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REPORT

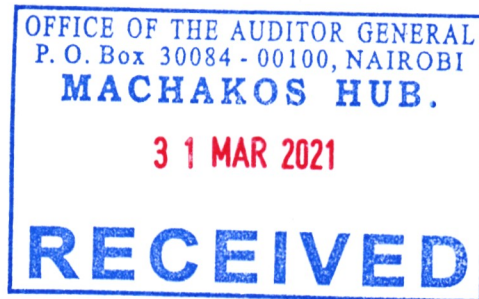
OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – KITUI EAST
CONSTITUENCY**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -
KITUI EAST CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
EAST CONSTITUENCY**

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

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Anthony Munyao
2.	Sub-County Accountant	Nicholas Mumo
3.	Chairman NGCDFC	Edward Kitheka
4.	Member NGCDFC	Reinhard Munyoto

(d) Fiduciary Oversight Arrangements

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

P.O. BOX 1199 90-200
NG-CDF OFFICE BUILDING AT CHULUNI MARKET
KITUI –MUTOMO ROAD
KITUI, KENYA

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
EAST CONSTITUENCY***

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(f) NGCDF Kitui East Constituency Contacts

Telephone: (254) 0726464606
E-mail: cdfkituieast@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Kitui East Constituency Bankers

Equity Bank Ltd
Kitui Branch
P.O.Box 1453-90200
Kitui, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

It gives me great pleasure to thank the people of Kitui East Constituency for giving me the opportunity to serve them in this transformative, people driven and Nation building position. It is great with great joy that I present to you the unaudited accounts and collaborative annual report for the year ended 30th June, 2020.

We have developed a Strategic Plan 2018- 2022. This strategic plan is a formalized road map that describes how NGCDF Kitui East Constituency will execute its mandate for the period 2018-2022. This road map indicates where the Constituency is, where it is going, and how it will get there. The plan has been developed to guide Kitui East NG-CDF's operations in line with NG-CDF Act 2015 and the subsequent amendments in 2016 from whence it derives its mandate. Other legal, policy instruments considered during the development of the strategic plan includes: Kitui County Integrated Development Plan, NG-CDF Board Strategic Plan, Kenya Vision 2030, Sustainable Development Goals (SDGs), The President's Big Four Agenda, Medium Term Plan (MTP) III, and the Constitution of Kenya 2010 (COK). The plan captures the aspirations of the Kitui East Constituents and presents the same in actionable form. It provides a baseline and status report of the thematic areas covered by NG-CDF as mandated by the NG-CDF Act 2015 and subsequent amendments in 2016. The plan establishes the gaps and the needs of the constituents to be addressed.

The traditional role and mandate of CDF as expressed in the CDF Act 2003 (repealed), were reviewed and re-enacted in the NG-CDF Act 2015 and subsequent amendment in 2016. According to the NG-CDF Act 2015, the NG-CDF funds are to be used in projects falling within the function of the National Government under the constitution; Education, Security, Environment, Youth empowerment and Information Communication and Technology (ICT). The projects should be community based to ensure the benefits are available to a widespread cross-section of the constituents. The spirit and tenets of devolution is also enshrined in NG-CDF and People participation in project identification and implementation is mandatory. The projects are implemented by the people through the project Management Committees (PMCs).

We are guided by a budget proposal in the implementation of our project. At the moment we are implementing projects falling in budget proposal FY 2018/19 and 2019/2020. Our Approved budget/proposal is as shown below:

Description Of Items	Allocation	Disbursement	Balance	A-I-A
Bal c/f Fy 2018/19	6,007,932	6,007,932	-	-
Appropriation in Aid	-	-	-	40,000
Staff gratuity	-	-	-	-
Allocation fy 2018/19	55,053,876	55,053,876	-	-
Allocation fy 2019/2020	137,363,724	68,000,000	69,367,734	-
PROJECTS ALLOCATION	198,425,532	129,061,813	69,367,734	40,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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A detailed analysis of the strengths, weaknesses, opportunities as well as threats was undertaken and prioritized as outlined hereunder.

<p>Strengths</p> <ul style="list-style-type: none"> <input type="checkbox"/> Progressive leadership <input type="checkbox"/> Available land for investments e.g agriculture <input type="checkbox"/> Political stability <input type="checkbox"/> Mineral availability 	<p>Weaknesses</p> <ul style="list-style-type: none"> <input type="checkbox"/> High dependency syndrome <input type="checkbox"/> Negative attitude towards education <input type="checkbox"/> Ignorance <input type="checkbox"/> Negative political interference <input type="checkbox"/> Lack of access to information <input type="checkbox"/> Low population growth <input type="checkbox"/> Inadequate knowledge and skills <input type="checkbox"/> Conflicting community interests <input type="checkbox"/> Underfunding of projects <input type="checkbox"/> Poor performances in education <input type="checkbox"/> Lack of land tenure among locals
<p>Opportunities Threats</p> <ul style="list-style-type: none"> <input type="checkbox"/> Existence of legal framework -NGCDF Act 2015 <input type="checkbox"/> Availability Talent Academy <input type="checkbox"/> Adequate man power <input type="checkbox"/> Adequate agricultural land <input type="checkbox"/> Availability of minerals <input type="checkbox"/> Availability of social amenities i.e. <input type="checkbox"/> Availability of Training Institutions <input type="checkbox"/> Electricity supply <input type="checkbox"/> Security <input type="checkbox"/> Potential Business environment 	<p>Threats</p> <ul style="list-style-type: none"> <input type="checkbox"/> Human /wild life conflicts <input type="checkbox"/> Climate Change <input type="checkbox"/> High unemployment rate <input type="checkbox"/> Poverty and illiteracy <input type="checkbox"/> Early marriages <input type="checkbox"/> Drugs and substance abuse <input type="checkbox"/> Domestic violence <input type="checkbox"/> Poor performances in education <input type="checkbox"/> Poor farming practices <input type="checkbox"/> Negative politics <input type="checkbox"/> HIV/AIDs prevalence <input type="checkbox"/> Lack of title deeds

We are in the era of social media and devolution facing daily criticism and negative publicity. This has strengthened our resolve to perform even better as we continued to discharge our mandate. Ours is a unique public service for the People by the People through Public Participation and Project implementation by the People. For a long time, people were planned under, planned for, planned over and planned in by the authorities. But for us at CDF we, have put the people first in all key areas from inception to implementation and management of resources. We train and empower them on financial management and source for labour and materials from them.

