

REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND - OL KALOU
CONSTITUENCY**

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

THE NATIONAL ASSEMBLY
PAPER NO. 10

DATE: 22 FEB 2023 Wednesday

TABLED
BY:

Leader of the Majority Party

Modo



OLKALOU CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2) (a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;

- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and

- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended

30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Ludovick Ngera Gachara
2.	Sub-County Accountant	Justus Ngai
3.	Chairman NGCDFC	Simon Nduati
4.	Member NGCDFC	John Kariuki

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Olkalou Constituency NGCDF . The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are

forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) Olkalou Constituency NGCDF Headquarters

P.O. Box 402- 20303 Olkalou

NG-CDF Building

Olkalou-Gilgil road

Nyandarua,KENYA.

(f) Olkalou Constituency NGCDF Contacts

Telephone: (254) 0722377223

E-mail: cdfolkalou@ngcdf.go.ke

Website: www.ngcdf.go.ke

(g) Olkalou Constituency NGCDF Bankers

Equity Bank

Olkalou branch

P.o Box 215-20303

Olkalou Kenya

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. NG-CDFC CHAIRMAN'S REPORT



The main key achievements has be disbursement of bursaries amounting to over ksh.40million with total beneficiaries amounting to 6000 students.

We were also able to construct a number of classrooms and completion of several chiefs' offices.

In the FY 2020-2021, NG-CDF olkalou changed from labour contract way of implementing projects. This action has caused alot of jitters from the PMCs and has affected projects and has led to slow implementation of projects.

As at the close of the financial year the constituency had only received half of the annual allocation ie.ksh.54million.Out of this amount ksh.20million went to bursaries,ksh.10million went to primary school desks,ksh 13million went to other schools projects while the balance was shared disproportionately among administration, Emergency and Monitoring kitty. Apart from bursaries, all other projects didn't take off during the financial year.

As an office, our key achievement for the financial year was distribution of bursaries to over 5000 students.

Looking into the future, NGCDF Board should always aim at dispatching the funds to the constituencies within three months into the financial year.

Secondly, I kindly urge the Board to re-look into the requirement of minimum balance of ksh.10million credit balance in the NG-CDF main account before release of the second tranche funds. A number of factors will always make this item unachievable through normal processes. Such issue as unpresented current bursary cheques, CIH

*Olkalou Constituency
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Reports and Financial Statements for The Year Ended June 30, 2021*

funds, Audit fee, pmc wrangles forcing office to withhold written cheques,

monitoring and emergency funds, are some examples.

In this regard, we kindly request for consideration of the explanations given and the cashbook balances attached to the funds request. To me this will eliminate opening of parallel accounts just to achieve the required balance.



Signature

CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of Olkalou Constituency 2018-2022 plan are to:

- a) Ensure there are enough classrooms in all schools within the constituency.
- b) Ensure there are enough administration offices in all school domiciled int the constituency.
- c) ensure that all security installations ie,the office of Acc,Chiefss,asistant chiefs and police installations have enough office and furniture so as to enhance security.

- d) Endeavour to improve the literacy level within the constituency by award of bursaries to as many needy students as possible.

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	<p>In FY 20/21</p> <ul style="list-style-type: none"> -we increased number of classrooms, dormitories, laboratories etc from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	To improve security and service delivery within the constituency.	Increased number of police posts,acc,chiefs and assistant chiefs offices.	-number of security installations funded during the financial year.	<p>in fy 2020=2021,</p> <p>We have funded Security agencies</p> <p>An amount of ksh Ksh1,900,000=</p> <p>This in additions Funding done in All past years.</p>
Environment				
Sports				
Emergency				

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

a. Education and Training: Olkalou NG-CDF focus on human capital for

constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and

integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

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

2. Environmental performance

During the financial year 2020-2021 , Olkalou ngcdf funded eleven educational institutions to the tune of ksh,540,000= for tree planting in the school. However, the year was generary dry and hence no tree planting exercise was undertaken.

3. Employee welfare

We invest in providing the best working environment for our employees. Olkalou constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time.

