



Enhancing Accountability



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| THE NATIONAL ASSEMBLY | |
| P. 3 | |
| DATE: | 10 MAY 2022 |
| | TUESDAY |
| TABLED BY: | MAJORITY LEADER |
| CLEAR AT THE TABLE: | |

REPORT

OF

THE AUDITOR-GENERAL

ON

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

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



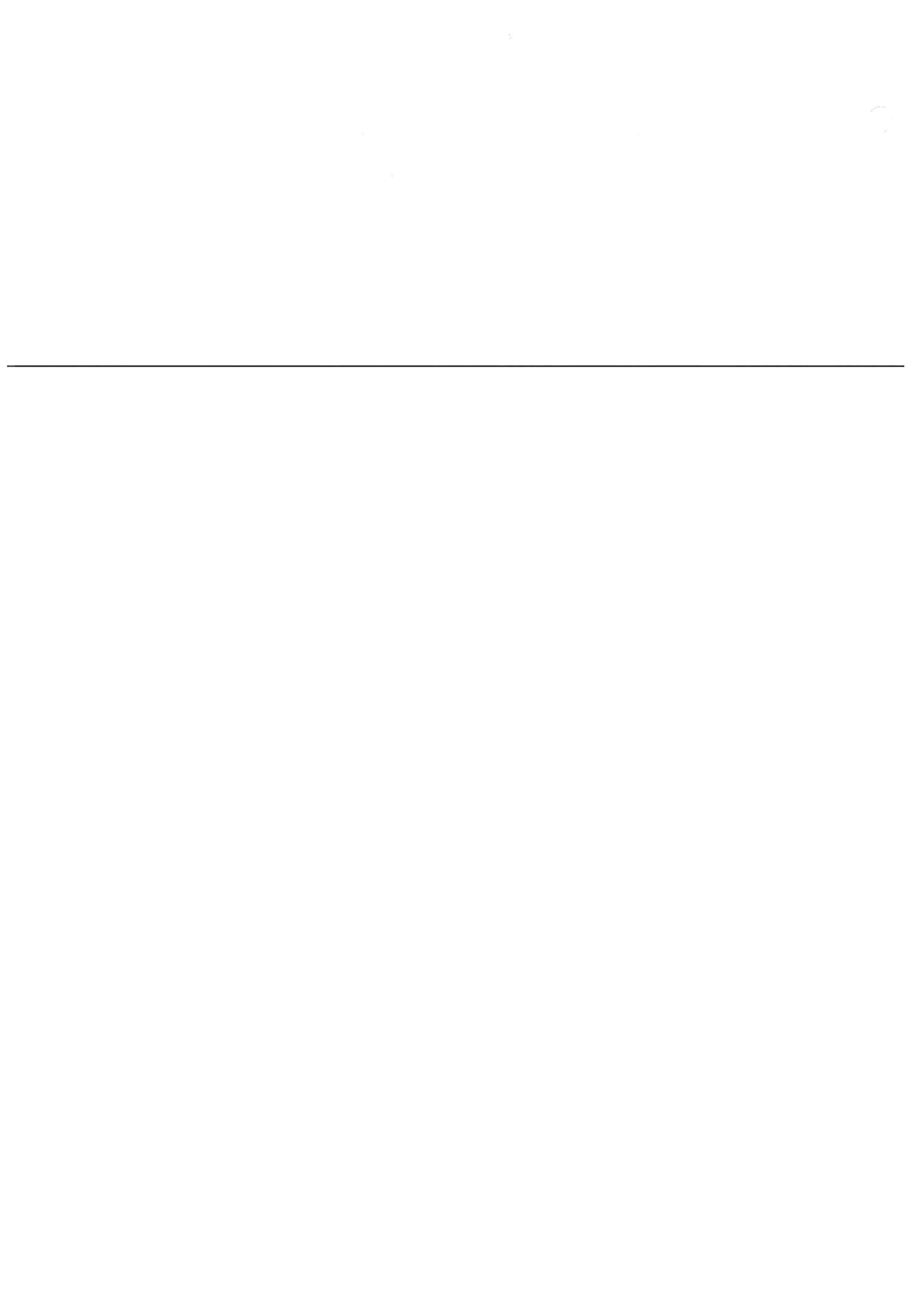


RUARAKA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT
FUND

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)
RUARAKA CONSTITUENCY
Reports and Financial Statements
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
RUARAKA CONSTITUENCY
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

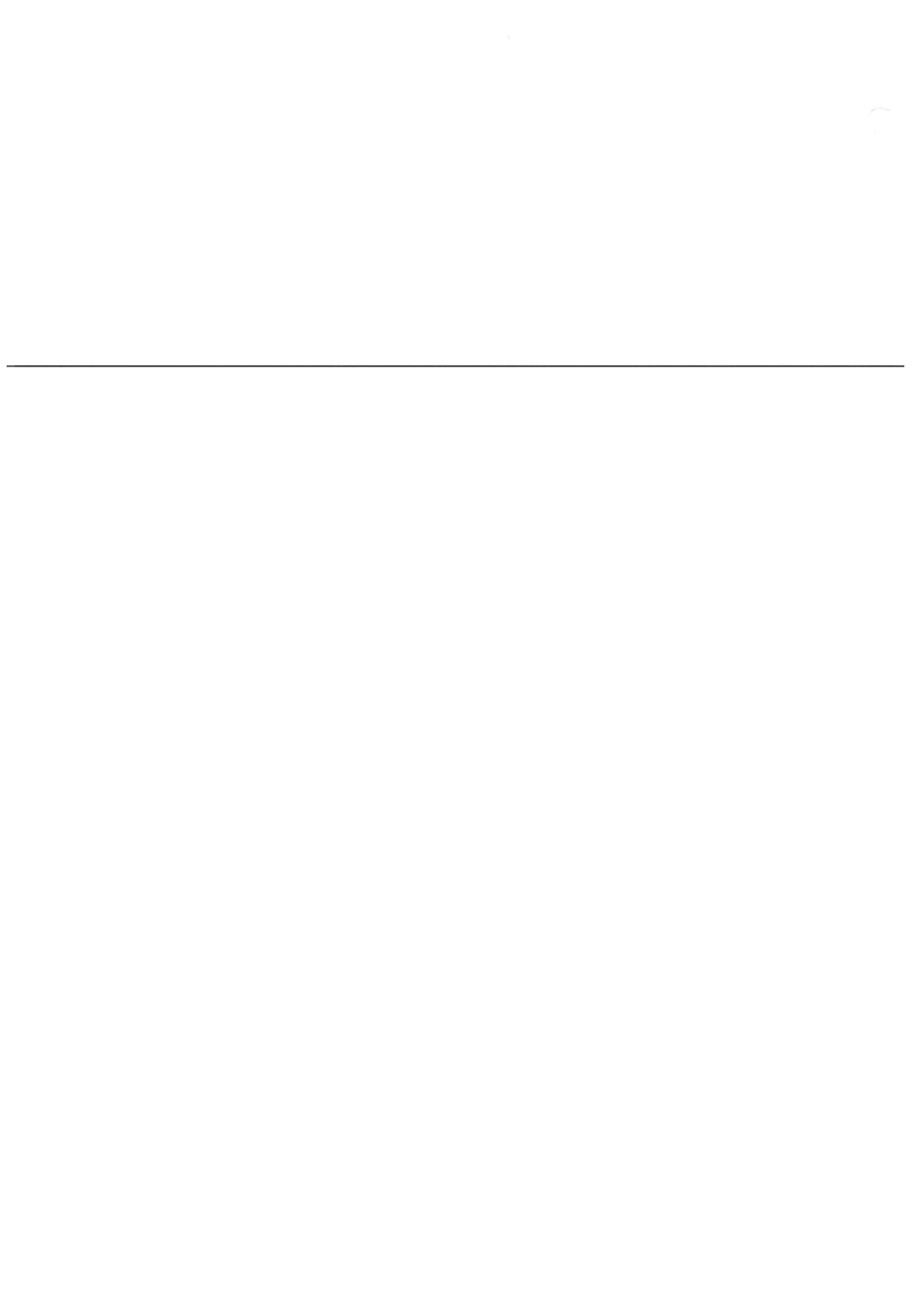
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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

Vision

Role Model Constituency Where all Residents Realize Sustainable Livelihoods.