Summary of Key Achievements

1. Bursary: The scholarship programme for 300 form ones and 30 scholarships
2. Education Projects: Constructed to completion 6 New Classroom in 8 different schools
3. Security Projects: Constructed to Completion 2 new Chiefs offices

Some of the projects implementation pictorial presentation are as below;

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
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Risk Management, Integration & Mitigation Strategies In The Constituency Operation

1. How risk management has been integrated in the constituency/department operations.
2. How risk mitigation strategies have been implemented

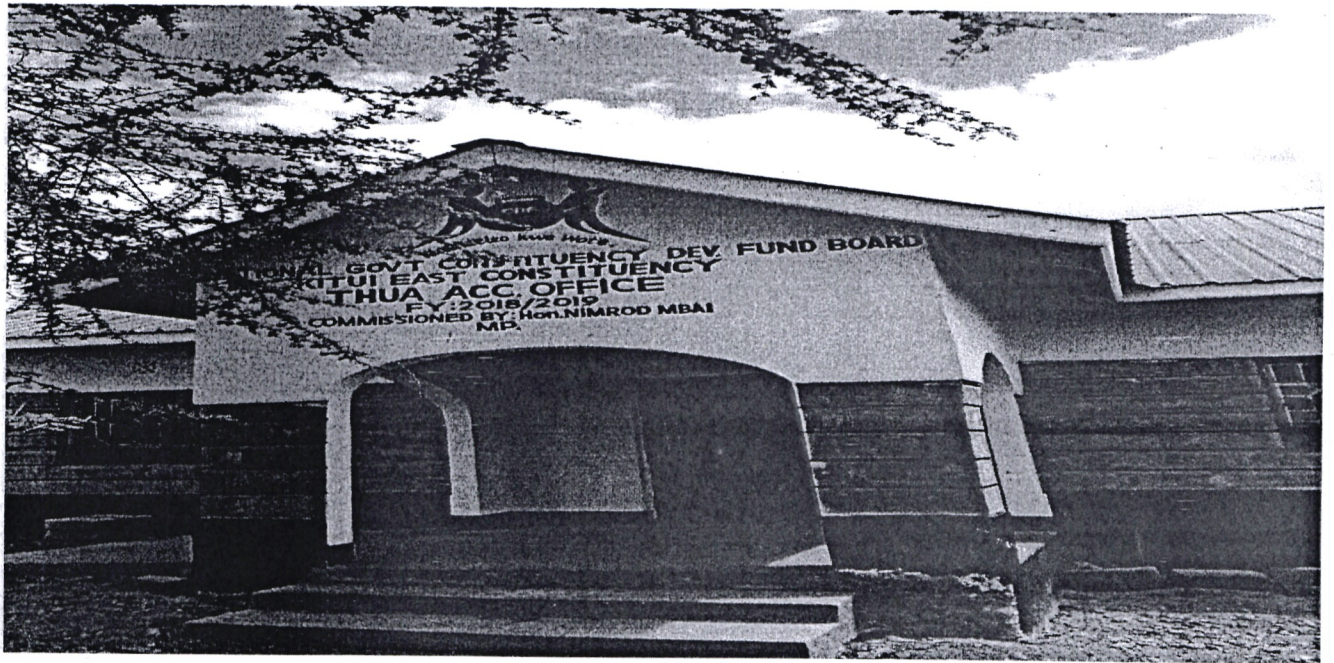
OBJECTIVES OF RISK MANAGEMENT

1. To adopt and maintain a practical risk management frame work as developed by the NG-CDF Board
2. To define risk and maintain a register of emerging risks
3. To develop standard operational procedures of mitigating risks
4. To refine and adopt best practices in risk management process and corporate governance
5. To develop a culture of reward and sanction for risk accountability
6. To enhance risk response and implementation strategies
7. To assist in ensuring an effective internal control system of checks and balances
8. To provide a greater level of transparency into the operations of the fund
9. To establish risk management process in all objectives and mandate of the fund
10. To enable the constituency plan for fall back measures any future risks in any eventuality

The following sample photos portray the projects that were achieved in the just ended FY 19/20;



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



Sign

CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

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

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- Kitui East Constituency's 2019-2024 Plan are to: **(Enumerate all the objectives of the constituency as per the Strategic Plan)**

- 1) To improve access to education and training
- 2) To improve learning environment
- 3) To improve the working environment of security and interior personnel
- 4) To enhance environmental conservation
- 5) To build youth talents and skills in sports

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	OUTCOME	OUTCOME	INDICATOR	PERFORMANCE
Education	To improve access to education and training	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - Increased number of students accessing education - Increased number of schools with adequate facilities and equipment - Improved performance in national examinations - Increased number of schools with adequate sanitation facilities 	<p>In FY 19/20 -we increased number of useable classrooms by 66 through renovations and constructed 14 new ones for students and added new secondary 2 schools and 1 tertiary institution</p> <p>3000 students benefited from Bursary</p>
Security	To improve the working and living conditions of security personnel in the Constituency	Increase and Improve the conditions of police stations within the constituency	<ul style="list-style-type: none"> - Increased number of housing units and offices for security personnel 	In FY 2019/20 we worked on completion of 3 Chief's offices and fenced other two offices
Environment	To promote environmental	Increase in knowledge,	<ul style="list-style-type: none"> - Increased number of institutions with 	In FY 2019/20 we invested in water

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	conservation in the Constituency	skills and passion for sustainable environment practices	adequate sanitation facilities and water storage facilities and increase afforestation	harvesting program in 30 schools by providing 10,000 litres water tanks, water harvesting gutters for hygiene and improved sanitation
Sports	To build and enhance youth skills through sports interventions	Promotion of youth initiatives in building and nurturing their talents and skills in sports	- Increased sports activities through annual sports tournaments, Building more facilities in schools, provision of equipment and sports kits	In FY 2019/20 we rehabilitated two kaluasi primary Sports fields by grading, compacting and putting up a drainage system
Disaster management	To establish risk register for the constituency	Reduction in Risk Levels/Increased Risk and disaster preparedness	- Improved Constituency Internal Control System - Reduced level of complaints; resolved past cases and reduced reporting of present cases - Securing the services of a security firm	In the FY 2019/20 We improved internal control system through checks an Strengthening corporate governance by inculcating a culture of best practices on NG-CDF mandate Installed fire extinguishers and bought sanitizers, face masks, thermos-guns, detergents, fumigation chemicals and water tanks for fight against COVID19 global pandemic Maintained an open door policy of feed- back and respecting criticism while taking corrective measures and drawing valuable lessons learnt from reported complaints

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Kitui East 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 -

The aspiration of the people of Kitui East constituency as captured in this strategic plan forms the basis and justification for its implementation. This Strategic Plan focuses on providing Kitui East Constituency with a roadmap towards the delivery of quality services. The plan was prepared through a participatory approach that ensured consultations and involvement of the people of Kitui East, their leaders and external stakeholders at all stages. It has set out its vision, mission, core values, goals and strategic objectives as well as strategies. The implementation of the plan will ensure Sustainable development and social economic transformation in Kitui East constituency. The plan provides a review of past performance, situational analysis and further identifies strategic gaps

2. Environmental performance

Uncontrolled environmental degradation and effects of climate change negatively impact on the socio-economic development of the constituency. Major contributors to environmental degradation is human activity. These activities include deforestation through illegal logging, charcoal burning, forest clearing for agricultural activities, overstocking and subsequent overgrazing, illegal quarrying and water pollution through waste disposal. Kitui East Constituency depends heavily on wood fuel for domestic use. Forest resources contribute heavily towards household budget through the burn and sell of charcoal. Widespread poverty, unemployment and climate change are the major driving forces to environmental degradation in the constituency.

