


REPUBLIC OF KENYA



REPORT

OF

 THE AUDITOR-GENERAL THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 NOV 2021	DAY.
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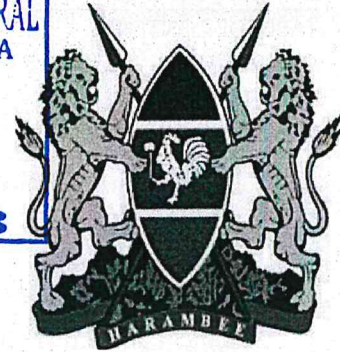
ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KISAUNI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2020



Revised Template 30th June 2020



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

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

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

I. Key Constituency Information and Management

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund

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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 Kisauni 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	Fatma M. Abubakar
2.	Sub-County Accountant	Elijah Atambo
3.	Chairman NGCDFC	Khamisi Ali Mwabashiri
4.	Member NGCDFC	Martha Kagore

(d) Fiduciary Oversight Arrangements

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

P.O. Box 87910-80100
Opp. Jocham Hospital
Karisa Maitha Road
Mombasa, Kenya

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

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For the year ended June 30, 2020

(f) NGCDF Kisauni Constituency Contacts

Telephone: 020-2630946
E-mail: cdfkisauni@ngcdf.go.ke
Website: Kisauni-ng-cdf.co.ke

(g) NGCDF Kisauni Constituency Bankers

1. Co-operative Bank
Kongowea Branch
A/C 01141547656500
P.O. Box 87910-80100
Mombasa Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. Forward by the chairman ngcdf committee

I take this opportunity to thank the people of kisauni constituency for giving me the chance to serve them in this transformative, people driven and Nation building position. It is a pleasure that I present to you the unaudited accounts and the annual report for the year ended 30th June 2020.

As a team in office we have tried our level best to deliver beyond expectation by being transparent, open to criticism involving the people in our projects implementations and putting good and accountable use of all resources entrusted onto us.

Budget Performance

I take this opportunity to thank the people of kisauni constituency for giving me the chance to serve them in this transformative, people driven and Nation building position. It is a pleasure that I present to you the unaudited accounts and the annual report for the year ended 30th June 2020.

As a team in office we have tried our level best to deliver beyond expectation by being transparent, open to criticism involving the people in our projects implementations and putting good and accountable use of all resources entrusted onto us.

NG CDF Kisauni has utilized its allocated funds by undertaking its budgeted projects and allocations 60% of the funds has been utilized. In summary the budget performance against the actual amounts over the financial year was fairly good based on the economic classification and programmes. Despite a slowdown in the operation from March to June 2020 following the outbreak of Corona Virus, NG CDF Kisauni has had major achievements in implementation of education and projects over the year.

Key Achievements

During the period under review, NG CDF Kisauni has been able to achieve the following;

- Support to over needy and poor students by providing scholarship to students who attained 350 marks in their KCPE within the constituency.
- Empowering youths by proving bursary for driving to enable them to support themselves.
- Building of new primary and secondary schools within the constituency to enable the residents to access nearby schools.

Emerging Issues

- Increased School enrolment.
- Population Increase.
- Corona Virus Outbreak.
- Existence of County Governments considers NG CDF as a competitor instead of complementary.

Implementing Challenges.

- Lack of freehold land for construction of new schools thus affecting effective implementation of projects.
- Disbursement of funds from the board is not timely thus affecting the completion rate.
- Lack of technical knowledge amongst the PMCs.

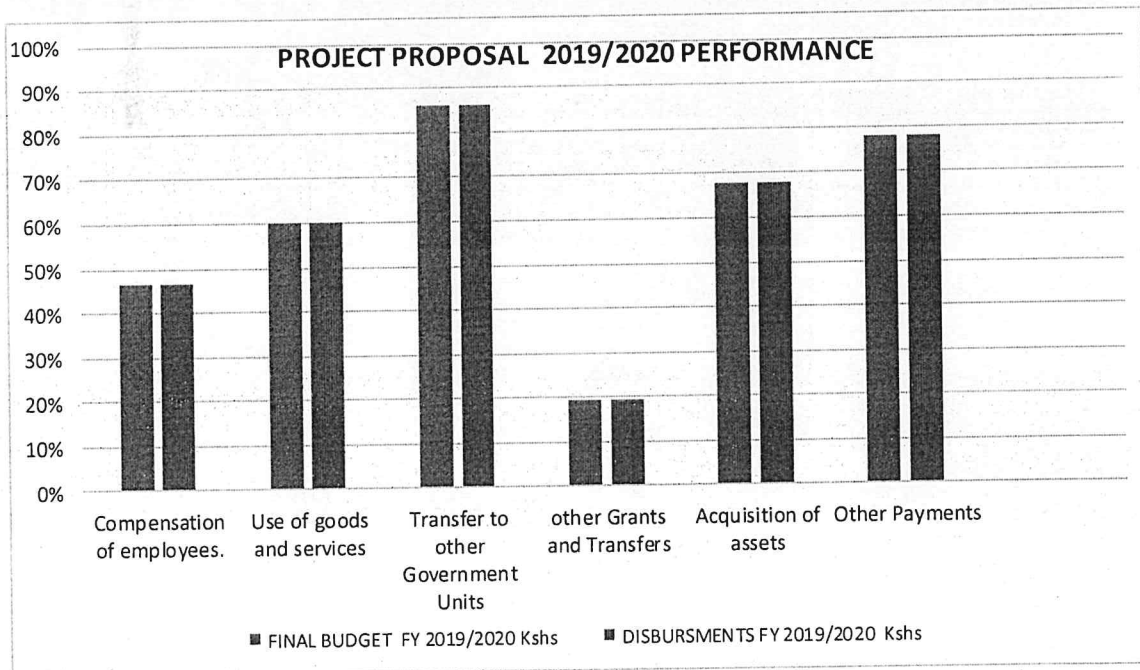
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISAUNI CONSTITUENCY**

