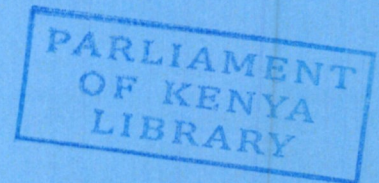


Enhancing Accountability

REPORT

OF



THE AUDITOR-GENERAL

ON

THE NATIONAL ASSEMBLY	
DATE: 23 NOV 2022	
Wednesday	
Majority Whip	
Modo	

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

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



LAIKIPIA EAST CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

LI YAN P.

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

Laikipia east Constituency

National Government Constituencies Development Fund (NGCDF)

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

(b) Key Management

The *Laikipia east* Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Samuel kimani
2.	Sub-County Accountant	Nahashon mathagu
3.	Chairman NGCDFC	John mwangi
4.	Member NGCDFC	Mary ndururi

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of *Laikipia east* Constituency NG-CDF . 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) *Laikipia east* Constituency NGCDF Headquarters

P.O. Box 920-10400
Gefro Imani building
Park road
Nanyuki, KENYA

(f) *Laikipia east* Constituency NGCDF Contacts

Telephone: (254) 711650342

E-mail: cdflaikipiaeast@ngcdf.go.ke

Website: www.ngcdf.go.ke

(g) *Laikipia east* Constituency NGCDF Bankers

1. Equity bank limited

Nanyuki Branch

A/C no:0270261969541

Kenyatta road

P.o Box 1482-10400

Nanyuki, Kenya

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

II. NG-CDFC CHAIRMAN'S REPORT



John Mwangi. Chairman NG-CDFC

During the financial year 2020/2021 we had a budget of ksh. 137,088,879 of which ksh 90,400,000 was disbanded with an additional of ksh 69,567,724 of previous financial years that resulted to a total amount of ksh.159, 969,724. With an opening balance of ksh 6,871,919.we were able to undertake a number of projects that were funded and most of them we completed and are in use as per the closer of the financial year.

We undertook a construction in Likii mixed secondary school of 4 classrooms with an allocation on ksh 3,800,000, that would benefit atmost 500 students and the community at large in laikipia East. As per the closer of the financial year the project was complete and in use.

Also we undertook a purchase of 50 lockers and 50 chairs for students in Lechugu secondary that had been allocated ksh 250,000. As per the closer of the financial year 2020/2021 the project was complete and in use, from the project we expect to benefit 50 students.

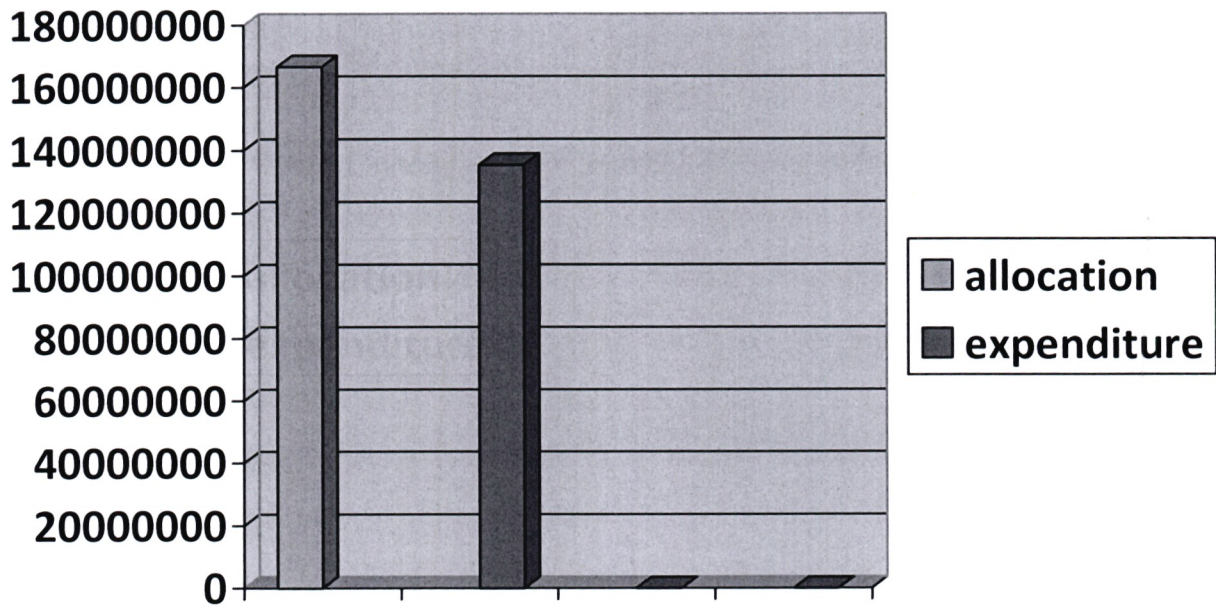
On security matters a lot was done in laikipia east, through funding construction of police posts, and funding operations in office wise. In Daiga assistant county commissioner office was constructed that has a capacity of 200. And a social hall with a kitchen and ICT hub , with an approval of budget of ksh 5,600,000, as per the closer of the financial year 2020/2021 the project was ongoing and it's in final stages which is painting, branding and labelling. The project will benefit people of umande ward in hosting meetings like public participation and other Barazas and in the process it will benefit atleast 3000 people.

