

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

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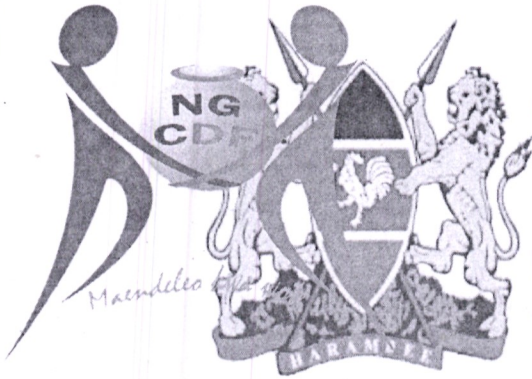
THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
KITUI CENTRAL CONSTITUENCY**

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





**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
-KITUI CENTRAL CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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To provide leadership and policy direction for effective and efficient management of the Fund

Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	JOSEPHINE MUTUA
2.	Sub-County Accountant	JUSTUS MUTUA
3.	Chairman NGCDFC	BONIFACE KITHITA
4.	Member NGCDFC	ROSE MBULA Alternate signatory

(d) Fiduciary Oversight Arrangements

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

P.O. Box 732-90200

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Near Deputy County Commissioners Office
Off Kwa Ngindu Road
Kitui

(f) NGCDF Kitui Central Constituency Contacts

Telephone: 0734909303
E-mail: cdfkituicentral@ngcdf.go.ke
Website: www.go.ke

(g) NGCDF Kitui Central Constituency Bankers

National bank of Kenya
Account name:
Kitui Central constituency development fund.
Account number:01001052093400
Kitui Branch.

(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

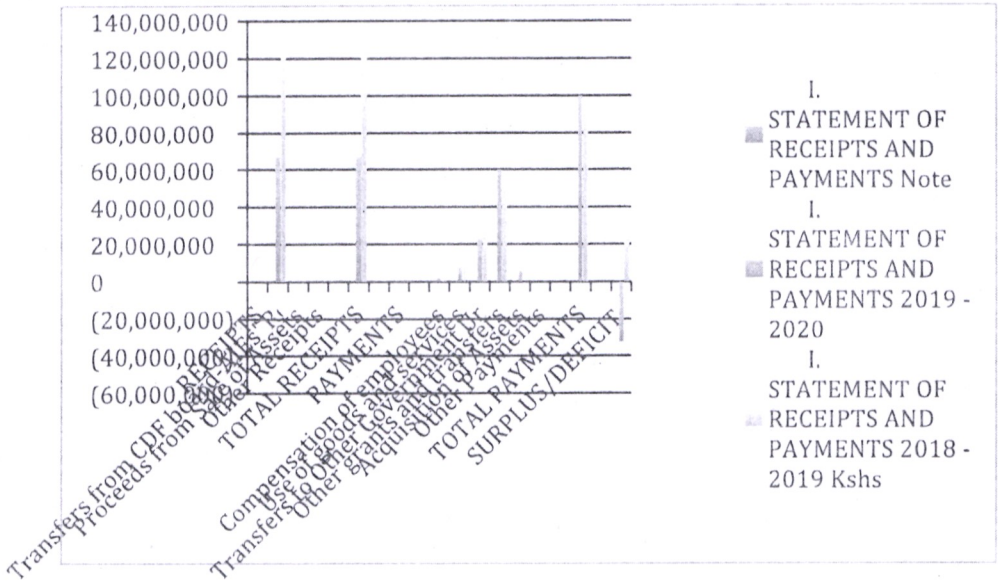
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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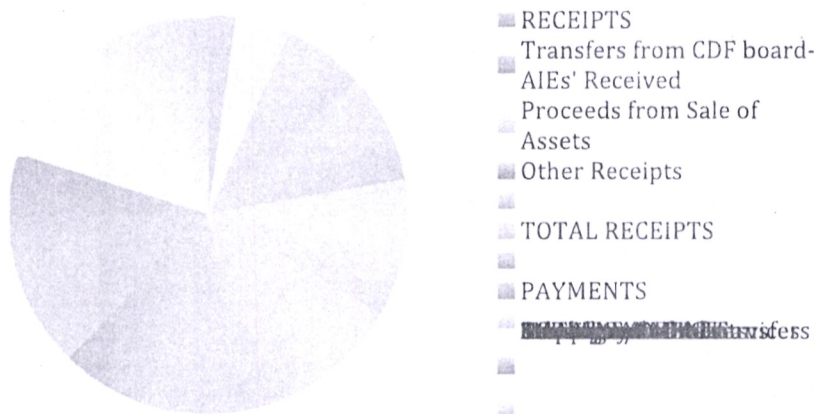
**Reports and Financial Statements
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