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

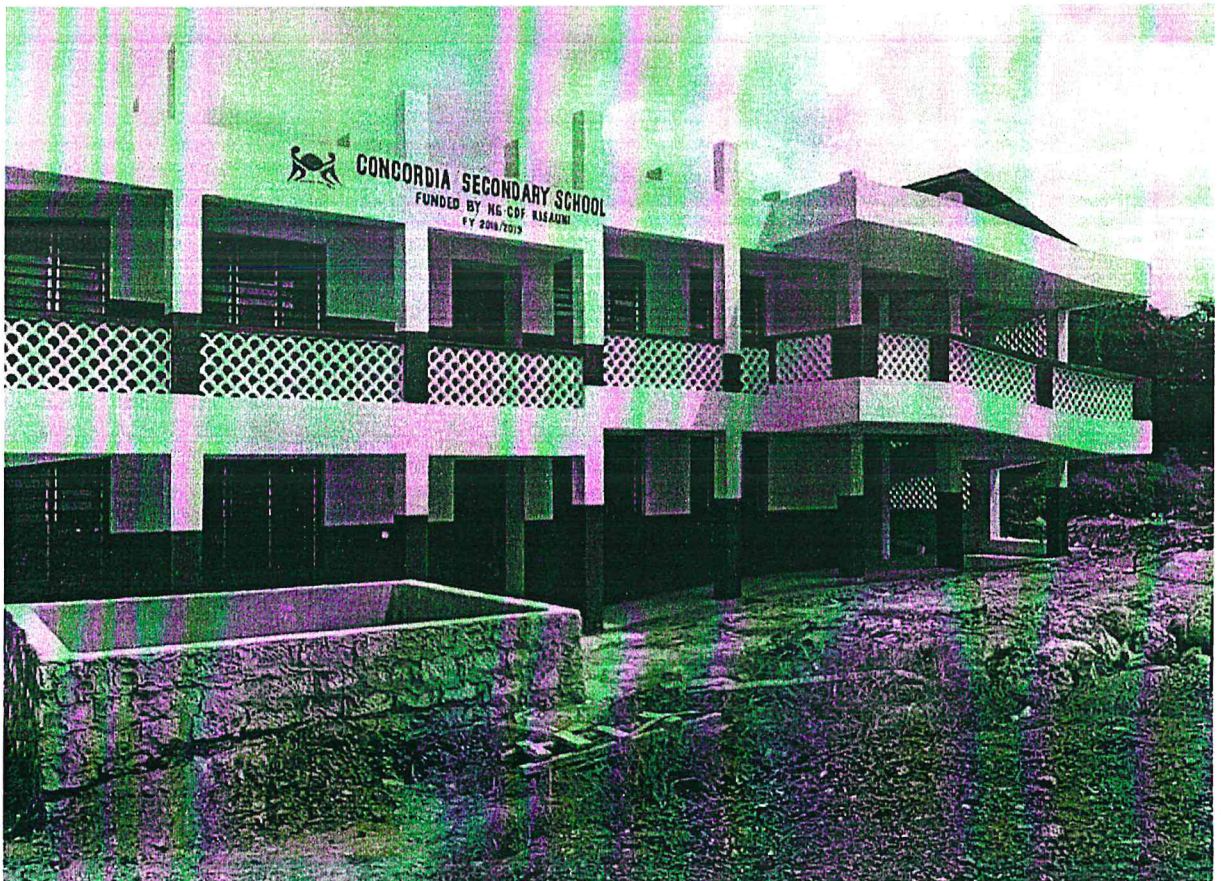
RECOMMENDATIONS AND WAY FORWARD.

- NG-CDFC to allocate funds for purchasing land.
- Timely disbursement of the constituency allocations from board.
- Frequent and adequate training of PMCs.

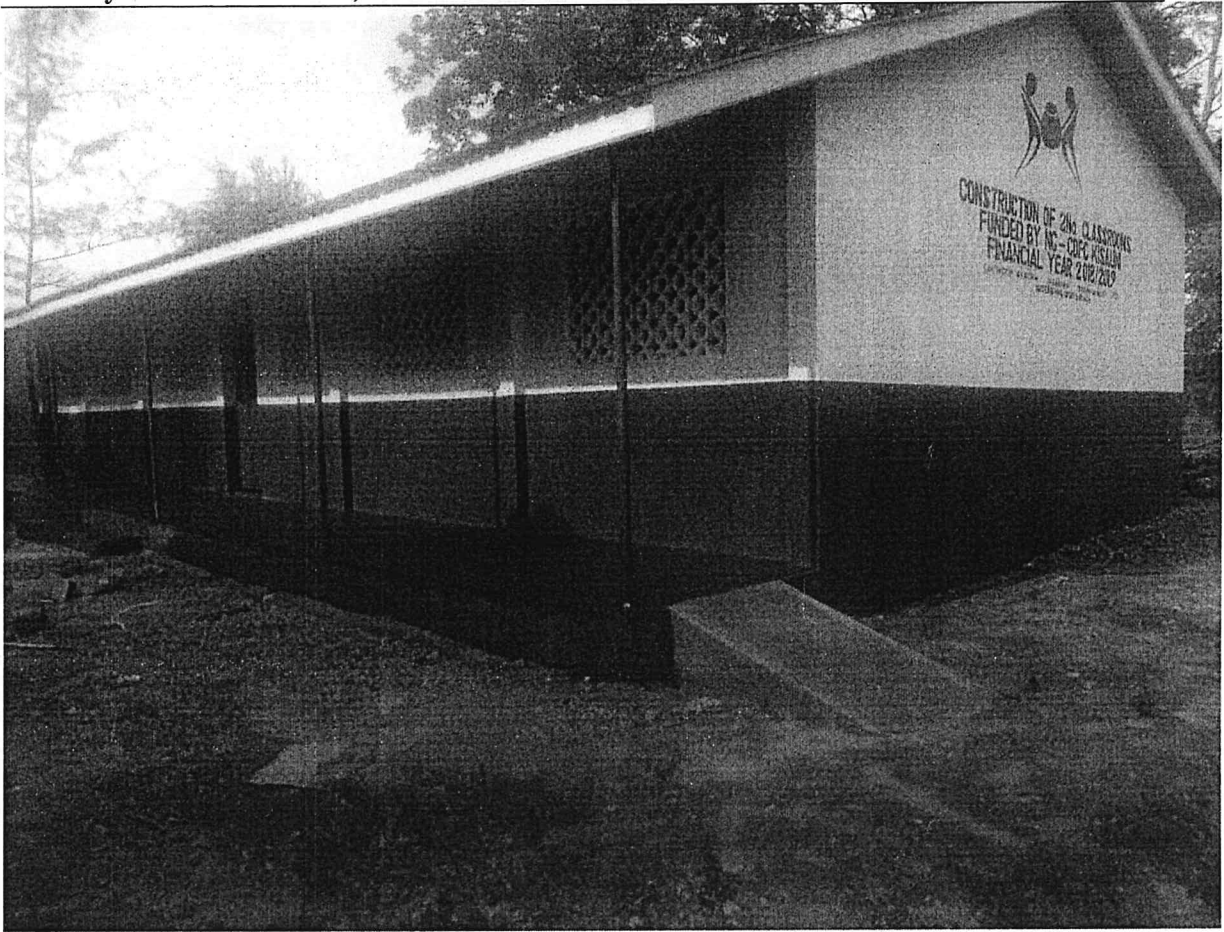
NAME OF PROJECTS	BUDGET PROPOSAL FY 2019/2020 Kshs	ADJUSTMENTS Kshs	FINAL BUDGET Kshs	DISBURSMENTS FY 2019/2020 Kshs	PERCENT %
Compensation of employees.	4,226,820	2,287,653	6,514,473	3,039,257	47%
Use of goods and services	8,093,413	3,330,066	11,563,479	6,882,690	60%
Transfer to other Government Units	46,362,250	47,340,618	93,702,868	80,754,507	86%
other Grants and Transfers	53,776,241	7,983,355	61,759,596	12,019,200	19%
Acquisition of assets	25,000,000	-	25,000,000	17,000,000	68%
Other Payments	-	1,119,600	1,119,600	873,600	78%
TOTAL	137,458,724	62,061,292	199,660,016	120,569,254	60%