Ihigaini mixed secondary school had a proposal Of 4 classroom construction, of which the Laikipia East approved the budget of ksh 4,800,000. The similar amount of money was set aside. The similar amount was dispersed for the project that is located in Tigithi ward. As per the closer of financial year 2020/2021 the project was complete and in use. This school is a big boost to the community and students who were at risk of wild animals when walking long distance to access secondary education. The project is likely to benefit 500 students and as the office we are looking forward in enabling more funding of the same to the same school and many more upcoming projects of the same.

Below are some of the graphical diagrams to support the allocations and expenditures during the year and photos to show projects done during the year.

ALLOCATION VS DIBRSURSMENT:

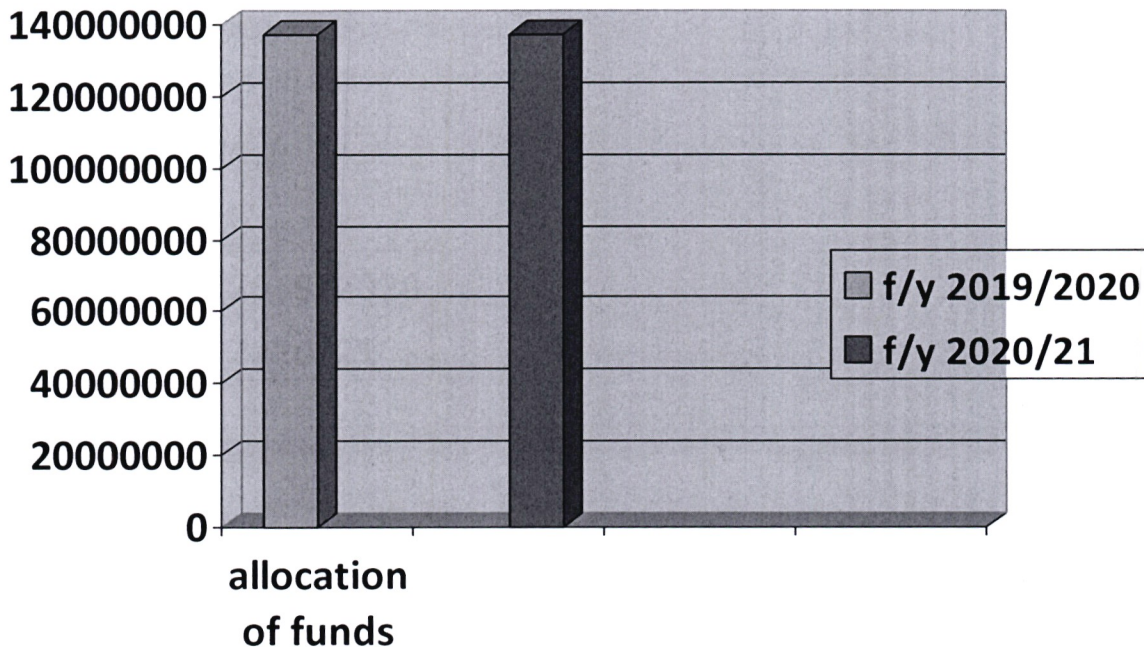
NG-CDF laikipia east from the total allocation of ksh 137,088,879 and previous year funding, we were able to disburse ksh 135,754,535 towards various projects and constituency expenditure.



Included among others the following

Allocation of funds:

The NG-CDF board has made improvements in allocation of funds to the constituencies. The total allocation to the constituency remained consistent from the FY 2019/2020 and 2020/2021 for ksh 137millions despite economic depression caused by COVID -19 pandemic.



KEY ARCHIVEMENTS:

However, we have made achievements in infrastructural developments across the constituency more especially on the education and security levers. This therefore reflects on improved service delivery to the people of laikipia east despite the covid 19 pandemic.

Pictorial:

1. Daiga assistant county commissioner hall and ICT hub, with a capacity of 200, funds allocated and approved amounted to 5,600,000. The project is ongoing in the final stages which is painting, branding and labelling. The project will benefit people of umande ward in hosting meetings like public participation and other barazas, number of beneficiaries more than 300 people.