In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Olkalou constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues. Olkalou constituency also has bursary programs aligned to the

NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

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

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically.

Our ethical market practises ensure the office get value for money on all goods and services procured.

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan.

The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

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

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

Public Awareness

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

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

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

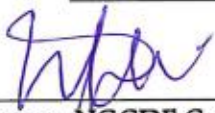
The Accounting Officer in charge of the NGCDF-Olkalou Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Olkalou Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- Olkalou Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.


The Accounting Officer in charge of the NGCDF Olkalou Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

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



Chairman NGCDF Committee
Name:



Fund Account Manager
Name:

REPUBLIC OF KENYA

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund Ol Kalou Constituency set out on pages 29 to 38, which comprise of the statement of assets and liabilities as at 30 June, 2021, statement

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Ol Kalou Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Use of Goods and Services

The statement of receipts and payments reflects use of goods and services totalling to Kshs.7,977,246 (2019/2020 - Kshs.6,875,180) and as disclosed in Note 5 to the financial statements. However, balances include various expenditure totalling to Kshs.6,635,165 being payment to the Fund Manager that was not supported by detailed schedules of goods purchased or services rendered.

Further, the balance includes committee allowance and expenses of Kshs.3,730,000 and Kshs.908,000 respectively. However, the balances were not supported with detailed payment schedules, minutes of committee meetings held and monitoring and evaluation reports.

In the circumstances, the accuracy and completeness of use of goods and services expenditure totalling to Kshs.4,638,000 could not be confirmed.

2. Inaccuracies in Bank Balances

The statement of assets and liabilities and as disclosed in Note 10A to the financial statements, reflects bank balances totalling to Kshs.20,631,489 (2019/2020 - Kshs.20,572,209). The bank reconciliation statement reflected payments in cashbook not recorded in the bank statement of unpresented cheques amounting to Kshs.28,114,604 which included stale cheques totalling to Kshs.1,444,669. However, the stale cheques were not reversed in the cashbook as at 30 June, 2021.

Similarly, the statement reflected receipts in bank not recorded in cashbook amounting to Kshs.12,010,495 being salary refunds and transfers from the National Government Constituencies Development Fund Board received in bank statement between February, 2016 and April, 2020. The Management had however not recorded the transactions in cashbook.

In the circumstances, the accuracy and completeness of the bank balances totalling to Kshs.20,631,489 could not be confirmed.

3. Unsupported Project Committee Account Balances

Note 17.4 to the financial statements reflects Project Management Committee account balances totalling to Kshs.22,181,180 held in sixty-six (66) accounts as disclosed in Annex 5 to the financial statements. However, supporting documents such as bank reconciliation statements, certificate of bank balances and bank statements were not provided for audit verification.

Further, a review of the project's implementation status report indicated that an amount of Kshs.63,830,000 had been released to various Project Management Committee accounts whose various projects had either not started or were ongoing. However, these account balances were not disclosed.

In the circumstances, the accuracy and completeness of the reported project management committee account balances of Kshs.22,181,180 could not be confirmed.

4. Unsupported Expenditure -Transfers to Other Government Entities

The statement of receipts and payments and as disclosed in Note 6 of the financial statements reflects Kshs.81,290,000 in respect of transfers to other government entities Included in the amount is Kshs.58,640,000 in respect of Primary Schools projects. However, the support schedule amounted to Kshs.46,779,500 while an amount of Kshs.11,860,500 was not supported.

In the circumstances, the accuracy and completeness of transfer to primary school balance of Kshs.11,860,500 could not be confirmed.

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

1.0 Budgetary Control and Performance

The summary statement of appropriation of budget and actual amounts reflects final receipts budgets and actual receipts on comparable basis of Kshs.227,194,811 and

Kshs.187,005,933 respectively resulting to an underfunding amounting to Kshs.40,022,878 (or 17%) of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.227,194,811 and Kshs.167,800,984 respectively, resulting to an under expenditure amounting to Kshs.59,393,827 (or 26%) of the budget.

