

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – THIKA TOWN CONSTITUENCY**

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

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 23 FEB 2022	DAY: Wed.
TABLED BY:	The Majority Whip Hon. E. Wangwe, MP
CLERK-AT THE TABLE:	Benson Inzogu.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -THIKA TOWN
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

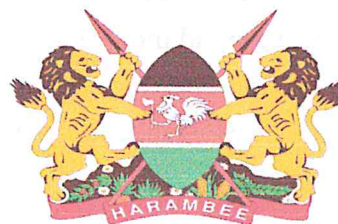
**Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector
Accounting Standards (IPSAS)**



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Table of Content

Page



I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	2
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES.....	6
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	12
V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	17
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- THIKA TOWN CONSTITUENCY</i>	18
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	19
VIII. STATEMENT OF ASSETS AND LIABILITIES.....	20
IX. STATEMENT OF CASHFLOW	21
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	22
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	14
XII. SIGNIFICANT ACCOUNTING POLICIES.....	18
XIII. NOTES TO THE FINANCIAL STATEMENTS.....	22

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

- 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
- 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 NG-CDF THIKA TOWN 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	Joan J. Koech
2.	Sub-County Accountant	Peter Kamau
3.	Chairman NGCDFC	Wilson N. Huruko
4.	Member NGCDFC	Sylvia N. Thuo

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020
Challenges and Way Forward.

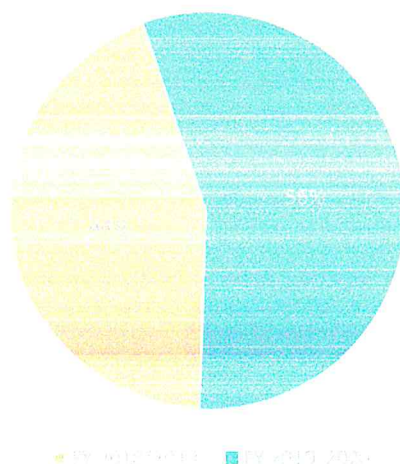
The office strives to achieve its targets, however there are inherent challenges that are faced during project implementation. These are; unrealistic demand by the public who think that the NG-CDF fund can fund for their health and other individual financial needs and businesses. Delay of fund disbursement by the NG-CDF Board which makes it impossible to achieve performance contract targets which stipulates that projects are to be implemented within the financial year proposed.

Civic education should be improved to educate the public on the roles of the NG-CDF fund which should be done continuously and promptly to the individuals- This will be possible if the M/E vote is increased to also cater for the trainings.

Comparative Graphs and charts financial year 2019/2020 and 2018/2019

1. Fund allocation in the two financial years.

Fund allocation in FY 2018/2019 and FY 2019/2020



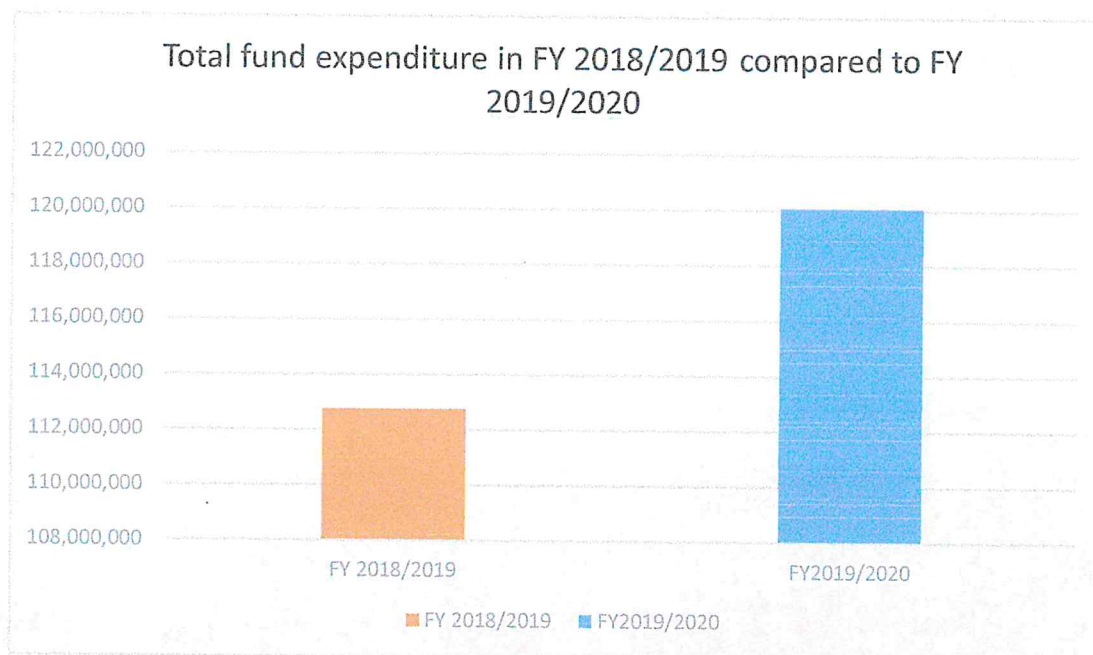
2. Total amount of fund received during the two years

Total amount received in FY 2018/2019 compared to FY 2019/2020



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

3. Total expenditure in the two financial years



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020
Development projects.

There are several successfully completed projects among them are;

1. Magogoni Secondary School Science Laboratory



2. Magana Primary School –School Facelift



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

3. Munyu Girls Secondary School- Classroom Block



5.Ngoliba Primary School-Whole School Renovation(Section)



I hope this keeps you updated on the constituency activities during the Financial Year 2019/2020.

Thank you.

WILSON HURUKO

CHAIRMAN; NG-CDF COMMITTEE

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

4. 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 NG-CDF-THIKA TOWN 2017-2022 Strategic plan are;

- a) To promote a safe and secure environment for Thika Town constituents.
- b) To promote quality education through financial support to studying constituents at Primary, secondary and tertiary levels.
- c) To develop an ethical working environment with good governance initiatives and institute conflict management mechanisms.
- d) To develop and enhance physical infrastructure in schools and administrative offices
- e) To enhance usage of technology to support NG-CDFC operations in order to enhance the service delivery to Thika Town Constituents.