Laikipia east Constituency

National Government Constituencies Development Fund (NGCDF)

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



Laikipia east Constituency

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2. *KMTC constructed to completion of 4 classrooms, funds allocated 3,800,000. This is a project in nanyuki ward that will not only benefit laikipia east constituency but Laikipia County as large since it's the first kmtc in the region. Beneficiaries will more than 400 students every year and also the community around interims of economic growth.*



3. *Nanyuki Township mixed secondary school, construction of 2 classrooms to completion, funds allocated 2,400,000. The project is complete and in use, expected beneficiaries are estimated from 200 and above and also economic growth on the community around the school which is located at Thinguthu ward.*



4. *Ihigaini mixed day secondary school construction of 4 classrooms to completion. Funds allocated 2,400,000, the project is complete and in use. Expected beneficiaries are estimated from 200 and above, also economic growth on the community around the school which is located at Thingithu ward.*



5. Nanyuki D.E.B primary school construction of kitchen to completion and installation of energy saving jiko's .funds allocated 2,000,000, this project is in nanyuki ward and it will help in boosting the feeding program estimated of 500 pupils.



On behalf of the people and the community of laikipia east I would like to pass my sincere appreciation to the Board .

Signature

CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of *Laikipia east Constituency 2018-2022* plan are to:

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number	a) NG-CDF purchased 50 lockers and 50 chairs for Lechugu secondary school during the financial year 2020/2021. b)NG-CDF constructed 4 classrooms to completion for likii mixed secondary school for the financial year 2020/2021. c)NG-CDF constructed 4 classrooms for kmte in

		institutions	of bursary's beneficiaries at all levels	<p>nanyuki ward to completion and in use during the financial year 2020/2021.</p> <p>d)NG-CDF constructed a kitchen to completion and already in use for N anyuki d.e.b and installed energy saving jikos during the financial year 2020/2021.</p> <p>e) In nanyuki township mixed secondary school a construction of a 6 door girl's ablution block and 4 door urinal for boys and 4 door staff ablution block. This project was allocated ksh 2,250,000..</p> <p>f) a total number of 5214 students benefited from the bursary in the cdf docket during the financial year 2020/2021.</p>
Security	To ensure security personnel have sleeping	Improved security in the area.	Number of security infrastructure constructed.	NG-CDF undertook a number of projects pertaining to security during the year ,eg constructed a 200 social

Laikipia east Constituency

National Government Constituencies Development Fund (NGCDF)

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

	quarters therefore brings security closer to residents.			hall with kitchen and ICT hub. Also NG-CDF Nanyuki east under took other 11 projects funded to completion projects pertaining security during the year..
Environment	To improve the environment of the area.	Availability of water to the residents.	Number of water tanks and boreholes constructed.	Little was done due to non-remittance of funds from the board on the amount that was set aside to improve on the environment.
Sports	To improve sports in the area.	Sports equipment to sports teams.	Number of sports teams assisted with sports equipment.	Laikipia east sports project has been formed to enable management of sports activities in the area by giving sports equipment to teams.
Emergency	To be able to manage disasters that may arise.	Lack of disasters happening in the area.	Number condemned infrastructure constructed.	KMTC construction of 4 classrooms at an allocation of ksh.3,800,000,with a capacity to hold 400 students per year and also the community around in terms of economic growth.

IV. CORPORATE SOCIAL RESPONSIBILITY

STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** *Laikipia east* NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

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

2. Environmental performance

Laikipia east took part in sporting activities in laikipia east during the financial year 2020/2021 to a tune of ksh 1,973,160 .00 in engaging the youths in the constituency by funding purchasing uniforms for teams and balls and kits relating to sporting. We are looking forward for more relating to sporting in the coming years.

On drugs and abuse during the sporting activity the youths were spoken to so as to be taking part in sporting activities so as to lower chances relating to abusing drugs.

3. Employee welfare

We invest in providing the best working environment for our employees. *Laikipia east* constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. *Laikipia east* constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues. The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Laikipia east NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

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

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

Public Awareness

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

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

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF- *Laikipia 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, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF- *Laikipia 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 *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- *Laikipia east* Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF *Laikipia east* Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during

Laikipia east Constituency

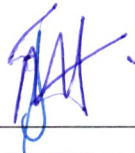
National Government Constituencies Development Fund (NGCDF)

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

the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

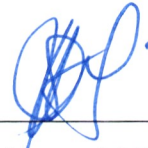
Approval of the financial statements

The NGCDF- *Laikipia east* Constituency financial statements were approved and signed by the Accounting Officer on 19/05/2021 2021.