Mission

“To improve livelihoods of Ruaraka community through provision of servant leadership, suitable and appropriate socio-economic and physical infrastructure, investment opportunities, human



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development which are secured and safe, while maintaining sustainable environmental management practices”

Core Values

- i. To improve access affordability and availability of equality education.
- ii. To harness and empower youth.
- iii. To cater for any unforeseen occurrences in the constituency.
- iv. To promote environmental sustainability in the constituency.
- v. To enhance security in the constituency.
- vi. To improve tracking of implementation NG-CDF programmes.
- vii. To promote performance management and smooth running of the NG-CDF office

(b) Key Management

The NGCDF RUARAKA 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:

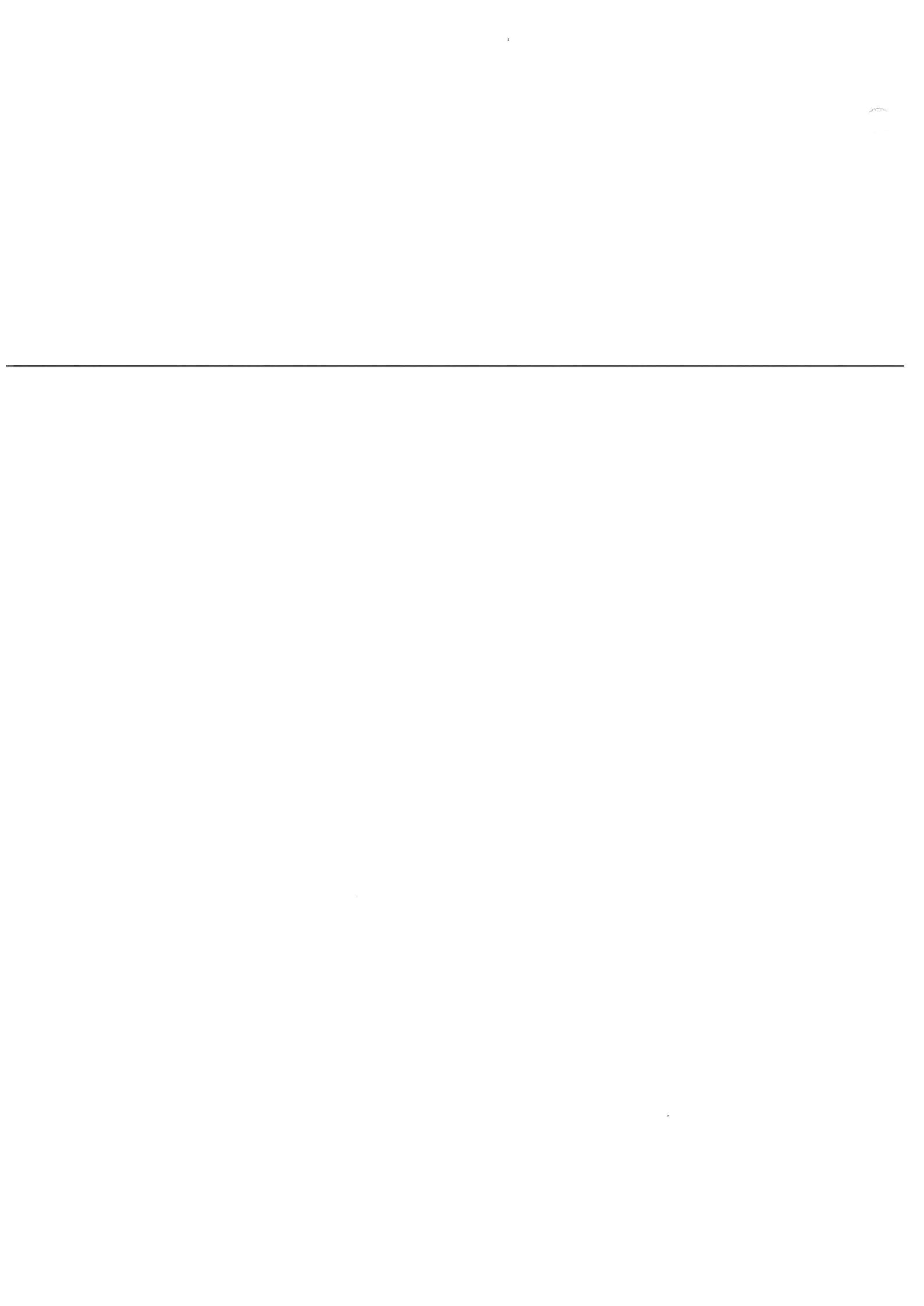
| N | Designation | Name |
|----------|-----------------------|--------------------------|
| o | | |
| 1. | A.I.E holder | Aziz Juma |
| 2. | Sub-County Accountant | Priscah Jepchumba |
| 3. | Chairman NGCDFC | Peter Akuma |
| 4. | Member NGCDFC | Anne Opondo |

(d) Fiduciary Oversight Arrangements

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

P.O. Box 10482-00100
DO'S Office
Along Outering Road
Nairobi, KENYA



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(f) NGCDF RUARAKA Constituency Contacts

Telephone: (254)
E-mail: cdfruaraka@ngcdf.go.ke.com
Website: www.ngcdf.go.ke

(g) NGCDF RUARAKA Constituency Bankers

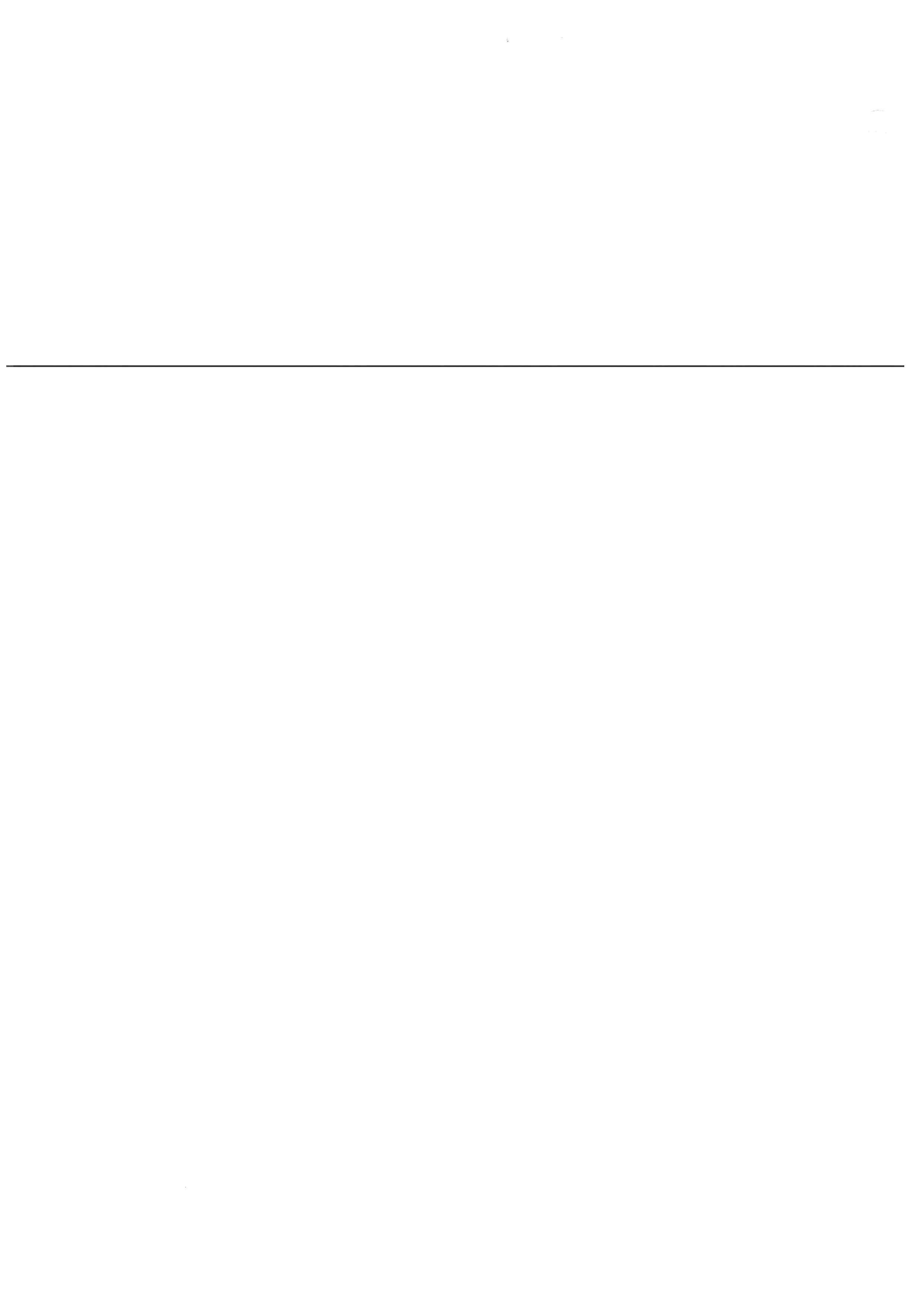
1. Bank Name: Equity bank
Branch: kariobangi branch
Account Name: Ruaraka NG-CDF
Account Number: 0320261619654
Address: 75104, Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

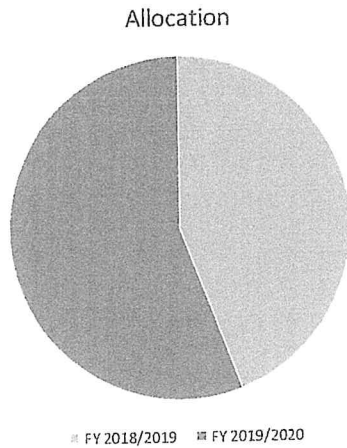


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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Summary of the budget performance against the actual amounts for the current year based on the economic classification and programmes

Figure 1.



The above figure shows the total allocation in FY 2018/2019 of **Kshs. 109,040,876** as compared to FY 2019/2020 allocation of **Kshs.137, 367,724**, translating to 44% and 56% respectively on comparison basis. The 12% increment in the allocation translates to improved service delivery within the constituency

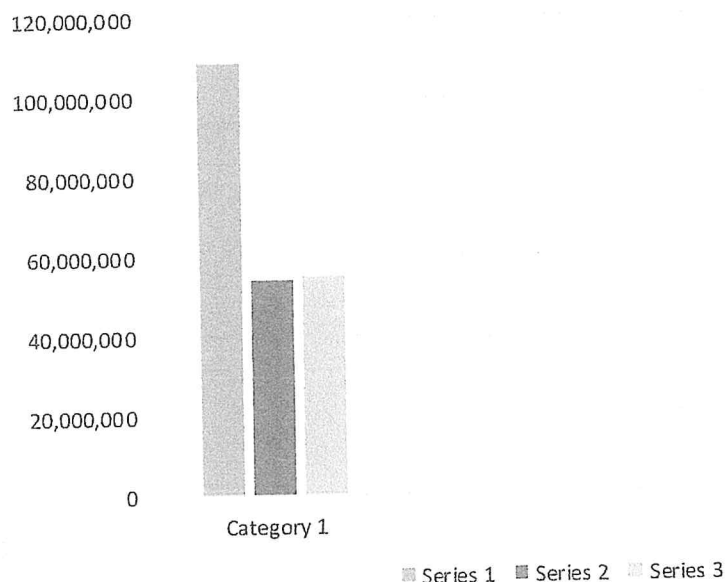
Figure 2.

| Total allocation for FY 019/020 | Total funds received for FY 019/020 | Un-received amount |
|---------------------------------|-------------------------------------|--------------------|
| 137, 367,724 | 68,000,000 | 69,367,724 |

Figure 3.



