

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY	
P. D.	
DATE: 24 NOV 2022	Day: Thur
TABLED BY:	LOM
	E Nginyo

THE AUDITOR-GENERAL

PARLIAMENT
OF KENYA
LIBRARY

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



RONGO CONSTITTUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

***Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, 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

**Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
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Core Values

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

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The Rongo Constituency NGCDF 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 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Enock O. Nyasende
2.	Sub-County Accountant	Jared O. Orinda
3.	Chairman NGCDFC	Moureen Auma
4.	Member NGCDFC	Richard Onyango Ochieng

(d) Fiduciary Oversight Arrangements

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

P.O. Box 542-40404
NG-CDF Building
Rongo Sub County Headquarters
Rongo.

(f) Rongo Constituency NGCDF Contacts

Telephone: (254) 723362923
E-mail: cdfrongo@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) Rongo Constituency NGCDF Bankers

Kenya Commercial Bank of Kenya
1121172210
P.O BOX 266-40404
Rongo, Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC CHAIRMAN'S REPORT

Include among others the following:



Moureen Auma
Chairperson, Rongo NGCDFC

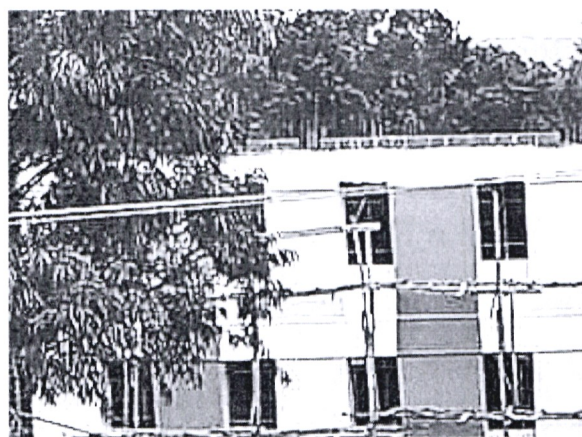
Once again it is that time of the year when, as per the law, we present to you the Financial Statements of Rongo NGCDF for the financial year 2020/2021. In the financial year 2020/2021 the Constituency was allocated Ksh.137,527,879 . Balance brought forward from the previous financial year was Ksh.5,649,213 making the total budget for the year to be Ksh.143,177, 093. The Constituency spent a total of Ksh.85,058,229 representing 59.4% of the total allocation. All the vote heads registered an absorption rate of below 90% except for Use of goods and Services which registered 100%. This under absorption was occasioned by a delay in receipt of funds from the NGCDF Board and requisite procedures before spending. At the close of the financial year the Constituency was yet to receive all its allocation for the financial year. Some funds were received from sale of tender documents.

Compared to the previous financial year, the absorption rate of the constituency declined from 96.3% to 59.4% owing to the fact that disbursements were delayed and some of the funds received were yet to be spent because of procurement processes which were yet to be completed as at close of the financial year.

During the Financial Year 2020/21 a number of projects were initiated and completed. A few others are still going on since they were being financed in phases. Here are some of the sampled projects:



**Administration Block at Arundo Mixed
Sec. School.**



**Rongo Day Mixed
Secondary School Complex.**



**Central Kamagambo Chief's Office
Located at Rongo Town**



**Renovation of 5.No. Classrooms
at Kanyimach Primary School.**

The Constituency has encountered a number of challenges during the implementation of projects the biggest being the piecemeal funding of projects which delays the completion of phased funded projects. The Constituency is endeavouring to finance most projects within a single phase. The other challenge is inadequate funding which limits the scope of works which can be done. The Constituency is trying to allocate sufficient funds to complete all the necessary works. The COVID-19 pandemic did also in a way contribute to the slow implementation of projects following various directives/protocols from the Government of Kenya through the Ministry of Health which limited movement of people thus hampering implementation. The Constituency complied with the directives.

Finally, some areas have poor access roads and reaching them becomes extremely difficult. The Constituency opened some access roads to ensure that schools are accessible.