Chairman NGCDF Committee

Name: John mwangi

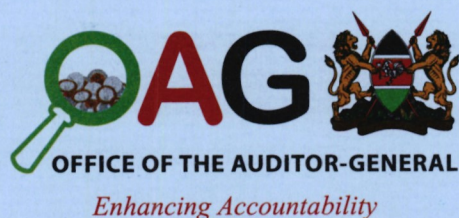


Fund Account Manager

Name: Samuel kimani

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Laikipia East Constituency set out on pages

Report of the Auditor-General on National Government Constituencies Development Fund - Laikipia East Constituency for the year ended 30 June, 2021

24 to 62, which comprise of the statement of financial assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 - Laikipia East Constituency as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of receipts and payments reflects receipts of Kshs.159,967,724 in respect of transfers from National Government Constituencies Development Fund Board whereas Note 1 to the financial statements reflects an amount of Kshs.147,967,724 resulting to an unreconciled variance of Kshs.12,000,000. Further, the statement reflects other receipts of Kshs.123,000 whereas Note 3 to the financial statements reflects nil balance. Therefore, the balance was not supported.

In addition, the statement of cash flows reflects increase in accounts payable of Kshs.1,114,608 while Note 16 to the financial statements reflects nil balance. Therefore, the balance was not supported.

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

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

During the financial year under review, the Fund received a total of Kshs.166,962,643 from the National Government Constituencies Development Fund Board against a budget of Kshs.213,651,522 resulting in a shortfall in disbursements by Kshs.46,688,879 representing 22% of the budget. Further, Management incurred a total expenditure of Kshs.135,754,535 representing an absorption rate of 64% of the budget.

The underfunding and under expenditure denied the residents of Laikipia East Constituency services for the planned activities.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Unsatisfactory Implementation of Projects

During the year under review, sixteen (16) projects which received a total of Kshs.77,206,016 were physically verified in the month of April, 2022 out of which, six (6) projects that received a total of Kshs.17,650,000 had payments effected without withholding 3% Value Added Tax(VAT) as required by VAT Act,2013 and 10% retention fees to cover for defects during the period. Further, one (1) project that received an amount of Kshs.2,400,000 for the construction of two classrooms had developed cracks on the walls.

In the circumstances, the residents of Laikipia East Constituency may not get value for money from the projects as planned and Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional 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 controls.

- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to continue to cease 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 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

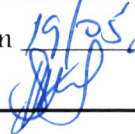
Nairobi

02 September, 2022

VII. STATEMENT OF RECEIPTS AND PAYMENTS

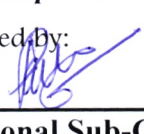
	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	159,967,724	122,774,506
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	123,000	-
TOTAL RECEIPTS		160,090,724	122,774,505
PAYMENTS			
Compensation of employees	4	3,858,020	3,029,224
Use of goods and services	5	8,265,375	5,631,319
Transfers to Other Government Units	6	36,526,380	54,049,680
Other grants and transfers	7	78,204,910	55,749,162
Acquisition of Assets	8	7,600,050	1,015,000
Other Payments	9	1,300,000	2,015,000
TOTAL PAYMENTS		135,754,535	120,474,385
SURPLUS/DEFICIT		24,336,189	2,300,121

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- *Laikipia east* Constituency financial statements were approved on 19/05/2021 and signed by:



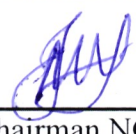
Fund Account Manager

Name: Samuel Kimani



National Sub-County Accountant

**Name:
ICPAK M/No: Nahason mathagu**



Chairman NG-CDF Committee

Name: John mwangi

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	32,352,716	6,871,919
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		32,352,716	6,871,919
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		32,352,716	6,871,919.00
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	710,608	-
Gratuity	12B	434,000	-
NET FINANCIAL SSETS		31,208,108	6,871,919
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	6,871,919	4,571,798
Prior year adjustments	14	-	-
Surplus/Defict for the year		24,336,189	2,300,121
NET FINANCIAL POSITION		31,208,108	6,871,919

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- *Laikipia east* Constituency financial statements were approved on 9/06/2021 2021 and signed by:



Fund Account Manager

Name: Samuel Kimani



**National Sub-County
Accountant**

Name: Nahason mathagu
ICPAK M/No:



**Chairman NG-CDF
Committee**

Name: John mwangi

IX. STATEMENT OF CASHFLOW

		2020/2021	2019/2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	159,967,724	122,774,506
Other Receipts	3	123,000	-
		160,090,724	122,774,506
Payments for operating activities			
Compensation of Employees	4	3,858,020	3,029,224
Use of goods and services	5	8,265,375	5,631,319
Transfers to Other Government Units	6	38,426,380	54,049,680
Other grants and transfers	7	76,304,710	55,749,162
Other Payments	9	1,300,000	1,000,000
		128,154,485	119,459,385
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	1,144,608	-
Prior year Adjustments	14	-	-
Net Adjustments		1,144,608	-
Net cash flow from operating activities		33,080,847	2,300,121
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(7,600,050)	0
Net cash flows from Investing Activities		(7,600,050)	(1,015,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		25,480,797	2,300,121
Cash and cash equivalent at BEGINNING of the year	10	6,871,919	4,571,798
Cash and cash equivalent at END of the year		32,352,716	6,871,919