The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board Templates and The National Treasury and Planning Circular Reference No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

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. Non-Compliance with Public Sector Accounting Standards Board Requirements

The annual report and the financial statements have numerous errors and omissions including; page numbering not being consistent, table of contents omits Annexures to the financial statements, approval date is not disclosed at pages 27 - 30. The summary statement of appropriation for both the recurrent and development expenditures are not separately disclosed. This is contrary to Public Sector Accounting Standards Board Templates.

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the prescribed PSASB format.

2. Delay in Implementation of Projects - OI Kalou Technical and Vocational College

The Management disbursed a total Kshs.10,000,000 to OI Kalou Technical and Vocational College for erection of twin workshops, classrooms, and office block (2 storey). The project was co-financed with the Ministry of Education at a total contract cost of Kshs.52,000,000 with the Fund contributing a total of Kshs.10,000,000.

However, the CDF disbursed the allocated amount of Kshs.10,000,000 without any defined phase or component of the project contrary to Section 25(1) of the National Government Constituencies Development Fund Act, 2015.

The audit inspection noted delays in project implementation for almost two years with the initial completion date set at February, 2020. Pending works included wall finishes, floor finishes, construction of septic tank, electrical and plumbing works.

In the circumstances, failure to implement projects within the stipulated period may have denied the constituents of Ol Kalou Constituency the much desired development.

3. Emergency Transfers

Audit inspection conducted in the month of June, 2022 revealed that emergency projects amounting to Kshs.2,678,000 had not been implemented and the funds were still in respective Project Management Committee accounts.

This was contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that an emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the Committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

In the circumstance, Management was in breach of the law.

4. Delay in Project Implementation

The project implementation status report indicated that the Constituency had two hundred and twelve (212) projects with an allocation totalling to Kshs.136,960,447. However, one hundred and eighty-three (183) projects valued at Kshs.112,435,878 were incomplete due to the slow tendering processes and delays in receipt or reallocation of funds from the NGCDF Board.

Further, the Management paid a total of Kshs.13,216,569 to various projects. However, physical verification in January, 2021 revealed unsatisfactory implementation of the projects as shown in **Appendix I**.

In the circumstances, value for money for the expenditure of projects being implemented totalling Kshs.136,960,447 could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 September, 2022

Appendix I: Unsatisfactory Implementation of Projects

No.	Beneficiary	Details	Amount (Kshs)	Observations
1.	Wangatabuthi Primary School	Construction of one classroom to completion	900,000	<ul style="list-style-type: none"> - The floor was already worn out. - Some window glasses were missing. - Painting and Branding were not done. - The contractor was paid on 5 October, 2019 before completion of works.
2	Kiaduba Primary School	Construction of six (6) door toilet block to completion	350,000	<ul style="list-style-type: none"> - The Project was worn out and doors were broken. - PMC was not involved in the project implementation. - Bills of Quantities (BQ) was not provided. - Branding had not been done although the contractor was fully paid.
3.	Mukindu Primary School	Construction of a six-door toilet block to completion	300,000	<ul style="list-style-type: none"> - The Project had already worn out and floors peeled off. - PMC was not involved in the project implementation. - BQ was not provided. - Branding had not been done although the contractor was fully paid.
4.	Gathima Primary School	Construction of one classroom to completion	900,000	<ul style="list-style-type: none"> - Classroom had been put to use before completion. - The Contractor after being paid the full amount, abandoned the project site. - Pending works included; branding, window panes, internal and external wall finishes and fixing of a broken door. - The floor was already fully worn out, three months after construction.
5.	J.M Kariuki Primary School	Construction of one classroom to completion	1,000,000	<ul style="list-style-type: none"> - The Project was being implemented by the Fund instead of the PMC. - Procurement records were not provided. - The contractor was not on site, project was incomplete and in use. - The pillars were falling.
6.	Kio Primary School	Construction of an administration block to completion	1,400,000	<ul style="list-style-type: none"> - The administration block has been put into use before completion while the Contractor after being paid the full amount abandoned the Project site. - Procurement records were not provided. - Pending works included ceiling cornice, and electrical works.

