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REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND - IGEMBE SOUTH CONSTITUENCY**

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

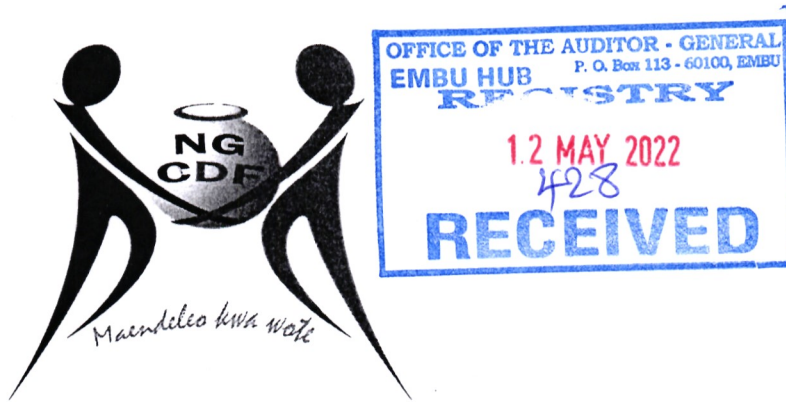
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Revised Template 30th June 2021



**IGEMBE SOUTH 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)

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

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

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:

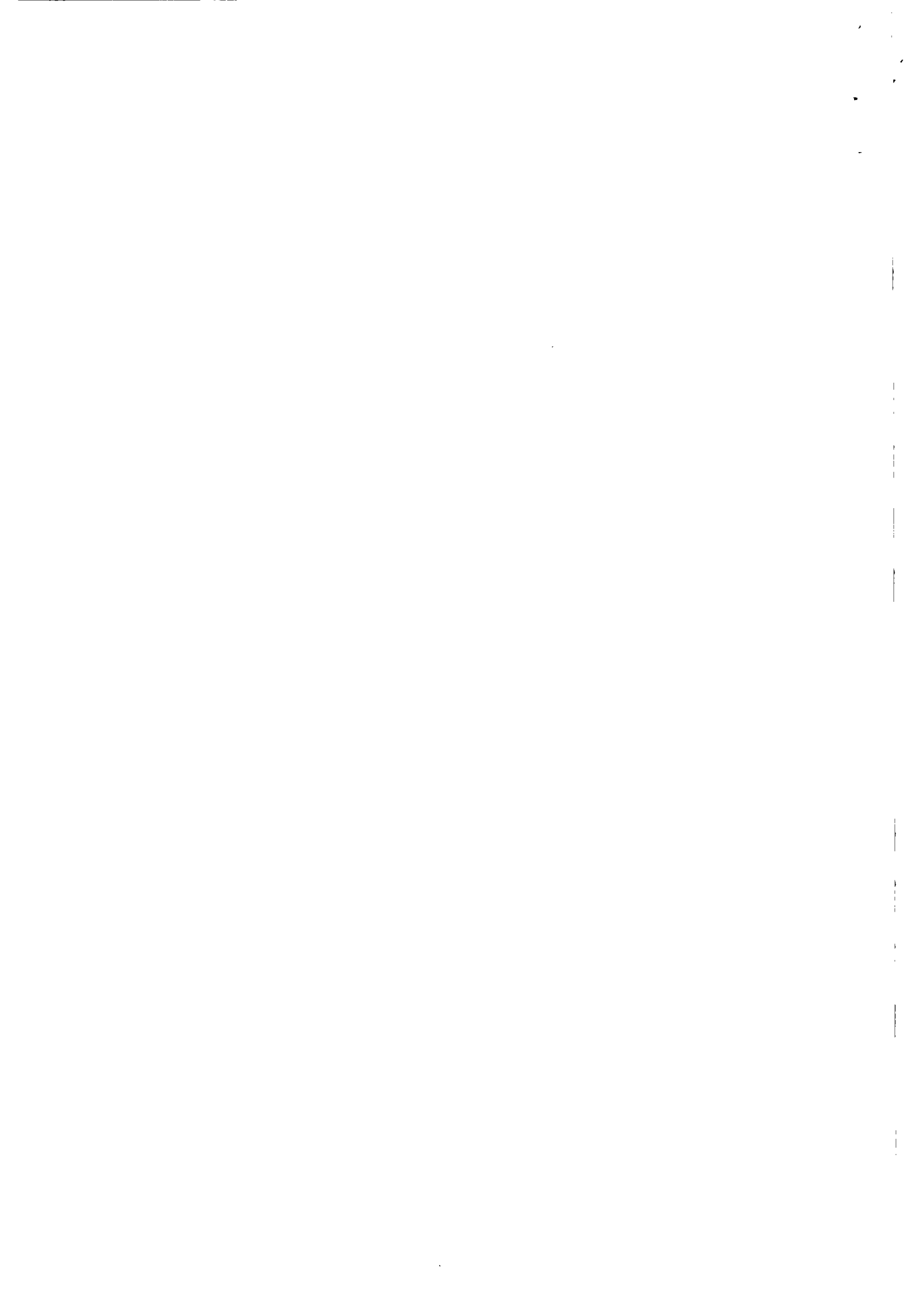
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide 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