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 Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and	Construction of 20 new classrooms, 6 laboratories, construction of 2 dormitories and to facelift 10 schools in	In FY 19/20 we increased number of <ol style="list-style-type: none"> i. classrooms from 16 to 20 new classrooms ii. dormitories from 1 to 2

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

		tertiary institutions	the 2019/2020 proposals	<p>iii. laboratories from 4 to 6 in number</p> <p>iv. Facelift of schools increased in number from 2 to 8 schools</p>
Security	To improve the security in Thika Town Constituency	Improved security in the constituency	To allocate funds to 20 administrative offices within the constituency, either by construction of new offices or improving the facilities in place.	In FY 2019/2020 Thika Town Constituency was able to fund 18 administrative offices as compared to 3 funded in the previous year.
Environment	To improve environmental conservation in the constituency	Improved health	Purchase and installation of water tanks, gutters in 12 institutions of learning.	In FY2019/2020; 12 Schools received each 10,000 litre water storage tank to improve water harvesting in the schools.
Sports	To enhance youth involvement	Inclusivity in the developments of the constituency	Conduct sports tournaments	In FY2019/2020 The constituency allocated funds for conducting ward tournaments in the constituency where more than 30 clubs benefited from the

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

Disaster Management	To increase level of preparedness in case of emergency	To reduce level of severity in case of occurrence of disaster	Set aside funding amounting to ksh 7,198,241 from the constituency's allocation for emergency occurrence in the constituency.	In the year 2019/2020, We were able to aid schools that had suffered losses caused by the heavy rains experienced in December 2019, Thika NG-CDF funded construction of ablution blocks in Kimuchu Sec School after their latrine sunk. Thika Town NG-CDF was able implement projects whose funding could not be postponed until the next financial year.
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5. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – THIKA TOWN 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

a) SUSTAINABLE EFFORTS

1. Professionalism:

We consistently demonstrate competence, knowledge, resourcefulness, quality, cooperation and a positive attitude, related to how we provide our professional services.

2. Result oriented:

We embrace a goal-oriented culture that focuses on outcomes and drives accountability and growth.

3. Efficiency and effectiveness:

We continuously seek effective and efficient ways to solve problems, better our services, and to remain fiscally responsible. We constantly demonstrate a commitment to be good stewards of the

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

resources allocated to us, discover and apply safer, better, faster and more cost-efficient ways to provide the services.

4. Teamwork:

We create effective working relationships with team members by treating others fairly, maintaining an approachable atmosphere, sustaining open and honest two-way communication, and involving others in decision-making processes when appropriate.

5. Integrity and Transparency:

We conduct business honestly and ethically, expect and exemplify trust, respect, fairness and high character. We conduct ourselves with openness in all aspects of our work. We seek feedback from all stakeholders in order to achieve open communication and foster collaboration.

6. Innovativeness:

We are driven by continuous improvement and unique cutting-edge concepts that optimize results by working better and smarter.

TRENDS IN POLITICAL AND MACROECONOMIC AFFECTING SUSTAINABILITY PRIORITIES

1. POLITICAL ASPECT

- There is heightened public expectations and increased focus on Counties as service delivery units, with demands on Constituencies to improve on service delivery
- Devolution of some functions to the county government such as healthcare, roads and water comes with challenges. Therefore, cooperation with county government for development is paramount but instances have been noted of a lack of commitment at the county level to implement projects under their mandate.
- The stalemate in devolving some employees such as health workers has negatively affected service delivery to the constituents.
- Conflicts between county and national government

2. MACRO ECONOMIC ASPECT

- Increased focus on Counties as economic zones.
- Increased unemployment rates among the youth.
- Poor infrastructure increases the cost of production and discourages investment within the constituency.
- Over reliance on agriculture sector that is prone to climate change negatively impacts on household farm income.

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

- Limited natural resource base limits the constituency from generating more revenue.
- Inflation caused by macroeconomic instability lowers the purchasing power of the constituents.
- Insecurity negatively affects potential investors.

2. ENVIRONMENTAL PERFORMANCE

Our goal is to create a just and cohesive society enjoying equitable social development in a clean and secure environment. The Plan recognizes the need to promote sustainable development that upholds environmental protection, management and efficient resource utilization.

Success

1. Cooperation from schools in maintaining the trees planted by the Thika Town NG-CDF Committee.

Shortcomings

1. Environmental degradation
 2. Long dry spell in the eastern part of the county
 3. over use of available water resources
 4. Climatic change
 5. National macro-economic instability
-
6. High levels of insecurity in some low income areas
 7. There is lot of industrial waste in Thika which is damaging the environment

3. EMPLOYEE WELFARE

Thika Town NG-CDF Staff development is an on-going process of investing in the individuals that make up the organization and ensuring that each individual has the confidence and skills necessary to excel at his/her work.

Thika Town NG-CDF strives to build an organizational culture that values each staff member and creates cohesion and a feeling of team work among staff members. To sustain its employees, the organization invests in its employees, reward Initiatives and competence, and provide transparency and flexibility.

Hiring of NG-CDF Staff is always done in accordance with the law governing the hiring and firing of staff; two third gender rule being observed.

A contingency planning is conducted to take care of the general eventuality that might arise in terms of risks.

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

4. MARKET PLACE PRACTICES

i. Responsible competition practice.

Good governance is a hallmark of good leadership. It is increasingly becoming important for leaders to lead from the front on matters of good governance. This is especially critical as it is the constitution that demands for a higher threshold of probity in the conduct of public affairs.