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

Fund Account Manager

Name: Samuel kimani

National Sub-County Accountant

Name: Nahason mathagu

Chairman NG-CDF Committee

Name: John mwangi

X. SUMMARY STATEMENT OF APPROPRIATION

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 %
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
RECEIPTS							
Transfers from NG-CDF Board	137,088,879	6,871,919	69,567,724	213,528,522	166,839,643	46,688,879	78.1%
Proceeds from Sale of Assets				-			0.0%
Other Receipts			123,000	123,000	123,000	-	0.0%
TOTAL RECEIPTS	137,088,879	6,871,919	69,690,724	213,651,522	166,962,643	46,688,879	78.1%
PAYMENTS							
Compensation of Employees	3,880,000	607,270.	240,000.00	4,727,270.00	3,858,020.00	869,250.00	81.6%
Use of goods and services	8,007,999	1,888,015	327,807	9,896,812	8,265,375	1,631,437	83.5%
Transfers to Other Government Units	18,200,000	1,401,809	25,810,776	45,412,585	38,426,740	6,985,845	84.6%
Other grants and transfers	65,317,459	2,349,099	28,616,302	96,282,860	76,304,710	19,978,150	79.3%
Acquisition of Assets	21,383,420	425,725	14,799,528	36,608,673	7,600,050	29,008,623	20.8%
Other Payments	20,300,000	200,000.00	100,320	20,600,320.	1,300,000	19,300,320	6.3%
Unapproved AIA	0		123,000	123,000	-	123,000	0.0%
TOTAL	137,088,878	6,871,918	70,017,733	213,651,521	135,754,895	78,223,634	63.5%

Laikipia east Constituency

National Government Constituencies Development Fund (NGCDF)

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


- i. *Transfer from NG-CDF board amount unutilized amounted to 47,115,888 which form part of 78% and this could have been as a result of COVID -19*
- ii. *Compensation of employees budget underutilization amounted to 2,133,000 which part of it was gratuity payment, given that gratuity was not paid full and there was no enough funding the 60% represented the differences.*
- iii. *On use of goods and services the difference between the budget and actual spending amounts to 72.7% underutilization this was as a result of underspending as a result of a cap placed on the amount of money to be spent on goods and services.*
- iv. *Transfers to other government entities utilization resulted to 87.2% .it was a good indicator but not the best since it was way below the 90% standard guideline*

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	77,896,986
Less undisbursed funds receivable from the Board as at 30th June 2021	46,688,879
	31,208,107
Add Accounts payable	1,144,608
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 202021	32,352,715


The NGCDF- **Laikipia east** Constituency financial statements were approved on 9/6/21 2021 and signed by:



Fund Account Manager



National Sub-County
Accountant



Chairman NG-CDF
Committee

Name: Samuel kimani

Name: Nahason mathagu
ICPAK M/No:

Name: John mwangi

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments			Final Budget 2020/2021 Kshs	Actual on comparable basis Kshs	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years'				
			Outstanding	Disbursements			
1.0 Administration and Recurrent							
1.1 Compensation of employees	3,880,000.00	607,270.00	240,000.00	4,727,270	3,858,020.00	869,250	
1.2 Committee allowances	1,300,000.00	36,000.00	-	1,336,000	1,316,000.00	20,000	
1.3 Use of goods and services	2,555,334.00	60,609.00	922.00	2,616,865	2,515,362.00	101,503	
				0		0	
2.0 Monitoring and evaluation				0		0	
2.1 Capacity building	1,800,000.00	1,140,000.00	-	2,940,000	2,224,500.00	715,500	
2.2 Committee allowances	1,100,000.00	407,000.00	-	1,507,000	1,462,000.00	45,000	
2.3 Use of goods and services	1,252,665.00	187,733.00	56.00	1,440,454	747,873.00	692,581	
				0		0	