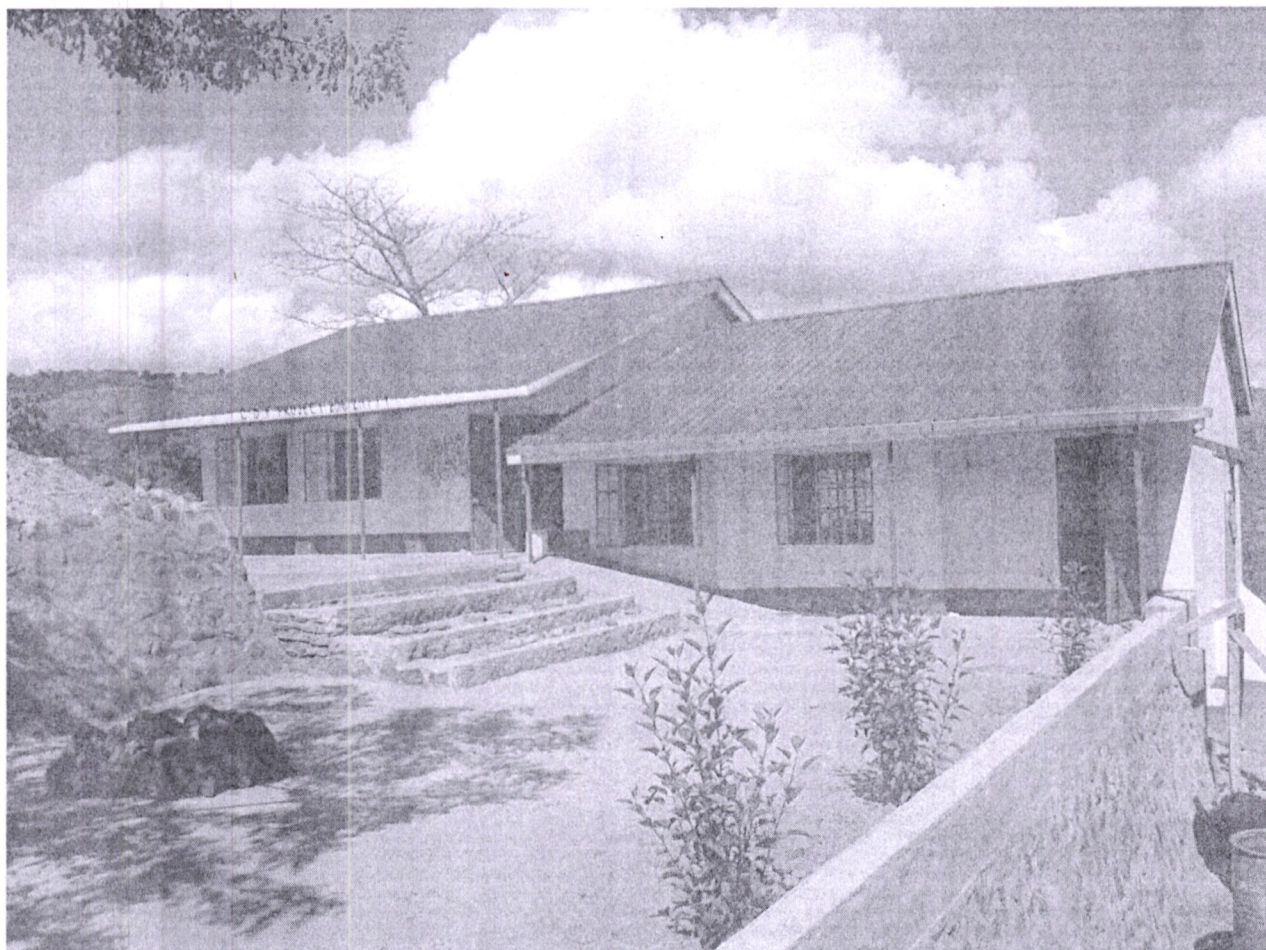
THE BUDGET PERFORMANCE IS GRAPHICALLY HIGHLIGHTED AS BELOW



I. STATEMENT OF RECEIPTS AND PAYMENTS Note

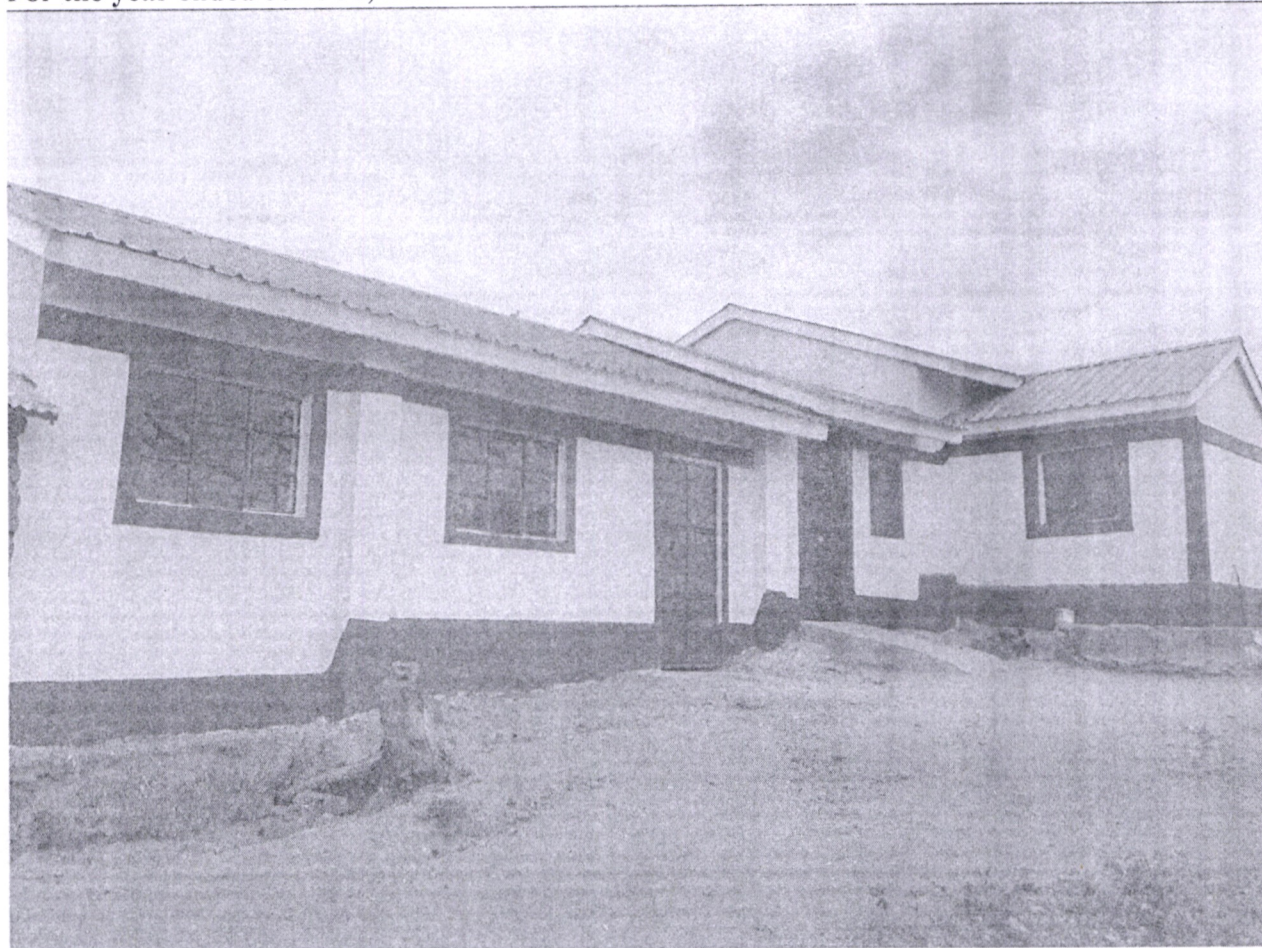


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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Nyekini Primary School

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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Museve Primary School

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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Some of our Key achievements for this year were transforming most of our schools into modern institutions by lifting their faces by changing their roofs, flooring, fitting of modern windows and doors and repainting the schools as per the picture above of Museve Primary School.