We have also done several pit latrines for several schools in the constituency. On the same note we are in the process of doing sand dams in four wards.

3. Employee welfare

The NGCDFC ensures recruitment of competent staff is done in compliance with the Employment Act and other laws governing recruitment of employees. The Constituency has 8 staff: 5 Male and 3 Female, the all cover the 6 Wards within the Constituency.

Employees have been employed on 3 years contract term, renewable based on performance. At the end of the contract period they are entitled to service gratuity at 31% of their basic salaries, they have NHIF universal health care scheme and also a retirement plan on NSSF.

We have continuously improved the capacity of our staff by ensuring we recruited skilled employees, continuous coaching and mentoring, participation in various conferences including NGCDF trainings, on-the-job training by delegation of duties and job rotation of staff regardless of the roles and duties as prescribed in their job descriptions.

4. Market place practices-

After the development of the strategic plan, the NG-CDFC has become more visible and competitive within the communities in the Constituency. In terms of management of resources, we have noted reduced operation cost and all the complaints from the community, both past and present, have either been resolved fully or it's been handled amicably by the management. We have built very strong internal control systems which have reduced wastage and corruption in the constituency.

Our Management best practices involve:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

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

- a) There's a clear communication of our vision, mission and strategy;
- b) The Committee and staff have shown exemplary leadership by example;
- c) Through the SP 2019-2024, we have set demanding but realistic targets;
- d) The Fund Account Manager has ensured an open and communicative management style;
- e) Our Objectives as defined in our strategic plan are SMART.

5. Community Engagements-

We are proud of the positive economic impact we have on our communities, from job creation to sustainable development projects, improvement of security and education sector. As NG-CDF Kitui East, we have a deep commitment in ensuring full support on community engagement especially in Social Corporate Responsibility, especially at this period where the world is facing a pandemic. Tenders are advertised and done competitively where they are awarded to the lowest bidder. We engage the community in sports activities where the winners are awarded trophies, balls and other presents. We also engage the community in identification of bursary beneficiaries and projects identification.

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NG-CDF- Kitui East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF- Kitui East 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 Kitui East financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF- Kitui East Constituency further confirms the completeness of the accounting records maintained for the NGCDF Kitui East, 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.

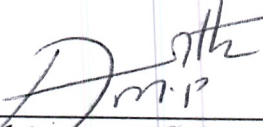
The Accounting Officer in charge of the NGCDF- Kitui East Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the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

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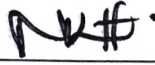
Reports and Financial Statements. For the year ended June 30, 2020

Approval of the financial statements

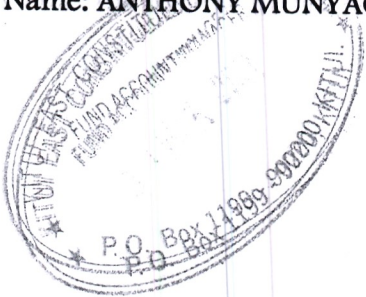
The NGCDF – Kitui East Constituency financial statements were approved and signed by the Accounting Officer on _____ 2020.



**Fund Account Manager
Name: ANTHONY MUNYAO**

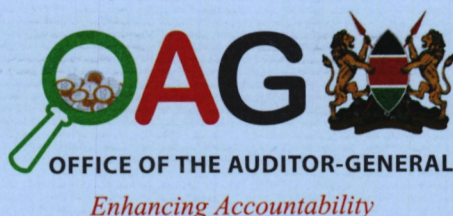


**Sub-County Accountant
Name: NICHOLAS MUMO
ICPAK Member Number:**



REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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Website: www.oagkenya.go.ke



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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kitui East Constituency set out on pages 1 to 43 which comprise the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund- Kitui East 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Presentation of the Financial Statements

Review of the financial statements for the year ended 30 June, 2020 revealed areas of non-compliance with the reporting template prescribed by the Public Sector Accounting Standards Board (PSASB) as follows:

- i) The table of contents is incomplete as it does not include indexes for reports such as; the statement of performance against Constituency's predetermined objectives, corporate social responsibility statement, and statement of entity management responsibilities. In addition, some annexures to the financial statements such as; report of progress on follow up of auditor recommendations, pending accounts

payables, pending staff payables, unutilized funds, summary of fixed assets register and Project Management Committee (PMC) bank balances are excluded in the table of contents.

- ii) Inconsistencies were noted in page numbering whereby page numbers 14 to 17 have been skipped. In effect, had the correct pagination been used, financial statements would be from page 1 to 39 instead of page 1 to 43 currently shown.

In the circumstances, the financial statements as presented do not fully comply with the reporting template and the disclosures prescribed by PSASB.

2. Inaccuracies in the Financial Statements

Further review of the financial statements revealed that statement of receipts and payments and Note 4 to the financial statements reflects an expenditure of Kshs.3,486,082 in respect of compensation of employees while the supporting documents provided had a total of Kshs.3,527,082 resulting in unexplained and unreconciled variance of Kshs.41,000.

Further, the statement of receipts and payments reflects Kshs.40,000 in respect of other receipts with a nil comparative figure for the financial year 2018/2019. However, Note 3 to the financial statements reflects a comparative figure of Kshs.1,200,000 as prior year adjustments which is not shown in the statement of receipts and payments and no explanation is provided for this omission.

In addition, the statement of receipts and payments reflects Kshs.1,160,000 in respect of other payments and a nil amount under the comparative figure for 2018/2019 financial year. However, the disclosure Note 9 to the financial statements has Kshs.1,740,000 as the comparative figure and no explanation was provided for the variance.

The statement of assets and liabilities shows a fund balance brought forward of Kshs.22,876,423 while the closing balance as at 30 June, 2019 shows a balance of Kshs.22,287,643 thus giving rise to an unexplained difference of Kshs.588,780.

Further, Note 17.2 to the financial statements reflects Kshs.719,115 and Kshs.625,684 as the pending accounts payables for 2019/2020 and 2018/2019 financial years respectively. However, the supporting Annex 2 to the financial statements does not include the comparative figures.

Note 17.3 to the financial statements on unutilized funds reflects Kshs.78,893,852 and Kshs.69,878,518 for the financial years 2019/2020 and 2018/2019 respectively. However, the supporting Annex 3 to the financial statements has no comparative figures since the column is blank.

In addition, the statement of budget execution by programmes and sub-programmes shows a total final budget amount of Kshs.207,286,242 which differs from the re-computed total of Kshs.206,786,241 thus resulting in a Kshs.500,001 unexplained variance. The same variance was also noted under the utilization difference which has a

total of Kshs.78,893,852 instead of the Kshs.78,393,851 confirmed on re-casting of the total utilization difference. Further, a casting error of Kshs.5,013,848 was noted under the adjustments column whereby Kshs.69,918,518 is reflected as the total instead of the Kshs.64,904,670 confirmed on re-casting of the same item.