No.	Beneficiary	Details	Amount (Kshs)	Observations
7.	Kagaa Primary School	Construction of one classroom to completion	900,000	<ul style="list-style-type: none"> - The classroom had been put into use before completion. - The Contractor abandoned the project site after being paid the full amount. - Procurement records were not provided. - Pending works included painting, electrical works and branding.
8.	Rumathi Secondary School	Construction of two classrooms to completion	1,900,000	<ul style="list-style-type: none"> - The project was incomplete but put in use with the contractor having been fully paid. - Procurement records and BQ were not provided. - Branding had not been done.
9.	Matunda Secondary School	Construction of one classroom to completion	1,000,000	<ul style="list-style-type: none"> - The class was incomplete but put in use with the contractor having been fully paid. - Pending works included painting and partitioning. - Procurement records and BQ were not provided. - Substandard works were noted including wearing out of the floor.
10.	Kibendera Primary School	Construction of one classroom to completion	900,000	The Project was complete and in use but not branded.
11.	Micharage Primary School	Construction of one classroom to completion	900,000	<ul style="list-style-type: none"> - The Project was complete and in use. - The Project was initiated without proposal from the PMC. - Procurement records were not provided.
12.	Micharage Primary School	Renovation of four (4) classrooms (Flooring, plastering, painting, wall keying and construction of a verandah).	900,000	<ul style="list-style-type: none"> - One of the renovated classrooms has been turned into a kitchen despite the school having a designated kitchen. - Procurement records were not provided. - The Contractor had been fully paid without completing the renovation works including fixing of window glasses and branding.
	Nyaituga Primary School	Construction of an eight (8) -door toilet block.	400,000	<ul style="list-style-type: none"> - The Project was complete and in use but it was initiated without proposal from the PMC. - Procurement records and BQ were not provided. - Branding was not done.
14.	Rumathi Secondary School	Construction of a six (6) - door students toilet block and staff toilets to completion	666,569	<ul style="list-style-type: none"> - Both projects were completed and in use. - Branding had not been done. - Procurement records and BQ were not provided.

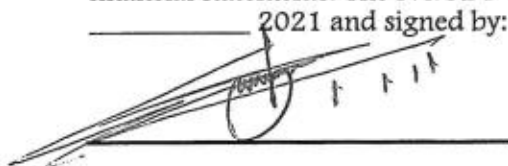
No.	Beneficiary	Details	Amount (Kshs)	Observations
15.	Kirima Location Welfare Association	Construction of a two-door toilet block and a urinal to completion	250,000	- The Project was complete but there was no proof of ownership for confirmation of its eligibility for financing by NGCDF.
16.	Micharage Primary School	Construction of a six (6) - door toilet block to completion.	300,000	- The Project was complete and in use. - Branding had not been done. - BQ were not provided.
17.	Matunda Secondary School	Construction of a six (6) - door toilet block and urinal to completion.	250,000	- The Project was complete and in use. - Branding had not been done. - Procurement records and BQ were not provided.
Total			2,766,569	

***Olkalou Constituency
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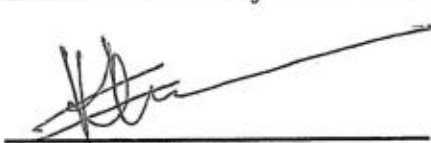
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	166,267,724	134,040,876
Proceeds from Sale of Assets	2	-	-
Other Receipts (Sale of tenders)	3	166,000	-
TOTAL RECEIPTS		166,433,724	134,040,876
PAYMENTS			
Compensation of employees	4	2,436,000	2,651,668
Use of goods and services	5	7,977,246	6,875,180
Transfers to Other Government Units	6	81,290,000	81,786,069
Other grants and transfers	7	72,334,848	30,922,575
Acquisition of Assets	8	3,762,890	2,631,890
Other Payments	9	-	500,000
TOTAL PAYMENTS		167,800,984	125,367,382
SURPLUS/(DEFICIT)		(1,367,260)	8,673,493