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISAUNI CONSTITUENCY
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For the year ended June 30, 2020**

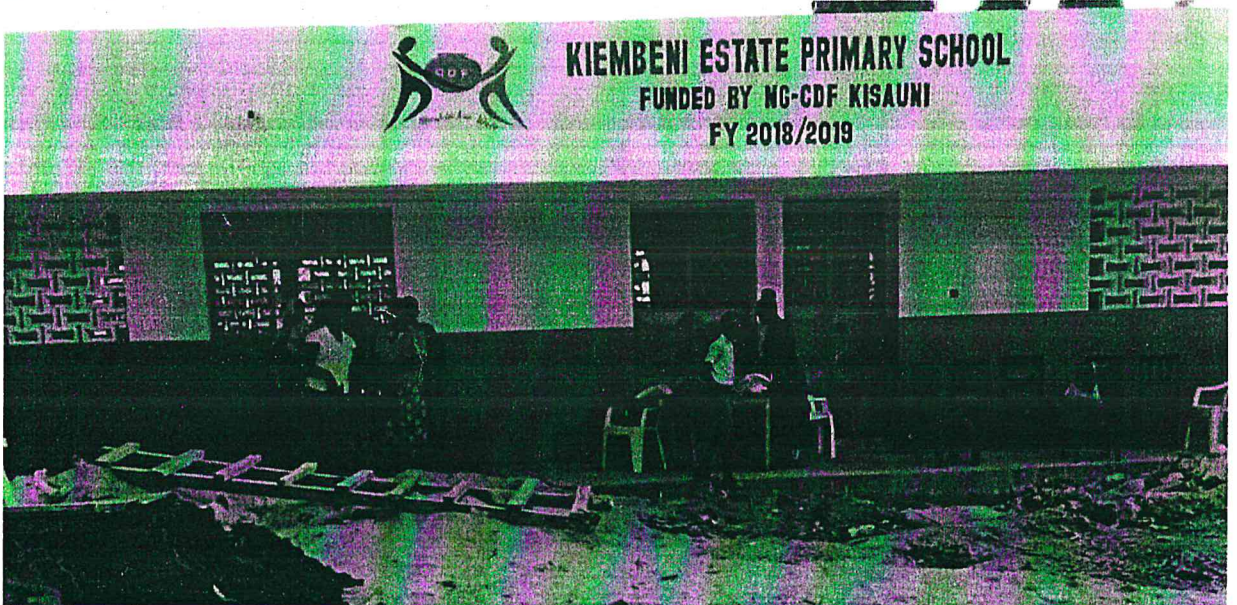
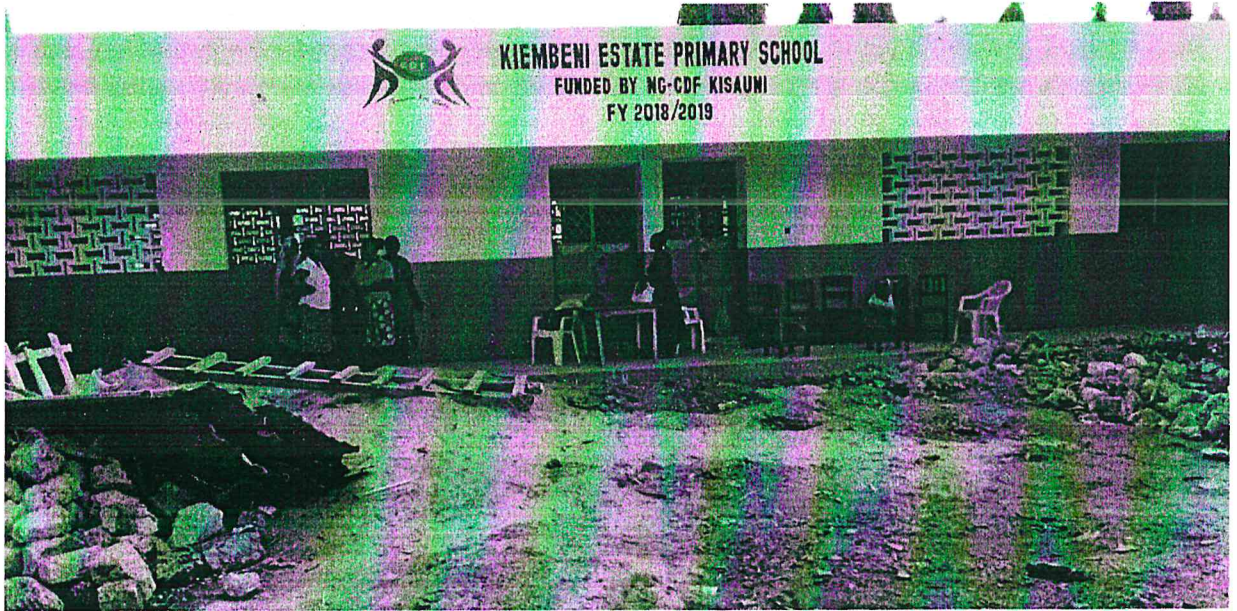


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KISAUNI CONSTITUENCY

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For the year ended June 30, 2020



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Sign.....

CHAIRMAN NGCDF COMMITTEE: KHAMIS ALI MWABASHIRI

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**KISAUNI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****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 NGCDF-Kisauni Constituency's 2018-2022 plans are to:

- a) Improve access to education.
- b) Improve infrastructure in learning institutions.
- c) Enhance and sustain security in the constituency.
- d) Mitigate against soil erosion.
- e) Nurture and promote youth sporting talent.
- f) Increase access to ICT Infrastructure.