Further, the information included the forward by the Chairman of National Government Constituencies Development Fund Committee was found be in variance with figures reflected in the summary statement of appropriation: recurrent and development under the headings of allocation/budget, disbursement/actual and balance/utilization difference.

In the circumstances, the completeness and accuracy of the financial statements could not be confirmed.

3. Understatement of the Bank Balances – Stale Cheques

The statement of assets and liabilities reflects bank balances of Kshs.7,326,129. However, a review of the bank reconciliation statement for June, 2020 revealed unrepresented cheques of Kshs.2,833,413 which included stale cheques totaling Kshs.164,002. No explanation was provided as to why the stale cheques were not written back into the cash book since they are no longer valid for payment by the bank.

Consequently, the cash and cash equivalents balance of Kshs.7,326,129 may be understated by the amount of Kshs.164,002.

4. Non-preparation of Trial Balance

During the audit, the Fund Management did not provide a trial balance in support of the balances in the financial statements for audit review.

As a result, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be ascertained.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.207,286,242 and Kshs.135,718,519 respectively resulting to an under-funding of Kshs.71,567,723 or 35% of the budget. Similarly, the Fund expended Kshs.128,392,390 against an approved budget of Kshs.207,286,242 resulting to an under-expenditure of Kshs.78,893,852 or 38% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents of Kitui East 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 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 of Conclusion

1. Delay in Project Implementation

Review of the project implementation documents as at 30 June, 2020 revealed that Kshs.137,367,724 was allocated for implementation of eighty (80) projects out of which Kshs.121,867,724 was disbursed during the year. However, only forty-nine (49) projects worth Kshs.89,670,370 were completed and put to use. A total of fourteen (14) projects costing Kshs.12,247,354 were on-going while the remainder of seventeen (17) projects with allocation of Kshs.19,950,000 had not commenced.

Consequently, it has not been possible to confirm if and when value for money will be realized from the incomplete/ongoing and yet to start projects.

2. Unsatisfactory Implementation of Projects

A physical verification exercise of various projects being implemented by the Fund was carried out in February, 2021, which revealed anomalies in implementation of three (3) projects with a funding allocation of Kshs.10,700,000 as detailed below: -

Project Details	Cost (Kshs)	Observations
Kaliku Secondary School Acquisition of a school bus	7,200,000	<ul style="list-style-type: none">The contract agreement for the acquisition of the bus was not provided.

Project Details	Cost (Kshs)	Observations
		<ul style="list-style-type: none"> • Quotations were only analyzed but not evaluated as per the provisions of the Public Procurement and Asset Disposal Act, 2015 and regulations of 2016. • The PMC did not seek advice of the Sub-county Procurement Officer. • Due diligence report was not prepared. • Insurance component - The PMC awarded the insurance tender to an insurance company at Kshs.262,842, but no policy document was issued. • The bus had not been delivered to the school despite full payment having been made.
Kaliku Boys Secondary School-Purchase of land measuring 6.68 acres	2,000,000	<ul style="list-style-type: none"> • Payment of Kshs.2,000,000 was made to the seller vide cheque No. 002 dated 16 June, 2020 but the latter has not signed the land transfer consent at the sub county lands board.
Mwitika Secondary School-Purchase of land measuring 2.35Ha.	1,500,000	<ul style="list-style-type: none"> • PMC single sourced the land valuers and the land was valued at Kshs.1,600,000. However, no agreement was entered into between the valuer and the PMC and as such the audit could not establish how much the valuer was paid and on which considerations. Further, the ownership of the land had not been transferred to the School. It was not explained why the PMC did not seek the services of the Ministry of lands, Infrastructure, Housing and Urban development.
Total	10,700,000	

In the circumstances, it has not been possible to confirm if value for money was realized from the expenditure of Kshs.10,700,000 which was incurred on the projects.

3. Irregular Implementation of Un-Budgeted Projects

Statement of budget execution by programmes and sub programmes shows that disbursements totaling Kshs.128,392,390 were made for implementation of various projects during the year under review. However, included in the amount is Kshs.17,074,382 which was disbursed on account of twenty-nine (29) projects which were implemented without a budgetary provision which was irregular.

Consequently, the regularity and value for money of the expenditure of Kshs.17,074,382 which was incurred on the projects could not be confirmed.

4. Irregularities in Procurement of Construction Projects

As disclosed in, Vote 6 to the financial statements, the statement of receipts and payments reflects the transfers to other Government units of Kshs.55,191,871, which relates to transfers to primary and secondary schools for project implementation. However, review of documents provided in support of procurement processes revealed that the tenders for the projects were not advertised through the National Government Constituencies Development Fund website. In addition, letters of award to the winning bidders and regrets letters to unsuccessful bidders were not sent to the bidders while the unsuccessful bidders were not informed of the reasons why they were not considered successful as required by Sections 96 (2) and 106 of the Public Procurement and Asset Disposal Act, 2015.

In view of the foregoing, it has not been possible to confirm that the procurement for construction projects was done in an open and transparent manner and in accordance with the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND OVERALL GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, 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

Lack of Human Resource Policy Documents

Available information revealed that the Fund did not have in place; a Scheme of Service, Approved Staff Establishment, Training Policy, Human Resource Manual and a Code of Ethics. In addition, no training needs assessment was performed as stipulated in Section H.3 (2) Human Resource Policies and Procedures Manual for Public Service of May, 2016 which requires State Departments to prepare training projections based on Training

Needs Assessment to guide the Human Resource Management Advisory Committees in nominating officers for training.

To this extent, the Fund was in breach of the law.

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

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

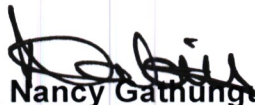
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 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 February, 2022

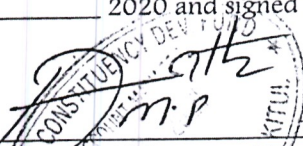
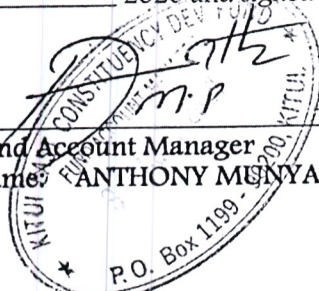
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI
EAST CONSTITUENCY**

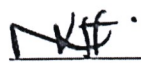
Reports and Financial Statements. For the year ended June 30, 2020

II. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
Transfers from NGCDF board	1	113,390,876	108,784,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	40,000	
TOTAL RECEIPTS		113,430,876	108,784,483
PAYMENTS			
Compensation of employees	4	3,486,082	2,889,520
Use of goods and services	5	13,336,644	7,278,861
Transfers to Other Government Units	6	55,191,871	35,000,000
Other grants and transfers	7	55,217,793	48,536,397
Acquisition of Assets	8	-	-
Other Payments	9	1,160,000	
TOTAL PAYMENTS		128,392,390	93,704,778
SURPLUS/(DEFICIT)		-14,961,514	15,079,705