3.0 Emergency									0		0
3.1 Primary Schools									0		0
3.2 Secondary schools									0		0
3.3 Tertiary institutions									0		0
3.4 Security projects	-								0		0
	7,192,206.00	437,113.00	46,328.00						7,675,647		7,675,647.00
4.0 Bursary and Social Security									0		0
4.1 Bursary Special	5,000,000.00								5,000,000		856,000.00
4.2 Secondary Schools	20,000,000.00	161,994.00	-						20,161,994		19,987,100.00
4.3 Tertiary Institutions	16,000,000.00	-	95,811.00						16,095,811		9,133,750.00
4.4 Universities	-	-							0		0
4.5 Social Security	6,000,000.00	-	-						6,000,000		6,000,000.00
BURSARY VOCATIONAL		796,011.00	19,357,789.0						20,153,800		20,153,800.00
bodaboda bursary			804,098.00						804,098		804,098
5.0 Sports	2,700,000.00	15,447.00	-						2,715,447		1,973,160.00
									0		0
6.0 Environment									0		0
6.1 Ihigaini mixed secondary school	675,000.00								675,000		-
6.2 Nanyuki township mixed secondary school	675,000.00								675,000		-
6.3 Sweetwaters mixed	675,000.00								675,000		-
									675,000		675,000

8.0 Secondary Schools Projects (List all the Projects)						0	0		0
8.1 Nanyuki township secondary	2,400,000.00					2,400,000		2,400,000.00	0
8.2 Nanyuki township secondary	2,250,000.00					2,250,000		2,250,000.00	0
8.3 Kalalu secondary		3,214.00	-			3,214	-		3,214
8.4 Daiga secondary		400,000.00	-			400,000		400,000.00	0
8.4 Daiga secondary		444,380.00				444,380		444,380.00	0
8.5 Malek secondary		300,000.00	-			300,000		300,000.00	0
8.6 Ihigaini secondary			4,800,000.00			4,800,000		4,800,000.00	0
8.6 Ihigaini secondary			2,082,200.00			2,082,200		2,082,200.00	200
8.7 Ihaigaini secondary			2,250,000.00			2,250,000		2,250,000.00	0
8.9 Sweetwaters secondary		300,000.00	-			300,000		300,000.00	0
9.0 Tertiary institutions Projects (List all the Projects)						0			0
9.1 KMTC		398,275.00	901,725.00			1,300,000		1,300,000.00	0
9.1 KMTC						0			0
						0			0
						0			0
10.0 Security Projects						0			0
10.1 Mwituria chief office	900,000.00					900,000		500,000.00	400,000

10.2 County commander office	250,000.00				250,000	250,000.00	0
10.3 Deputy county commissioner	500,000.00		86.00		500,086	500,000.00	86
10.4 kariguini police post	425,253.00				425,253	425,253.00	0
10.5 Mugumo police post	25,000.00				25,000	25,000.00	0
10.6 Kalalu police post	25,000.00				25,000	25,000.00	0
10.7 Daiga assistant county commissioner	1,700,000.00		1,400,000.00		3,100,000	1,400,000.00	1,700,000
10.8 County commissioner Laikipia county	1,900,000.00				1,900,000	1,900,000.00	0
10.10 Office filing cabinets for chiefs and assistant chiefs			240,000.00		240,000	-	240,000
Sirma ICT hUB			1,400,000.00		1,400,000	1,400,000.00	0
wiyumiririe police station	2,400,000.00		1,400,000.00		3,800,000	1,400,000.00	2,400,000
Solio village 4 ICT hub			2,300,000.00		2,300,000		2,300,000
Solio village 4 ICT hub			1,400,000.00		1,400,000		1,400,000
Sirma ICT hUB			2,300,000.00		2,300,000	2,300,000.00	0
Daiga ICT Hub			2,300,000.00		2,300,000	2,300,000.00	0
10.13 Chuma Ap post			266,370.00		266,370	-	266,370
11.0 Acquisition of assets					0		0
11.1 Motor Vehicles (including motorbikes)		425,253.00	-		425,253	417,921.00	7,332
11.2 Construction of CDF office	20,933,420.00		15,000,000.00		35,933,420	7,182,129.00	28,751,291

12.0 Others				0			0		0
12.1 Strategic Plan		200,000.00	-	200,000		-			200,000
HUDUMA CENTER	20,000,000.00			20,000,000		1,000,000.00			19,000,000
TSC	300,000.00			300,000		300,000.00			0
12.2 Innovation Hub				0		-			0
Funds pending approval**			123,000.00	123,000		-			123,000
Total	137,088,878.00	6,871,918.00	70,017,733.00	213,651,521	135,754,895.00	0	123,000	78,223,634	0

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF- *Laikipia 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.

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalent.