Signature

CHAIRPERSON NGCDF COMMITTEE



III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED 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 *Rongo Constituency 2018-2022* plan are to:

- a) To improve infrastructural capacity and number of teaching staff of the constituency's educational institutions to enable them provide quality, efficient and effective education and training.
- b) Provide bursaries to needy and deserving students to undertake schooling and various skills - based trainings
- c) To enhance national government coordination, administration, security and promote social norms to facilitate peaceful co-existence among the people and create a conducive environment for development
- d) To improve supply of clean water and sanitation facilities
- e) To harness sporting and creative talents of the youth

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	<p>a) To improve infrastructural capacity and number of teaching staff of the constituency's educational institutions to enable them provide quality, efficient and effective education and training.</p> <p>b) Provide bursaries to needy and deserving</p>	Completed classrooms; furniture; laboratories; toilets; and multipurpose halls	<ul style="list-style-type: none"> - Number of classrooms, admin blocks, and libraries have been built and renovated. - Number of bursary beneficiaries 	<p>In FY 20/21 we have managed to do over 15 classrooms, admin blocks, and libraries. This being an increase from the previous financial year.</p> <p>- Bursary beneficiaries at all levels were as per the attached schedules. More than 2000 beneficiaries were awarded.</p>

Rongo Constituency

National Government Constituencies Development Fund (NGCDF)

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	students to undertake schooling and various skills - based trainings			
Security	To enhance national government coordination, administration, security and promote social norms to facilitate peaceful co-existence among the people and create a conducive environment for development	Space for development of new Police Posts Chiefs offices	Number of police stations administrative blocks set up. -Chief's offices constructed	-Two police Admin blocks have been built. -Two three door Pit latrines have been built - Office of the Chief Central Kamagambo Location Completed
Environment	To improve supply of clean water and sanitation facilities	Provision of water tanks	No. of water tanks	16 Water tanks acquired and distributed to respective schools
Sports	To harness sporting and creative talents of the youth	Sponsor sports festivals	One Constituency sports Tournament. Winners rewarded with sports kits.	One Constituency tournament was conducted. Winners were awarded trophies, uniforms, and balls..
Emergency	To have interventions in emergency cases	Emergencies attended to.	Attend to emergencies arising in the constituency.	COVID-19 Interventions were made. -Emergency access roads done -Classrooms and administration blocks renovated.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

RONGO NG-CDF 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 -

To ensure sustainability of Rongo NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Rongo NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- The Constituency Purchased and installed 16No. 10,000 litres water tanks in various primary and secondary schools and security establishments.
- Sensitization of youth in the Rongo community on the impact of drugs was successfully done by the Constituency after construction of two police posts and a chief's office supported NG-CDF.
- The Rongo NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.

- The Rongo NG-CDF has purchased and installed 16 water tanks in various primary schools and secondary schools and security establishments as part of its efforts in environmental conservation.

3. Employee welfare

We invest in providing the best working environment for our employees. Xxx constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Rongo constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues. The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Rongo NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests

5. Community Engagements-

Rongo NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

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Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary programme engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings.

Rongo NG-CDF has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.

V. STATEMENT OF 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 by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-Rongo 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, 2021. 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- Rongo 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 *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- Rongo Constituency further confirms the completeness of the accounting records maintained for the *constituency*, 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 Rongo Constituency confirms that the *constituency* 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 *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Rongo Constituency financial statements were approved and signed by the Accounting Officer on 31.08. 2021.

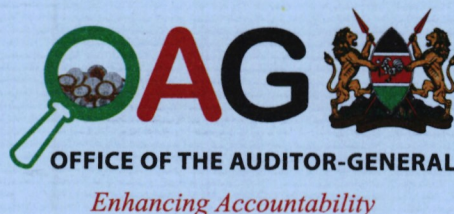

Chairman NGCDF Committee
Name: Mourcen Auma




Fund Account Manager
Name: Enock O Nyasende

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - RONGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Rongo Constituency set out on pages 14 to 44,

which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Rongo Constituency as at 30 June, 2021, 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. Misclassification of Expenditure

The statement receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employees balance of Kshs.3,268,658 out of which Kshs.2,844,007 relates to payment of basic salaries However, the amount of Kshs.2,844,007 includes payments of Kshs.707,833 to the committee members as constituency development committee allowances which does not constitute compensation of employees.

In the circumstances, the accuracy and completeness of the expenditure on compensation of employees of Kshs.2,844,007 could not be confirmed.

2. Unsupported Sports Expenditure

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects Kshs.34,394,368 in respect of other grants and transfers out of which an amount of Kshs.2,750,827 relates to sports projects. Further, the sports projects balance includes an amount of Kshs.1,593,960 paid to a local supplier for supply and delivery of sports equipment. However, the payment was not supported with the user requisitions as well as the signed distribution list by the beneficiaries

In the circumstances, the propriety and completeness of the expenditure of Kshs.1,593,960 on sports project 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 - Rongo 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 reflects final receipts budget and actual on comparable basis of Kshs.142,738,093 and Kshs.98,088,213 respectively, resulting to an under-funding of Kshs.44,649,880 or 31% of the budget. Similarly, the Fund spent an amount of Kshs.85,058,229 against a budget of Kshs.142,696,093 resulting to an under-expenditure of Kshs.57,637,864 or 40% of the budget.