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



Fund Account Manager
Name: Ludovick Ngera



**National Sub-County
Accountant**
Name: Jasper Ngai
ICPAK M/No:

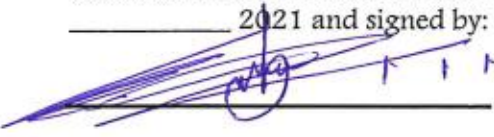


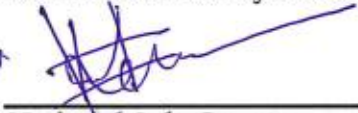
Chairman NG-CDF Committee
Name: Simon Nduati

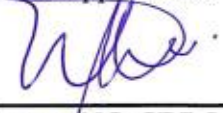
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	20,631,489	20,572,209
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		20,631,489	20,572,209
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		20,631,489	20,572,209
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITIES		20,631,489	20,572,209
NET FINANCIAL ASSETS			
REPRESENTED BY			
Fund balance b/fwd	13	20,572,209	11,898,715
Prior year adjustments	14	1,426,540	-
Surplus/Deficit for the year		(1,367,260)	8,673,493
NET FINANCIAL POSITION		20,631,489	20,572,209

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


Fund Account Manager
Name: Ludovick Ngera


National Sub-County
Accountant
Name: Jasper Ngai
ICPAK M/No:

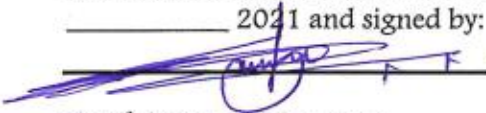

Chairman NG-CDF Committee
Name: Simon Nduati

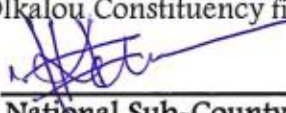
Olkalou Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

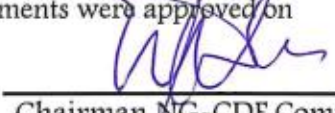
STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	166,267,724.1	134,040,875.5
Other Receipts	3	166,000.0	- .0
Total receipts		166,433,724.1	134,040,875.5
Payments for operating activities			
Compensation of Employees	4	2,436,000.0	2,651,668.0
Use of goods and services	5	7,977,246.0	6,875,180.0
Transfers to Other Government Units	6	81,290,000	81,786,069.0
Other grants and transfers	7	72,334,84	30,922,575.5
Other Payments	9	- .0	500,000.0
Total payments		164,038,094.0	122,735,492.5
Total Receipts Less Total Payments			
Adjusted for:		- .0	- .0
Decrease/ (Increase) in Accounts receivable: (outstanding imprest)	15	- .0	- .0
Increase/ (Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-0.0	- .0
Prior year adjustments	14	1,426,540.0	- .0
		3,822,170.1	11,305,383.1
Net cash flow from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	- .0	- .0
Acquisition of Assets	9	(3,762,890.0)	(2,631,890.0)
Net cash flows from Investing Activities		(3,762,890.0)	(2,631,890.0)
NET INCREASE IN CASH AND CASH EQUIVALENT		59,280.1	8,673,493.1
Cash and cash equivalent at BEGINNING of the year	10	20,572,208.5	11,898,715.5
Cash and cash equivalent at END of the year		20,631,488.6	20,572,208.5

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


Fund Account Manager
Name: Ludovick Ngera


National Sub-County
Accountant
Name: Jasper Ngai
ICPAK M/No:


Chairman NG-CDF Committee
Name: Simon Nduati

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

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	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	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	20,572,208	69,367,724	227,028,811	187,005,933	40,022,878	82.4%
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts		166,000		166,000		166,000	0.0%
TOTALS	137,088,879	20,738,208	69,367,724	227,194,811	187,005,933	40,188,878	82.3%
PAYMENTS							
Compensation of Employees	4,504,000	0	2,983,953	7,487,953	2,436,000	5,051,953	32.5%
Use of goods and services	7,333,999	1,064,438	4,121,032	12,519,469	7,977,246	4,542,223	63.7%
Transfers to Other Government Units	66,410,000		20,900,000	87,310,000	81,290,000	6,020,000	93.1%
Other grants and transfers	58,340,880	11800000	40,994,629	111,135,509	72,334,848	38,800,661	65.1%
Acquisition of Assets	500,000	4200000	368,110	5,068,110	3,762,890	1,305,220	74.2%
Other Payments(CIH)	0	3507770		3,507,770	-	3,507,770	0.0%
Funds pending approval**		166000		166,000	-	166,000	0.0%
TOTALS	137,088,879	20,738,208	69,367,724	227,194,811	167,800,984	59,393,827	73.9%

