Account Manager	Resolved	
REF:KSI/HUB/KURIA EAST NG-CDF/2017/2018/ (6)	Register of Assets.	Asset register not attached in the submitted financial statement. Asset register submitted for verification	Fund Account Manager	Resolved	
REF:KSI/HUB/KURIA EAST NG-CDF/2017/2018/ (6)	Approving of Emergency Projects before funding	The National government constituency development Fund committees deliberated and approve the same the projects before funding. Attached are the minutes for verification.	Fund Account Manager	Resolved	
REF:KSI/HUB/KURIA EAST NG-CDF/2017/2018/ (6)	Underutilization in the budget performance	The underutilization came as a result of delay in releasing the Authority to Incur Expense (AIE) beyond the financial year by the board, a requirement before any funds is utilized.	Fund Account Manager	Resolved	