The under-funding and under-expenditure 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 for Conclusion

1. Transfers to Secondary Schools

The statement of receipts and payments reflects transfers to other government institutions amount of Kshs.38,919,939 as disclosed in Note 6 to the financial statements which includes transfers of Kshs.26,684,750 to secondary schools. However, review of the documents revealed the following irregularities and anomalies;

1.1. Incomplete Tuition Block at Rongo Mixed Day Secondary School

Included in the amount of 26,684,750 is an expenditure of Kshs.9,931,966 incurred towards construction of three (3) storey tuition blocks at Rongo mixed day secondary school. The contract period was for one hundred and four (104) weeks commencing on 12 March, 2019 and ending on 12 March, 2021.

However, physical inspection on 6 April, 2022 revealed that the project was incomplete. Delay in project completion may have negatively impacted on the service delivery to the public.

In the circumstances, project cost may escalate and the public may not receive the expected benefits and value for money from the project.

1.2. Incomplete Construction of Kosodo Mixed Secondary School

Review of project records revealed that an expenditure of Kshs.10,388,851 was incurred towards construction of a storey building at Kosodo mixed secondary school. The contract period was for one hundred and four (104) weeks commencing on 12 March, 2019 and ending on 12 March, 2021. However, physical inspection on 6 April, 2022 revealed that the project was incomplete. Delay in project completion may have impacted negatively to the service delivery to the public.

In the circumstances, project cost may escalate and the public may not receive the expected benefits and value for money from the project.

2. Incomplete Construction at Kakwara Primary School

The statement of receipts and payments and as disclosed in Note 7 to the financial statements, reflects other grants and transfers amount of Kshs.34,394,368. Further the amount includes an amount of Kshs.8,859,021 in respect to emergency projects out of which Kshs.999,418 was paid towards construction of a classroom.

However, physical inspection on 5 April, 2021 revealed that the project was incomplete.

In the circumstances, project costs may escalate and the public may not receive the expected benefits and value for money from the project.

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.

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 overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

(Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

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


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

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

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

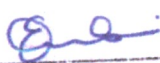
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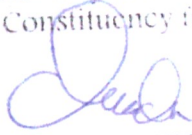
Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021


VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	92,000,000	140,017,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	42,000	22,000
TOTAL RECEIPTS		92,042,000	140,039,724
PAYMENTS			
Compensation of employees	4	3,268,658	5,837,040
Use of goods and services	5	8,475,264	8,764,144
Transfers to Other Government Units	6	38,919,939	91,590,276
Other grants and transfers	7	34,394,368	47,343,856
Acquisition of Assets	8	-	251,500
Other Payments	9	-	2,402,250
TOTAL PAYMENTS		85,058,229	156,189,066
SURPLUS/DEFICIT		6,983,771	(16,149,342)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Rongo Constituency financial statements were approved on 31.08.2021 and signed by:


 Fund Account Manager
 Name: Enoch O Nyasende


 National Sub-County
 Accountant
 Name: Jared O Orinda
 ICPAK M/No: 13271

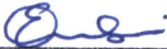

 Chairman NG-CDF Committee
 Name: Mourcen Anna

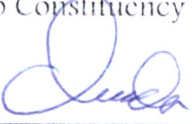
Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
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VIII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2021

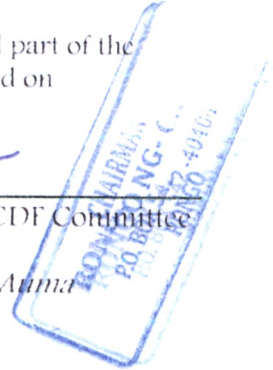
	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	13,232,086	4,852,491
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		13,232,086	4,852,491
Accounts Receivable			
Outstanding Imprests	11	-	1,275,163
TOTAL FINANCIAL ASSETS		13,232,086	6,127,654
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	202,102	81,441
NET FINANCIAL SSETS		13,029,984	6,046,213
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	6,046,213	22,195,555
Prior year adjustments	14	-	-
Surplus/Defict for the year		6,983,771	(16,149,342)
NET FINANCIAL POSITION		13,029,984	6,046,213

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Rongo Constituency financial statements were approved on 31.08.2021 and signed by:


 Fund Account Manager
 Name: Enock Nyasende


 National Sub-County
 Accountant
 Name: Jared Orinda
 ICPAK M/No: 13274


 Chairman NG-CDF Committee
 Name: Mourven Anna

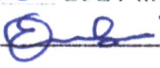


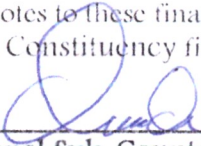
Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021


STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	92,000,000	140,017,724
Other Receipts	3	42,000	22,000
		92,042,000	140,039,724
Payments for operating activities			
Compensation of Employees	4	3,268,658	5,837,040
Use of goods and services	5	8,475,264	8,764,144
Transfers to Other Government Units	6	38,919,939	91,590,276
Other grants and transfers	7	34,394,368	47,343,856
Other Payments	9	-	2,402,250
		85,058,229	155,937,566
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	1,275,163	172,850
Increase/(Decrease) in Accounts Payable	12B	120,661	81,441
Prior year Adjustments	14	-	-
Net Adjustments		1,395,824	254,291
Net cash flow from operating activities		8,379,595	(15,643,551)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	251,500
Net cash flows from Investing Activities		-	(251,500)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		8,379,595	(15,895,051)
Cash and cash equivalent at BEGINNING of the year	10	4,852,491	20,747,542
Cash and cash equivalent at END of the year		13,232,086	4,852,491

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Rongo Constituency financial statements were approved on 31.08.2021 and signed by:


Fund Account Manager
Name: Enoch Nyasende


National Sub-County
Accountant
Name: Jared Orinda
ICPAK M/No: 13274


Chairman NG-CDF Committee
Name: Moureen Auma

Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
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IX. SUMMARY STATEMENT OF APPROPRIATION FOR THE YEAR ENDED 30 JUNE 2021

Receipt/Expense Item	Original Budget	Opening Balance (C/Bk) and AIA	Adjustments Previous Years Outstanding Disbursements	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
	a		b			e=c-d	f=d/c %
RECEIPTS							
Transfers from NG-CDF Board	137,088,879	5,607,213	0	142,696,093	98,046,213	45,088,879	68.4%
Proceeds from Sale of Assets	-	-	-	0	-	-	0.0%
Other Receipts	-	42,000	-	42,000	42,000	-	100.0%
TOTAL RECEIPTS	137,088,879	5,649,213	0	142,738,093	98,088,213	45,088,879	68.5%
PAYMENTS							
Compensation of Employees	3,860,000	28,387	-	3,888,387	3,268,658	619,728.50	84.1%
Use of goods and services	8,477,509	1	-	8,477,510	8,475,264	2,246	100.0%
Transfers to Other	62,908,826	7,579	-	62,916,405	38,919,939	23,996,466	61.9%
Government Units							
Other grants and transfers	61,802,544	5,571,247	-	67,373,791	34,394,368	32,979,423	51.1%
Acquisition of Assets	40,000	-	-	40,000	-	40,000	0.0%
Other Payments	0	-	-	0	-	-	0.0%
Unallocated (AIA)	-	481000	-	-	-	481,000	
TOTAL	137,088,879	6,088,213	0	142,696,093	85,058,229	58,118,863	59.6%

***Funds pending approval are sums not yet approved by the board for utilisation and include approved allocations and/or AIA not yet allocated for specific projects.*

**Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

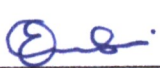
- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
- i. The underutilization in Compensation of Employees, Transfers to Other Government Units, Other grants and transfers and Acquisition of Assets was occasioned by a delay in disbursement of funds.
 - ii. The Constituency was yet to receive an AIE in order to utilize the AIA.

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

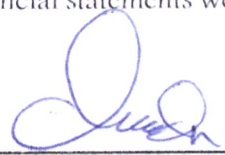
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	58,118,863
Less undisbursed funds receivable from the Board as at 30th June 2021	45,088,879
	13,029,984
Add Accounts payable	202102
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 202021	13,232,086

Reconciliation of Statement of Budget Appropriation to Statement of Assets and Liabilities introduced

The NGCDF- Rongo Constituency financial statements were approved on 31.08. 2021 and signed by:



Fund Account Manager
Name: Enoch Nyasende



National Sub-County Accountant
Name: Jared Orinda
ICPAK M/No: 13274



Chairman NG-CDF Committee
Name: Mourcen Auma



*Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

X. BUDGET EXECUTION BY SECTORS AND PROJECTS FOR THE YEAR ENDED 30 JUNE 2021

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization
	2020/2021 Kshs	Kshs	2020/2021 Kshs	comparable basis 30/06/2021 Kshs	difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,500,000.00	0.90	3,500,000.90	2,979,638.00	520,362.90
1.2 Committee allowances	2,500,000.00	-	2,500,000.00	2,500,000.00	-
1.3 Use of goods and Services	1,851,672.76	0.29	1,851,673.05	1,849,428.00	2,245.05
1.4 NHIF	120,000.00	13,005.60	133,005.60	82,500.00	50,505.60
1.5 NSSF	240,000.00	15,380.00	255,380.00	206,520.00	48,860.00
Sub-Total	8,211,672.76	28,386.79	8,240,059.55	7,618,086.00	621,973.55
2.0 Monitoring and evaluation					
2.1 Capacity building	1,500,000.00	0.27	1,500,000.27	1,500,000.00	0.27
2.2 Committee allowances	1,500,000.00	-	1,500,000.00	1,500,000.00	-
2.3 Use of goods and services	1,125,836.38	0.38	1,125,836.76	1,125,836.00	0.76
Sub-Total	4,125,836.38	0.65	4,125,837.03	4,125,836.00	1.03
3.0 Emergency					
3.1 Primary Schools					
3.2 Secondary schools					
3.3 Tertiary institutions					
3.4 Security projects					
3.5 others	7,192,206.90	2,600,359.15	9,792,566.05	8,859,021.40	933,544.65
Sub-Total	7,192,206.90	2,600,359.15	9,792,566.05	8,859,021.40	933,544.65
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	12,000,000.00	224,830.47	12,224,830.47	2,936,851.00	9,287,979.47
4.3 Tertiary Institutions	23,000,000.00	1,945,786.21	24,945,786.21	5,388,449.00	19,557,337.21

Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

4.4 Universities							
4.5.1 Social Security-NHIF	4,800,000.00	-	4,800,000.00	2,400,000.00	2,400,000.00		
Sub-Total	39,800,000.00	2,170,616.68	41,970,616.68	10,725,300.00	31,245,316.68		
5.0 Sports							
5.1 Sports	2,750,557.59	270.08	2,750,827.67	2,750,827.00	2,750,827.00	0.67	
Sub-Total	2,750,557.59	270.08	2,750,827.67	2,750,827.00	2,750,827.00	0.67	
6.0 Environment							
6.1 Rain Water Goods	2,750,557.59	0.10	2,750,557.69	2,750,000.00	2,750,000.00	557.69	
Sub-Total	2,750,557.59	0.10	2,750,557.69	2,750,000.00	2,750,000.00	557.69	
7.0 Primary Schools Projects							
7.1 Kameji Primary school	2,000,000.00	-	2,000,000.00	1,336,936.00	663,064.00		
7.2 Kanyadgiro primary school	1,499,490.00	-	1,499,490.00	1,499,489.00	1.00		
7.3 Nyaburu Primary School	1,900,000.00	-	1,900,000.00	1,900,000.00			
7.4 Dago Kodero primary school	440,000.00	-	440,000.00	440,000.00			
7.5 Rongo Primary School	2,420,796.09	-	2,420,796.09	2,420,796.00	0.09		
7.6 Sigiria Primary School	107,744.36	-	107,744.36	107,744.00	0.36		
7.7 Ng'lou Primary School	348,805.80	-	348,805.80	348,805.00	0.80		
7.8 Uriri Primary school	1,188,288.74	-	1,188,288.74	1,188,288.00	0.74		
7.9 Winyo Primary School	355,017.00	-	355,017.00	355,017.00			
7.10 Bal B/f	-	7,575.10	7,575.10	-	7,575.10		
Sub-Total	10,260,141.99	7,575.10	10,267,717.09	9,597,075.00	670,642.09		
7.12 Marera Primary School	4,500,000.00	-	4,500,000.00	120,000.00	4,380,000.00		
7.13 Komito primary School	4,500,000.00	-	4,500,000.00	120,000.00	4,380,000.00		
7.13 Road to Nyang'ao Prim School		800,000.00	800,000.00	800,000.00			
Sub-Total	9,000,000.00	800,000.00	9,800,000.00	1,040,000.00	8,760,000.00		
8.0 Secondary Schools Projects							
8.1 Kosodo Mixed sec School	12,500,004.72	3.43	12,500,008.15	10,388,851.00	2,111,157.15		
8.2 Kitere secondary school	279,076.20		279,076.20	279,076.00	0.20		
8.3 Matagaro Mixed sec School	500,000.00		500,000.00	500,000.00			