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kitui East Constituency financial statements were approved on _____ 2020 and signed by:


 Fund Account Manager
 Name: ANTHONY MUNIYAO



 National Sub-County Accountant
 Name: NICHOLAS MUMO
 ICPAK Member Number:

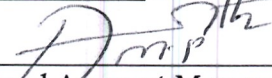
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

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

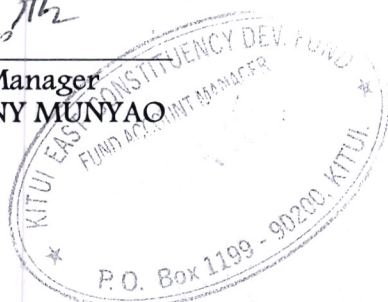
III. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	7,326,129	22,287,643
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		7,326,129	22,287,643
Accounts Receivable		-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		7,326,129	22,287,643
FINANCIAL LIABILITIES			
Accounts Payable		-	-
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		7,326,129	22,287,643
REPRESENTED BY			
Fund balance b/fwd	13	22,876,423	6,007,938
Prior year adjustments	14	-	1,200,000
Surplus/Defict for the year		-14,961,514	15,079,705
NET FINANCIAL POSITION		7,326,129	22,287,643

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kitui East Constituency financial statements were approved on _____ 2020 and signed by:


Fund Account Manager

Name: ANTHONY MUNYAO





National Sub-County Accountant
Name: NICHOLAS MUMO
ICPAK Member Number:

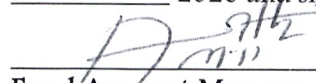
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) KITUI EAST CONSTITUENCY

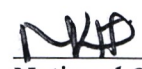
Reports and Financial Statements. For the year ended June 30, 2020

IV. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	113,390,876	108,784,483
Other Receipts	3	40,000	-
Total receipts		113,430,876	108,784,483
Payments for operating expenses			
Compensation of Employees	4	3,486,082	2,859,520
Use of goods and services	5	13,336,644	7,278,861
Transfers to Other Government Units	6	55,191,871	35,000,000
Other grants and transfers	7	55,217,793	48,536,397
Other Payments	9	1,160,000	-
Total payments		128,392,390	93,704,778
Total Receipts Less Total Payments		-14,961,514	15,079,705
Adjusted for:			
Decrease/ (Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/ (Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	1,200,00
Net cash flow from operating activities		-14,961,514	16,279,705
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		-14,961,514	16,279,705
Cash and cash equivalent at BEGINNING of the year	13	22,287,643	6,007,938
Cash and cash equivalent at END of the year		7,326,129	22,287,643

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kitui East Constituency financial statements were approved on _____ 2020 and signed by:


 Fund Account Manager
 Name: ANTHONY MUNYAO


 National Sub-County Accountant
 Name: NICHOLAS MUMO
 ICPAK Member Number:

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

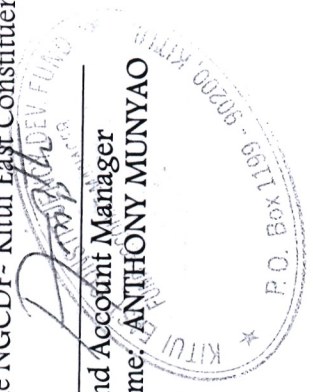
V. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	69,878,518	207,246,242	113,390,876	93,855,366	52.7%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	40,000	40,000	40,000	0	0.00%
Fund Balance(unspent) b/f				22,287,643	-22,287,643	
TOTAL RECEIPTS	137,367,724	69,918,518	207,286,242	135,718,519	71,567,723	0.35%
PAYMENTS						
Compensation of Employees	4,650,000	1,086,766	5,736,766	3,486,082	2,250,684	0.39%
Use of goods and services	7,713,095	5,623,549	13,336,644	13,336,644	0	0.00%
Transfers to Other Government Units	55,850,000	48,370,000	104,220,000	55,191,871	49,028,129	0.47%
Other grants and transfers	69,154,629	8,638,203	77,792,832	55,217,793	22,575,039	0.29%
Acquisition of Assets		5,000,000	5,000,000		5,000,000	1.00%
Other Payments		1,160,000	1,160,000	1,160,000		0.00%
TOTALS	137,367,724	69,918,518	207,286,242	128,392,390	40,000	1.00%
					78,893,852	0.38%

a) *During the year, we were only able to receive part of the funding which was fully utilized. If the funds could have been received as budgeted, the utilization could have exceeded the current thus the low absorption rate is as a result of late receipt of funds from the NGCDF board.*

The NGCDF - Kitui East Constituency financial statements were approved on _____ 2020 and signed by:


 Fund Account Manager
 Name: ANTHONY MUNYAO
 Sub-County Accountant
 Name: NICHOLAS MUMO
 ICPAK Member Number: _____



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

VI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019-2020 Kshs	Kshs	2019/2020 Kshs	30/06/2019 Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,650,000	1,086,766	5,736,766	3,527,082	2,209,684
1.2 Committee allowances	2,592,063	952,000	3,544,063	2,038,000	1,506,063
1.3 Use of goods and services	1,000,000	500,000	1,500,000	849,735	650,265
2.0 Monitoring and evaluation					
2.1 Capacity building	2,621,031	1,654,484	4,275,515	1,880,300	2,395,215
2.2 Committee allowances	1,000,000	1,400,000	2,400,000	725,000	1,675,000
2.3 Use of goods and services	500,000	400,000	900,000	137,450	762,550
3.0 Emergency	7,198,241	3,820,241	11,018,482		
ILAMBA PRIMARY SCHOOL				600,000	
MWALIMU MUTUA MAI YUKU SECONDARY SCH				300,000	
SYOMBUKU PRIMARY SCHOOL				250,000	
KIUSYANI PRIMARY SCHOOL				50,000	
NGAACA YAKWA PRIMARY SCHOOL				50,000	
ILAMBA PRIMARY SCHOOL				250,000	

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

MAKUTANO PRIMARY SCHOOL					300,000	
MUSUKUNI PRIMARY SCHOOL					450,000	
KAMUNYU PRIMARY SCHOOL					100,000	
NGUNGI CHIEFS OFFICE					600,000	
KYULULU PRIMARY SCHOOL					600,000	
WAANI PRIMARY SCHOOL					600,000	
KYULULU MIXED DAY SECONDARY SCHOOL					100,000	
KIONGWE MIXED SECONDARY SCHOOL					50,000	
KANZOOKO PRIMARY SCHOOL					300,000	
KIONGWE AP. LINE					600,000	
MAKAYAA PRIMARY SCHOOL					600,000	
KATHANAKE PRIMARY SCHOOL					50,000	
KISIUNI PRIMARY SCHOOL					50,000	
MASONGO PRIMARY SCHOOL					50,000	
A.I.C SOMBE GIRLS SECONDARY SCHOOL					120,000	
KAKAME PRIMARY SCHOOL					100,000	4,848,482
4.0 Bursary and Social Security						
4.1 Primary Schools						
4.2 Secondary Schools	25,710,317	2,278,000	27,988,317	21,844,821	6,143,496	