We also constructed more classrooms for some of our schools, which had fewer classrooms given that there is need for more spacing in the learning institutions due to social distancing.

The budget performance for the year was fair despite the challenges witnessed globally associated with the Covid 19 pandemic, we received 50% of the funds for that year's budget.

When you look at the statement of receipts and expenditure you will notice that transfers to government bodies received less funding compared to other grants and payments.

However, despite the above challenges we are proud to report that all the funds received were fully disbursed to the respective projects and as at the closure of the financial year all the projects whose funds were disbursed were complete.

Some of the challenges we faced during project implementation was community being misinformed about what the NGCDF Act says about the management of the fund, the projects which we are required to fund and also their role in implementation and to counteract this we have embraced a culture of thorough capacity building of the community members that is the project management committees before and even during the implementation process

We also faced delayed disbursement of funds due to the global covid 19 situation, which also resulted in non-implementation of many projects at the closure of the financial year.

Sign 

CHAIRMAN NGCDF COMMITTEE

**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S
PREDETRMINED OBJECTIVES**

Introduction

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

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

- ✓ To improve access to education
- ✓ To improve learning environment
- ✓ To improve access to clean water and sanitation in schools
- ✓ To improve the working and living conditions of security personnel in the Constituency
- ✓ To prevent environmental degradation
- ✓ To build and enhance the skills of youth through sports
- ✓ To increase access to ICT infrastructure
- ✓ To strive for organizational excellence

Progress on attainment of Strategic development objectives

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

Constituen cy Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions	In FY 19/20 we increased number of renovated schools from 32 to 41 and number of bursary beneficiaries from 7300 to 9200

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		institutions	- number of bursary beneficiaries at all levels	
Security	To improve security in the constituency	Improved housing for the police force and improved offices for the administration offices	Number of Houses and offices constructed or renovated for the different central administration staff including the deputy county commissioner, chief, administration and regular police.	<ul style="list-style-type: none"> • 2 offices were constructed for chiefs, • 3 offices constructed for assistant chiefs, • 2 Administration Police lines, • 1 Deputy county commissioners residence constructed.
Environment	To prevent environmental degradation	Improve sustainable and conserved environment through various conservation measures	Number of trees planted, sand dams constructed and water tanks supplied to various institutions to harvest water	NG-CDF facilitated tree planting in 15 different sites-14 schools, around 6 dams and two forests. Sand dams were constructed on four rivers.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

NGCDF Kitui Central Anchors itself and aligns itself with the Country's development blue print as its termed as critical. Kenya's Vision 2030 emphasizes on macroeconomic stability; continuity in governance reforms; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; Science, Technology and Innovation (STI); land reform; human resources development; security as well as public sector reforms. Therefore the objectives of Kitui central NGCDF intends to create an enabling environment for enhanced equity and wealth creation opportunities for the poor, Science Technology and Innovation (STI) and human resources development. Projects to be implemented will lead to sustainable economic development while ensuring inclusivity. The vision, mission and core values echos the call for equity, transparency and sustainable development.

A. Vision

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
CENTRAL CONSTITUENCY**

**Reports and Financial Statements
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To be the most developed constituency in Kenya.

B. Mission

To transform Kitui Central Constituency into a democratic, developed constituency through prudent use of resources leading to socially, politically and economically empowered electorate.

A. Core Values

To realize the above vision and mission, certain guiding principles (core values) will be nurtured in the community. There will therefore be a great need for the following core values to be embodied in the community for prosperity.

- **Integrity and Transparency:** -To be accountable and devoid of corrupt practices in service delivery
- **Professionalism and quality:** - To ensure we uphold high performance standards and deliver the best while utilizing resources effectively
- **Teamwork:-** To encourage team spirit, collaboration and consultation as a way of maximizing the synergy of working together for improved service delivery
- **Communication:** To ensure smooth flow of information for both internal and external stakeholders
- **Commitment:-** To devote all our time to our duties and undertake to deal with customers without unnecessary delays
- **Inclusiveness:-** To ensure public participation in decision making by seeking, respecting and valuing opinions of interested stakeholders
- **Sustainability:-** To seek to uphold sustainable practices that ensure sustainable development.
- **Networking:** With other stakeholders.

2. Environmental performance

Kenya is one of the countries most affected by the disaster of climate change and Kitui Central Constituency is no exception. Erratic rainfall patterns, reduction of water quantity and quality, flooding, siltation of rivers, and dams, rising temperatures and frequent disease outbreaks are some of the effects of climate change in the Kitui Central constituency.

Environmental policy

-Disposing waste matter responsibly

- Comply with the set guidelines on waste disposal
- Planting of trees within the compound to deforestation
- Proper measures put in place to combat flooding.

Employee welfare

- Adherence to the employment act
- Job Adverts placed in the most strategic places and circulated widely.
- Interviews and hiring conducted transparently
- Terms and condition well stipulated in the job advert.
- Gender equality considered during hiring of staff
- The NGCDF has ensured a proper working environment to minimise risks and to ensure the safety of the employees.

3. Market place practices-

- a) Prequalification of firms for provision of goods and services is done on a yearly basis,
- b) Tenders are advertised widely to ensure a wide coverage and as stipulated in the NGCDF Act 2015 –procurement is done by the PMC and the Procurement Act is strictly adhered to -

c) Coordination of Implementation

The Project Management Committee (PMC) will be responsible for the implementation of the project. MP.

d) Framework for Monitoring and Evaluation

An Implementation Committee will be formed with members of the NGCDFC. The Implementation Committee will have the responsibility of monitoring activities and outputs/outcomes with a view of advising the NGCDFC on the Plan implementation status through written submissions.