Activities:

- Identification of areas of unethical practice.
- Training of NG-CDFCs on chapter 6 expectations and financial regulations.
- Partnership with institutions that facilitate capacity building on ethics and good governance.
- Transparent and participatory budgeting to bring the citizens voice into the budgeting process through greater inclusion.

ii. Responsible Supply chain and supplier relations-

- Thika Town NG-CDF follows well defined procurement laws with 30 percent preferential procurement rule. The suppliers are paid promptly within 7 working days' after delivery of service and presentation of requisite documents.

iii. Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

We conduct business honestly and ethically, expect and exemplify trust, respect, fairness and high character.

We conduct ourselves with openness in all aspects of our work. We seek feedback from all stakeholders in order to achieve open communication and foster collaboration.

iv. Product stewardship- outline efforts to safeguard consumer rights and interests

- Existence of health and safety, and consumer protection laws.

5. COMMUNITY ENGAGEMENTS.

Thika Town NG-CDF Has been able to undertake several activities within the community including

- Conducting Public Participation meetings during projects identification. During development of annual projects proposal,

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

Thika Town NG-CDF Convenes meetings at the community level who propose the projects to be funded and implemented. The NG-CDF Committee thereafter scrutinizes the projects proposed for funding to ensure that it is in line with the projects eligible for funding as guided by the NG-CDF Act.

- Taking an active role in Corporate Social Responsibility activities. Thika Town NG-CDF within the financial year received CSR grant from the NG-CDF Board and proposed construction of 2 classrooms to start a new school to decongest Kimuchu Primary school whose population stands at over 1,500 pupils. The new school will have a high impact as it will serve Kiang'ombe settlement scheme residents of about 45,000 dwellers.
- Periodical publications from projects and activities. These publications are uploaded on social media platforms to reach all the constituents to ensure that the constituents are aware of what the Thika Town NG-CDF office is implementing in the Education sector, Security sector, Sports and Environment sector.
- Enhancement of public relations and outreach activities both within and outside the constituency

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

6. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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.

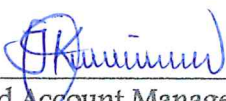
The Accounting Officer in charge of the NG-CDF Thika Town is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility 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.

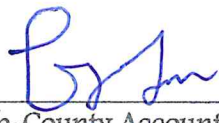
The Accounting Officer in charge of the NG-CDF Thika Town Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *NG-CDF Thika Town* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Thika Town Constituency further confirms the completeness of the accounting records maintained for NG-CDF Thika Town 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 NG-CDF Thika Town Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants and that NG-CDF Thika Town 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-THIKA TOWN Constituency financial statements were approved and signed by the Accounting Officer on 30/8 2020.


Fund Account Manager
Name: Joan Koech

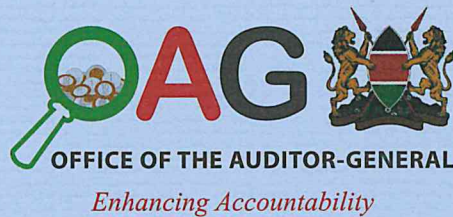

Sub-County Accountant
Name: Peter Kamany
ICPAK Member Number: PL4903

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

7. REPORT OF THE INDEPENDENT AUDITORS ON THE *NGCDF- THIKA TOWN*
CONSTITUENCY

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – THIKA TOWN 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 – Thika Town Constituency set out on pages 19 to 49, which comprise the statement of assets and liabilities as at 30 June, 2020 and, the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development 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 - Thika Town Constituency as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

1.1 Bank Balances

The statement of assets and liabilities reflects bank balances of Kshs.7,364,881 as at 30 June, 2020. However, included as part of reconciling items in the bank reconciliation statement were un-presented cheques amounting to Kshs.472,471 which were already stale as at 30 June, 2020 and had not been reversed in the cash book.

No reason was given for failure to reverse the stale cheques or reconcile and clear the long outstanding items.

As a result, the accuracy and completeness of bank balances of Kshs.7,364,881 30 June, 2020 could not be confirmed.

1.2. Un-Utilized Balances

Note 17.3 to the financial statements reflects unutilized fund balances of Kshs.77,130,284 and Kshs.65,416,640 as at 30 June, 2020 and 30 June, 2019 respectively and as detailed under Annex 3. However, computation of the unutilized balances amounted to Kshs.75,961,027 and Kshs.72,307,616 resulting in an unexplained difference of Kshs.1,169,257 and Kshs.6,890,976 for the 2019/2020 and 2018/2019 financial years respectively.

As a result, the accuracy of unutilized fund balances of Kshs.77,130,284 could not be confirmed.

2. Project Management Committees (PMC) Bank Accounts

Disclosed under Annex 3 to the financial statements are unutilized balances totalling Kshs.77,130,284 in respect of Project Management Committee (PMC) bank accounts as at 30 June, 2020. However, the balance excludes bank balances amounting to Kshs.3,000,000 and Kshs.500,000 in respect of Ngoigwa Police Post and Ngoliba Police Division projects respectively. The disbursements for the two projects were made in 2019/2020 but had not been utilized as at the time of the audit in February, 2021. Available information indicates that the delay in utilization of the funds is due to failure by Deputy County Commissioner to identify and allocate space for construction of Ngoigwa Police Post to completion.

Further, the Constituency Committee requested to reallocate the funds allocated to Ngoliba Police Division project intended for construction of semi-permanent houses to Kimuchu Police Post for renovation works which was declined by the CDF Board. No reason has however been provided as to why the balances were excluded as part of the PMC unutilized funds reported in the financial statements.

Failure to include the two bank balances understated the total available unutilized balance totalling Kshs.77,130,284 by Kshs.3,500,000.

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

Key Audit Matters

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

Other Matter

1. Budgetary Performance

The summary statement of appropriation, during the financial year under review, Thika Town NG-CDF received a total of Kshs.127,506,587 from the National Government

Constituencies Development Fund Board and other receipts against a budget of Kshs.196,874,311 resulting in a shortfall of Kshs.69,367,724 or 35% of the budgeted receipts.

Further, the CDF incurred a total expenditure of Kshs.120,141,707, which is equivalent to 94% of the actual receipts of Kshs.127,506,587. The under-utilization of the approved budget impacted negatively on service delivery to the residents of Thika Town Constituency.