*Rongo Constituency
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8.4 Miyare Mixed secondary School	344,858.88	344,858.88	344,858.00	0.88
8.5 Nyamuga Mixed sec. School	299,999.60	299,999.60	299,999.00	0.60
8.6 St Augustine Arundo Mixed Sec	500,000.00	500,000.00	500,000.00	-
8.8 St Pauls Lwala Sec School	4,853,261.90	4,853,261.90	4,200,000.00	653,261.90
Sub-Total	19,277,201.30	19,277,204.73	16,512,784.00	2,764,420.73
8.7 Rongo Mixed Day Sec	13,773,368.08	13,773,368.14	9,931,966.00	3,841,402.14
Sub-Total	13,773,368.08	13,773,368.14	9,931,966.00	3,841,402.14
8.9.1 Nyangao Mixed Sec School	4,500,000.00	4,500,000.00	120,000.00	4,380,000.00
8.9.1 Banda Mixed Sec	4,500,000.00	4,500,000.00	120,000.00	4,380,000.00
Sub-Total	9,000,000.00	9,000,000.00	240,000.00	8,760,000.00
9.0 Tertiary Institutions				
9.1 Siala Technical Institute	1,598,114.70	1,598,114.70	1,598,114.00	0.70
Sub-Total	1,598,114.70	1,598,114.70	1,598,114.00	0.70
10.0 Security Projects				
10.1 Rakwaro Chiefs Office	320,000.00	320,000.00	320,000.00	-
10.2 Cham gi wadu Adm	2,606,596.62	2,606,596.62	2,606,596.00	0.62
10.3 Chifs Office Central	2,920,942.64	2,920,942.64	2,920,942.00	0.64
10.4 Kamagambo Police	488,340.76	488,340.76	488,340.00	0.76
10.5 Kobado Admin Polic	2,905,642.00	2,905,642.00	2,905,642.00	-
10.6 Opapo Admin Police	67,700.00	67,700.00	67,700.00	-
10.7 Bal B/F		1.24	-	1.24
Sub-Total	9,309,222.02	9,309,223.26	9,309,220.00	3.26
11.0 Acquisition of assets				
11.1 Motor Vehicles (incl. M. bikes)				
11.2 Construction of CDF office				
11.3 Purchase of furniture and equip	40,000.00	40,000.00	-	40,000.00
11.4 Purchase of computers				
11.5 Purchase of land				
Sub-Total	40,000.00	40,000.00	-	40,000.00
12.0 Others				

Rongo Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

12.0 Others					
12.1 Strategic Plan					
12.2 Innovation Hub					
Sub-Total	-	-	-	-	-
Unallocted funds		481,000.00	481,000.00		
GRAND TOTALS	137,088,879.31	6,088,213.28	143,177,092.59	85,058,229.40	57,637,863.19

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

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance 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 constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

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

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 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 (gratuity 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. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. 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 are 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 financial year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is 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 30th June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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 2021.

14. Errors

Material prior period errors are 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

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
AIE NO.B041422	1		2,650,000
AIE NO.B041339	2		18,000,000
AIE NO.B047755	3		5,000,000
AIE NO.B041192	4		4,000,000
AIE NO.B049162	5		6,000,000
AIE NO.B104080	6		14,000,000
AIE NO.B104462	7		21,000,000
AIE NO.B096740	8		69,367,724
AIE NO. B128018	1	12,000,000	
AIE NO. B128260	2	6,900,000	
AIE NO. B132021	3	7,000,000	
AIE NO. B132315	4	6,000,000	
AIE NO. B138984	5	12,000,000	
AIE NO. B105071	6	11,600,000	
AIE NO. B126276	7	7,000,000	
AIE NO. B124654	8	9,000,000	
AIE NO. B119628	9	8,500,000	
AIE NO. B140715	10	12,000,000	
	TOTAL	92,000,000	140,017,724

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts Sale of Tender Documents	42,000	22,000
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs		-
Other Receipts Not Classified Elsewhere (specify) Gratuity		-
TOTAL	42,000	22,000

4. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,844,007	2,182,753
Personal allowances paid as part of salary	-	2,677,480
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	135,631	805,657
Employer Contributions Compulsory national social security schemes	289,020	171,150
TOTAL	3,268,658	5,837,040

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5. USE OF GOODS AND SERVICES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Utilities, supplies and services	18,900	9,450
Electricity	4,627	2,751
Water & sewerage charges	10,035	-
Office rent	-	-
Communication, supplies and services	0	0
Domestic travel and subsistence	581,700	456,065
Printing, advertising and information supplies & services	148,490	6,960
Rentals of produced assets		-
Training expenses	1,500,000	201,221
Hospitality supplies and services	0	0
Other committee expenses	1,500,000	1,204,979
Committee allowance	2,295,200	2,340,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	2,209,757	4,371,268
Fuel , oil & lubricants	0	0
Other operating expenses	0	0
Bank service commission and charges	0	0
Other Operating Expenses	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equip.	206,555	171,450
Routine maintenance- other assets		0
TOTAL	8,475,264	8,764,144