The Plan will be evaluated quarterly, annually, and at the end of the plan period leading to the preparation of the following reports:

Quarterly Progress Report (QPR): This report will cover all the activities undertaken during each quarter showing constraints successes and outline the plans for the next quarter.

Annual Review Report (AR): An Annual Performance Review (ARR) will be carried out at the end of every year leading to the publication of an annual Constituency M&E Report. This report will provide information for the NGCDFC and management to address.

Terminal Review Report (TR): At the end of the five years, an external evaluation will be conducted by an external consultant. The end term evaluation will identify achievements

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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against performance indicators; constraints encountered during the plan period and make recommendations towards the development of the next strategic plan.

Community Engagements

-Public participation-this is done after every two years

-Meeting are held with the various community members to obtain projects for prioritization and implementation

-Capacity Building of PMC-This is done every year to sensitize the community on the project life cycle.

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

The Accounting Officer in charge of the NGCDF-Kitui Central Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Kitui 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-Kitui Central 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-Kitui Constituency financial statements were approved and signed by the Accounting Officer on 24/03 2020.



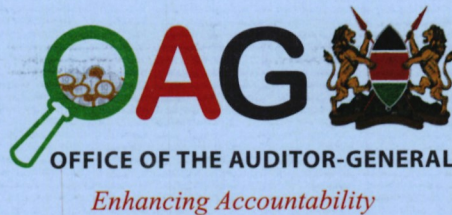
Fund Account Manager



Sub-County Accountant

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUI CENTRAL CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kitui Central Constituency set out on Pages 18 to 50, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and 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 the National Government Constituencies Development Fund - Kitui Central Constituency as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Un Balanced Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance at end of the year amounting to Kshs.337,981 and as disclosed in the statement of assets and liabilities. However, the net decrease in cash and cash equivalents reflected in the statement of cashflows reflects an amount of Kshs.32,479,580 which is erroneous since the correct figure is Kshs.32,179,580 resulting to unexplained difference amounting to Kshs.300,000.

Consequently, the completeness and accuracy of the statement of cash flows could not be confirmed.

2. Unbalanced Statement of Assets and Liabilities

The statement of assets and liabilities as at 30 June, 2020 reflects net financial assets balance of Kshs.37,981 and a net financial position balance of Kshs.337,981 resulting to unexplained variance amounting to Kshs.300,000.

In the circumstances, the accuracy and completeness of the Fund's financial position as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Kitui Central 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 on comparable basis amount of Kshs.170,185,285 and Kshs.100,817,561, respectively, resulting to an under-funding of Kshs.69,367,724 or 41% shortfall of the budget. Similarly, the Fund expended Kshs.100,479,580 against an approved budget of Kshs.170,185,285 resulting to an under-expenditure of Kshs.69,705,705 being 41% of the budget.

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

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 of Conclusion

1. Project Implementation

As disclosed in Note 6 and Note 7 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.23,800,00 and Kshs.54,460,948 in respect of transfers to other Government units and other grants and transfers respectively. The following issues were noted: -

- i. As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects an amount of Kshs.54,460,948 in respect of other grants and transfers. The expenditure includes a balance of Kshs.43,190,000 which was disbursed bursaries to Secondary Schools and Tertiary Institutions. The application forms lacked evidence of vetting by the National Government Constituencies Development Fund Committee and none of the forms had the official rubber stamp of the Fund. In addition, minutes of the Vetting Committee and the details of the successful and unsuccessful applicants were not provided for audit.
- ii. Review of the project implementation documents reflects that the Fund had budgeted for implementation of seventy-five (75) projects worth Kshs.86,747,948 during the year. However, only twenty-eight (28) projects with a total allocation amounting to Kshs.35,236,948 were completed while the remaining forty-seven (47) projects worth Kshs.51,511,000 not implemented.
- iii. As disclosed under Note 6 to the financial statements, the statement of receipts and payments reflects transfers to other Government units amounting to Kshs.23,800,000 which includes transfers to Secondary Schools balance of Kshs.5,400,000. The Fund disbursed an amount of Kshs.1,700,000 to Project Management Committee (PMC) of St. Stephen Mutulukuni Secondary School for construction of a boys' dormitory. However, physical verification of the project which was carried out on 28 January, 2021 revealed that, five (5) flash doors worth Kshs.25,000 and (15) fifteen window seals worth Kshs.7,500 were not done. It was also noted that the drainage system for the bathrooms was poorly done and had only one outlet leading to pooling of water in the bathroom.
- iv. The Fund disbursed an amount of Kshs.1,500,000 to the Project Management Committee (PMC) of Kamandio Primary School for rehabilitation of seven (7) classrooms (roofing, shutters, plastering, painting and flooring). However, physical verification which was carried out on 28 January, 2021 revealed that only six (6) classrooms were renovated instead of seven (7) classrooms as per the approved project code list.

In addition, the plastering and flooring was poorly done and corridors to the classrooms were not done. Also, big cracks were observed on the floors while the window fasteners had already come off. Further, one classroom did not have a door and the Head Teacher explained that it fell off three (3) days after it was fixed which is indicative of poor workmanship. Despite these anomalies, the Contractor was paid in full including the retention money.

The Fund disbursed an amount of Kshs.1,200,000 to the Project Management Committee (PMC) of Katyethoka Primary School for rehabilitation of four (4) classrooms with the scope being; roofing, shutters, plastering, painting and flooring. However, physical verification of the project which was done on 28 January, 2021 revealed that flooring for two classrooms was poorly done as big potholes and cracks had developed. The painting works were also observed to be poorly done and it appeared like only one coat of paint was applied. Notwithstanding the anomalies, the contractor was paid in full and no retention money was deducted.