2. Project Implementation

2.1 Implementation of Schools Projects

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects transfers to to other government units of Kshs.76,495,123 which includes transfers to primary schools and transfers to secondary schools totalling Kshs.48,600,000 and Kshs.27,895,123 respectively. The funds disbursed were for implementation of various projects approved by the CDF Board. However, out of the forty (40) projects the Fund Management intended to implement during the year under review, only five (5) were completed, twelve (12) were at different stages of implementation, while twenty-three (23) had not commenced, as of 30 June, 2020, respectively. The projects not commenced comprised of fourteen (14) in primary schools, eight (8) in secondary schools and one (1) tertiary institution.

Although the Management attributes the low absorption of funds mainly to delay by the National Government Constituencies Development Fund Board in releasing funds to the Fund, the CDF Committee should take appropriate measures to ensure that approved projects were implemented within the set timelines.

2.2 Other Grants and Transfers Projects

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects Kshs.33,199,515 spent on other grants and transfers. The CDF Committee had allocated the funds to undertake thirty-eight (38) projects. However, only fifteen (15) projects were completed, one (1) was on going while twenty-two (22) had not commenced during the year under review.

Failure to implement and complete projects impacted negatively on service delivery to the residents of the Thika Town Constituency.

3. Prior Year Audit Issues

The financial statements for the year ended 30 June, 2020 presented for audit did not capture unresolved issues raised in the Auditor-General's report for 2018/2019 contrary to the guidelines provided by the Public Sector Accounting Standards Board on follow up of the Auditor-General's recommendations.

No explanation has been provided for the omission.

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. Emergency Reserve Fund

The statement of appropriation - recurrent and development combined budget for the year ended 30 June, 2020 revealed that, out of the total budget allocation of Kshs.196,752,311, the CDF Committee set aside Kshs.11,008,461 or 5.6% for emergencies thus over funding the item by Kshs.1,170,845. This is contrary to Section 8 (1) of the National Government Constituencies Development Fund Act, 2015 which states that a Constituency Committee shall apportion an equivalent of five percent (5%) of the total allocation to emergency and shall be available for emergencies that may occur within the Constituency.

Consequently, the Management was in breach of the law.

2. Project Verification

2.1 Delay in Implementation of Kiangombe Primary School Project

Included in transfer to primary schools' expenditure of Kshs.48,600,000 are disbursements totalling Kshs.4,000,000 to Kimuchu Primary School for in respect of construction of 3 new classrooms and 400 metres of barbed wire and concrete poles fence for the proposed Kiangombe Primary School. Records indicated that the funds were disbursed on 4 April and 14 June, 2020 to Kimuchu Primary School's account incorporating the PMC members from both Kiang'ombe area and Kimuchu Srimary School.

However, a review of project file revealed that the funds had not been utilized as at the time of audit in March 2021. Management attributed the failure to utilize funds to disputes on land for the proposed school. However, the funds had not been returned to the CDF account as provided for under Section 6 (3) of National Government Constituencies Development Fund Act, 2015 which requires that if for any reason a particular project is cancelled or discontinued during the financial year, funds allocated for such a project shall be returned to the Fund and credited to the account of the Constituency from which the funds were withdrawn.

2.2 Poor Workmanship in Construction of Police Posts

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and other payments totalling Kshs.33,199,515 which includes Kshs.19,851,343 on security projects. Included in this expenditure are payments of

Kshs.1,500,000 each disbursed to Munyu for face-lifting and construction of two septic tanks and for construction of a police post in Makongeni respectively.

An audit inspection carried out in March, 2021 revealed poor workmanship. At Munyu Police Post, the ceiling was poorly done, windowpanes and verandah were incomplete, verandah and there was no washroom at the cell, while the door to one out of the build three offices had not been fixed.

Further, installation of floor tiles at Makongeni was incomplete, the doors were poorly fitted and were not painted. No evidence was provided indicating that the works were supervised by the Constituency Development Fund Committee and the County Public Works.

Consequently, value for money on the expenditure of Kshs.3,000,000 incurred on the two projects as at 30 June, 2020 could not be confirmed.

2.3 Unauthorized Change of Project Activity

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and other payments totalling Kshs.33,199,515 which includes Kshs.19,851,343 on security projects. Included in this expenditure is a disbursement of Kshs.1,000,000 to Kimuchu Police Post for fencing of the station compound using barbed wire and concrete posts. However, the Project Management Committee (PMC) reallocated the amount to partitioning and renovation at the police post at an unspecified cost.

A physical inspection of the project on 10 March, 2021 revealed that the proposed fencing had not been done while the PMC had incurred a total of Kshs.489,685 for the new project. No evidence was provided indicating that the reallocation of funds from the initial project of fencing to partitioning and renovation contrary to Section 6(2) of the National Government Constituencies Development Fund which states that once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board.

As a result, the propriety and value for money of the expenditure of Kshs.1,000,000 disbursed to Kimuchu Police Post during the year ended 30 June, 2020 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to either dissolve 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 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 ability of the Fund to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

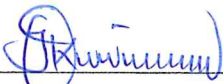
08 February, 2022


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

8. STATEMENT OF RECEIPTS AND PAYMENTS

		2019/2020	2018/2019
		Ksh	Kshs
RECEIPTS	Note		
Transfers from CDF board-AIEs' Received	1	116,888,831.70	111,284,483.00
Proceeds from Sale of Assets	2		
Other Receipts	3	122,000	94,000
TOTAL RECEIPTS		117,010,832	111,378,483
PAYMENTS			
Compensation of employees	4	2,214,080	1,542,477
Use of goods and services	5	7,713,309	9,197,840
Transfers to Other Government Units	6	76,495,123	51,997,695
Other grants and transfers	7	33,199,515	45,392,050
Acquisition of Assets	8	519,680	-
Other Payments	9	-	4,669,257
TOTAL PAYMENTS		120,141,707	112,799,319
SURPLUS/DEFICIT		(3,130,875)	(1,420,836)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-THIKA TOWN Constituency financial statements were approved on 30/8 2020 and signed by:


Fund Account Manager
Name: Joan Koech

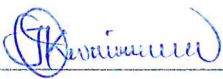

National Sub-County Accountant
Name: Peter Kanan
ICPAK Member Number: RL4903


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

9. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Ksh	ksh
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,364,881	10,495,755
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalents		7,364,881	10,495,755
Accounts Receivables - Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		7,364,881	10,495,755
FINANCIAL LIABILITIES			
Accounts Payables - Retention	12	-	
Net Financial Position		7,364,881	10,495,755
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	10,495,755.00	11,916,591
Surplus/Deficit for the year		(3,130,874.00)	(1,420,836)
Prior year adjustments	14		
NET FINANCIAL POSITION		7,364,881	10,495,755

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-THIKA TOWN Constituency financial statements were approved on 30/8 2020 and signed by:


Fund Account Manager
Name: Joan Koel



National Sub-County Accountant
Name: Peter Kanyo
ICPAK Member Number: PLU903

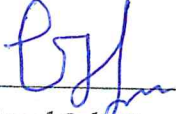
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

10. STATEMENT OF CASHFLOW

Receipts for operating income	Note	2019-2020	2018-2019
		Kshs	Kshs
Transfers from CDF Board	1	116,888,831.70	111,284,483
Other Receipts	3	122,000.00	94,000
		117,010,832	111,378,483
Payments for operating expenses			
Compensation of Employees	4	2,214,080.00	1,542,477
Use of goods and services	5	771,330.75	9,197,840
Transfers to Other Government Units	6	76,495,123.00	51,997,695
Other grants and transfers	7	33,199,515.00	45,392,050
Other Payments	9	-	4,669,257
		119,622,027.00	112,799,319
Adjusted for:			
Adjustments during the year	14		
Net cash flow from operating activities		(2,611,195)	(1,420,836)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(519,680)	-
Net cash flows from Investing Activities		(519,680)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(3,130,875)	(1,420,836)
Cash and cash equivalent at BEGINNING of the year	13	10,495,756	11,916,591
Cash and cash equivalent at END of the year		<u>7,364,881</u>	<u>10,495,755</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-THIKA TOWN Constituency financial statements were approved on 30/8 2020 and signed by:


Fund Account Manager
Name: Joan Koech


National Sub-County Accountant
Name: Peter Kanyo
ICPAK Member Number: RP4903

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

11. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	137,367,724	59,384,587	196,752,311	127,384,586.85	69,367,724	64.7%
Proceeds from Sale of Assets						
Other Receipts	-	122,000	122,000	122,000		
TOTAL RECEIPTS	137,367,724	59,506,587	196,874,311	127,506,587	69,367,724	64.8%
PAYMENTS						
Compensation of Employees	2,105,000	-	2,105,000	2,214,080	(109,080)	105.2%
Use of goods and services	10,258,095	1,140,233	11,698,328	7,713,308.75	3,985,019	65.9%
Transfers to Other Government Units	74,760,000	34,295,123	109,055,123	76,495,123	32,560,000	70.1%
Other grants and transfers	50,244,629	21,960,294	72,204,923	33,199,515	39,005,408	46.0%
Acquisition of Assets	-	519,680	519,680	519,680	519,680	100.0%
Other Payments	-	1,169,257	1,169,257	-	1,169,257	
TOTAL	137,367,724	59,384,587	196,752,311	120,141,707	77,130,284	61.1%

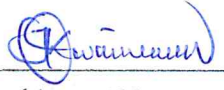
(a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

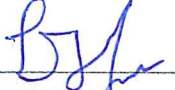
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

- i. Only 50% of the allocated amount was received by the end of the financial year thus translating to underutilization of funds in all the budgeted items.
- ii. During the year, the constituency realised AIA amounting ksh 122,000

The NGCDF-THIKA TOWN Constituency financial statements were approved on 30/8 2020 and signed by:



Fund Account Manager
Name: Joan Koech



Sub-County Accountant
Name: Peter Kanan
ICPAK Member Number: PL4903

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

12. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020		
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,105,000		2,105,000	2,214,080	(109,080)
1.2 Committee allowances	2,000,000	1,112,742	3,112,742	3,131,367	-18,625
1.3 Use of goods and services	4,117,063	472,667	4,589,730	4,134,712	2,970,018
	8,242,063	1,883,992	10,126,055	6,538,159	3,587,897
2.0 Monitoring and evaluation					
2.1 Capacity building	2,500,000	949,600	3,449,600	1,491,700	1,957,900
2.2 Committee allowances	1,500,000		1,500,000	1,500,000	-
2.3 Use of goods and services	121,032	295,578	416,610	397,530	19,080
	4,121,032	1,245,178	5,366,210	3,389,230	1,976,980
3.0 Emergency	7,198,241	3,810,220	11,008,461	10,500,000	508,461
3.1 Primary Schools			-		-
3.2 Secondary schools			-		-
3.3 Tertiary institutions			-		-
3.4 Security projects			-		-
			-		-
4.0 Bursary and Social Security			-		-
4.1 Primary Schools			-		-
4.2 Secondary Schools	22,000,000	-	22,000,000	20,000	21,980,000
4.3 Tertiary Institutions	11,500,000	-	11,500,000		11,500,000
4.4 Special schools	841,931	-	841,931		841,931