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

4.3 Tertiary Institutions	15,001,361	1,100,000	16,101,361	12,655,620	3,445,741
4.4 Universities					
4.5 Security		3,077,027	3,077,027		600,000
4.6 Mbukoni Primary School				800,000	
4.7 Imwatine primary School				600,000	
4.8 Engamba Police Post				1,077,027	
5.0 Sports					
5.1 Constituency Sports Tournament	2,747,354	2,180,000	4,927,354		
5.1 KITUI EAST SPORTS				2,747,355	
5.2 KITUI EAST SPORTS				2,180,000	
6.0 Environment					
6.1 Kwangwenze Sand Dam	686,839		686,839		686839
6.2 Ngelani Kwa Nzeeka Sand Dam	686,839		686,839		686839
6.3 Kakame Sand Dam	686,839		686,839		686839
6.4 Katikoni Ny'ethau Sand Dam	686,839		686,839		686839
7.0 Primary Schools Projects					
(List all the Projects)					
7.1 Kisayani Primary School	1,000,000		1,000,000	1,000,000	
7.2 Kyaimu primary School	1,500,000		1,500,000	1,500,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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For the year ended June 30, 2020

7.3 Imale Primary School	1,500,000		1,500,000		1,500,000
7.4 Mitaani Primary School	1,000,000		1,000,000		1,000,000
7.5 Malatani Primary School	1,000,000		1,000,000		1,000,000
7.6 Kandongo Primary School	1,000,000		1,000,000	1,000,000	
7.7 Kitanga primary school		1,300,000	1,300,000	1,300,000	
7.8 Kathamba primary school		1,300,000	1,300,000	1,300,000	
7.9 Kivaki primary school		800,000	800,000	800,000	
8.0 Musiva primary school		800,000	800,000	800,000	
8.1 Yulambu primary school		800,000	800,000	800,000	
8.2 Kyangeni Primary School	1,000,000		1,000,000		1,000,000
8.3 Makutano Primary School	1,000,000		1,000,000		1,000,000
8.4 Katitika Primary School	200,000		200,000		200,000
8.5 Malembwa Primary School	300,000		300,000		300,000
8.6 Kyanika Child Development Centre	1,000,000		1,000,000		1,000,000
8.7 Matundu Primary School	500,000		500,000		500,000
8.8 Malatani Primary School					
8.9 Manyoeni Primary School	-				
9.0 Masikalini Primary School	-				
9.1 Masungu Primary School	-				

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
Reports and Financial Statements
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9.2 Matia Primary School	-	1,600,000	1,600,000	1,600,000	
9.3 Matundu Primary School	-				
9.4 Musukini Primary School	-	600,000	600,000	600,000	
9.6 Nzungui Primary School	-				
9.7 Imbuvu primary school		800,000	800,000	800,000	
9.8 Kalinga primary school		800,000	800,000	800,000	
9.9 Kaluli primary school		800,000	800,000	800,000	
10.0 Kamale primary school		1,000,000	1,000,000	1,000,000	
10.1 Kathamba primary school		1,400,000	1,400,000	1,400,000	
10.2 Kilimboni primary school		800,000	800,000	800,000	
10.3 Kivaki primary school		800,000	800,000	800,000	800,000
10.4 Makutano primary school		800,000	800,000	800,000	
10.5 Malatani primary school		370,000	370,000	370,000	370,000
10.6 Manyoeni primary school		300,000	300,000	300,000	300,000
10.7 Musukini primary school		600,000	600,000	600,000	600,000
10.8 Nzungi primary school		800,000	800,000	800,000	
10.9 Ngumbwa primary school		800,000	800,000	800,000	
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Thua Secondary School	7,200,000		7,200,000		7,200,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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8.2 Kaliku Secondary School	700,000	6,500,000	7,200,000	7,200,000
8.3 Kathande Secondary School	1,000,000		1,000,000	1,000,000
8.4 Nzilani Secondary School	1,000,000		1,000,000	1,000,000
8.5 Kimangau Secondary School	1,000,000		1,000,000	1,000,000
8.6 Ngungi Secondary School	900,000		900,000	900,000
8.7 Kyululu Secondary School	1,000,000	400,000	1,400,000	1,400,000
8.8 Kikuu Secondary School	1,000,000	200,000	1,200,000	1,000,000
8.9 Musukini Secondary School	1,000,000		1,000,000	1,000,000
9.0 Manyoeni Secondary School	1,000,000		1,000,000	1,000,000
9.1 Kakame Secondary School	1,000,000		1,000,000	1,000,000
9.2 Makuka Secondary School	1,000,000		1,000,000	1,000,000
9.3 Twambui Secondary School	1,000,000		1,000,000	1,000,000
9.4 Katumbi Secondary School	1,000,000		1,000,000	1,000,000
9.5 Kinanie Secondary School	2,000,000		2,000,000	2,000,000
9.6 Kamwii Secondary School	1,000,000		1,000,000	1,000,000
10.0 Kyuukuni Secondary School	1,000,000		1,000,000	1,000,000
10.1 Masikalini Secondary School	1,000,000		1,000,000	1,000,000
10.2 Kasangu Secondary School	1,000,000		1,000,000	1,000,000
10.3 Kithanake Secondary School	1,000,000		1,000,000	1,000,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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10.4 Kalalani Secondary School	1,000,000		1,000,000			1,000,000
10.5 Iriko Secondary School	1,000,000		1,000,000			1,000,000
10.6 Mwitika Boys School	3,300,000		3,300,000			3,300,000
10.7 Ngaaka Yakwa Secondary School	1,000,000		1,000,000		1,000,000	
10.8 Kwa Wewa Secondary School	1,000,000		1,000,000			1,000,000
10.9 Kyanzai Secondary School	1,000,000		1,000,000		1,000,000	
11.0 Kabati Secondary School	1,000,000		1,000,000			1,000,000
11.1 Kaliku Boys Secondary School	500,000		500,000		500,000	
11.2 Kiangini Secondary School	1,000,000		1,000,000			1,000,000
11.3 Kalulu Secondary School	500,000		500,000			500,000
11.4 Kitho Secondary School	1,000,000		1,000,000		1,000,000	
11.5 Kaliku Boys Secondary School	2,000,000		2,000,000		2,000,000	
11.6 Kithanake Secondary School	250,000		250,000			250,000
11.7 Mwitika Boys Secondary School	500,000	1,500,000	2,000,000		1,500,000	500,000
11.8 Kawea Secondary School	1,000,000		1,000,000			1,000,000
11.9 Chuluni Girls Secondary School	500,000	500,000	1,000,000		500,000	500,000
12.0 Voo Secondary School	500,000		500,000			500,000
12.1 Syou Secondary School	1,000,000		1,000,000		1,000,000	
12.2 Malatani mixed secondary school		3,600,000	3,600,000		3,600,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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12.3 Mutito mixed secondary school		1,200,000	1,200,000	1,200,000	
12.5 Chuluni girls secondary school		500,000	500,000	500,000	
12.6 Itiko secondary school		1,000,000	1,000,000	1,000,000	
12.7 Ithangathi girls secondary school		1,000,000	1,000,000	1,000,000	
12.9 Kamwiri secondary school		800,000	800,000	800,000	
13.0 Kanduti secondary school		500,000	500,000	500,000	
13.1 Kasunguni secondary school		800,000	800,000	800,000	
13.2 Kyanzai secondary school		800,000	800,000	800,000	
13.3 Kyuukuni secondary school		800,000	800,000	800,000	
13.4 Makuka secondary school		600,000	600,000	600,000	
13.7 Nzunguni secondary school		800,000	800,000	800,000	
13.8 Thua secondary school		500,000	500,000	500,000	
13.9 Voo secondary school		1,000,000	1,000,000	1,000,000	
9.0 Tertiary institutions Projects (List all the Projects)					1,000,000
9.1 To establish Technical & Training Institute in Kitui East Constituency	-	10,000,000	10,000,000	10,000,000	
10.0 Security Projects					
10.1 Mutitu Deputy County Commissioner Office	6,500,000		6,500,000		6,500,000
10.2 Zombe Assistant County Commissioner Office (fencing)	2,000,000		2,000,000		2,000,000
10.3 Matia Police Post	750,000		750,000		750,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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10.4 THUA ASSIST COUNTY COMMISSIONER'S OFFICE					2,000,000	-2,000,000
10.5 ZOMBE ASSIST COUNTY COMMISSIONER'S OFFICE					1,000,000	-1,000,000
10.5 Zombe Ass County Commissioners office					500,000	-500,000
10.6 kanguu Adm polie line						
10.4 Mutito Deputy commissioner office	500,000			500,000		500,000
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)	6,000,000			6,000,000		6,000,000
11.2 Construction of CDF office	-					
11.3 Purchase of furniture and equipment	-					
11.4 Purchase of computers	-					
11.5 Purchase of land	-					
12.0 Others						
12.1 Strategic Plan	-	1,160,000		1,160,000	1,160,000	
12.2 Innovation Hub	-					
AIA		40,000		40,000		40,000
TOTAL	137,367,724	69,918,518	207,286,242	128,392,390	78,893,852	