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Transfers to Primary Schools	10,637,075	18,921,317
Transfers to Secondary Schools	26,684,750	72,668,959
Transfers to Tertiary Institutions	1,598,114	
TOTAL	38,919,939	91,590,276

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	2,936,851	9,776,138
Bursary -Tertiary (see attached list)	5,388,449	21,054,250
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)	2,400,000	-
Security Projects (see attached list)	9,309,220	6,395,710
Sports Projects (see attached list)	2,750,827	2,747,085
Environment Projects (see attached list)	2,750,000	2,748,255
Emergency Projects (see attached list)	8,859,021	4,622,418
TOTAL	34,394,368	47,343,856

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2020 - 2021	2019 - 2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equip.	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		
Purchase of office furniture and General Equipment	0	1,500
Purchase of computers ,printers and other IT equipment	-	250,000
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
TOTAL	0	251,500

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	850
ICT Hub	-	2,401,400
TOTAL	-	2,402,250

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2020 - 2021	2019 - 2020
		Kshs	Kshs
<i>Kenya Commercial Bank, Rongo Branch . Rongo NG-CDF</i>	<i>A/C no.1121172210</i>	13,232,086	4,852,491
		-	1,275,163
		-	-
TOTAL		13,232,086	6,127,654
10B: CASH IN HAND)			
		2020 - 2021	2019 - 2020
		Kshs	Kshs
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
TOTAL		-	-

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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>Enock Nyasende</i>		1,275,163	1,275,163	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
<i>Total</i>		-	-	-

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 th June D= A+B-C	-	-

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	81,441	-
Gratuity held during the year (B)	120,661	81,441
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	202,102	81,441

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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	4,852,491	20,747,542
Cash in hand	-	-
Imprest	1,275,163	1,448,013
	-	-
Total	6,127,654	22,195,555

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	0	0	0
Cash in hand	0	0	0
Accounts Payables	0	0	0
Receivables	0	0	0
Others (<i>specify</i>)	0	0	0
TOTAL	0	0	0

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST*

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	1,275,163	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	1,275,163	-
closing accounts in account receivables D= A+B-C	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020-2021	2019-2020
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
closing account payable D= A+B-C	0	0

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	0	0
Others (<i>specify</i>)	0	0
	0	0

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	619,729	28,387
Use of goods and services	2,246	1
Amounts due to other Government entities (see attached list)	23,996,466	(292,422.00)
Amounts due to other grants and other transfers (see attached list)	32,979,423	5,871,247
Acquisition of assets	40,000	-
Others (<i>specify</i>) Sale of Tender Documents	481,000	439,000
Funds pending approval	-	-
TOTAL	58,118,863	6,046,213

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	19,238,350.09	10,872,207.89
	19,238,350.09	10,872,207.89

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2020 d=a-c	Comments
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					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1.				
2.				
3.				
	Sub-Total			
	Grand Total			

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees			28,387.00	
Employee Salary		520,362.90		
NSSF		48,860.00		
NHIF		50,505.60		
Use of goods & services			1	
Office Adm (Goods And Services)		2,245.05		
M & E (Goods And Services)		0.76		
Capacity Building		0.27		
Amounts due to other Government entities			-292,422.00	
Kameji Primary school		663,064.00		
Kanyadgiro primary school		1.00		
Rongo Primary School		0.09		
Sigiria Primary School		0.36		
Ng'ou Primary School		0.80		
Uriri Primary school		0.74		
Matagaro Primary School		7,575.10		
Marera Primary School		4,380,000.00		
Komito primary School		4,380,000.00		
Kosodo Mixed sec School		2,111,157.15		
Kitere secondary school		0.20		
Miyare Mixed secondary School		0.88		