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Key 1

Series 1- Total allocation for FY 2019/2020

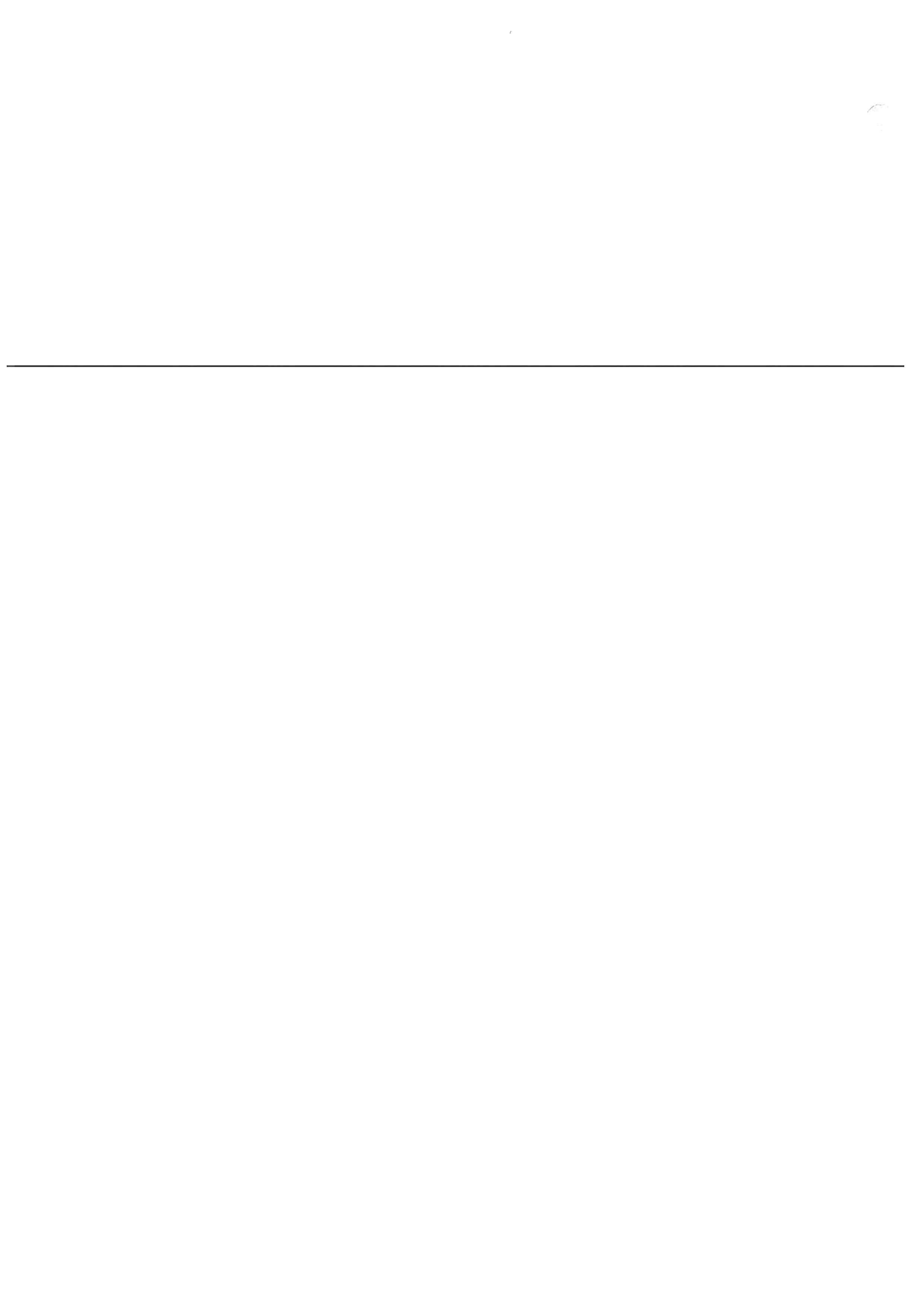
Series 2- Total received fund for FY 019/020

Series 3- Total unreceived fund for FY 019/020

The above figures, 2.0 and 2.1 shows the total allocation of funds for the FY 2019/2020 versus the actual fund disbursed (68M) which translates to 49.5%

Figure 4.

| Total balance b/d 1 st July 2019 | Total allocation for FY 019/020 | Total budget for the year | Actual funds utilised within the year | Unutilised funds |
|---|---------------------------------|---------------------------|---------------------------------------|------------------|
| 124,432,173 | 137,367,724 | 261,799,897 | 131,617,908 | 74,367,724 |



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KEY PROJECTS IN FY 19/2020

Mathare North Primary School- Construction of a Multi- Purpose Hall and Installation of Water Tank through Environment Kity.



Ruaraka High School- Purchase of School Bus.





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Daniel Comboni Primary School- Renovation of Classrooms



IMPLEMENTATION CHALLENGES

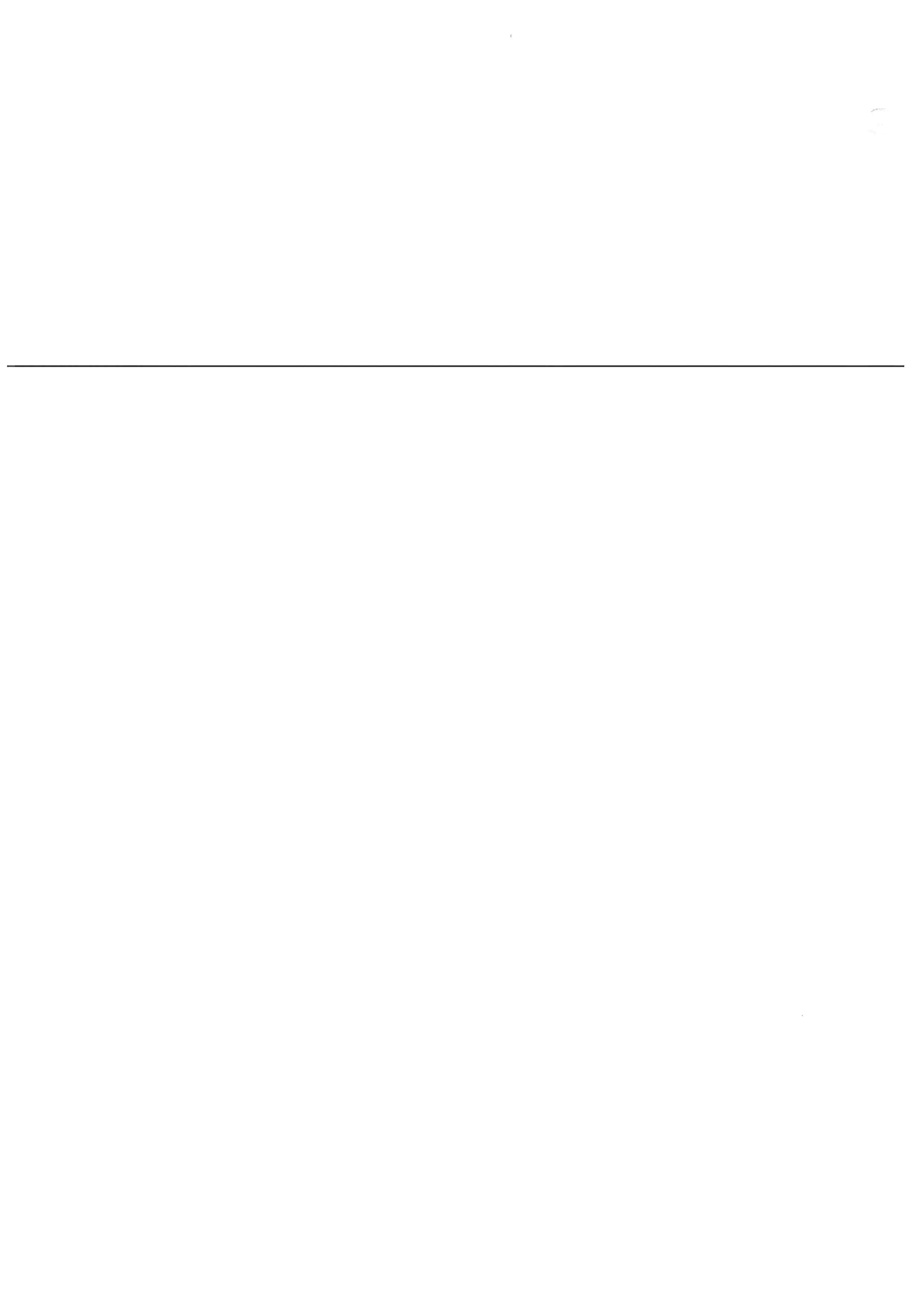
Many projects delayed due to the late disbursement of public funds. We hope that this will improve to enable us do the projects in time.
There was a challenge in implementing the projects because most of the PMCs stayed at home due to COVID-19.