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 PROGRAMME	OBJECTIVES	OUTCOME	INDICATOR	PERFORMANCE
EDUCATION	1. To improve access to education.	1. Increased transition from primary to secondary schools.	1. Number of bursary beneficiaries at Secondary levels	1. Increased bursary amount for secondary school beneficiaries.
	2. To improve infrastructure in learning institutions.	2. Improved education standards.	2. Number of new classrooms constructed.	2. We built new 16 classrooms for primary schools and 4 classrooms for secondary schools.
SECURITY	To enhance and to sustain security in the constituency.	Conducive working environment for security personnel.	Improved working environment.	We rehabilitated an ablution block for DCCs office.
ENVIRONMENT	To mitigate against soil erosion.	Reduced soil erosion and improved drainage	Improved soil condition.	Project for paving the parade area and construction of open drains has been awarded
SPORTS	To nurture and promote youth sporting talent practices.	Improved playground.	Better sports performance by the school.	We have proposed to improve school playground.
DISASTER MANAGEMENT	To mitigate against fire disaster	Better preparation against fire disaster	Number of fire extinguishers installed	We have Installed two fire extinguishers and escape signage in our office

IV. Corporate Social Responsibility Statement/Sustainability Reporting

NGCDF – Kisauni 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

NG CDF Kisauni ensures that financial accounting is intended to reflect current position, recording transactions based on book value and ensuring the transaction is probable and estimable.

2. Environmental performance

NG CDF Kisauni implement an environmental management standard such as ISO 14001 so as to demonstrate to customers/suppliers on our commitment to managing our environmental impacts in a responsible way. Our mission is to ensure that a specific proportion of the annual government ordinary revenue is devoted to the constituency for the purpose of development and in particular the creation of wealth at the grassroots level is spent prudently and in a transparent and accountable manner. Our Expectation on external parties such as suppliers and contractors is ensure they do standard work and paid in time. We participate in training of our staffs and education by providing bursary to the vulnerable and needy students within the constituency

3. Employee welfare

NG CDF Kisauni follows all the process in hiring of employees. The applicants must always be from the constituency. We give equal opportunity to all the residents within the constituency. We consider gender ratio as per the Act. We have improved skills of the staffs and members by training and organising benchmarking to various constituencies. NG CDF Kisauni has considered its safety and compliance with occupational safety and Health Act by providing masks to every staff, proper sanitization in office, use of thermogan , and erection of fire extinguishers in office in case of any emergency.

4. Market place practices-

NG CDF Kisauni have been organising benchmarking with other constituencies to study their performance and projects. Following Public Procurement Act we ensure that all suppliers are prequalified within their respective categories. The suppliers are paid in time after issuing the certificates and invoices and also inspecting the work done. Advertisement of tenders are done in our website and newspapers. Product Stewardship is protected by ensuring proper disposal of asbestos in case of replacement with iron sheets in reroofing and also involving the Neema.

5. Community Engagements-

NG CDF Kisauni have been engaging the communities around the constituency in developments. We prioritize community engagement early in the project timeline so as to avoid conflict within the community and high cost of projects. Education has been promoted by building new schools both secondary and primary and also issuing bursary and scholarship to the needy students within the constituency. In sports, we have managed to purchase Jerseys for the teams and also pay their participation fees.

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

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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.

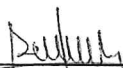
The Accounting Officer in charge of the NGCDF-Kisauni Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. 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-Kisauni 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 NGCDF-Kisauni Constituency 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 NGCDF-Kisauni Constituency financial position as at that date. The Accounting Officer charge of the NGCDF-Kisauni Constituency further confirms the completeness of the accounting records maintained for the NGCDF-Kisauni 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-Kisauni 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-Kisauni Constituency financial statements were approved and signed by the Accounting Officer on 11 September 2020.



Fund Account Manager
Name: Fatma M Abubakar



Sub-County Accountant
Name: Elijah Atambo
ICPAK Member Number: 24095

REPUBLIC OF KENYA

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Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KISAUNI 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 - Kisauni Constituency set out on pages 16 to 43, which comprise of the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kisauni Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the 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

Inaccuracies in Bank Balances

As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Kshs.9,492,069. However, bank reconciliation statement for the month of June, 2020 reflected payments in cash book that were not in bank statement (unrepresented cheques) totalling to Kshs.1,445,894 which included stale cheques amounting to Kshs.491,079. However, the cheques had not been reversed in the cash book as at 15 February, 2021.

Consequently, the accuracy and completeness of bank balances of Kshs.9,492,069 reflected in the statement of assets and liabilities 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 - Kisauni 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 Matters

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.199,520,047 and Kshs.130,061,310 respectively, resulting to an under-funding amounting to Kshs.69,458,737 or 35% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.211,865,667 and Kshs.120,569,254 respectively, resulting to an under expenditure amounting to Kshs.78,950,793 or 40% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised. However, the Management has not resolved or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

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. Delay in Project Implementation

According to the Projects Implementation Status Report as at 30 June, 2020, the Fund had thirteen (13) approved projects with a budget allocation totalling to Kshs.80,691,203. Seven (7) projects valued at Kshs.28,691,203 were complete and in use in February, 2021.

However, four (4) projects with a budget totalling to Kshs.32,350,000 were in progress and two (2) projects with a budget totalling to Kshs.19,500,000 had not been implemented as at 30 June, 2020.

In the circumstances, I am unable to confirm whether the public will obtain value for money for the ongoing projects and projects not started.

2. Unsatisfactory Projects Implementation

Physical verification of four (4) projects with a total allocation of Kshs.32,350,000 in the month of February, 2021 revealed unsatisfactory observations as shown in **Appendix I**.

In the circumstances, I am unable to confirm whether the public will obtain value for money for the unsatisfactory implemented projects.

3. Irregular Procurement of Legal Services

The Management paid an amount of Kshs.225,500 to a law firm for legal services in transfer of land. However, the services of the advocate were single sourced. This is contrary to Section 91 (3) of the Public Procurement and Asset Disposal Act, 2015 which states that "Despite sub-sections (1) and (2) open tendering shall be adopted for procurement of goods, works and services for the threshold prescribed in the respective national and county Regulations"

Consequently, the Management is in breach of the law.