- v. The Fund disbursed an amount of Kshs.800,000 to the Project Management Committee (PMC) of Katia Primary School for rehabilitation of five (5) No. of classrooms. However, physical verification which was done on 28 January, 2021 revealed that; cracks had developed on the wall, the windows were of poor quality and the plastering was poorly done. This notwithstanding, the contractor was paid in full without deduction of retention money to guard against future defects and liabilities.
- vi. The Fund disbursed an amount of Kshs.1,300,000 to the Project Management Committee (PMC) of Mukuku Primary School for renovation of 5 No. classrooms and the contract was awarded at a sum of Kshs.1,235,000. However, it was noted that despite the contract agreement having been signed on 01 August, 2019, the contractor had commenced works earlier since a request for payment and accompanying invoice was submitted on 27 July, 2019. It was not clear how work was commenced before the contract award which is indicative of irregularities in procurement process.
- vii. During the year under review, an amount of Kshs.1,000,000 was disbursed to Kaumba Secondary School for the repair of a science laboratory. However, documents supporting the payments and procurement process such as; payment vouchers, request for quotations, evaluation report and award letter were not presented for audit. Further, requisition letter for funding from the school management was not provided for audit and it was therefore not clear how the need for the project was identified and prioritized.
- viii. The Fund disbursed an amount of Kshs.500,000 to Katia Primary School under emergency allocation for the construction of toilets at a contract sum of Kshs.480,000. However, audit reflects that the contractor was paid a total of Kshs.500,000 which was over the awarded contract sum. Further, physical verification of the project revealed that the Contractor did not install steel doors and eight other doors as stated in the Bills of Quantities. In addition, the letter requesting for funding from the School Management to National Government Constituencies Development Fund was dated 11 December, 2019 which was later than the date of approval by the NG-CDF Committee of 19 September, 2019. This implies that, approval for emergency funding was given before the emergency occurred.

No satisfactory explanation was provided by the Fund Management for the anomalies.

Consequently, value for money for the expenditure amounting to Kshs.23,800,00 and Kshs.54,460,948 in respect of transfers to other Government units and other grants and transfers respectively could not be confirmed.

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 governance were not effective.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish the Fund or 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 it 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's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi.

08 February, 2022

Report of the Auditor-General on National Government Constituencies Development Fund - Kitui Central Constituency for the year ended 30 June, 2020

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
CENTRAL CONSTITUENCY**

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

**REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF- KITUI CENTRAL
CONSTITUENCY**

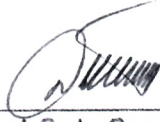
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Not e	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	68,000,000	120,420,186
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		68,000,000	120,420,186
PAYMENTS			
Compensation of employees	4	2,445,200	2,792,020
Use of goods and services	5	7,813,432	9,724,677
Transfers to Other Government Units	6	23,800,000	31,600,000
Other grants and transfers	7	54,460,948	51,336,745
Acquisition of Assets	8	11,960,000	-
Other Payments	9	-	-
		-	-
TOTAL PAYMENTS		100,479,580	95,453,442
SURPLUS/(DEFICIT)		(32,479,580)	24,966,744

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF KITUI CENTRAL Constituency financial statements were approved on 24/07 2020 and signed by:



Fund Account Manager
Name: JOSEPHINE MUTUA



National Sub-County Accountant
Name: JUSTUS MUTUA
ICPAK Member Number: 12228

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
CENTRAL CONSTITUENCY**

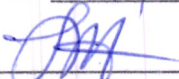
Reports and Financial Statements

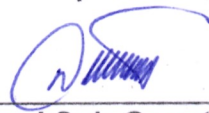
For the year ended June 30, 2020

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	337,981	32,817,561
Cash Balances (cash at hand)	10B	-	
Total Cash and Cash Equivalents		337,981	32,817,561
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		337,981	32,817,561
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	300,000	-
Deposits (Gratuity)	12B	-	
TOTAL FINANCIAL LIABILITES		300,000	
NET FINANCIAL ASSETS		37,981	32,817,561
REPRESENTED BY			
Fund balance b/fwd	13	32,817,561	7,850,817
Prior year adjustments	14	-	
Surplus/Defict for the year		(32,479,580)	24,966,744
NET FINANCIAL POSITION		337,981	32,817,561

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUI CENTRAL Constituency financial statements were approved on 24/09/2020 and signed by:


Fund Account Manager
Name: JOSEPHINE MUTUA


National Sub-County Accountant
Name: JUSTUS MUTUA
ICPAK Member Number: 12228

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
CENTRAL CONSTITUENCY**

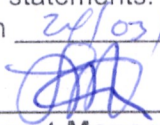
Reports and Financial Statements

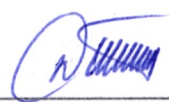
For the year ended June 30, 2020

IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	68,000,000	120,420,186
Other Receipts	3	-	-
Total receipts		68,000,000	120,420,186,
Payments for operating expenses			
Compensation of Employees	4	2,445,200	2,792,020
Use of goods and services	5	7,813,432	9,724,677
Transfers to Other Government Units	6	23,800,000	31,600,000
Other grants and transfers	7	54,460,948	51,336,745
Other Payments	9	-	-
Total payments		88,519,580	95,453,442
Total Receipts Less Total Payments		(20,519,580)	24,966,744
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	300,000	-
Prior year adjustments	14		-
Net cash flow from operating activities		(20,219,580)	24,966,744
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	11,960,000	-
Net cash flows from Investing Activities		11,960,000	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(32,479,580)	24,966,744
Cash and cash equivalent at BEGINNING of the year	13	32,817,561	7,850,817
Cash and cash equivalent at END of the year		<u>337,981</u>	<u>32,817,561</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUI CENTRAL Constituency financial statements were approved on 24/03/2020 and signed by:


Fund Account Manager
Name: JOSEPHINE MUTUA


National Sub-County Accountant
Name: JUSTUS MUTUA
ICPAK Member Number: 12228

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI CENTRAL CONSTITUENCY

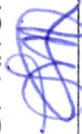
Reports and Financial Statements
For the year ended June 30, 2020