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Nyamuga Mixed sec. School		0.60		
St Pauls Lwala Sec School		653,261.90		
Rongo Mixed Day Sec		3,841,402.14		
Banda Mixed Sec		4,380,000.00		
Nyangao Mixed Sec Sch (Drilling Borehole)		4,380,000.00		
Siala Technical Training		0.70		
Sub-Total		25,418,440.24	-264,034	
Amounts due to other grants and other transfers			5,871,247.00	
Bursary(Sec Sch)		9,287,979.47		
Bursury(Tertiary Schools)		19,557,337.21		
Emergency Funds		933,544.65		
Environment		557.69		
Sports		0.67		
Project Funds(Security)		3.26		
Social Security Programme(NHIF)		2,400,000.00		
Sub-Total		32,179,422.95	5,871,247.00	
Acquisition of assets		40,000.00		
Others (specify) Sale of Tenders Documents		481,000.00	439,000.00	
Sub-Total		521,000	439,000.00	
Funds pending approval				
Grand Total		58,118,863	6,046,213.00	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	N/A			N/A
Buildings and structures	19,473,941.00	~	~	19,473,941.00
Transport equipment	11,098,843.00	~	~	11,098,843.00
Office equipment, furniture and fittings	2,230,000.00	~	~	2,230,000.00
ICT Equipment, Software and Other ICT Assets	566,000.00	~	~	566,000.00
Other Machinery and Equipment	-	~	~	-
Heritage and cultural assets	-	~	~	-
Intangible assets	-	~	~	-
Total	33,368,784.00	~	~	33,368,784.00

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Winyo Primary School	KCB	1130407780	775.10	1,323,897.10
Kameji Primary School	KCB	1115723553	876,380.00	1,501,290.00
Kanyadgiro Primary School	KCB	1132184045	115,408.50	121,501.50
Uriri Primary School	KCB	1124112774	385,747.60	3,315.60
Ngou Primary School	KCB	1144028558	3,670.00	1,097,647.00
Marera Primary School	KCB	1285673336	5,260.00	-
Komito Primary School	KCB	1171284578	8,617.00	-
Nyaburu Primary School	KCB	1168077699	1,234,118.00	-
Siala Primary School	KCB	1269446819	7,008.00	10,329.00
Rongo Primary School	KCB	1160505659	2,424,425.00	-
Sigiria Primary School	KCB	1132227712	1,623.90	1,239,785.90
Kosodo Mixed Secondary School	KCB	1253282323	1,646,465.65	22,899.65
Matagaro Mixed Secondary School	KCB	1182097162	1,312.29	10,694.29
Nyamuga Mixed Secondary School	KCB	1254454497	2,640.30	1,938,707.30
Miyare Mixed Secondary School	KCB	1252642822	1,663.00	2,704.00
St Pauls Lwala Mixed Secondary School	KCB	1272338789	2,411,664.00	-
St Augustine Arundo Mixed Sec School	KCB	1124015787	8,269.80	2,348,468.80
Rongo Mixed Day Secondary School	KCB	1257103679	667,779.00	393,011
Nyangao Mixed Sec School	KCB	1158013272	6,863.50	-
Banda Mixed Secondary School	KCB	1170052029	7,299.50	-
Kitere Mixed Secondary School	KCB	1272988171	280,710.00	484,291
Siala TTI	KCB	1203829221	1,289,476.40	-
Chief's Office Central Kamagambo	KCB	1273719921	197,976.00	20,710.00
Kobado Administration Police Post	KCB	1232381055	1,538,233.50	-
Cham gi Wadu Administration Police Post	KCB	1272806316	1,746,659.00	-
Rakwaro Chiefs Camp	KCB	1285673093	715.00	-

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Opapo Administration Police Post	KCB	1232383678	68,895.80	-
Kamagambo Police Station(CIPU)	KCB	1272907864	2,921.00	21,341.00
Dago Kodero Primary School	KCB	1286100267	1,115,000.00	-
Kanyimach Primary School	KCB	1134866887	1,009,607.00	-
Kakwara Primary School	KCB	1137192097	1,000,953.00	-
Kitembe Primary School	KCB	1123885575	1,000,169.75	-
Lwala Primary School	KCB	1272338541	97,589.00	-
Opapo Primary School	KCB	1132150132	2,451.00	-
Pundo Kawiti Primary School	KCB	1137260599	67,703.50	-
Kangeso Sec School	KCB	1271719878	2,300.00	-
Total			19,238,350.09	10,872,207.89

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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 and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.0 Maintenance and Spot improvement of Okumba Police Post-Kanyach Road	Ksh.2,498,118 transfer to other grants and other transfers for maintenance and spot improvement of Okumba police post-Kanyach road as an emergency project. Management to justify whether the project met the criteria of an emergency project according to the NG-CDF Act 2015.	In the Opinion of the Committee, the project met the threshold to qualify as an emergency project.	Resolved	
3.0 Delay in Project implementation	Projects worth Ksh.24,306,449 were still ongoing as at 30 th June 2020. Value for money may not be realized.	There was a general delay in implementation of projects occasioned by the lockdown following the discovery of the first case of novel Covid-19 virus in the country in March 2020. However the projects are now complete and in use.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)