4. Irregular Maintenance of Bank Accounts

As previously reported, Annex 5 to the financial statements for the year ended 30 June, 2020 reflects bank balances for twelve (12) closed projects totalling to Kshs.1,053,931 which had not been refunded to the Fund's main account. Management has attributed this to inability to trace all the bank signatories of the closed projects. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the constituency account. Consequently, the Management is in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 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, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with Governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

05 November, 2021

Appendix I: Unsatisfactory Projects Implementation

	Project Name	Approved Activity	Disbursements (Kshs.)	Remarks
1.	Mwembelegeza Secondary School	Construction of six (6) Classrooms, storey building to completion.	13,200,000	Construction of a storey building with three (3) classrooms on the ground floor, the walls were plastered. Plastering of three (3) classrooms in the upper floor, walls ceiling and roof top had not started. Wiring, electrical installation, ramp and paint were not done.
2.	Concordia Secondary School	Construction of a laboratory to completion with a capacity of sixty (60) students at a cost of Kshs.6,000,000	6,000,000	Electrical wiring and installation works were ongoing, Fume chamber and plumbing works and Paint works had not started.
3.	Concordia Primary School	Purchase of thirty (30) three (3) seater desks	150,000	Purchase of lab stools and installation of twenty (20) shelves was not done.
4.	Magogoni Primary School	Construction of six (6) classrooms storey building to completion.	13,000,000	Construction of six (6) classrooms done to plastering level, electrical wiring and installation for three (3) upper classrooms ongoing. Paint work on external walls ongoing. Paint work for three (3) ground floor classrooms complete, paint work for three upper floor classrooms had not been done, corridor electrical works and connection to Kenya Power grind had not been done .Roofing had not started.
	Total		32,350,000	


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


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

VII. Statement of Receipts and Payments for the Year Ended 30th June 2020

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,040,876	65,379,310
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	1,454,192	2,319,470
TOTAL RECEIPTS		<u>124,495,068</u>	<u>67,698,780</u>
PAYMENTS			
Compensation of employees	4	3,039,257	2,004,892
Use of goods and services	5	6,882,690	6,186,360
Transfers to Other Government Units	6	80,754,507	43,178,913
Other grants and transfers	7	12,019,200	48,717,000
Acquisition of Assets	8	17,000,000	959,400
Other Payments	9	873,600	2,784,520
TOTAL PAYMENTS		<u>120,569,254</u>	<u>103,831,085</u>
SURPLUS/(DEFICIT)		<u>3,925,814</u>	<u>(36,132,305)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisauni Constituency financial statements were approved on 11th September 2020 and signed by:


Fund Account Manager
Name: Fatma M Abubakar

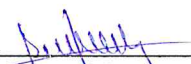

National Sub-County Accountant
Name: Elijah Atambo
ICPAK Member Number: 24095


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

VIII. Statement of Assets and Liabilities as At 30th June 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
			*RE-INSTATED
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	9,492,069	5,566,255
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		9,42,069	5,566,255
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		9,492,069	5,566,255
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		9,492,069	5,566,255
NET FINANCIAL ASSETS		9,492,069	5,566,255
REPRESENTED BY			
Fund balance b/fwd.	13	5,566,255	41,698,560
Prior year adjustments	14	-	-
Surplus/Defict for the year		3,925,814	(36,132,305)
NET FINANCIAL POSITION		9,492,069	5,566,255

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisauni Constituency financial statements were approved on 11th September 2020 and signed by:


 Fund Account Manager
 Name: Fatma M Abubakar


 National Sub-County Accountant
 Name: Elijah Atambo
 ICPAK Member Number: 24095

*The cashbook had been under cast in the financial year 2018/2019 by Kshs.30

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

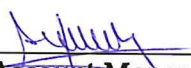
Reports and Financial Statements

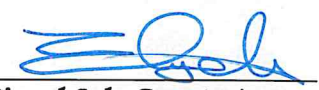
For the year ended June 30, 2020

IX. Statement of Cash flow For The Year Ended 30th June 2020

		2019 - 2020	2018 - 2019
		Kshs	Kshs
			*RE-INSTATED
Receipts for operating income			
Transfers from NGCDF Board	1	123,040,876	65,379,310
Other Receipts	3	1,454,192	2,319,470
Total receipts		124,495,068	67,698,780
Payments for operating expenses			
Compensation of Employees	4	3,039,257	2,004,892
Use of goods and services	5	6,882,690	6,186,360
Transfers to Other Government Units	6	80,754,507	43,178,913
Other grants and transfers	7	12,019,200	48,717,000
Other Payments	9	873,600	2,784,520
Total payments		103,569,254	102,871,685
Total Receipts Less Total Payments		20,925,814	(35,172,905)
Adjusted for:			
Decrease/ (Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/ (Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
Net cash flow from operating activities		20,925,814	(35,172,905)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	[17,000,000]	[959,400]
Net cash flows from Investing Activities		[17,000,000]	[959,400]
NET INCREASE IN CASH AND CASH EQUIVALENT		3,925,814	(36,132,305)
Cash and cash equivalent at BEGINNING of the year	13	5,566,255	41,698,560
Cash and cash equivalent at END of the year		<u>9,492,069</u>	<u>5,566,255</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisauni Constituency financial statements were approved on 11th September 2020 and signed by:


Fund Account Manager
Name: **Fatma M Abubakar**


National Sub-County Accountant
Name: **Elijah Atambo**
ICPAK Member Number: **24095**

*The cashbook had been under cast in the financial year 2018/2019 by Kshs.30

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISAUNI 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	Adjustments 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	137,458,724	*60,607,131	198,065,855	128,607,118	69,458,737	65%
Other Receipts		1,454,192	1,454,192	1,454,192	-	100%
Total Receipts	137,458,724	62,061,323	199,520,047	130,061,310	69,458,737	65%
PAYMENTS						
Compensation of Employees	4,226,820	2,287,653	6,514,473	3,039,257	3,475,216	47%
Use of goods and services	8,093,413	3,330,096	11,423,509	6,882,690	4,540,819	60%
Transfers to Other Government Units	46,362,250	47,340,618	93,702,868	80,754,507	12,948,361	86%
Other grants and transfers	53,776,241	7,983,356	61,759,597	12,019,200	49,740,397	19%
Acquisition of Assets	25,000,000	-	25,000,000	17,000,000	8,000,000	68%
Other Payments	-	1,119,600	1,119,600	873,600	246,000	78%
	137,458,724	62,061,323	199,520,047	120,569,254	78,950,793	60%

i. Amount of * Kshs 60,607,131 is composed of kshs.5,566,255 reinstated cashbook balance that had been under cast in the financial year 2018/2019 by Kshs.30 as at 1st July 2019 and amount 55,040,876 balance owing to board by the constituency as at 1st July 2020. Amount kshs.1,454,192 is composed of Kshs.1,439,192 is amount for kisauni road projects which was transferred to main account from the PMCs account and kshs.15,000 are Appropriation In Aid.