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NOB096857		500,000	
AIE NOB104731		20,000,000	
AIE NOA823660		35,000,000	
AIE NOB104821		14,067,724	
AIE NOB124723		8,000,000	
AIE NOB119533		8,500,000	
AIE NO B119923		12,000,000	
AIE NO B128164		6,900,000	
AIE NO B128477		7,000,000	

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AIE NO B132221		6,000,000	
AIE NO B138889		12,000,000	
AIE NO B126183		7,000,000	
AIE NO B140621		11,000,000	
AIE NO			54,774,505
AIE NO			4,000,000
AIE NO			18,000,000
AIE NO			5,000,000
AIE NO			6,000,000
AIE NO			14,000,000
AIE NO			21,000,000
TOTAL		159,967,724	122,774,505

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from sale of tender documents	0	0
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	0	0

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,305,940	2,595,000
Personal allowances paid as part of salary		
House Allowance		0
Transport Allowance		0
Leave allowance		0
Gratuity to contractual employees	434,000	434,224
Employer Contributions Compulsory national social security schemes	118,080	0
Total	3,858,020	3,029,224

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	205,000.	223,800
Communication, supplies and services	258,698	0
Electricity	0	2,420
Water& sewerage charges	0	8,919
Domestic travel and subsistence	118,000	125,872
Printing, advertising and information supplies & services	148,620	0
Rentals of produced assets	336,000	336,000
Training expenses	1,921,230	0
Hospitality supplies and services	0	204,000
Other committee expenses	1,565,000	1,339,000
Committee allowance	1,363,000	2,388,000
Insurance costs	302,910	0
Specialized materials and services	1,527,720	0
Office and general supplies and services	39,800	410,370
Other operating expenses	6,844	217,000
Routine maintenance – vehicles and other transport equipment	12,100	127,000
Routine maintenance – other assets	0	0
Bank chargers	80,453	17,363
Fuel	380,000	231,575
Total	8,265,375	5,631,319

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	20,000,000	19,549,680
Transfers to secondary schools (see attached list)	15,226,380	29,700,000
Transfers to tertiary institutions (see attached list)	1,300,000	4,800,000
TOTAL	36,526,380	54,049,680

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	19,987,100	3,775,000
Bursary – tertiary institutions (see attached list)	29,287,750	156,000
Bursary – special schools (see attached list)	856,000	12,203,989
Mock & CAT (see attached list)	0	0
Social Security programs (NHIF)	6,000,000	6,000,000
Security projects (see attached list)	12,425,253	23,077,709
Sports projects (see attached list)	1,973,160	4,312,250
Environment projects (see attached list)	0	0
Emergency projects (see attached list)	7,675,647	6,224,214
	0	
Total	78,204,910	55,749,162

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	7,182,129	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	417,921	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	375,000
Purchase of ICT Equipment, Software and Other ICT Assets	0	640,000
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	7,600,050.00	1,015,000

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
KMTC	1,300,000	1,000,000
	0	0
	1,300,000	1,000,000

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10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity bank ltd nanyuki 0270261969541.</i>	32,352,716	6,871,919
<i>Name of Bank, Account No.</i>	0	0
<i>Name of Bank, Account No.</i>	0	0
Total	32,352,716	6,871,919
<i>IOB: CASH IN HAND</i>		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

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>

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)	0	0
Retention held during the year (B)	710,608	0
Retention paid during the Year (C)	0	0
Closing Retention as at 30 th June D= A+B-C	710,608	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B. GRATUITY

13. BALANCES BROUGHT FORWARD

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	0	0
Gratuity held during the year (B)	434,000	0
Gratuity paid during the Year (C)	0	0
Closing Gratuity as at 30 th June D= A+B-C	434,000	0

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	32,352,716	6,871,919.00
Cash in hand	0	0
Imprest	0	0
Total	32,352,716	6,871,919.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	0	0	0
Cash in hand	0	0	0
Accounts Payables	0	0	0
Receivables	0	0	0
Others (<i>specify</i>)	0	0	00
TOTAL	0	0	0

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2021	2019 - 2020
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0

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closing account payables D= A+B-C	0	0
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	434,000	0
Others (<i>specify</i>)	0	0
	434,000	0

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	869,250	847,270
Use of goods and services	1,631,437	1,888,812
Amounts due to other Government entities (see attached list)	6,986,205	11,003,534
Amounts due to other grants and other transfers (see attached list)	19,978,150	47,101,783
Acquisition of assets	29,008,623	15,725,253
Others (<i>specify</i>)	19,300,320	200,000
Funds pending approval	123,000	100,000

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	77,896,985	76,866,652
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

PMC	Bank	Account number	Bank Balance	Bank Balance
			2020/21	2019/20
PMC account balances (see attached list)			3,319,196	
Total			3,319,196	