There is also a challenge in the education sector this is because there are many needy students who are in need of support through the bursary fund which is never enough; this is due to lower middle income economy status within the constituency.

Otherwise the impact of the NG-CDF kitty is felt countrywide and we hope and pray that the fund lives longer and longer in order to impact more and more lives in Kenya.

Sign

CHAIRMAN NGCDF COMMITTEE



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III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

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

- a) To improve access, affordability and availability of quality education
- b) To enhance security in the constituency
- c) To promote environmental sustainability in the constituency
- d) To harness talent and empower youth
- e) To cater for any unforeseen occurrences in the constituency.

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 improve access, affordability and availability of quality education | Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions | <ul style="list-style-type: none"> - Increased number of usable physical infrastructure build in primary, secondary, and tertiary institutions - Increased number of bursary beneficiaries. | In FY 19/20 -we increased number of classrooms and improved the status of the current school infrastructures - Construction of two multipurpose halls with a capacity of 1200 and above each. - Purchase of Bus for Ruaraka High School |
| Security | To enhance security in the constituency | Develop and enhance provincial administration and other | Number of usable physical infrastructure built in locations, sub locations and police | Construction of Ruaraka Police Station |



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| | | | | |
|---------------------|---|--|--|---|
| | | security organs infrastructure to enhance service delivery | stations | |
| Environment | To promote environmental sustainability in the constituency | Equip Schools with Energy Saving Jikos and water tanks | High number of Water Tanks Installed. | High number of Water Tanks Installed. |
| Sports | To harness talent and empower youth | Reduced dependence and spur economic growth through sports | Number of youth groups benefitting from the sports programme | Number of youth groups benefitting from the sports programme increased from 10 to 15 |
| Disaster Management | To cater for any unforeseen occurrences in the constituency | Reduce loss of live and properties | Number of staircases and rumps put in place. | Construction of structures with spacious staircases and Rumps to enable easier exit in case of an emergency |



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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – RUARAKA 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 –

Ruaraka NG-CDF has tried to maintain a clear project scope in implementing its projects. However, changes have come up especially from the users even after contracts has been awarded. In this case, the employer and the contractor parties have had to come up with strategies to accommodate some requests not in the scope.

On timelines, our sustainable efforts towards implementation of projects has been affected by the emergence of the Covid-19 pandemic which hit Kenya in March this year. With this end of third and fourth quarter's saw project implementation affected since the President gave out directives affecting movement from one County to another and convergence of individuals at one place and the duration thereof.

Even though the above were the cases on ground, the office managed to implement projects with the funds available adhering to the President's directives as well as the Ministry of Health guidelines in combating the pandemic.

2. Environmental Performance

In adherence to the Environmental Management and Co-ordination Act (EMCA) 1999, the Fund strives to protect the environment by mitigating any pollution activities by ensuring that such measures as water harvesting measures are taken through the provision of water tanks.

In its effort to manager biodiversity, the Fund continues to engage in schools landscaping activities and supporting of pupils raring rabbits in schools.

3. Employee Welfare

Terms and Conditions of the service

Under this, the general rules governing employment of Ruaraka NG-CDFC staff in such as staff appointments, promotions and related matters are highlighted.

Categories of Employment:

Ruaraka NG-CDFC staff are employed on contractual basis, which is usually 2 years maximum, and it is usually renewable basing on the terms and conditions. Such employees are eligible for employee benefits in line with the statutory requirements. New employees are usually put on one month's probation after which they are given a contract term in line with the rest.

Interns are engaged mostly during bursary issuance period since this is when the office needs such short-term services.

Recruitment Procedure: The Fund Account Manager declares vacancies within the office through the NG-CDFC, an approval is then sought for advertisement within the constituency to be done on the notice board and on the website.

Contents of job advertisement

- Job title
- Main purpose of the job
- Description of responsibilities
- Mandatory education level, related work experience and physical office of appointment.
- Application criteria and closing date of the advertisement.



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Selection and Appointment

The Fund through the accounting officer appoints an adhoc selection and interview subcommittee whose main duty is to oversee the job applicants' analysis and selection to determine the applicants to be shortlisted for interviews.

Upon a completed analysis procedure, interviews for staff employment are conducted in a manner that complies with the office's commitment to equal employment opportunity, to ensure that qualified candidates are not discriminated upon based on ethnicity, religion, gender, age, disability, and status among others.

Offer of Appointment:

A person appointed to the office is given the appropriate letter, such an appointee is given 14 days within which to tender in their acceptance letter, failure to which, and this is deemed as a decline of the offer.

Letters of Appointment:

A written contract of service that is signed by the Fund Account Manager and the NG-CDFC Chairman is then issued, which states particulars of employment which includes; the name and address of the employee, job description, probation period and terms, date of commencement of the job, form and duration of the contract, place of work, hours of work, remuneration, termination, benefits and statutory deductions, terms and conditions of employment which the employee is entitled to.

Orientation and Induction of employees:

Ruaraka NG-CDFC ensures orientation and induction of new employees. This is carried out in order to familiarize the new employees with the mandate, vision, mission and operations of the office and how their jobs contribute to this. Induction and orientation are done within the first one month of employment.

HEALTH, SAFETY AND WELL BEING

This provides guidelines on the health, safety and well-being of the organization's staff.

Guidelines to General Safety

The office in its quest to maintain a safe working environment, has put up tailored measures to ensure that the working environment adheres to the OSHA regulations. Personal injuries are mitigated and measures such as a working medical cover is in place to take care of this.

4. Market place practices-

National Government Constituency Development Fund Committee was designed to support constituency-level, grass-root development projects. It is aimed to achieve equitable distribution of development resources across regions and to control imbalances in regional development brought about by partisan politics. It targets all constituency-level development projects, particularly those aiming to alleviate poverty at the grassroots and entrench equitable distribution of development in line with the NG-CDFC Act 2015 provisions

The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level, hence making the limited resources available to everyone.

i) **Responsible competition practice.**

During projects implementation, Ruaraka NG-CDF transfers funds to the Project Management Committees (PMC) who are thereafter guided during tendering process, to ensure that the locals benefit competitively and equitably in the provision of services and materials to the projects. How the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors



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- ii) Responsible Supply chain and supplier relations Payments to suppliers are done promptly upon presentation of requisite supporting documents
- iii) Responsible marketing and advertisement outline efforts to maintain ethical marketing practices Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders
- iv) Product stewardship: In order to safeguard consumer rights and interests, Ruaraka NG-CDF managed to come up with a service charter and the complaints handling policy, principles and procedures brochure.

The service charter points out the Fund's commitment in ensuring that it provides quality services to its customers with high level of professionalism, dignity, integrity and courtesy, whereas complaints handling policy, principles and procedures show the commitment of the Fund's commitment to consistent, fair and confidential complaint handling and to resolve complaints promptly.

5. Community Engagements -

Public Participation in Project Identification and Implementation and Monitoring
Ruaraka NG-Constituency Development Act 2015 stipulates in part 5 section 27 subsection 1 and 2 that the chairperson of the NG-CDFC shall, within the first year of the commencement of a new Parliament and at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency.

The NG-CDFC shall then deliberate on project proposals from the constituency wards' report and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the National development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from. Thereafter, the list of proposed constituency-based projects to be covered under this Act shall be submitted by NG-CDFC to the Board for approval

Public participation is the process that directly engages the concerned stakeholders in decision making and gives full consideration to public input in making that decision. However, public needs are diverse and at times they may not be pegged on the public participation every after two years. In such cases, members of the public are allowed to visit the office and discuss with the Fund Account Manager or the Ruaraka NG-CDFC on urgent issues that cannot wait.



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V. STATEMENT OF NGCDF RUARAKA CONSTITUENCY 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 NG-CDF RUARAKA Constituency is responsible for the preparation and presentation of the NG-CDF-RUARAKA financial statements, which give a true and fair view of the state of affairs of the NG-CDF-RUARAKA for and as at the end of the financial year 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-RUARAKA Constituency accepts responsibility for the NG-CDF-RUARAKA 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 RUARAKA financial statements give a true and fair view of the state of NG-CDF RUARAKA transactions during the financial year ended June 30, 2020, and of the NG-CDF RUARAKA financial position as at that date. The Accounting Officer in charge of the NGCDF-RUARAKA Constituency further confirms the completeness of the accounting records maintained for the NG-CDF RUARAKA, which have been relied upon in the preparation of the NG-CDF RUARAKA financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the NGCDF-RUARAKA Constituency confirms that the NG-CDF RUARAKA has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF RUARAKA 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 NG-CDF RUARAKA 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-RUARAKA Constituency financial statements were approved and signed by the Accounting Officer on 22/31 2021.



Fund Account Manager
Name: AZIZ MASOUD JUMA



THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI
Sub-County Accountant
Name: PRISCA JEPCHUMBA
ICPAK Member Number: 15993



REPUBLIC OF KENYA

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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Ruaraka Constituency set out on pages 16 to 46, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows for the year then ended, statement of appropriation - recurrent and development combined, 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Ruaraka 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 the National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.261,849,897 and Kshs.187,482,173 respectively resulting to an under-funding of Kshs.74,367,724 or 28% of the budget. Similarly, the Fund expended Kshs.131,617,908 against an approved budget of Kshs.261,849,898 resulting to an under-expenditure of Kshs.130,231,990 or 50% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Ruaraka Constituency.