- On compensation to employees, the amount allocated includes payment of staff gratuity and this was not paid during the financial year.
- On the acquisition of assets, the procurement process was done in the year 2020-2021 but delays in delivery led to the cancellation of the lpo.
- The item on 'other payments and transfers is in respect to setting up of the remaining three CIH. During the year we were not able to get a free space to set up the hubs.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	59,393,827
Less undisbursed funds receivable from the Board as at 30 th June 2021	40,188,878
	19,204,949
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	1,426,540
Cash and Cash Equivalents at the end of the FY 2020/2021	20,631,489

***Olkalou Constituency
National Government Constituencies Development Fund (NGCDF)
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X. BUDGET EXECUTION BY SECTORS AND PROJECTS

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

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance received.

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

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

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

For the purposes of these financial statements, Deposits (gratuity and retentions) held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

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

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

15. Related Party Transactions

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
AIE NO:B047100		15,000,000.0

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

	AIE NO:B047533		13,000,000.0
	AIE NO:B041185		4,000,000.0
	AIE NO:B047845		18,000,000.0
	AIE NO:B104122		55,040,875.5
	AIE NO:104201		4,000,000.0
	AIE NO:B104455		25,000,000.0
	AIE NO:B096636	11,000,000.0	
	AIE NO:B104114	10,000,000.0	
	AIE NO:B124758	3,000,000.0	
	AIE NO:B132308	6,000,000.0	
	AIE NO:132014	8,000,000.0	
	AIE NO:126043	67,867,724.1	
	AIE NO:119621	8,500,000.0	
	AIE NO:128011	13,000,000.0	
	AIE NO:128253	6,900,000.0	
	AIE NO:128977	12,000,000.0	
	AIE NO:126269	9,000,000.0	
		11,000,000.0	
TOTAL		166,267,724.1	134,040,875.5

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Total	0.00	0.00

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of tender documents	166,000	0.00
Total	166,000	0.00

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,436,000.0	2,651,668.0
Total	2,436,000.0	2,651,668.0

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Electricity	138,911.0	81,180.0
Water & sewerage charges	22,570.0	-
Office rent	0	270,000.0
Communication, supplies and services	134,900.0	246,000.0
Domestic travel and subsistence	-	266,000.0
Training expenses	-	919,000.0
Other committee expenses	0	612,000.0
Committee allowance	0	2,886,500.0
Office and general supplies and services	-	715,800.0
Fuel , oil & lubricants	850,000.0	410,000.0
Bank service commission and charges	110,000.0	80,000.0
Routine maintenance - vehicles and other transport equipment	85,700.0	388,700.0
TOTAL	7,977,246.0	6,875,180.0

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs

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Transfers to primary schools (school desks)	0	9,999,500.0
Transfers to primary schools (see attached list)	58,640,000.0	36,380,000.0
Transfers to secondary schools (see attached list)	22,650,000.0	25,406,569.0
Transfers to tertiary institutions (see attached list)	0	10,000,000.00
TOTAL	81,290,000.0	81,786,069.0

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	20,000,000.0	10,184,758.0
Bursary – tertiary institutions (see attached list)	18,838,368.0	2,629,000.0
Bursary – Driving schools (see attached list)	7,239,875.0	-
Security projects (see attached list)	4,200,000.0	11,220,000.0
Sports projects (see attached list)	2,877,515.0	-
Environment projects (see attached list)	2,750,000.0	3,480,817.5
Emergency projects (see attached list)	13,615,000.0	3,408,000.0
Roads and Bridges	2,814,090.0	-
Total	72,334,848.0	30,922,575.5

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Construction of Buildings	3,263,890.0	2,631,890.0
Purchase of Office Furniture and General Equipment	499,000.0	0.00
Total	3,762,890.0	2,631,890.0