ITEM	% OF UTILIZATION	COMMENT
Transfers from NGCDF Board	65%	Delay in release of funds from NG - CDF Board
Compensation of Employees	47%	The vote head had a balance brought forward from the previous year. The balance of the money allocated for this vote head had not been received from NG- CDF Board.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISAUNI CONSTITUENCY
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Use of goods and services	60%	The balance of the money allocated for this vote head had not been received from the NG - CDF Board.
Transfers to Other Government Units	86%	The balance of the money allocated for this vote head had not been received from the NG - CDF Board.
Other grants and transfers	19%	Delay in release of funds from NG - CDF Board
Acquisition of Assets	68%	Delay in release of funds from NG - CDF Board
Other Payments	78%	

The NGCDF-Kisauri Constituency financial statements were approved on 11 September 2020 and signed by:


Fund Account Manager
 Name: FATMA M. ABUBAKAR


Sub-County Accountant
 Name: ELIJAH ATAMBO
 ICPAK Member Number: 24095

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

XI. Budget Execution By Programmes And Sub-Programmes For The Year Ended 30th June 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,226,820	2,287,653	6,514,473	3,039,257	3,475,216
1.2 Committee allowances	1,128,000	366,800	1,494,800	1,164,300	330,500
1.3 Use of goods and services	2,844,381	1,112,030	3,956,411	3,396,020	700,421
Sub-total	8,199,201	3,766,483	11,965,684	7,599,577	4,506,137
2.0 Monitoring and evaluation					
2.1 Capacity building	3,121,032	1,333,266	4,454,298	1,543,400	2,910,898
2.2 Committee allowances	1,000,000	378,000	1,378,000	779,000	599,000
2.3 Use of goods and services	-	-	-	-	-
Sub-total	4,121,032	1,711,266	5,832,298	2,322,400	3,509,898
3.0 Emergency					
3.1 others	7,198,241	-	7,198,241	720,000	6,478,241
Sub-total	7,198,241	-	7,198,241	720,000	6,478,241
4.0 Bursary and Social Security					
4.1 Secondary Schools	29,578,000	-	29,578,000	7,230,000	22,348,000
4.2 special schools	1,000,000		1,000,000	-	1,000,000

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
4.3 Tertiary Institutions/ Universities	13,000,000	3,000,266	16,000,266	2,940,000	13,060,266
4.4 Social Security	3,000,000	720,000	3,720,000	-	3,720,000
Sub-total	46,578,000	3,720,266	50,298,266	10,214,012	40,128,266
5.0 Sports					
5.1 Sports	-	1,694,697	1,694,697	-	1,694,697
Sub-total	-	1,694,697	1,694,697	-	1,694,697
6.0 Environment					
6.1 Maunguja Primary School- Purchasing 10,000ltrs water tank and fixing of gutters for water catchment		135,000	135,000	135,000	-
6.2 Baraka Voroni Primary School- Purchasing 10,000ltrs water tank and fixing of gutters for water catchment		180,000	180,000	180,000	-
6.3 Marimani Secondary - Purchasing 10,000ltrs water tank and fixing of gutters for water catchment		150,000	150,000	150,000	-
6.4 Concordia Secondary – Construction of open drains and walk ways		564,200	564,200	544,200	-
kisauni Baptist		120,000	120,000	120,000	-
Sub-total		1,149,200	1,149,200	1,129,200	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020	Kshs	2019/2020	30/06/2020	Kshs
7.0 Primary Schools Projects					
7.1 Barani Primary School	13,200,000	-	13,200,000	7,200,000	6,000,000
7.2 Kajiwani Primary	6,300,000	4,056,625	10,356,625	4,568,907	5,787,718
7.3 Magogoni Primary	-	13,000,000	13,000,000	13,000,000	-
7.4 Baraka Voroni Primary	-	3,000,000	3,000,000	3,000,000	-
7.5 Concordia Primary School	-	1,000,000	1,000,000	1,000,000	-
7.6 Mdengerekeni Primary	-	300,000	300,000	300,000	-
7.7 Manguja Primary	-	2,000,000	2,000,000	2,000,000	-
7.8 Kiembeni Estate Primary	-	4,500,000	4,500,000	4,500,000	-
8.0 Marimani Primary	-	1,700,000	1,700,000	1,700,000	-
8.1 Majaoni Primary School	-	2,500,000	2,500,000	2,500,000	-
kisauni Baptist		120,000	120,000	-	-
Sub-total	19,500,000	32,176,625	51,676,625	39,768,907	11,787,718

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISAUNI CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Mwenbelegeza Secondary School	13,200,000	-	13,200,000	13,200,000	-
8.2 Mwakirunge Secondary	7,162,250	-	7,162,250	7,162,250	-
8.3 Conordia Secondary	6,500,000	8,000,000	14,500,000	14,500,000	-
8.4 Kashani Secondary School	-	1,395,000	1,395,000	850,000	545,000
8.5 Hassan Joho Girls Secondary	-	5,273,350	5,273,350	5,273,350	-
Sub-total	26,862,250	14,668,350	41,530,600	41,029,612	545,000
9.0 Tertiary institutions Projects (List all the Projects)					
9.1		-	-	-	-
Sub-total		-	-	-	-
10.0 Security Projects					
10.1 Roads	-	1,439,192	1,439,192	-	1,439,192
Sub-total	-	1,439,192	1,439,192	-	1,439,192

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISAUNI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020 Kshs	Kshs	2019/2020 Kshs	30/06/2020 Kshs	Kshs
11.0 Acquisition of assets					
11.2 Construction of CDF office	8,000,000	-	8,000,000	-	8,000,000
11.3 Purchase of Land	17,000,000	-	17,000,000	17,000,000	-
Sub-total	25,000,000	-	25,000,000	17,000,000	8,000,000
11.4 Construction of Education office					
11.4 Construction of Education office	-	615,644	615,644	-	615,644
Sub-total	-	615,644	615,644	-	615,644
12.0 Others					
12.1 Strategic Plan	-	1,013,600	1,013,600	873,600	140,000.00
12.2 Innovation Hub	-	-	-	-	-
12.2 Appropriation in Aids (AIA)	-	106,000	106,000	-	106,000
Sub-total	-	1,119,600	1,119,600	873,600	246,000
Grand Totals	137,458,724	62,061,323	199,520,047	120,569,254	78,950,793

XII. 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-Kisauni 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.