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 matter 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

Incomplete Tender Documents

Review of tender documents revealed that the Fund tendered for construction of a perimeter fence at a contract sum of Kshs.10,818,685 and the contractor had been paid an amount of Kshs.4,823,005. However, the documents provided did not indicate the length and height of the perimeter fence contrary to Section 135(6)(e) of the Public Procurement and Disposal Act, 2015 which states that the tender documents shall be the basis of all procurement contracts and shall, constitute at a minimum technical specifications. .

In the circumstances, it was not possible to establish how the contract sum was computed and whether value for money was realized in the implementation of the project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 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, the 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 abolish 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 manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 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 the Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


11 February, 2022


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

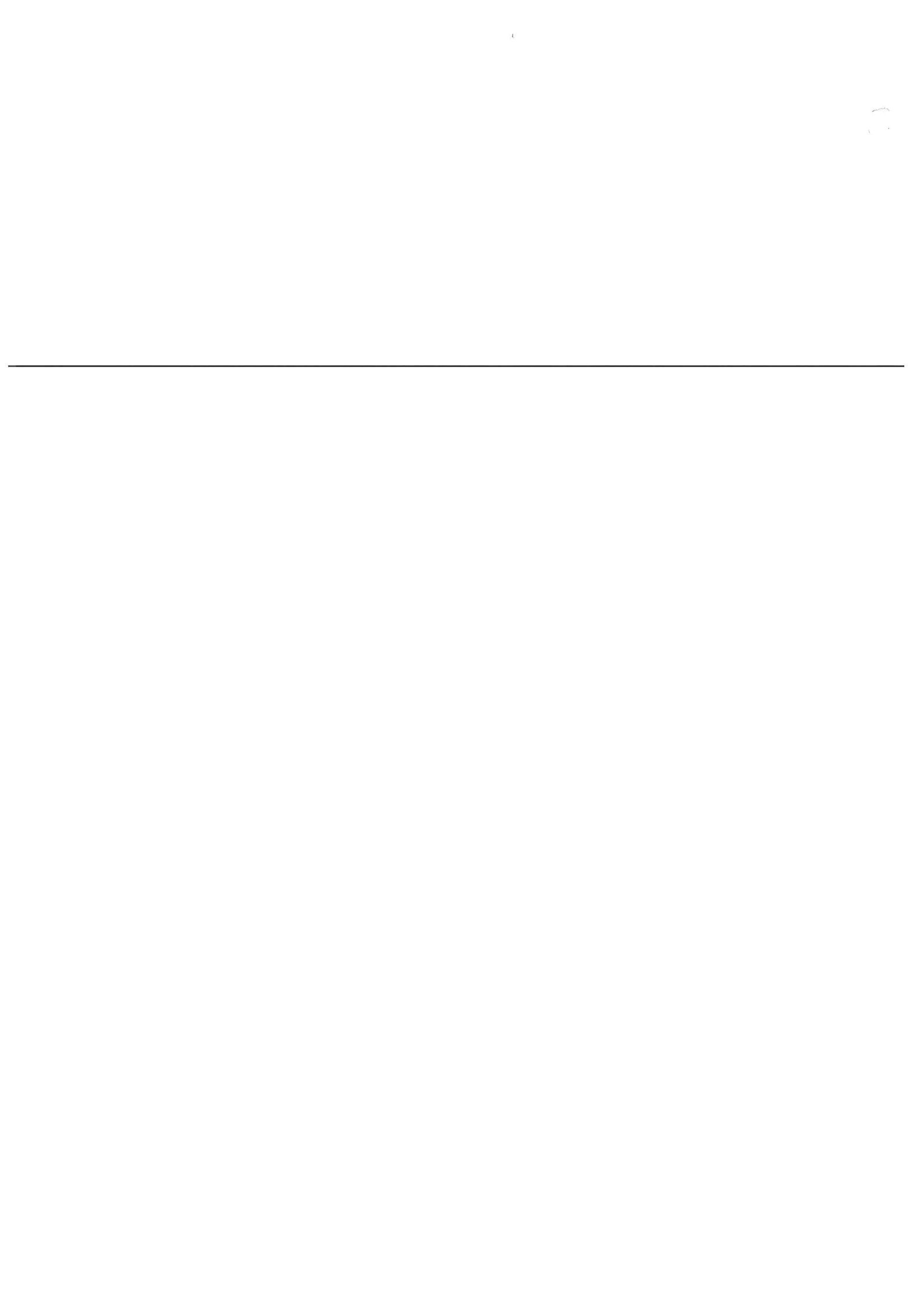
VII. STATEMENT OF RECEIPTS AND PAYMENTS

| | Note | 2019 - 2020 | 2018 - 2019 |
|---|------|--------------------|-------------------|
| | | Kshs | Kshs |
| RECEIPTS | | | |
| Transfers from CDF board-AIEs' Received | 1 | 135,540,876 | 63,500,000 |
| Proceeds from Sale of Assets | 2 | - | - |
| Other Receipts | 3 | 50,000 | 105,000 |
| TOTAL RECEIPTS | | 135,590,876 | 63,605,000 |
| PAYMENTS | | | |
| Compensation of employees | 4 | 4,152,401 | 3,311,610 |
| Use of goods and services | 5 | 3,944,178 | 5,525,723 |
| Transfers to Other Government Units | 6 | 87,096,110 | 10,921,775 |
| Other grants and transfers | 7 | 29,557,654 | 31,533,758 |
| Acquisition of Assets | 8 | - | - |
| Other Payments | 9 | 6,867,565 | - |
| TOTAL PAYMENTS | | 131,617,908 | 51,292,866 |
| SURPLUS/DEFICIT | | 3,972,968 | 12,312,135 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RUARAKA Constituency financial statements were approved on 22/3/2021 and signed by:


Fund Account Manager
Name: AZIZ M. JUMA

THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI

National Sub-County Accountant
Name: PRISCA JEPCHUMBA
ICPAK Member Number: 15993

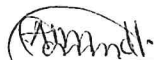



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
RUARAKA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

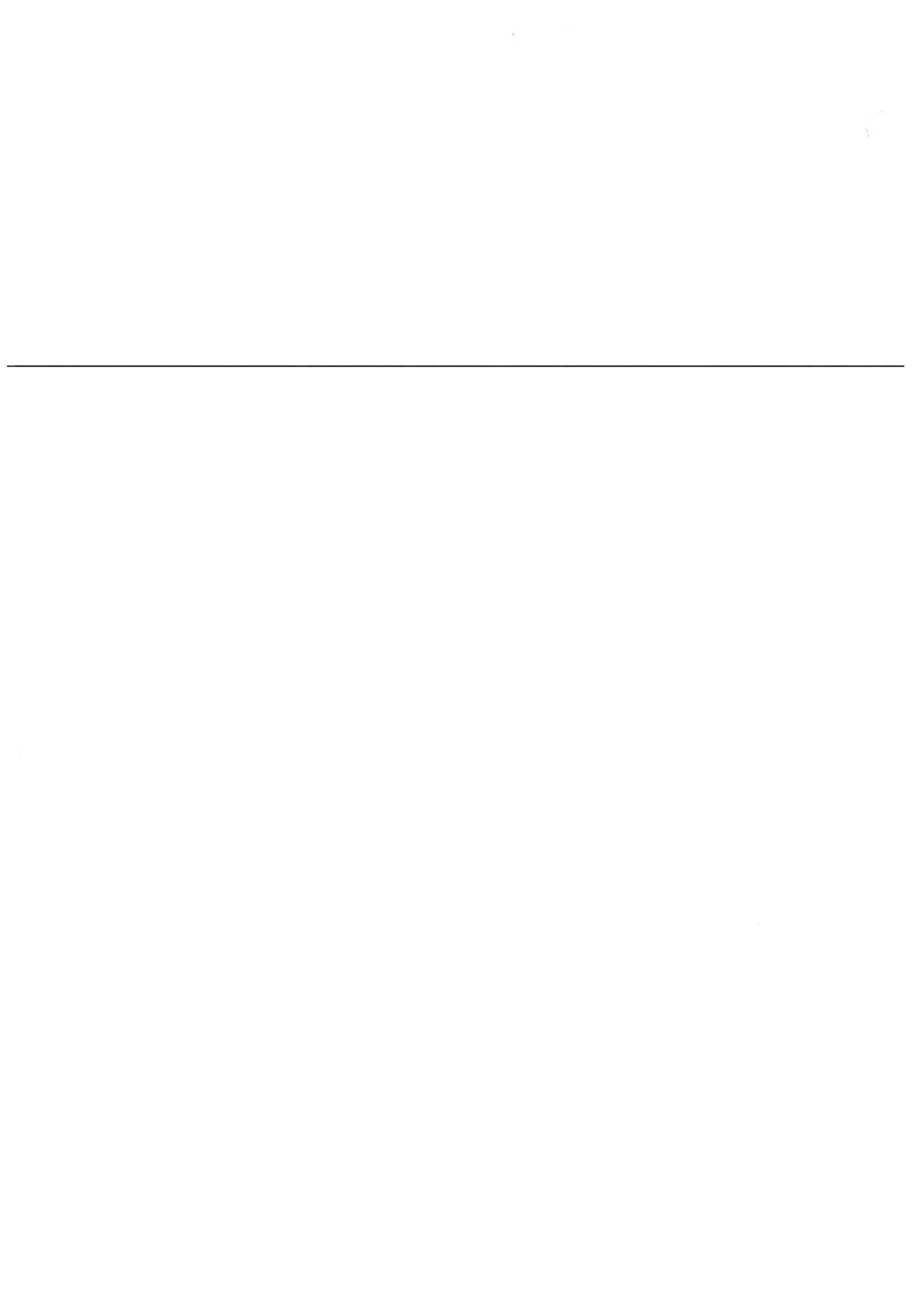
VIII. STATEMENT OF ASSETS AND LIABILITIES

| | Note | 2019-2020 | 2018-2019 |
|--|------|--------------------------|--------------------------|
| | | Kshs | Kshs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances (as per the cash book) | 10A | 55,864,265 | 51,891,298 |
| Cash Balances (cash at hand) | 10B | - | - |
| Total Cash and Cash Equivalents | | 55,864,265 | 51,891,298 |
| Current Receivables-Outstanding Imprests | 11 | - | - |
| TOTAL FINANCIAL ASSETS | | 55,864,265 | 51,891,298 |
| FINANCIAL LIABILITIES | | | |
| Accounts Payable-Retention | 12A | | |
| Gratuity | 12B | - | - |
| NET FINANCIAL ASSETS | | 55,864,265 | 51,891,298 |
| REPRESENTED BY | | | |
| Fund balance b/fwd 1st July... | 13 | 51,891,298 | 38,455,382 |
| Surplus/Deficit for the year | | 3,972,968 | 12,312,135 |
| Prior year adjustments | 14 | - | 1,123,781 |
| NET FINANCIAL POSITION | | <u>55,864,265</u> | <u>51,891,298</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RUARAKA Constituency financial statements were approved on 22/3/2021 and signed by:


Fund Account Manager
Name: AZIZ M. JUMA


THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI
National Sub-County Accountant
Name: PRISCA JEPCHUMBA
ICPAK Member Number: 15993



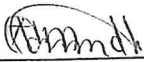
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
RUARAKA CONSTITUENCY**


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

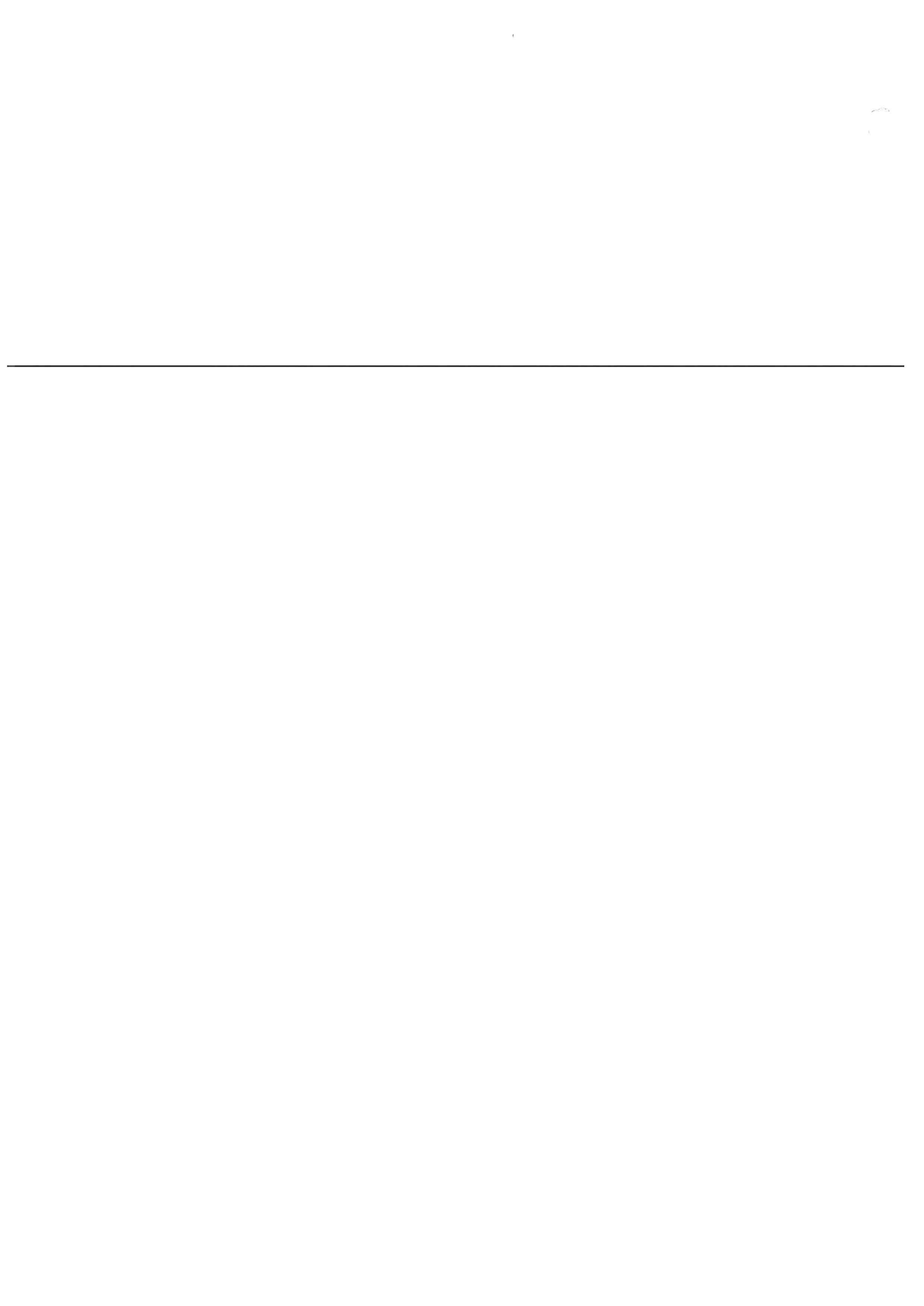
IX. STATEMENT OF CASHFLOW

| | | 2019 - 2020 | 2018 - 2019 |
|--|----|--------------------------|--------------------------|
| | | Kshs | Kshs |
| Receipts for operating income | | | |
| Transfers from NGCDF Board | 1 | 135,540,876 | 63,500,000 |
| Other Receipts | 3 | 50,000 | 105,000 |
| | | 135,590,876 | 63,605,000 |
| Payments for operating expenses | | | |
| Compensation of Employees | 4 | 4,152,401 | 3,311,610 |
| Use of goods and services | 5 | 3,944,178 | 5,525,723 |
| Transfers to Other Government Units | 6 | 87,096,110 | 10,921,775 |
| Other grants and transfers | 7 | 29,557,654 | 31,533,758 |
| Other Payments | 9 | 6,867,565 | - |
| | | 131,617,908 | 51,292,866 |
| Adjusted for: | | | |
| Decrease/(Increase) in Accounts receivable | 15 | | |
| Increase/(Decrease) in Accounts Payable | 16 | - | - |
| Prior year Adjustments | 14 | - | 1,123,781 |
| Net Adjustments | | - | 1,123,781 |
| Net cash flow from operating activities | | 3,972,968 | 13,435,916 |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Proceeds from Sale of Assets | 2 | | - |
| Acquisition of Assets | 8 | - | - |
| Net cash flows from Investing Activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 3,972,968 | 13,435,916 |
| Cash and cash equivalent at BEGINNING of the year | 13 | 51,891,298 | 38,455,382 |
| Cash and cash equivalent at END of the year | | <u>55,864,265</u> | <u>51,891,298</u> |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-RUARAKA Constituency financial statements were approved on 22/3/2021 and signed by:


Fund Account Manager
Name: AZIZ M. JUMA


National Sub-County Accountant
Name: PRISCA JEPCHUMBA
ICPAK Member Number: 15993



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – RUARAKA COUNCIL
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 NG-CDF Board | 137,367,724 | 124,432,173 | 261,799,897 | 187,432,173 | 74,367,724 | 71.6% |
| Proceeds from Sale of Assets | | 50,000 | 50,000 | 50,000 | ~ | 0.0% |
| Other Receipts | | | | | ~ | |
| TOTAL RECEIPTS | 137,367,724 | 124,482,173 | 261,849,897 | 187,482,173 | 74,367,724 | 71.6% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 4,401,600 | 1,030,843 | 5,432,443 | 4,152,401 | 1,280,042 | 76.4% |
| Use of goods and services | 7,961,495 | ~ | 7,961,495 | 3,944,178 | 4,017,317 | 49.5% |
| Transfers to Other Government Units | 49,200,000 | 47,428,840 | 96,628,840 | 87,096,110 | 9,532,730 | 90.1% |
| Other grants and transfers | 60,804,629 | 63,009,429 | 123,814,058 | 29,557,654 | 94,256,404 | 23.9% |
| Acquisition of Assets | ~ | ~ | ~ | ~ | ~ | ~ |
| Other Payments | ~ | 8,181,034 | 8,181,034 | 6,867,565 | 1,313,469 | 83.9% |
| Unapproved Projects | 15,000,000 | 4,677,027 | 19,677,027 | 19,677,027 | ~ | 0.0% |
| Un Approved AIF | ~ | 155,000 | 155,000 | ~ | 155,000 | 0.0% |
| TOTAL | 137,367,724 | 124,482,173 | 261,849,898 | 131,617,908 | 130,231,990 | 50.3% |

- i. *The under-utilization under compensation of employees at 76.4%, use of goods and services at 49.5%, Transfers to other Government Units at 90.1%, other grants and transfers at 23.9% was generally due to the fact that Ruaraka NGCDF received only Kshs 68,000,000 out of the budgeted Ksh 137,367,724 during the financial year. With this it meant that full budget implementation was not practical.*

The difference between the original and the final budget was brought about by the opening cashbook balance and the previous year's funds that were not yet received from the Board

- ii. *These funds were available for utilization during the financial year under review and thus the difference in the budget.*




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

The NGCDF-RUARAKA Constituency financial statements were approved on 22/31 2021 and signed by:



Fund Account Manager
Name: AZIZ M. JUMA



**THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI**

Sub-County Accountant
Name: PRISCA JEPCHUMBA
ICPAK Member Number: 15993



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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

| Programme/Sub-programme | Original Budget 2019/2020 Kshs | Adjustments Kshs | Final Budget 2019/2020 Kshs | Actual on comparable basis 30/06/2020 Kshs | Budget utilization difference Kshs |
|---|--------------------------------------|---------------------|-----------------------------------|---|---|
| 1.0 Administration and Recurrent | | | | | |
| 1.1 Compensation of employees | 4,401,600 | 1,030,843 | 5,432,443 | 4,152,401 | 1,280,042 |
| 1.2 Committee allowances | 1,705,867 | - | 1,705,867 | 1,251,000 | 454,867 |
| 1.3 Use of goods and services | 2,134,596 | - | 2,134,596 | 1,383,178 | 751,418 |
| 2.0 Monitoring and evaluation | | | | | |
| 2.1 Capacity building | 2,099,972 | - | 2,099,972 | - | 2,099,972 |
| 2.2 Committee allowances | 1,200,000 | - | 1,200,000 | 590,000 | 610,000 |
| 2.3 Use of goods and services | 821,060 | - | 821,060 | 720,000 | 101,060 |
| 3.0 Emergency | | | | | |
| 3.0 Emergency | 7,198,241 | 2,409,597 | 9,607,838 | 4,445,654 | 5,162,184 |
| 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 | 20,000,000 | 15,592,000 | 35,592,000 | 24,116,500 | 11,475,500 |
| 4.3 Tertiary Institutions | 14,341,931 | 8,489,112 | 22,831,043 | | 22,831,043 |
| 4.4 Universities | | | | | |
| 4.5 Social Security | | | | | |
| 5.0 Sports | | | | | |



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

| Programme/Sub-programme | Original Budget 2019/2020 | Adjustments | Final Budget 2019/2020 | Actual on comparable basis 30/06/2020 | Budget utilization difference |
|---|---------------------------|-------------|------------------------|---------------------------------------|-------------------------------|
| 5.1 Ruaraka NGCDF Sports | 2,747,354 | 1,918,623 | 4,665,977 | - | 4,665,977 |
| 5.2 | | | | | |
| 5.3 | | | | | |
| 6.0 Environment | 1,517,074 | 1,089,753 | 2,606,827 | 995,500 | 1,611,327 |
| 6.1 Environmental Activities | | | | | |
| 6.2 | | | | | |
| 6.3 | | | | | |
| 7.0 Primary Schools Projects (List all the Projects) | | | | | |
| 7.1 Babadogo Primary School | 10,000,000 | 15,948,987 | 25,948,987 | 25,948,987 | - |
| 7.2 Drive Inn Primary School/Dining Hall | | 2,891,620 | 2,891,620 | (4,171) | 2,895,791 |
| 7.3 Drive Inn Primary School/Renovation | 7,000,000 | - | 7,000,000 | 7,000,000 | - |
| 7.4 Mathare North primary school/Wall | | 5,447,415 | 5,447,415 | 4,810,531 | 636,884 |
| 7.5 Mathare North primary school/Multipurpose hall | 4,000,000 | 15,940,818 | 19,940,818 | 19,940,817 | 1 |
| 7.6 Mathare North primary school/Renovations | 7,000,000 | - | 7,000,000 | 7,000,000 | - |
| 7.7 Ngunyumu Primary School | 7,000,000 | - | 7,000,000 | 7,000,000 | - |
| 7.8 Daniel Comboni Primary School | 7,000,000 | - | 7,000,000 | 7,000,000 | - |
| 7.9 Heide Marie Mathare 4A Primary School | 1,200,000 | - | 1,200,000 | 1,200,000 | - |
| 7.10 Retention b/f | | | | | |
| 8.0 Secondary Schools Projects | | | | | |
| 8.1 Ruaraka High School/Bus | | 7,200,000 | 7,200,000 | 7,199,946 | 54 |
| 8.2 Babadogo Secondary School | 6,000,000 | | 6,000,000 | - | 6,000,000 |
| 8.3 Retention b/f | | | | | |
| Transfers to Other Government Units | | | | | |



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – RUARAKA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

| Programme / Sub-programme | Original Budget 2019/2020 | Adjustments | Final Budget 2019/2020 | Actual on comparable basis 30/06/2020 | Budget utilization difference |
|----------------------------|---------------------------|--------------------|------------------------|---------------------------------------|-------------------------------|
| Chandaria Primary School | 5,000,000 | - | 5,000,000 | - | 5,000,000 |
| Proposed TIVER | 10,000,000 | | 10,000,000 | - | 10,000,000 |
| Sale of Tender Un approved | | 155,000 | 155,000 | | 155,000 |
| GRAND TOTALS | 137,367,724 | 124,482,173 | 261,849,898 | 131,617,908 | 130,231,990 |

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



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

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-RUARAKA Constituency. The financial statements encompass the reporting NGCDF Ruaraka Constituency 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 NGCDF Ruaraka Constituency for all the years presented.

a) Recognition of Receipts

NGCDF Ruaraka Constituency recognises all receipts from the various sources when the event occurs and the related cash has actually been received by NGCDF Ruaraka Constituency.

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 NGCDF Ruaraka Constituency 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 NGCDF Ruaraka Constituency.



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 NGCDF Ruaraka Constituency 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

NGCDF Ruaraka Constituency recognises all payments when the event occurs and the related cash has actually been paid out by NGCDF Ruaraka Constituency.

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

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at 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 NGCDF Ruaraka Constituency 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.



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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.



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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | | 2019-2020 | 2018-2019 |
|-----------------|---|--------------------|-------------------|
| | | Kshs | Kshs |
| NGCDF Board | | | |
| B 005229 | 1 | | 4,500,000 |
| B 005320 | 2 | | 5,000,000 |
| B 030207 | 3 | | 10,000,000 |
| B 005460 | 4 | | 12,000,000 |
| B 007459 | 5 | | 8,000,000 |
| B 042832 | 6 | | 11,000,000 |
| B 047045 | 7 | | 13,000,000 |
| | | | |
| AIE NO. B041194 | 1 | 4,000,000 | |
| AIE NO. B041399 | 2 | 34,540,876 | |
| AIE NO. B104082 | 3 | 15,000,000 | |
| AIE NO. B047791 | 4 | 16,000,000 | |
| AIE NO. B049164 | 5 | 6,000,000 | |
| AIE NO. B104464 | 6 | 15,000,000 | |
| AIE NO. B096638 | 7 | 12,000,000 | |
| AIE NO. B096798 | 8 | 20,500,000 | |
| AIE NO. B096816 | 9 | 12,500,000 | |
| | | | |
| TOTAL | | 135,540,876 | 63,500,000 |

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 | 50,000 | 105,000 |
| Other Receipts Not Classified Elsewhere | 0 | 0 |
| Total | 50,000 | 105,000 |

4. COMPENSATION OF EMPLOYEES

| | 2019-2020 | 2018-2019 |
|---|------------------|------------------|
| | Kshs | Kshs |
| Basic wages of temporary employees | 2,266,117 | 2,728,410 |
| Basic wages of casual Labour | - | - |
| Personal allowances paid as part of salary | - | 540,000 |
| House allowance | - | - |
| Transport allowance | - | - |
| Leave allowance | - | - |
| Other personnel payments | 42,000 | 43,200 |
| Employer contribution to NSSF | 1,844,284 | - |
| Gratuity-contractual employees | - | - |
| TOTAL | 4,152,401 | 3,311,610 |



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

| | 2019-2020 | 2018-2019 |
|--|------------------|------------------|
| | Kshs | Kshs |
| | | |
| Utilities, supplies and services | 1,370,000 | 0 |
| Electricity | 0 | 0 |
| Water & sewerage charges | - | - |
| Office rent | - | - |
| Communication, supplies and services | 0 | 88,000 |
| Domestic travel and subsistence | 0 | 87,000 |
| Printing, advertising and information supplies & services | 150,000 | 321,400 |
| Rentals of produced assets | - | - |
| Training expenses | 0 | 1,300,000 |
| Hospitality supplies and services | 0 | - |
| Other committee expenses | 0 | 1,000,000 |
| Committee allowance | 1,841,000 | 1,200,000 |
| Insurance costs | - | - |
| Specialised materials and services | - | - |
| Office and general supplies and services | 487,368 | 498,200 |
| Fuel , oil & lubricants | 0 | 72,000 |
| Other operating expenses | 0 | - |
| Bank service commission and charges | 95,810 | 235,865 |
| Other Operating Expenses | | - |
| Security operations | | - |
| Routine maintenance - vehicles and other transport equipment | 0 | 512,258 |
| Routine maintenance- other assets | | 211,000 |
| TOTAL | 3,944,178 | 5,525,723 |



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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 | 79,896,164 | 10,921,775 |
| Transfers to Secondary Schools | 7,199,946 | ~ |
| Transfers to Tertiary Institutions | | |
| Transfers to Health Institutions | | |
| TOTAL | 87,096,110 | 10,921,775 |

7. OTHER GRANTS AND OTHER PAYMENTS

| | 2019-2020 | 2018-2019 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Bursary – secondary schools (see attached list) | 24,116,500 | 12,100,000 |
| Bursary – special schools (see attached list) | | 6,016,758 |
| Bursary- Special Schools | ~ | ~ |
| Mock & CAT (see attached list) | ~ | ~ |
| Water | ~ | ~ |
| Food Security | ~ | ~ |
| Electricity | ~ | 9,500,000 |
| Security | ~ | ~ |
| Roads and Bridges | ~ | 352,000 |
| Sports projects (see attached list) | ~ | ~ |
| Environment projects (see attached list) | 995,500 | ~ |
| Cultural Projects | ~ | ~ |
| Agriculture | ~ | ~ |
| Emergency projects (see attached list) | 4,445,654 | 3,565,000 |
| TOTAL | 29,557,654 | 31,533,758 |