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

	-	-	-	-	-
	34,341,931	-	34,341,931	20,000	34,321,931
5.0 Sports					
Constituency Sports tournament	2,747,354	80,818	2,828,172	80,817.52	2,747,354
6.0 Environment	2,747,354	-	2,747,354	2,747,354.48	-
7.0 Primary Schools Projects					
Magogoni Primary School	4,000,000		4,000,000	4,000,000	-
Gatunyaga Primary school	4,000,000	3,000,000	7,000,000	7,000,000	-
Matathia Primary School	1,000,000	2,000,000	3,000,000	2,000,000	1,000,000
Kianjahi Primary School	1,200,000		1,200,000	-	1,200,000
Githima Primary School	1,500,000	2,000,000	3,500,000	2,000,000	1,500,000
Magana Primary School	2,500,000	-	2,500,000	2,500,000	-
Komo Primary school	4,000,000	1,000,000	5,000,000	5,000,000	-
Munyu Primary School	500,000		500,000	-	500,000
Kilimambogo Primary School	500,000		500,000	-	500,000
Kenya Harambee Primary School	2,000,000	3,000,000	5,000,000	5,000,000	-
Thika Barracks Primary School	2,000,000		2,000,000	2,000,000	-
Kiang'ombe Primary school	4,000,000		4,000,000	4,000,000	-
Kiganjo Primary School	500,000		500,000	500,000	-
Kamenu Primary School	4,000,000	-	4,000,000	4,000,000	-
Kianjau Primary School	500,000		500,000	-	500,000
Gatumaini Primary School	1,500,000		1,500,000	-	1,500,000
Thika Muslim Primary school	1,500,000		1,500,000	-	1,500,000
Jamhuri Primary school	3,500,000		3,500,000		3,500,000
Umoja Primary School	4,000,000		4,000,000	4,000,000	-
Karibaribi Primary School	4,000,000		4,000,000	-	4,000,000
Kisiwa Primary School	1,500,000		1,500,000	-	1,500,000
Ngoliba Primary School	1,300,000		1,300,000	1,300,000	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – THIKA TOWN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

13. 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 NG-CDF Thika Town Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

sense of the overall net cash position of Thika Town NG-CDF at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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 (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

14. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Description		F/Y 2019/2020	F/Y 2018-2019
			KSH	KSH
1330407	Normal Allocation	AIE NO. 5322		2,500,000.00
		AIE NO 5362		54,784,483.15
		AIE NO.30123		10,000,000.00
		AIE NO. 7488		8,000,000.00
		AIE NO. 5485		12,000,000.00
		AIE NO. 42848		11,000,000.00
		AIE NO 47057		13,000,000.00
		AIE NO 48201.	48,888,831.70	
		AIE NO 4221.	4,000,000.00	
		AIE NO 4176.	20,000,000.00	
		AIE NO. B049186	6,000,000.00	
		AIE NO B104160	14,000,000.00	
		AIE NO 104494	24,000,000.00	
1330408	Conditional grants			
1330409	Receipt from another Constituency			
	TOTAL		116,888,831.70	111,284,483.00

2. PROCEEDS FROM SALE OF ASSETS

	Description	2019/2020	2018-2019
		Ksh	Kshs
3510202	Receipts from the Sale of Buildings	0	0
3510601	Receipts from the Sale of Vehicles and Transport Equipment	0	0
3510801	Receipts from the Sale Plant Machinery and Equipment	0	0
3510803	Receipts from the Sale of Office and General Equipment	0	0
	TOTAL	0	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

	Description	2019/2020	2018/2019
		Kshs	Kshs
1410107	Interest Received	0	0
1410405	Rents		0
1420601	Sale of Tender Documents	122,000.00	94000
1450207	Other Receipts Not Classified Elsewhere (specify)		0
	TOTAL	122,000.00	94000

4. COMPENSATION OF EMPLOYEES

	Description	2019/2020	2018/2019
		Kshs	Kshs
2,110,201.00	Basic wages of contractual employees	1,246,320.00	1,216,917.00
2,110,202.00	Basic wages of casual labour	260,000.00	213,000.00
	Personal allowances paid as part of salary	0	0
2,110,301.00	House allowance	0	0
2,110,314.00	Transport allowance	0	0
2,110,320.00	Leave allowance	0	0
2,110,326.00	Other personnel payments	34,800.00	34,800.00
2,120,101.00	Employer contribution to NSSF	77,760.00	77,760.00
2,710,120.00	Gratuity-contractual employees	595,200.00	-
	TOTAL	2,214,080.00	1,542,477.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	Description	2019/2020	2018-2019
		Kshs	Kshs
2210100	Utilities, supplies and services	697,206.88	570,720.00
2210101	Electricity		-
2210102	Water & sewerage charges		-
2210104	Office rent	832,760.00	1,050,000.00
2210200	Communication, supplies and services	160,660.00	76,320.00
2210300	Domestic travel and subsistence		
2210500	Printing, advertising and information supplies & services	187,359.00	170,068.00
2210600	Rentals of produced assets		
2210700	Training expenses	1,491,700.00	679,955.00
2210800	Hospitality supplies and services	45,734.00	
2210802	Other committee expenses		918,520.00
2210809	Committee allowance	3,192,367.00	4,406,000.00
2210900	Insurance costs	101,243.38	128,666.25
2211000	Specialized materials and services		
2211100	Office and general supplies and services	680,474.00	487,319.00
2211200	Fuel , oil & lubricants	158,700.00	479,369.00
2211300	Other operating expenses		230,903.00
2211301	Bank service commission and charges	31,330.11	
2211313	Security operations		
2220100	Routine maintenance - vehicles and other transport equipment	133,774.38	
2220200	Routine maintenance- other assets		
	TOTAL	7,713,308.75	9,197,840.25

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

	Description	2019/2020	2018/2019
		Ksh	Kshs
2630204	Transfers to Primary schools	48,600,000.00	36,151,725.00
2630205	Transfers to Secondary schools	27,895,123.00	15,845,970.00
2630206	Transfers to Tertiary institutions		-
2630207	Transfers to Health institutions		-
	TOTAL	76,495,123.00	51,997,695.00

7. OTHER GRANTS AND OTHER PAYMENTS

	Description	2019/2020	2018/2019
		Kshs	Kshs
2640101	Bursary -Secondary	0	22,420,500.00
2640102	Bursary -Tertiary	20,000.00	8,281,965.15
2640104	Bursary-Special schools	0	312,000.00
2640105	Mocks & CAT	0	0
2640504	Water	0	0
2640505	Food security	0	0
2640506	Electricity	0	0
2640507	Security	19,851,343.00	5,000,000.00
2640508	Roads and Bridges		-
2640509	Sports	80,817.52	3,563,792.20
2640510	Environment	2,747,354.48	2,663,792.20
2640512	Cultural Projects	0	0
2640513	Agriculture	0	0
2640200	Emergency Projects	10,500,000.00	3,150,000.00
	TOTAL	33,199,515.00	45,392,049.55