Transfers from the Exchequer

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

Significant Accounting Policies

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

Reports and Financial Statements

For the year ended June 30, 2020

Significant Accounting Policies

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

Significant Accounting Policies

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

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For the year ended June 30, 2020**

XIII. Notes to the Financial Statements

1. Transfers from Other Government Entities

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO. B041044	1	55,040,876	
AIE NO. B047478	2	4,000,000	
AIE NO. B041483	3	20,000,000	
AIE NO. B047932	4	6,000,000	
AIE NO. B049325	5	15,000,000	
AIE NO. B104349	6	15,000,000	
AIE NO. B096591	7	8,000,000	
AIE NO. B005189	1		11,379,310
AIE NO. B030076	2		10,000,000
AIE NO. B030451	3		12,000,000
AIE NO. B006397	4		8,000,000
AIE NO. B042775	5		12,000,000
AIE NO. B047014	6		12,000,000
Total		123,040,876	65,379,310

2. Proceeds From Sale of Assets

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

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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	15,000	39,000
Other Receipts Not Classified Elsewhere	-	2,280,470
Total	15,000	2,319,470

4. Compensation of Employees

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	3,008,857	1,956,892
Basic wages of casual labour	-	20,000
Personal allowances paid as part of salary		
Employer Contributions Compulsory national social security schemes	30,400	28,000
Total	3,039,257	2,004,892

5. Use of Goods and Services

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	811,000	908,000
Utilities, supplies and services	81,260	114,015
Office rent	348,000	406,000
Communication, supplies and services	231,500	347,000
Domestic travel and subsistence	622,030	425,894
Printing, advertising and supplies & services	503,343	113,200
Training expenses	1,501,400	1,608,400
Hospitality supplies and services	-	12,000
Other committee expenses	1,164,300	1,238,850
Insurance costs	663,325	597,906
Office and general supplies and services	662,632	373,705
Other operating expenses	225,500	-
Fuel ,oil and lubricants	25,000	17,850
Bank service commission and charges	43,400	23,539
Total	6,882,690	6,186,360

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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)	39,768,907	14,385,470
Transfers to secondary schools (see attached list)	40,985,600	25,293,443
Transfers to tertiary institutions (see attached list)	-	3,500,000
Total	80,754,507	43,178,913

7. Other Grants and Other Payments

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	7,230,000	30,481,000
Bursary – tertiary institutions (see attached list)	2,940,000	12,266,000
Bursary – special schools (see attached list)	-	750,000
Sports projects (see attached list)	-	1,440,000
Environment projects (see attached list)	1,129,200	-
Emergency projects /NHIF (see attached list)	720,000	3,780,000
Total	12,019,200	48,717,000

8. Acquisition Of Assets

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	-	302,000
Purchase of ICT Equipment, Software and Other ICT Assets	-	250,400
Purchase of photocopier	-	407,000
Acquisition of land	17,000,000	-
TOTAL	17,000,000	959,400

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Notes to the Financial Statements (Continued)

	2019-2020	2018-2019
	Kshs	Kshs
Supplier 1		
Supplier 2		
Supplier 3		
TOTAL		

9. Other Payments

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	873,600	2,486,400
Website hosting	-	298,120
TOTAL	873,600	2,784,520

10A: Bank Accounts (Cash Book Bank Balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Co-operative Bank – Kongowea branch A/C NO. 0114147656500	9,492,069	5,566,255
TOTAL	9,492,069	5,556,255
10B: Cash In Hand		
Location 1	-	-
TOTAL	-	-

11: Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

TOTAL

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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12A. Retention

12B. Gratuity Deposits

	2019-2020	2018-2019
	Kshs	Kshs
Total		

13. Balances Brought Forward

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	5,566,255	41,698,560
Total	5,566,255	41,698,560

14. Prior Year Adjustments

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-

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Notes to the Financial Statements (Continued)

15. Changes in Accounts Receivable – Outstanding 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		

Changes in Accounts Payable – Deposits and Retentions

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

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Supply of services	-	873,600
Total	-	873,600

17.2: Pending Staff Payables (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	1,045,187	523,640
Total	1,045,187	523,640

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Notes to the Financial Statements (Continued)

17.3: Unutilized Fund (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
		*RE-INSTATED
Compensation of employees	3,475,216	2,232,453
Use of goods and services	4,540,819	3,525,296
Amounts due to other Government entities (see attached list)	12,948,361	34,730,825
Amounts due to other grants and other transfers (see attached list)	49,740,397	11,153,956
Acquisition of assets	8,000,000	8,000,000
Strategic Management	140,000	873,600
Appropriation in Aid(AIA)	106,000	91,000
TOTAL	78,950,793	*60,607,130

***Re-instated**

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 as per Significant Accounting Policies 10. In the financial year 2018/2019 we had reported the cash book balance as Kshs.5,566,225 instead of Kshs.5,566,255 excluding funds not yet disbursed by the Board. Kshs.60,607,100 is inclusive of reinstated cash book balance of Kshs.5,566,255 and Kshs.55,040,876 balance not yet disbursed by the Board.

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	60,950,248	21,743,278
	60,950,248	21,743,278

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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	Outstanding Balance 2019	Comments
		Kshs		Kshs	Kshs	Kshs	
		a	b	c	d=a-c		
NGCDF Staff salary							
1.							
Sub-Total							
NGCDFC Staff gratuity							
1. AYUB KAPUTU GUYO	J	248,147	Feb-18	-	248,147	248,147	
2. PATRICK AMADI NGESA	H	198,957	Feb-18	-	198,957	198,957	
3. PRISCILLAH MWARINGA	G	174,058	Feb-18	-	174,058	174,058	
4. EMILY MKAMBE MWARABU	G	174,058	Feb-18	-	174,058	174,058	
5. EDWARD TSUMA MWAGWABI	F	131,643	Feb-18	-	131,643	131,643	
6. HAMISI ABDALLAH MWALICHENGO	F	94,996	Nov-19	-	94,996	94,996	
7. YUSRA SHEE FUNDI	G	23,328	Mar-20	-	23,328	23,328	
Sub-Total		1,045,187		-	1,045,187	1,045,187	
Others (specify)							
1		-		-	-	-	
2		-		-	-	-	
3		-		-	-	-	
Sub-Total		-		-	-	-	
Grand Total		1,045,187		-	-	1,045,187	

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ANNEX 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2019/2020 Kshs	Outstanding Balance 2018/2019 Kshs	Comments
Compensation of employees		3,475,216	2,232,453	
Sub- Total		3,475,216	2,232,453	
Use of goods & services		4,540,819	3,525,266	
Sub- Total		4,540,819	3,525,266	
Amounts due to other grants and other transfers				
Emergency Funds		6,478,241	5,738,993	
Sports		1,694,697	1,694,697	
Sub- Total		8,172,938	7,433,690	
Scholarship & Other Educational Benefit				
Bursary Fund - Univ/Col/Driving		13,060,267	3,000,306	
Bursary Sec School		22,348,000	-	
Nhif		3,720,000	-	
Bursary Special School		1,000,000	-	
Sub- Total		40,128,267	3,000,306	
Amounts due to other Government entities				
Concordia Pri.School		-	1,000,000	
Kiembeni Estate Pri. School		-	4,500,000	