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustment s b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	32,817,561	170,185,285	100,817,561	69,367,724	59.2%
Proceeds from Sale of Assets						
Other Receipts						
TOTAL	137,367,724	32,817,561	170,185,285	100,817,561	69,367,724	59.2%
PAYMENTS						
Compensation of Employees	4,123,200	631,180	4,754,380	2,445,200	2,309,180	51.4%
Use of goods and services	7,839,895	40,757	7,880,652	7,813,432	67,220	99.1%
Transfers to Other Government Units	58,600,000	13,000,000	71,600,000	23,800,000	47,800,000	33.2%
Other grants and transfers	63,404,629	10,285,624	73,690,253	54,460,948	19,229,305	73.9%
Acquisition of Assets	3,400,000	8,860,000	12,260,000	11,960,000	300,000	97.6 %
Other Payments	-	-	-	-	-	
TOTALS	137,367,724	32,817,561	170,185,285	100,479,580	69,705,705	

- i. The budget utilization for Transfer to other government units was below 90% because the funds amounting to Kshs 47,800,000 had not been received from the NGCDF Board
- ii. other grants and transfers was below 90% because Kshs 19,529,325 had not been received by the end of the financial year
- iii. Compensation of employees was below 90% because the budget included gratuity for the employees which was not yet paid as the closure of the financial year because their contracts were not yet expired.
- iv. Transfers from The NGCDF Board was below 90% because we had only received 50% of the allocation from the NGCDF Board.

The NGCDF-KITUI CENTRAL Constituency financial statements were approved on 24/03 2020 and signed by:




NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI CENTRAL CONSTITUENCY

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

Fund Account Manager

Name: JOSEPHINE MUTUA

Sub-County Accountant

NAME: JUSTUS MUTUA

CPAK Member Number:12228

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustment s Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,123,200	631,180	4754380	2,445,200	2,309,180
1.2 Committee allowances	2,700,000		2,700,000	2,700,000	0
1.3 Use of goods and services	1,018,863.28	40,757	1059620	1059620	0
NGCDF office renovation	2461160.14		2461160.14	2461160,14	0
2.0 Monitoring and evaluation					
2.1 Capacity building	800,000	-	800,000	800,000	0
2.2 Committee allowances	2,000,000		2,000,000	2,000,000	0
2.3 Use of goods and services	1,321,031.72				
3.0 Emergency					
3.1 Primary Schools	2,500,000		2,500,000	1,300,000	1,200,000
3.2 Secondary schools	2,000,000		2,000,000	1,700,000	300,000
3.3 Tertiary institutions	698,241.38		698,241.38		698,241.38
3.4 Security projects	2,000,000		2,000,000	1,700,000	300,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI CENTRAL CONSTITUENCY

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

4.0 Bursary and Social Security								
4.1 Primary Schools	35,000,000	1,248,820	36,248,820	35,000,000			1248820	
4.2 Secondary Schools	3,280,000	-	3280000	1280000			2000000	
4.3 Tertiary Institutions	6,000,000	785,000	6,785,000	4,478,322			2306678	
4.4 Universities	720,000	500,000	1,220,000	500,000			720,000	
4.5 Social Security	2,747,354	2,136,948.42	4,884,302.42	2136000			2748302.42	
5.0 Sports								
5.1 other								
5.2 Fencing Kitui central offices	3,000,000	3,000,000	6,000,000	6,000,000			0	
5.3 Motorvehicle		5,860,000	5,860,000	5,860,000			0	
6.0 Environment	2,747,354							
6.1 Nzeeu River sand	450,000	-	450,000	-			450,000	
6.2 Kalawa Primary school	150,000	-	150,000	-			150,000	
6.1 Mutune Girls primary school	150,000	-	150,000	-			150,000	
6.2 sooma primary school	150,000	-	150,000	-			150,000	
6.3 mwanyani primary school	150,000	-	150,000	-			150,000	
7.2 miambani primary school	150,000	-	150,000	-			150,000	
7.3 nzaaya primary school	150,000	-	150,000	-			150,000	
6.1 kwa mukasa primary school	150,000	-	150,000	-			150,000	
6.2 Kyangunga primary school	150,000	-	150,000	-			150,000	
6.1 ngumbwa primary school	100,000	-	100,000	-			100,000	
6.2 kangau primary school	100,000	-	100,000	-			100,000	
6.3 mwamba primary school	100,000	-	100,000	-			100,000	
7.2 mithongo primary school	150,000	-	150,000	-			150,000	
7.3 musavi river sand dam	497,354	-	497,354	-			497,354	
7.4 museve primary school	150,000	-	150,000	-			150,000	
7.3 Kanzi river sand dam		586,948	586,948	586,948			0	
7.3 Mbooni river sand dam		600,000	600,000	600,000			0	
7.4 Kyaka river sand dam		650,000	650,000	650,000			0	
livovia ass chiefs office	900,000		900,000				900,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI CENTRAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Kaumba Chiefs office			800,000	800,000	800,000	0
Nzaaya ass chiefs office	1,000,000			1,000,000	1,000,000	1,000,000
Misewani ass chiefs office	900,000			900,000	900,000	900,000
Mwamba Primary School			900,000	900,000	900,000	0
Nyekini Primary School	1,700,000			1,700,000	1,700,000	1,700,000
Umuu Primary School	900,000			900,000	900,000	900,000
Ngungi Primary School	900,000			900,000	900,000	900,000
Wanzua primary School	1,500,000			1,500,000	1,500,000	1,500,000
Kathungi Primary School	600,000			600,000	600,000	600,000
Kavuvoni primary School	200,000			200,000	200,000	200,000
Kisyoka Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Ngo'leni Primary School	1,000,000			1,000,000	1,000,000	1,000,000
Katia Primary School		800,000		800,000	800,000	0
Mwania Primary School		1,000,000		1,000,000	1,000,000	0
Kwa Ukungu Primary School		1,200,000		1,200,000	1,200,000	0
Mukuku primary School		1,300,000		1,300,000	1,300,000	0
Nzaaya Primary School		1,300,000		1,300,000	1,300,000	0
Kavuvoni primary School		1,000,000		1,000,000	1,000,000	0
St Augustine Primary School		1,800,000		1,800,000	1,800,000	0
Vinda Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Mutukya Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Kiviu Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Mwatuni Primary School	1,200,000			1,200,000	1,200,000	1,200,000
Mutendea Primary School	800,000			800,000	800,000	800,000
Katythoka Primary School	1,200,000			1,200,000	1,200,000	1,200,000
Muslim Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Central Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Central Primary School	1,500,000			1,500,000	1,500,000	1,500,000
Kathungu Primary School	1,500,000			1,500,000	1,500,000	1,500,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI CENTRAL CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Nzunguni Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Nzukini Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kikumini Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kwa Nzou Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kangundo Primary School	1,200,000		1,200,000	1,200,000	1,200,000
Kyambiti Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kangalu Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Mulango Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kilukuya Primary School	1,500,000		1,500,000	1,500,000	1,500,000
Kathukini Primary School	1,000,000		1,000,000	1,000,000	1,000,000
SECONDARY SCHOOLS					
St Pauls Ivaini Secondary School		1,000,000		1,000,000	0
Mathunzini Secondary School		1,700,000		1,700,000	0
Kabaa Secondary School		1,000,000		1,000,000	0
AICMiambani Secondary School	2,400,000			2,400,000	2,400,000
Mutulukuni Secondary School	1,700,000			1,700,000	1,700,000
TOTAL	137,367,724	32,817,561	170,185,285	100,479,580	69,705,705