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	1,776,019	29.01.2021	1,598,418	177,601	Retention fee
1. MT Kenya HardRock Ltd	2,534,560	12.03.2021	2,288,707	245,852	Retention fee
2. MT Kenya Hardrock Ltd	2,871,551	27.04.2021	2,584,396	287,155	Retention fee
3. MT Kenya HardRock Ltd					
Sub-Total	7,182,130		6,471,521	710,608	
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1. MERCILINE WANGUI			46,500	GRATUITY FOR THE 5 MONTHS
2. JAMES MAINA			54,250	GRATUITY FOR THE 5 MONTHS
3. PAUL GITONGA			46,500	GRATUITY FOR THE 5 MONTHS
4. PATRICK KINOTI			46,500	GRATUITY FOR THE 5 MONTHS
5. CHRISTINE WAIRIMU			46,500	GRATUITY FOR THE 5 MONTHS
6. ROSEMARY NDUTA			46,500	GRATUITY FOR THE 5 MONTHS
7. GODFREY MWANGI			54,250	GRATUITY FOR THE 5 MONTHS
8. IRENE WANJIRU NDERI			46,500	GRATUITY FOR THE 5 MONTHS
9. GLORY KATHAMBI			46,500	GRATUITY FOR THE 5 MONTHS
Sub-Total			434,000	
Grand Total			434,000	

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance		Comments
		2020/21	2019/20	
Compensation of employees		869,250	847,270	
Use of goods & services		1,631,436	1,888,812	
Amounts due to other Government entities				
Mirera primary		950,000	-	
Chuma primary		200,000	-	
Wiyuminwe primary		1,000,000	-	
Ngobit primary school		320	320	
Wathituga		300,000	300,000	

primary school				
Ihigaini primary	18,000	-		
Kalalu secondary	3,214	3,214		
KMTC	98,275	-		
kmtc	-	500,000		
Mwituria chief office	400,000	-		
Deputy county commissioner	86	86		
Office filing cabinets for chiefs and assistant chiefs	-	-		
Chuma Ap post	-	266,370		
malek secondary	-	300,000		
wiyumiririe				

police station	-	1,400,000	
assistant chiefs	240,000	240,000	
ccc	-	1,400,000	
sirna chiefs office	-	1,400,000	
Daiga assistant county commissioner	-	1,400,000	
Bingwa special school	-	5,000,000	
Sirna primary	-	3,000,000	
Kibubungi primary	-	2,000,000	
10.13 Chuma Ap post	148,991	-	
Sub-Total			
Amounts due to other grants and other transfers			

Bursary Special		4,144,000	19,657,994	
Secondary Schools		19,366,884	11,095,811	
Tertiary Institutions		6,612,360	8,804,098	
ENVIRONMENT				
Ihigaini mixed secondary school		675,000	-	
Nanyuki township mixed secondary school		675,000	-	
Sweetwaters mixed secondary school		675,000	-	
Mwihoko mixed secondary school		675,000	-	
sports		742,287	-	
Sub-Total				
Acquisition of assets				
motors vehicles		7,332	425,253	

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construction of cdf offices		17,251,291	15,000,000	
purchase of computers		652	300,000	
11.3 Purchase of furniture and equipment		450,000	-	
Others (specify)				
strategic plan		200,000	200,000	
emergency		1,439,608	1,337,424	
huduma center		19,000,000	-	
Sub-Total				
Funds pending approval		123,000	100,000	
Grand Total		77,896,986	76,866,652	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				
Buildings and structures	0	7,182,129		7,182,129
Transport equipment	3,800,000	417,921		4,217,921
Office equipment, furniture and fittings	429,000	0		429,000
ICT Equipment, Software and Other ICT Assets	810,000	0		810,000
Other Machinery and Equipment	12,441,332	0		12,441,332
Heritage and cultural assets	0	0		0
Intangible assets	0	0		0
Total	17,480,332	7,600,050		25,080,382

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ANNEX 5 – PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
KMTC NANYUKI	EQUITY BANK	0270279427298	879	0
LIKII MIXED SECONDARY	EQUITY BANK	0270277398796	766,650	0
MIRERA PRIMARY	EQUITY BANK	0270277331119	151,267	0
MWITURIA SECONDARY	EQUITY BANK	0270281061637	14,430	0
KIBUBUNGI PRIMARY	EQUITY BANK	0270279556020	40	0
RUAI PRIMARY	EQUITY BANK	0110263903130	998,237	0
MWITURIA POLICE POST	EQUITY BANK	0270279378432	35,260	0
COUNTY COMM	EQUITY BANK	0270280816443	742,023	0
HUDUMA CENTER	EQUITY BANK	0270280794986	609,930	0
KALALU POLICE POST	EQUITY BANK	0270280769833	80	0
COUNTY COMM	EQUITY BANK	0270280850141	400	0
Total			3,319,196	

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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 and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
OAG 2019/2020	1.1 inaccuracies in the financial statements (stale cheques)	Respond to all stale cheques. Cheques have been reversed	FAM	Resolved
OAG 2019/2020	1.2 Budget control and performance	Respond to :poor workman ship	FAM	resolved