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Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
		Kshs	Kshs	
Mdengerekeni Pri. School		-	200,000	
Maunguja Pri. School		-	2,000,000	
Baraka V. Pri.School		-	3,000,000	
Kajiwani pri. school		5,787,718	4,056,625	
Concordia Sec. School		-	8,000,000	
Hassan Joho Girls Sec. School		-	5,000,000	
Kashani Sec. School		545,000	845,000	
Baraka Voroni Pri. School		-	180,000	
Marimani Sec. School		-	150,000	
Maunguja Pri. School		-	135,000	
Kisauni Baptist Pri. School				
Concordia Sec. School			544,200	
Barani Pri. School		6,000,000	-	
Sub- Total		12,332,718	15,030,825	
Roads		1,439,192	-	
NG_CDF Office		8,000,000	8,000,000	

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Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
Assistant County Commissioner		Kshs -	Kshs 5,000,000	
Education office		615,644	-	
Strategic Plan		140000	873,600	
Appropriations in Aid (AIA)		106,000	91,000	
Sub- Total		10,300,836	13,964,600	
TOTAL		78,950,794	60,607,100	

ANNEX 4 – Summary Of Fixed Asset Register

Asset class	Historical Cost b/f		Additions during the year		Disposals during the year		Historical Cost
	(Kshs)	2018/19	(Kshs)	2019/20		2019/20	
Land	-		17,000,000		-		17,000,000
Building and Structures	-		-		-		-
Transport Equipment	-		-		-		-
Office Equipment, Furniture and Fittings	-		-		-		-
ICT Equipment, Software and Other ICT Assets	1,177,195		-		-		1,177,195
Other Machinery and Equipment	347,960		-		-		347,960
Heritage and cultural assets	-		-		-		-
Intangible assets	-		-		-		-
Total bf	1,941,650		17,000,000		-		18,941,650

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 5 –Pmc Bank Balances As At 30th June 2020

PMC	Bank	Account number	Bank Balance	Bank Balance
			2019/20	2018/19
			Kshs	Kshs
Concordia Pri. School	KCB	1137249080	10,513	10,513
Digirikani Nursery Pri. School	KCB	1106502574	140,378	260,378
Hassan Joho Girls Sec.	KCB	1115421385	555,517	519,498
Junda Dispensary	KCB	1106506685	61,959	61,986
MjambereMshomoroni Drainage	KCB	1114654248	18,548	438,436
Mjambere /Junda Drainage	KCB	1117174794	23,257	283,925
School Desks and Chairs	KCB	1117915581	6,498	218
Shimo la tewa Sec. school	KCB	1106507444	503,711	146,900
Urban Mast Lighting-KCDF	KCB	1121813360	981,459	982,179
Voroni water tank	KCB	1131502116	35,940	69,820
Maunguja Pri. School	KCB	1114654779	-	100
Maunguja Youth Polytechnic	KCB	1118617312	-	688
Shimo la tewa Pri. school	KCB	1124080570	-	249
Baraka Pri. School (Voroni)	CO-OP	1141548845100	905,014	3,643,722
Junda Pri. School	ABC	2151001900	991,856	991,856
Kiembeni Basket Ball Court	CO-OP	1141547541500	4,325	4,324
Kisauni Cdf Bamburi Borehole	CO-OP	1141547516700	36	36
Kisauni Cdf Junda Borehole	CO-OP	1141547555800	3,100	3,100
Kisauni Cdf Magogoni Borehole	CO-OP	1141547555600	1,626	1,626
Kisauni Cdf Mjambere Borehole	CO-OP	1141547555500	4,188	4,188
Kisauni Cdf Mtopanga Borehole	CO-OP	1141547558500	18,611	18,611
Kisauni Cdf Shanzu Borehole	CO-OP	114154758800	4,825	4,843
Bedzimba Pri. Ecd Unit	CO-OP	1141577263000	35	35
Majaoni Pri. School	CO-OP	114157738000	320,386	713,543
Mtopanga Pri. School	CO-OP	1141577380100	264,248	327,656
Road Project Account	FAMILY	92000007159	-	1,629,920
Concordia Pri. School	CO-OP	1141548847800	123,496	1,609,835
Constituency Sports	CO-OP	1141577422500	14,434	14,434
Kiembeni Estate Pri. School	CO-OP	1129577451400	848,609	123,302
Concordia Sec. Pri. School	CO-OP	1141548844400	8,235,771	5,326,521
Magogoni Pri. School	CO-OP	1141548951100	13,000,000	-
Mwembelegeza Sec. School	CO-OP	1141548913600	13,200,000	-
Marimani Sec. School	CO-OP	1129577451500	391,314	1,237,645
Kisauni Ngcdf Mdengerekeni Pri	CO-OP	1141548336900	74,747	250,609
Bedzimba Pri. School	CO-OP	1141548847900	37,775	37,775
Kashani Sec.	CO-OP	1141548848200	1,433,618	583,618

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PMC	Bank	Account number	Bank Balance	Bank Balance
			2019/20	2018/19
			Kshs	Kshs
Kashani Pri. School	CO-OP	1141548240000	1,575	1,575
Marimani Pri. School	CO-OP	1141548872700	1,657,050	9,050
Digirikani Pri. School	CO-OP	1141548847300	11,425	16,494
Hassan Joho Girls Sec. School	CO-OP	1141548855500	4,904,350	1,000
Maunguja Pri. School	CO-OP	1139044024802	390,647	1,999,520
Kiembeni Baptist Pri.	CO-OP	1141547132600	975	411,975
Kashani Pri. School Cdf	CO-OP	1141548240000	1,575	1,575
Barani Primary School	CO-OP	1141548922200	7,198,975	-
Kajiweni Primary School	CO-OP	1141548930500	4,567,882	-
		TOTAL	60,950,248	21,743,278

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Progress on Follow up Of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
MSA/NGCDF-KISAUNI/2018/2019/9	The statement reflect bank balances in Eleven (11) closed projects management committees totalling to Kshs.1,468,091 that has not been refunded to the Funds main account. This is contrary to section12 (8) of NGCDF Act, 2015 Which states that all unutilized funds of the Project Management committees shall be transferred to the Constituency account.	The Management has been able to refund some of the funds and is still following up with the Deputy County Commissioner on the others who can't be traced.	FATMA ABUBAKAR (FAM) AND PREVIOUS PMCs	Partly Resolved	JUNE 2021