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-KITUI CENTRAL Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –KITUI
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exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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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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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			11,253,448
AIE NO	1		55,040,876
AIE NO	1		10,000,000
AIE NO	1		14,000,000
AIE NO	1		6,000,000
			11,000,000
AIE NO. B 047482		4,000,000	13,000,000
AIE NO. B 041300		18,000,000	125,862.10
AIE NO. B 047720		5,000,000	
AIE NO. B 049297		6,000,000	
AIE NO. B 104322		14,000,000	
AIE NO. B 096578		21,000,000	
TOTAL		68,000,000	120,420,186

2. PROCEEDS FROM SALE OF ASSETS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,328,600	2,792,020
NHIF		
Pension and other social security contributions (Gratuity)	76,200	
Employer Contributions Compulsory national social security schemes	40,400	
Total	2,445,200	2,792,020

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5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	6,049,000	5,956,313
Utilities, supplies and services	181,020	820,000
Communication, supplies and services	40,830	80,000
Domestic travel and subsistence	230,400	223,000
Printing, advertising and information supplies & services	65,000	275,000
Fuel	216,270	124,800
Training expenses	-	800,000
Hospitality supplies and services		
Bank charges	34,130	8,700
electricity	17,852	6,367
Office and general supplies and services	498,930	866,000
Other operating expenses	332,500	328,497
Routine maintenance – vehicles and other transport equipment	54,500	86,000
Routine maintenance – other assets	93,000	150,000
Total	7,813,432	9,724,677

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	18,400,000	22,250,000
Transfers to secondary schools (see attached list)	5,400,000	7,550,000
Transfers to tertiary institutions (see attached list)	-	1,800,000-
Transfers to health institutions (see attached list)	-	-
TOTAL	23,800,000	31,600,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	38,872,000	33,398,245
Bursary – tertiary institutions (see attached list)	4,318,000	6,615,000
Bursary – special schools (see attached list)	-	-
Social security benefit	498,000	-
Security projects (see attached list)	2,100,000	7,300,000
Sports projects (see attached list)	2,136,000	227,700
Environment projects (see attached list)	1,836,948	525,800
Emergency projects (see attached list)	4,700,000	3,270,000
Total	54,460,948	51,336,745

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Kitui Central CDF Account -01001052093400</i>	337,981	32,817,561-
Total	337,981	32,871,561
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (<i>specify</i>)		
Total	337,981	32,817,561

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1	300,000	
Supplier 2		
Supplier 3		
Total	300,000	

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1		
Name 2		
Name 3		
Add as appropriate		

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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	
Bank accounts	32,817,561	7,850,817
Cash in hand		
Imprest		
Total	32,817,561	7,850,817

14. PRIOR YEAR ADJUSTMENTS

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

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	300,000	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	300,000	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,309,180	631,180
Use of goods and services	67,220	40,756
Amounts due to other Government entities (see attached list)	47,800,000	13,000,000
Amounts due to other grants and other transfers (see attached list)	19,529,325	13,645,624
Acquisition of assets	-	5,500,000
Others (<i>specify</i>)	-	-
	69,705,705	32,817,561

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17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	2,057,200	1,152,407
	2,057,200	1,152,407

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI CENTRAL CONSTITUENCY

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		2,309,180	631,180	
Use of goods & services		67,220	40,756	
Amounts due to other Government entities		47,800,000	13,000,000	
Vinda Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Mutukya Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Kiviu Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Mwatuni Primary School	School rehabilitation	1,200,000		Awaiting funds disbursement
Mutendea Primary School	School rehabilitation	800,000		Awaiting funds disbursement
Katythoka Primary School	School rehabilitation	1,200,000		Awaiting funds disbursement
Muslim Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Central Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Central Primary School	Construction of dormitory	1,500,000		Awaiting funds disbursement
Kathungu Primary School		1,500,000		Awaiting funds disbursement
Nzunguni Primary School	Construction of one classroom	1,500,000		Awaiting funds disbursement
Nzukini Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Kikumini Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement
Kwa Nzou Primary School	School rehabilitation	1,500,000		Awaiting funds disbursement

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Kangundo Primary School	School rehabilitation	1,200,000	Awaiting funds disbursement
Kyambiti Primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Kangalu Primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Mulango Primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Kilukuya Primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Kathukini Primary School	School rehabilitation	1,000,000	Awaiting funds disbursement
AICMiambani Secondary School	Construction of laboratory	2,400,000	Awaiting funds disbursement
Mutulukuni Secondary School	Construction of dormitory	1,700,000	Awaiting funds disbursement
Nyekini Primary School	Construction of two classes	1,700,000	Awaiting funds disbursement
Umuu Primary School	Construction of one classroom	900,000	Awaiting funds disbursement
Ngungi Primary School	School rehabilitation	900,000	Awaiting funds disbursement
Wanzua primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Kathungi Primary School	School rehabilitation	600,000	Awaiting funds disbursement
Kavuvoni primary School	School rehabilitation	200,000	Awaiting funds disbursement
Kisyoka Primary School	School rehabilitation	1,500,000	Awaiting funds disbursement
Ngo'leni Primary School	School rehabilitation	1,200,000	Awaiting funds disbursement
Kwa Ukungu Sec School	Completion of laboratory	1,000,000	Awaiting funds disbursement
Muslim Sec School	Construction of two classrooms	1,700,000	Awaiting funds disbursement
Wii sec school	Construction of	1,500,000	Awaiting funds disbursement