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8. ACQUISITION OF ASSETS

| | 2019-2020 | 2018-2019 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Purchase of Buildings | - | - |
| Construction of Buildings | - | - |
| Refurbishment of Buildings | - | - |
| Purchase of Vehicles and Other Transport Equipment | - | - |
| Overhaul of Vehicles and Other Transport Equipment | - | - |
| Purchase of Household Furniture and Institutional Equipment | - | - |
| Purchase of Office Furniture and General Equipment | - | - |
| Purchase of ICT Equipment, Software and Other ICT Assets | - | - |
| Purchase of Specialised Plant, Equipment and Machinery | - | - |
| Rehabilitation and Renovation of Plant, Machinery and Equip. | - | - |
| Acquisition of Land | - | - |
| Acquisition of Intangible Assets | - | - |
| | - | - |
| Total | - | - |

9. OTHER PAYMENTS

| | 2019-2020 | 2018-2019 |
|--------------------------|------------------|-----------|
| | Kshs | Kshs |
| Strategic plan | - | - |
| ICT Hub | - | - |
| Kasarani Resource Centre | 6,867,565 | - |
| | | |
| | | |
| | | |
| TOTAL | 6,867,565 | - |



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

| Name of Bank, Account No. & currency | 2019-2020 | 2018-2019 |
|---|------------|------------|
| | Kshs | Kshs |
| <i>Equity Bank Bank, Kariobangi Branch. Ruaraka NG-CDF-A/C no.0320261619654</i> | 55,864,265 | 51,891,298 |
| | | |
| | | |
| Total | 55,864,265 | 51,891,298 |
| | | |
| 10B: CASH IN HAND | | |
| Location 1 | ~ | ~ |
| Location 2 | ~ | ~ |
| Location 3 | ~ | ~ |
| Other Locations (<i>specify</i>) | ~ | ~ |
| | | |
| Total | ~ | ~ |
| <i>[Provide cash count certificates for each]</i> | | |



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

12A. RETENTION

| | 2019 - 2020 | 2018-2019 |
|--------------|--------------------|------------------|
| | Kshs | Kshs |
| Supplier 1 | - | - |
| Supplier 2 | - | - |
| Supplier 3 | - | - |
| Total | - | - |

12B. GRATUITY DEPOSITS

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

/



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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13. BALANCES BROUGHT FORWARD

| | 2019-2020 | 2018-2019 |
|---------------|-------------------|-------------------|
| | Kshs | Kshs |
| Bank accounts | 51,891,298 | 38,455,382 |
| Cash in hand | | |
| Imprest | | |
| Total | 51,891,298 | 38,455,382 |

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 | - | - | 1,123,781 |
| Cash in hand | - | - | - |
| Accounts Payables | - | - | - |
| Receivables | - | - | - |
| Others (<i>specify</i>) | - | - | - |
| | - | - | 1,123,781 |

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

| | 2019 - 2020 | 2018 - 2019 |
|---|-------------|-------------|
| | KShs | KShs |
| Outstanding Imprest as at 1 st July 2019 (A) | - | - |
| Imprest issued during the year (B) | 2,859,000 | - |
| Imprest surrendered during the Year (C) | 2,859,000 | - |
| Net changes in account receivables D= A+B-C | - | - |

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

| | 2019 - 2020 | 2018 - 2019 |
|--|-------------|-------------|
| | KShs | KShs |
| Deposit and Retentions as at 1 st July 2019 (A) | - | - |
| Deposit and Retentions held during the year (B) | 686,530 | - |
| Deposit and Retentions paid during the Year (C) | 686,530 | - |
| Net changes in account receivables D= A+B-C | - | - |

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17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

| | 2019-2020 | 2018-2019 |
|---------------------------|-----------|-----------|
| | Kshs | Kshs |
| NGCDFC Staff | - | 1,178,000 |
| Others (<i>specify</i>) | - | - |
| | - | 1,178,000 |

17.3: UNUTILIZED FUND (See Annex 3)

| | 2019-2020 | 2018-2019 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Compensation of employees | 1,280,042 | 1,030,843 |
| Use of goods and services | 4,017,317 | - |
| Amounts due to other Government entities | 9,532,730 | 47,428,840 |
| Amounts due to other grants and other transfers | 94,256,404 | 33,509,429 |
| Acquisition of assets | - | - |
| Others- ICT hubs | - | 4,677,027 |
| Others- Kasarani resource center | 1,132,435 | 8,000,000 |
| Others- Strategic plan | 181,034 | 181,034 |
| Unapproved projects | 19,677,027 | 29,500,000 |
| Unapproved AIA | 155,000 | 105,000 |
| TOTAL | 130,231,990 | 124,432,173 |



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17.4: PMC account balances (See Annex 5)

| | 2019-2020 | 2018-2019 |
|--|------------|-----------|
| | Kshs | Kshs |
| PMC account Balances (see attached list) | 24,501,078 | ~ |
| | 24,501,078 | ~ |

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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



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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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

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ANNEX 3 – UNUTILIZED FUND

| Name | Brief Transaction Description | Outstanding Balance 2019/2020 | Outstanding Balance 2018/2019 | Comments |
|--|-------------------------------|-------------------------------|-------------------------------|----------|
| Compensation of Employees | | 1,280,042 | 1,030,843 | |
| | | 1,280,042 | 1,030,843 | |
| | Sub-Total | | | |
| Use of goods & services | | 454,867 | | |
| ADM- Committee allowances | | 751,418 | | |
| ADM-Use of goods and services | | 2,099,972 | | |
| M&E Capacity building | | 610,000 | | |
| M&E Committee allowances | | 101,060 | | |
| M&E Use of goods and services | | 4,017,317 | - | |
| | Sub-Total | | | |
| Amounts due to other Government entities | | | | |
| 7.1 Babadogo Primary School | | 2,792,343 | 15,948,987 | |
| 7.2 Drive Inn Primary School | | 636,884 | 2,788,172 | |
| 7.3 Mathare North primary school/Wall | | 1 | 5,447,415 | |
| 7.4 Mathare North primary school/Multipurpose hall | | | 15,940,818 | |
| 7.4 Mathare North primary school/Renovations | | | - | |
| 7.5 Ngunyumu Primary School | | | - | |
| 7.6 Daniel Comboni Primary School | | | - | |
| 7.7 Heide Marie Mathare 4A Primary School | | | - | |



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| | | | | |
|--|----|-------------------|-------------------|--|
| 7.8 Chandaria Primary School | | 5,000,000 | - | |
| 8.1 Ruaraka High School/Bus | 54 | | 7,200,000 | |
| 8.2 Babadogo Secondary School | | 10,677,027 | 4,677,027 | |
| Sub-Total | | 19,106,309 | 52,002,419 | |
| Amounts due to other grants and other transfers | | | | |
| Bursary | | 34,306,543 | 24,081,112 | |
| Sports | | 4,576,172 | 1,828,818 | |
| Environment | | 1,521,574 | 1,000,000 | |
| Emergency | | 4,926,580 | 2,173,993 | |
| Ruaraka Police Station | | 48,086,235 | 33,086,207 | |
| Korogochi Security Lights | | | 424,138 | |
| Ngomongo police station | | | | |
| Sub-Total | | 93,417,105 | 62,594,268 | |
| Acquisition of assets | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Sub-Total | | - | - | |
| Others (specify) | | | | |
| Proposed TVET | | 10,000,000 | - | |
| ICT Hubs | | | | |
| Kasarani Resource centre | | 1,132,435 | 8,000,000 | |



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f (Kshs) 2018/19 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost (Kshs) 2019/20 |
|--|---|--|--|---|
| Land | | | | |
| Buildings and structures | 1,750,000 | ~ | ~ | 1,750,000 |
| Transport equipment | 4,493,167 | ~ | ~ | 4,493,167 |
| Office equipment, furniture and fittings | | ~ | ~ | 0 |
| ICT Equipment, Software and Other ICT Assets | | ~ | ~ | 0 |
| Other Machinery and Equipment | 2,197,000 | ~ | ~ | 2,197,000 |
| Heritage and cultural assets | 0 | ~ | ~ | 0 |
| Intangible assets | 0 | ~ | ~ | 0 |
| Total | 8,440,167 | 0 | 0 | 8,440,167 |



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

| PMC | Bank | Account number | Bank Balance 2019/20 | Bank Balance 2018/19 |
|-----------------------------------|--------|----------------|----------------------|----------------------|
| Daniel Comboni Primary School PMC | Equity | 0320279838374 | 7,000,000 | ~ |
| Mathare North Primary School PMC | Equity | 0320279438245 | 5,490,745 | ~ |
| Baba Dogo Primary School PMC | Equity | 0320279434917 | 7,547,676 | ~ |
| Drive In Primary School PMC | Equity | 0320279836663 | 2,393,579 | ~ |
| Ngunyumu Primary School PMC | Equity | 0320279836559 | 2,069,078 | |
| Total | | | 24,501,078 | ~ |



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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|--|-----------------------------------|--|
| 1 | Three out of the 50 computers delivered to Ruaraka High School were not functioning as per the time of audit, April 2019 | All the 50 computers were in good working condition as per the time of delivery as was evidenced by the acknowledgement letter from the school. The NG-CDFC shall however liaise with the school to ensure that the three computers are serviced/ repaired for them to be operational | Chairperson- Peter Akuma | | |