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	0.00	500,000.0
	0.00	500,000.0

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
Equity Bank, Account No.0620262118070	20,631,488.6	20,572,208.5
Total	20,631,488.6	20,572,208.5
10B: CASH IN HAND		
Location 1	0.00	0.00
Total	20,631,488.6	20,572,208.5

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Total				0.00

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
	0.00	0.00

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
	0.00	0.00

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13. BALANCES BROUGHT FORWARD

	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	20,572,208.5	11,898,715.5
Total	20,572,208.5	11,898,715.5

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Others (<i>specify</i>)	0.00	1,426,540	0.00
TOTAL	0.00	1,426,540	0.00

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2020-2021	2019-2020
	Kshs	Kshs
Total	0.00	0.00

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 – 2019
	Kshs	Kshs
Total	0.00	0.00

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
	0.00	0.00

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
	0.00	0.00

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	5,051,953	6,045,006.92
Use of goods and services	4,542,223	10,095,863.30
Amounts due to other Government entities (see attached list)	6,020,000	21,380,500.00
Amounts due to other grants and other transfers (see attached list)	38,800,661	65,342,682.02
Acquisition of assets	1,305,220	4,568,110.00
Others (<i>specify</i>)	3,507,770	3,507,770.40
Funds pending approval	166,000	0.00
	59,393,827	110,939,932.64

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	22,181,180.60	6,453,996.45

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	
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
Grand Total				

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees		5,051,953.00	6,045,006.92	
Use of goods & services		4,542,223.00	10,095,863.30	
Amounts due to other Government entities		6,020,000.00	21,380,500.00	
Sub-Total		15,614,176.00	37,521,370.22	
Amounts due to other grants and other transfers		38,800,661.00	65,342,682.02	
Sub-Total		54,414,837.00	76,422,682.02	
Acquisition of assets		1,305,220.00	4,568,110.00	
Others (specify)		3,507,770.40	3,507,770.40	
Sub-Total		4,812,990.00	8,075,880.40	
Grand Total		59,393,821.00	110,939,932.64	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Buildings and structures	24,187,513	3,263,890	0	27,451,403
Transport equipment	22,220,521	0	0	22,220,521
Office equipment, furniture and fittings	565,847	0	0	565,847
ICT Equipment, Software and Other ICT Assets	1,037,030	499,000	0	1,536,030
Other Machinery and Equipment	275,703.00	0	0	27,5703
Intangible assets	1,198,000.00	0	0	0
Total	49,484,614	3,762,890	0	53,247,504

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

PMC	Bank	Account number	Bank Balance 2020/21
Kanyiriri primary school	Equity -Olkalou	0620293710086	181.83
Kiaduba primary school	Equity -Olkalou	0620298919924	1,400,577.00
Kioo primary school	Equity -Olkalou	0620262248658	60
Kurungu secondary school	Equity -Olkalou	0620298948265	1,200,000
Matunda secondary school	Equity -Olkalou	06202719199177	2,950,789.00
Micharage primary	Equity -Olkalou		1,901,277.48
Ngorika primary school	Equity -Olkalou	0620263861954	869.00
Passenga secondary school	Equity -Olkalou	0620297242492	562,505.00
Passenga primary school	Equity -Olkalou	0620294947651	7,330.00
Plot 11 primary school	Equity -Olkalou	0620264420175	2,895,606.03
Rumathi secondary school	Equity -Olkalou	0620279314205	1,607,659.00
Rutara secondary school	Equity -Olkalou	0620261945114	999,655.00
Silanga secondary school	Equity -Olkalou	0620292832618	1,000,488.00
Wagatabuthi primary school	Equity -Olkalou	0620262834334	1,000,003.00
Gatarwa primary school	Equity -Olkalou	0620299769137	2,551,455.60
J.M Kariuki primary school	Equity -Olkalou	0620277248591	500.00
Kahonge primary school	Equity -Olkalou	0620262899407	2,602,202.83
Kaimbaga primary school	Equity -Olkalou	0620297256596	1,500,033.00
			22,181,180.60

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and subsequent progress made on the resolution of the issues.

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