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Kaliakaya Primary School	dormitory School rehabilitation	1,500,000		Awaiting funds disbursement
Mbusyani Primary school	Construction of two classrooms	1,700,000		Awaiting funds disbursement
Maviani Primary school	Construction of one classroom	900,000		Awaiting funds disbursement
Amounts due to other grants and transfers			13,645,624	
6.1Nzeeu River sand	Construction of sand dam	450,000		Awaiting funds disbursement
6.2Kalawa Primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.1Mutune Girls primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.2sooma primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.3mwanyani primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
7.2miambani primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
7.3nzaaya primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.1kwa mukasa primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.2Kyangunga primary school	Purchase and installation of of water tank	150,000		Awaiting funds disbursement
6.1ngumbwa primary school	Purchase and installation of of water tank	100,000		Awaiting funds disbursement

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6.2kangau primary school	Purchase and installation of water tank	100,000		Awaiting funds disbursement
6.3mwamba primary school	Purchase and installation of water tank	100,000		Awaiting funds disbursement
7.2mithongo primary school	Purchase and installation of water tank	150,000		Awaiting funds disbursement
7.3musavi river sand dam	Construction of sand dam	497,354		Awaiting funds disbursement
7.4museve primary school sports	Purchase and installation of water tank tournament	150,000		Awaiting funds disbursement
NGCDF offices renovation	Office renovation	2747354	2461160.14	Awaiting funds disbursement
Social security benefits	Paying NHIF	720,000		Awaiting funds disbursement
livovoa ass chiefs office	construcction of office	900,000		Awaiting funds disbursement
Emergeny	For unforeseen events	2,491,241.38		Awaiting funds disbursement
Nzaaya ass chiefs office	construcction of office	1,000,000		Awaiting funds disbursement
Misewani ass chiefs office	construcction of office	900,000		Awaiting funds disbursement
Bursary	Payment of bursaries to the needy	5,555,498		Awaiting funds disbursement
ACQUISITION OF ASSET			5,500,000	
TOTAL		69,705,705	32,817,561	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land				
Land, Buildings and structures	3,600,000	5,700,000		3,600,000
Transport equipment	3,087,000	5,860,000		8,947,000
Office equipment, furniture and fittings	1,271,076			1,271,076
ICT Equipment, Software and Other ICT Assets	718,041	400,000		1,118,041
Other Machinery and Equipment	600,000			600,000
Heritage and cultural assets				
Intangible assets				
Total	9,276,117	11,960,000		21,236,117

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Katyethokaa Mixed sec	NBK	01022216251100		79,013
	NBK	01022216161000		16,375
	NBK	010222055006400		1,004,250
	NBK	01022216144100		52,171
	COOP	01139810412400		580
Mutukya Primary School	NBK	01022226065400		
Museve Primary School	NBK	01022216161000		
Vinda Primary School	NBK	01024100682000		
Mutendea Primary School	SIDIAN	01017030000215		
AIC Ngungi Primary School	SIDIAN	01017030000375	700	
Katyethoka Primary School	SIDIAN	01017030000415	1,200,000	
Kamandio Primary School	SIDIAN	01017030000405	560	
St Stephen Mutulukuni Sec School	SIDIAN	01017030000385	856,000	
TOTAL			2,057,260	1,152,407

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)	Reference No. on the external audit Report
EH/AUD/NG-CDF/KITUI C./2017-2018/13	Cash and cash equivalent-stale cheques amounting to Kshs 238,000 were not reversed and replaced in the cash book	They were reversed and replaced	Josephine (FAM)	resolved	EH/AUD/NG-CDF/KITUI C./2017-2018/13
EH/AUD/NG-CDF/KITUI C./2017-2018/13	Receipts-an amount of kshs 11,379,310 had not been received at the end of the financial year in question	Amount received and programmes and activities were implemented as planned	Josephine (FAM)	resolved	EH/AUD/NG-CDF/KITUI C./2017-2018/13
EH/AUD/NG-CDF/KITUI C./2017-2018/13	Expenditure-The fund had not spent kshs 19,230,000 according to the summary statement of appropriation	-Some Funds amounting to Kshs 11,379,310 budgeted for that financial year had not been received as at the closure of the financial year in question however they were received later and spent as budgeted . -An amount of Kshs 5,500,000 was also meant for acquisition of a Motor vehicle for the constituency	Josephine (FAM)	resolved	EH/AUD/NG-CDF/KITUI C./2017-2018/13

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI CENTRAL CONSTITUENCY

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

EH/AUD/NG-CDF/KITUI C./2017-2018/13	Project implementation status	and an approval to donate the old motor vehicle in order to procure a new one was being awaited from the NGCDF Board. Projects amounting to Kshs 1,200,000 for the year ended 30 th June 2018 had not been completed	Josephine(FA M)	resolved	EH/AUD/N G-CDF/KITUI C./2017-2018/13
EH/AUD/NG-CDF/KITUI C./2017-2018/13	Strategic plan	The NGCDFC made a decision to use the list of the firms prequalified with them for consultancy services a reason why they raised the quotations whereby the prequalified firms applied and one of them won the tender	Josephine(FA M)	resolved	EH/AUD/N G-CDF/KITUI C./2017-2018/13
EH/AUD/NG-CDF/KITUI C./2017-2018/13	Training allowances	Bofa Beach Resort is prequalified at the Kitui Central Sub county list of firms which offers training services	Josephine(FA M)	resolved	EH/AUD/N G-CDF/KITUI C./2017-2018/13

[Signature]

Fund Account Manager

Name: JOSEPHINE MUTUA

[Signature]

Sub-County Accountant

NAME: JUSTUS MUTUA
CPAK Member Number:12228