(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) –
KITUI EAST CONSTITUENCY***
Reports and Financial Statements
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VII. 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- Kitui East Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY***

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY***

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY***

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

VIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO B 005167	1		49,584,483
AIE NO B 005378	2		5,200,000
AIE NO B 030189	3		10,000,000
AIE NO B 030456	4		12,000,000
AIE NO B 006402	5		8,000,000
AIE N NO A 699142	6		11,000,000
AIE NO B 042919	7		13,000,000
B 047294	1	42,590,876	
B 047483	2	4,000,000	
B 041486	3	20,000,000	
B 047937	4	6,000,000	
B 049330	5	15,000,000	
B 104354	6	23,000,000	
B 0490218	7	2,800,000	
TOTAL		113,390,876	108,784,483

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	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

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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	-	-
Other Receipts Not Classified Elsewhere	40,000	-
		-
Total	40,000	-
3a)		
Prior year adjustments	-	1,200,000

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,072,140	2,853,680
Personal allowances paid as part of salary	407,900	
Pension and other social security contributions (Gratuity)	489,000	
Employer Contributions Compulsory national social security schemes	127,440	35,840
Other personnel payments	389,602	50,000
Total	3,486,082	2,889,520

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,989,000	2,960,400
Utilities, supplies and services	1,526,260	868,331
Communication, supplies and services	56,000	26,000
Domestic travel and subsistence	952,300	452,300
Printing, advertising and information supplies & services	702,724	
Water and Sewerage Charges	-	300,000
Training expenses	2,688,000	497,000
Hospitality supplies and services	639,900	113,830
Insurance costs	-	-
Specialized materials and services	500,000	-
Office and general supplies and services	438,230	321,000
Other operating expenses	1,769,430	
Routine maintenance – vehicles and other transport equipment	74,800	-
Routine maintenance – other assets	2,000,000	-
Strategic Plan		1,740,000
Total	13,336,644	7,278,861

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	10,341,871	26,100,000
Transfers to secondary schools (see attached list)	44,850,000	8,900,000
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	55,191,871	35,000,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	26,960,318	19,100,045
Bursary – tertiary institutions (see attached list)	15,001,362	11,445,750
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	1,250,000	7,000,000
Sports projects (see attached list)	2,747,355	1,700,421
Environment projects (see attached list)	2,060,516	
Emergency projects (see attached list)	7,198,242	9,290,181
Total	55,217,793	48,536,397

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	1,160,000	1,740,000
ICT Hub	-	-
Total	1,160,000	1,740,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

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

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>Name of Bank,</i>		
EQUITY , Account No. 0720261343213	7,326,128	22,287,643
Total	7,326,128	22,287,643
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
	-	-
Total		
<i>[Provide cash count certificates for each]</i>		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY

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

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

[Include an annex if the list is longer than 1 page.]

12A. RETENTION

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
	-	-
Total	-	-

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Total		

[Provide short appropriate explanations as necessary]

	2019-2020	2018-2019
FINANCIAL ASSETS		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY

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

NET FINICIAL ASSETS	7,326,128	22,287,643
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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	22,876,423	6,007,938
Cash in hand	-	-
Imprest	-	-
Total	22,876,423	6,007,938

14. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f FY 2018/2019 as per Financial statements Kshs	Adjustments Kshs	Adjusted Balance b/f FY 2018/2019 Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Prior year adjustments b/f	-	-	1,200,000
Total	-	-	1,200,00

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)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
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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)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff Gratuity	719,115	625,684
Others (<i>specify</i>)	-	-
	719,115	625,684

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,250,684	1,086,766
Use of goods and services	7,565,059	5,623,549
Amounts due to other Government entities (see attached list)	38,420,000	48,370,000
Amounts due to other grants and other transfers (see attached list)	25,618,109	8,638,203
Acquisition of assets	5,000,000	5,000,000
Others (<i>specify</i>)	-	1,160,000
AIA	40000	
Total	78,893,852	69,878,518

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI
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17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	6,105,000	10,169,687
	6,105,000	10,169,687

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
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					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	C	d=a-c	
Senior Management						
1.						
2.						
3.						
Sub-Total						
Middle Management						
Joshua Kilunda Muthoka					102,972	
Nelson Mulwa					83,256	
Geoffrey M Kotele					102,972	
Margaret Aphia Toma					73,548	
Seif Kula Mutania					73,548	
Muli Mbungula					46,536	
Kivusyu Mungola					46,536	
Eunice Koki Mutua					73,548	
Cyrus Sila Kamuti					83,256	
Joseph M. Mbite					127,452	
Isaac Mwangangi					25,575	
Sub-Total					719,115	
Unionisable Employees						
4.						
5.						
6.						
Sub-Total						
Others (specify)						