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
- THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	Non-Financial Assets	2019/2020	2018/2019
		Kshs	Kshs
3110102	Purchase of Buildings	0	0
3110202	Construction of Buildings	0	0
3110302	Refurbishment of Buildings	0	0
3110701	Purchase of Vehicles	0	0
3110704	Purchase of Bicycles & Motorcycles	0	0
3110801	Overhaul of Vehicles	0	0
3111001	Purchase of office furniture and fittings	519,680.00	0
3111002	Purchase of computers/IT equipment	0	0
3111005	Purchase of photocopier	0	0
3111009	Purchase of other office equipment	0	0
3111112	Purchase of soft ware	0	0
3130101	Acquisition of Land	0	0
	TOTAL	519,680.00	0

9. OTHER PAYMENTS

	2019/2020	2018-2019
	Ksh	Ksh
Strategic plan	0	3,500,000.00
Innovation hubs	0	1,169,256.80
TOTAL	0	4,669,256.80

10A: Bank Accounts (cash book bank balance)

Name of Bank & currency	Account Number	2019-2020	2018-2019
		Kshs	Kshs
Equity Bank Thika branch(Kshs)	A/C 90261620323	7,364,881	10,495,755.15
Total Cash at Bank		7,364,881	10,495,755.15

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10B. CASH IN HAND

	2019/2020	2018/2019
	Kshs	Ksh
Location 1	0	0
Location 2	0	0
Location 3	0	0
Others(Specify)	0	0
TOTAL	0	0

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>	<i>Date imprest taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>
		<i>Kshs</i>	<i>Kshs</i>
			0
		0	0
		0	0

12A. RETENTION

Supplier/Contractor	PV No.	2019/2020	2018/2019
	N/A	0	0
TOTAL		0	0

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1	0	0
Name 2	0	0
Name 3	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

13. BALANCES BRAUGHT FORWARD

	2019/2020	2018/2019
	Ksh 1/7/2019	Kshs (1/7/2018)
Bank accounts	10,495,755.15	11,916,591.00
Cash in hand		
Imprest		
TOTAL	10,495,755.15	11,916,591.00

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY2019 / 2020 per Financial statements	Adjustments	Adjusted balance b/f 2018 /2019
Description of the error	Kshs	Kshs	Kshs
Bank accounts balances	0	0	0
Cash in hand	0	0	0
Accounts Payable	0	0	0
Receivables	0	0	0
Others (specify)	0	0	0
TOTAL	0	0	0

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2019/2020	2018/2019
Outstanding Imprest as at 1st July 2019 (A)	0	0
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year ©	0	0
Net changes in accounts receivables (D=A+B-C)	0	0
TOTAL	0	0

16 CHANGES IN ACCOUNTS PAYABLE-DEPOSITS AND RETENTION

	2019/2020	2018/2019
	Kshs	Kshs
Deposits as at 1 st July 2019 (A)	0	0
Deposits and Retention held during the year (B)	0	0
Deposits and retention paid during the year (C)	0	0
Net changes in account payable (D=A+B-C)	0	0
TOTAL	0	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
– THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
TOTAL	0	0

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019 - 2020	2018 - 2019
	Kshs	Kshs
Staff salaries	-	-
Staff Gratuity	-	-
Others (specify)	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2019/2020	2018/2019
	kshs	Kshs
Compensation of Employees	(109,080.00)	0
Use of goods and services	3,985,019	1,440,233
Transfers to Other Government Units	32,560,000.00	34,295,123
Other grants and transfers	39,005,407.98	21,960,294
Acquisition of Assets	519,680.00	519,680
Other Payments	1,169,257.00	1,169,256.20
Total	77,130,284	59,384,587

17.4 : PMC ACCOUNT BALANCES(See Annex 5)

	2019 /2020	2018 /2019
	Kshs	Kshs
PMC account Balances (see attached list)	26,641,441.78	4,777,104.40
TOTAL	26,641,441.78	4,777,104.40