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
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Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
7.						
8.						
9.						
	Sub-Total					
	Grand Total					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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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	6,400,000	-	-	6,400,000
Transport equipment	5,312,602	-	-	6,312,602
Office equipment, furniture and fittings	826,741	-	-	826,741
ICT Equipment, Software and Other ICT Assets	323,000	-	-	323,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets				
Total	12,862,343			12,862,343

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
1.1 Compensation of employees		2,209,684		
Use of goods & services		1,412,815		
Committee Allowances		3,181,064		
Amounts due to other Government entities				
Transfers to Primary Schools		9,570,000		
Transfers Secondary School		32,050,000		
Transfers to Tertiarily KMTC				
Amounts due to other grants and other transfers				
Capacity Building		2,395,215		
Emergency 2019-2020		4,848,482		
Bursary Secondary Schools		6,143,496		
Bursary Tertiary Schools		3,445,741		
Security 2019-2020		4,850,000		
Environment		2,747,355		
AIA		40,000		
Acquisition of assets		6,000,000		
Total		78,893,852		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020.

S/N	ACCOUNT NAME	BANK	ACCOUNT NUMBER	BANK BALANCE 2019/2020	BANK BALANCE 2018/2019
1	Kivaki pri school	EQUITY	0720264575444	10,000	0
2	Kisayani pri school	EQUITY	0720279829672	202,580	0
3	Kyaimu primary sch	EQUITY	0720270928455	1,055	0
4	Malatani pri school	EQUITY	0720271423808	606,880	0
5	Kadongo pri school	EQUITY	0720166191298	1,000,162	0
6	Kitanga pri school	EQUITY	0720278453214	86,690	0
7	Musiva primary sch	EQUITY	0720278867191	174,565	0
8	Yulambu primary school	EQUITY	0720279481371	1188	0
9	Makutano primary school	EQUITY	0720265267511	4000	0
10	St peters malembwa primary school	EQUITY	0720264552899	55	0
11	Matundu primary school	EQUITY	0720264527323	3230	0
12	Masikalini primary school	EQUITY	0720276786036	10780	600
13	Matia primary school	EQUITY	0720262730489	81595	1012
15	Musukini primary	EQUITY	0720270251667	980	100

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	school					
16	Ngumbwa primary school	EQUITY	0720264355981	803125	0	
17	Nzungui primary school	EQUITY	0720262828599	355	0	
18	Kaluli primary school	EQUITY	0720279488672	1725	0	
19	Kamale primary school	EQUITY	0720264436115	16	0	
20	Kathamba primary school	EQUITY	0720277912863	396700	425	
21	Kilimboni primary school	EQUITY EQUITY	0720264374845	1091	0	
22	Kivaki primary school	EQUITY	0720264578444	1165	0	
23	Makutano primary school	EQUITY	0720265267511	4000	0	
24	Malatani primary school	EQUITY	0720277630877	2345	0	
25	Manyweeni primary school	EQUITY	0720276511563	380	0	
28	Kaliku secondary school	EQUITY	0720261343213	4000	0	
29	Kathande secondary school	EQUITY EQUITY	0720278544823	80	0	
30	Ngungi secondary school	EQUITY	0720162334991	919	0	
31	Kyululu secondary school	EQUITY	0720278658340	19760	98	
32	Kikuu secondary school	EQUITY	0720162704504	568	0	

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33	Musukini secondary school	EQUITY	0720278650519	979848	1200
34	Manyweeni secondary school	EQUITY	0720262917328	9735	746
35	Makuka secondary school	EQUITY	0720272082324	255	0
36	Katumbi secondary school	EQUITY	0720279752746	100	0
37	Kinanie secondary school	EQUITY	0720278565752	98620	300
38	Kamwii secondary school	EQUITY	0720278649415	370980	450
39	Kyuukuni secondary school	EQUITY	0720278589246	38867	52
40	Itiko secondary school	EQUITY	0720262160673	559060	0
41	Ngaaka yakwa secondary school	EQUITY	0720277751369	2090	0
42	Kwa wewa secondary school	EQUITY	0720274432807	4360	0
43	Kyanzai secondary school	EQUITY	0720278653609	109688	0
44	Kabat secondary school	EQUITY	0720277825251	66280	0
45	Kaliku boys secondary school	EQUITY	0720279820536	50420	0
46	Kitho secondary school	EQUITY	0720262697084	675	0
47	Kawea secondary school	EQUITY	0720262726179	365	0
48	Chuluni girls secondary school	EQUITY	0720293879207	387	0

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49	Syou secondary school	EQUITY	0720278634765	184100	650
50	Aic kwa mutei secondary school	EQUITY	0720278770541	1220	0
51	Ithangathi girls secondary school	EQUITY	0720272162868	1003115	0
52	Kamwii secondary school	EQUITY	0720278649415	370980	78
53	Kyanzai secondary school	EQUITY	0720278653609	109688	820
56	Zombe acc office	EQUITY	0720278850568	69635	0
57	Matia police post	EQUITY	0720000374791	2000	0
58	Thua secondary school	COOPERATIVE	01139300415300	5975	0
59	Voo secondary school	COOPERATIVE	01141300630500	809,680	0
60	Kanduti secondary school	COOPERATIVE	01139300403700	3125	0
61	Kaliku secondary school	KCB	1161336796	37806	0
62	Msungu primary school	KCB	1257938630	2000	0
	Totals			6,105,000	10,169,687

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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.	Cash and cash equivalents-stale cheques. Included in the financial statement of assets and liabilities under financial assets is cash and cash equivalents of Ksh.9,423,902 .	It is true. The stale cheques have since been reversed in the cashbook and the bank reconciliation updated. Bank reconciliation is done on monthly basis and stale cheques reversed in time and no such stale cheques are there presently (as at 30/6/2019)	NG-CDF FAM	Resolved	
2.	Receipts- The 4,762,561.75 which has been rounded off to 4,762,562 is unexplained.	The issue has been explained and hence has been resolved.	NG-CDF FAM	Resolved	
3	Project implementation –where PMCs are not doing procurement by	The CDF are assisting the PMCs to carry out procurement since they do	NGCDF-FAM	Not Resolved	as at 30 June 2021

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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)
	themselves hence being done at the constituency level	not have capacity on their own. Noting that the region has only one procurement officer who serves at least five constituencies it would be impossible for him to assist all the PMCs and hence the idea of the procurement being done at the constituency level.			
4	Non compliance to Public sector accounting standards board guidelines.	The accountant who signed the accounts at the time of submission was the deputy accountant since the district accountant had retired and the national treasury had not deployed a substantive district accountant.	NG-CDF FAM	Resolved	