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
		Kshs	Kshs	
Compensation of employees		(109,080)	3,090,408	
Use of goods & services		3,985,019	1,000,944	
Amounts due to other Government entities				
1.PRIMARY SCHOOLS				
Komo Primary	Fencing		1,000,000.00	
Githima Primary School	1 Classroom and fencing		2,000,000.00	
Gatunyaga Primary School	Construction of 3 classrooms to completion		3,000,000.00	
Powerline Primary School	2 Classrooms construction		2,300,000.00	
Matathia Primary School	piping of water to the school, water tank and gutters		2,000,000.00	
Mountain View Primary School	Construction of 1 classroom to completion		1,000,000.00	
Kenyatta Harambee Primary School	construction of 1 computer room gutters		3,000,000.00	
Kimuchu Primary School	construction of 2 classrooms to completion		2,000,000.00	
General Kago Primary School	Renovations		3,000,000	
Kiboko Primary School	Painting		500,000	
Athena Primary School	Fencing		1,500,000	
Munyuu Primary School	Water channelling		1,300,000	
Matathia Primary School	Construction of school fence	43	1,000,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Githina Primary School	1 classroom and 62 desks	1,500,000		
Munyui Primary School	62 Pupils desks	500,000		
Kilimanjaro Primary School	62 Pupils desks	500,000		
Munyui Primary School	62 pupils Desks	500,000		
Kiamoto Primary School	127 Pupils desks	1,200,000		
Githinani Primary School	Facelift	1,500,000		
Thika Muslim Primary School	Perimeter wall	1,500,000		
Jamhuri Primary School	Completion of facelift	3,500,000		
Karibaribi Primary School	Complete facelift of 10 classrooms	4,000,000		
Kisiwa Primary School	Pupils ablution block	1,500,000		
2. SECONDARY SCHOOLS				
Munyui Mixed Sec Sch	Lighting		400,000	
Munyui Girls Secondary School	Construction of 2 classrooms to completion		2,000,000.00	
Gatanyaga Mixed Day Secondary School	Construction of 2 NO of classrooms		2,000,000.00	
Magugumi Secondary School	Construction of a 1 twin laboratory to completion		2,500,000.00	
Komo Secondary School	Construction of a staff house		2,000,000.00	
Thika Girls Karibaribi Secondary School	Construction of 1 septic tank		1,000,000.00	
Thika High School	Construction of 2 classrooms/Purchase of cables along the school driveway	2,000,000	1,000,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Thika Garrison Secondary School	Construction of science laboratory/Construction of 1 classroom to completion	2,500,000	1,000,000.00	
Kinuchu Secondary School	Construction of 1 laboratory (structure)		1,995,123.00	
Mbagathi Mixed Secondary School	Construction of 1 twin laboratory to completion.	2,500,000	2,500,000.00	
Chania Girls High School	Construction of Science Laboratory	2,500,000		
Maryhills Girls High School	Construction of ablution block	1,500,000		
3.Tertiary Schools				
Kilimambogo Teachers College	Water purification	2,360,000	0	
Sub-Total		30,560,000	38,995,123	
Amounts due to other grants and other transfers				
1.Bursary	To offer bursary support to students	34,321,931	3,271,226.26	
2. Emergency	To cater	508,461	3,838,993.45	
3.Security Institutions				
Ngoliba Chiefs Office	Construction of chiefs office ,fencing , furnishing		2,300,000.00	
D.C.C's Office Thika East Sub-County	Purchase Of Office Furniture Thika East Divison		1,000,000.00	
Deo Thika East	Purchase Of Furniture, And Renovation Of New Offices		1,200,000.00	
Komo Police Post	Construction of the chiefs office		1,400,000.00	
Munyu Police Post	Construction of the police station		1,500,000.00	
Githima Police Post	Renovation of the offices		1,000,000.00	
The Deputy Count Commissioner Thika West Subcounty	Office Refurbishment, Renovation of the DCC'S wing And Landscaping of the muddy compound	45	2,500,000.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Deputy Administration Police Commander Thika West Sub-County(Kiang'ombe)	Construction of 1 police post		1,500,000.00	
Divisional Police Headquarters Thika Makongeni Police Station	Construction Of Septic Tank And 2 door Toilets		500,000.00	
Thika Police Headquarters	Construction of a toilet 1 door for the OCPD with and landscaping		1,500,000.00	
Chief Ruarimu Location Office	Renovation		1,000,000.00	
Kidung'u Police Post	Construction of a police post to completion		500,000.00	
Chief Gatiguri Office	Construction of the chiefs office		1,000,000.00	
Thika Police headquarters	Children cells	1,000,000		
Klanduini sub location	Chiefs office construction	1,000,000		
Gatanyaga Sub location	Furniture	84,874		
Magogoni sub location	Furniture	124,874		
Doc office Thika East	Furniture	48,657		
4.Constituency Sports Tournament	Carry out Constituency Sports activities	2,747,354	80,817.52	
5.Environment Activities	Implementation of environment projects		980,817.52	
Sub-Total		339,836,151	27,051,855	
Acquisition of assets		519,680	1,000,000	
Others (specify)				
Innovation hubs		1,169,286	1,169,286	
Sub-Total		1,688,937	2,169,286	
Grand Total		77,130,284	65,416,640	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost Kshs 2018/2019	Additions during the year	Disposals during the year	Historical Cost Kshs 2019/2020
Land	0	0	0	0
Buildings and structures	0	0	0	0
Transport equipment	5,750,000	0	0	5,750,000
Office equipment, furniture and fittings	421,320	519,680	0	941,000
ICT Equipment, Software and Other ICT Assets	0	0	0	0
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	38,194	0	0	38,194
Total	6,209,514	519,680	0	6,729,194

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-THIKA TOWN CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
GITHIMA PRIMARY SCHOOL	EQUITY	1710279073897	1,942,560	
POWERLINE PRY SCHOOL	EQUITY	1710279051781	1,049,984	
MATATHIA PRY SCHOOL	EQUITY	0090265960723	126,315	
GATUANYAGA PRY SCHOOL	EQUITY	0090265975444	2,442,330.20	
MOUNTAIN VIEW PRY SCHOOL	EQUITY	0090265412963	1,555,580	2,001,301.20
KIMUCHU PRY SCHOOL	EQUITY	0090265966907	186,406.50	570,006.50
KIMUCHU PRIMARY SCHOOL	EQUITY	0090279770488	3,939,880	
KAMENI PRY SCHOOL	EQUITY	0090270692228	2,275,100	
GATAUNYAGA MIXED SEC SCH	EQUITY	0340279082587	174,229.50	
KIMUCHU SEC SCHOOL	EQUITY	0090262232761	473,267.95	151,521.95
KOMO MIXED SEC SCH	EQUITY	0340279308918	983,558.70	
THIKA GIRLS KARIBARIBI SEC SCHOOL	EQUITY	0090263317823	3,645,865.90	
ST PAUL'S GATUANYAGA BOYS SEC SCHOOL	EQUITY	1710279825921	3,962,000	
MAGOGONI SEC SCHOOL	EQUITY	0340279342300	2,096,561	
KARIBAIRIBI MIXED SEC SCHOOL	EQUITY	0090262351616	33,900.75	685,874.75
DCC THIKA WEST	EQUITY	0090278588922	154,634	1,368,400
NGOLIBA CHIEFS OFFICE	EQUITY	0340279290775	99,268.28	
MAKONGENI POLICE POST	EQUITY	1710278949611	1,500,000	
TOTAL			26,641,441.78	4,777,104.40

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND(NG-CDF)-
THIKA TOWN CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
TT/NG-CDF/ OAG/FY 019/020/001	Delayed projects implementation	Delays due to change of activity request	FAM	Resol	