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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.

Functions of NG-CDF Committee

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

(b) Key Management

The Igembe South 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	Harrison Wachira
2.	Sub-County Accountant	Frankline Munene
3.	Chairman NGCDFC	Lucy Nkoroi
4.	Member NGCDFC	Isaac Mugambi

(d) Fiduciary Oversight Arrangements

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

(e) Igembe South Constituency NGCDF Headquarters

P.O. Box 98-60600
NG_CDF Igembe South Constituency Offices
Public Works Road
Maua, KENYA

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(f) Igembe South Constituency NGCDF Contacts

Telephone: (254) 725 506 597
E-mail: cdfigembesouth@ngcdf.go.ke
Website: www.igembesouth@ngcdf.go.ke

(g) Igembe South Constituency NGCDF Bankers

Family Bank
A/C Name: NG-CDF IGEMBE SOUTH
A/C no.086000008930
Maua Branch
P.O Box
Maua

(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

By the end of the financial year 2020/2021 NG-CDF Igembe South managed to satisfactorily implement all the education projects identified in the year’s proposal with some complete while others are ongoing. However, due to delayed disbursement of money for the financial year 2020/2021, most of the security projects identified in the proposals were still awaiting funding by closure of the financial year.

The covid-19 pandemic led to disruption of most business activities; notably the closure of *miraa* (khat) market in Somalia which resulted to loss of livelihood among most people in Igembe South Constituency. This resulted to a sharp increase of poverty levels in most families which had a ripple effect on our side. For instance, for the first, we hit the ceiling of the bursary vote and still we couldn’t satisfy the needs of the needy learners in Igembe South. However, through the bursary kit, a big percentage of learners was able to continue with their studies uninterrupted.

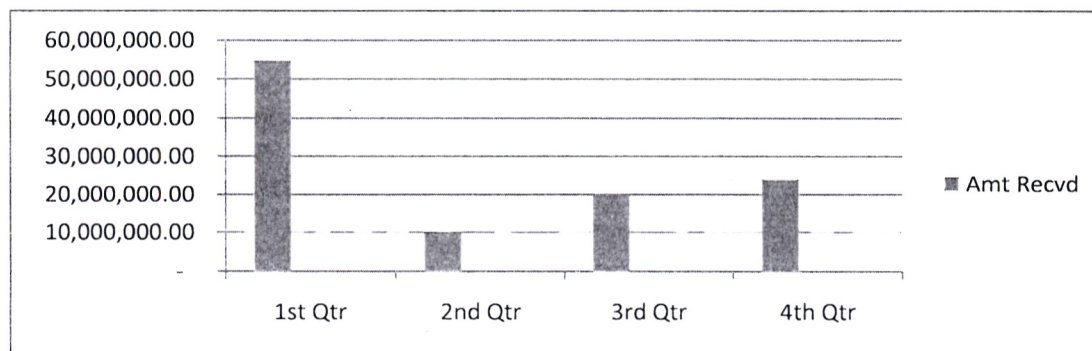
Consequently, this year resumed the sports activities that were being sponsored through NG-CDF; Igembe South Constituency football league, and also added another sporting activity; a volleyball tournament. These activities ensured that young people were engaged in meaningful leisure activities.

The environment of Tiira Primary School was also made favourable for learners after their playing field was levelled, grass planted and drainage done. At Tiira Day Secondary School, the water flooding problem which had been facing the newly relocated school was resolved

This financial year the Igembe South NG-CDFC is yet to receive of 30% of the total funds for the financial year. This is the main reason why there are some projects in the proposal yet to be implemented.

Budget Performance against the actual amounts

Fund Utilization

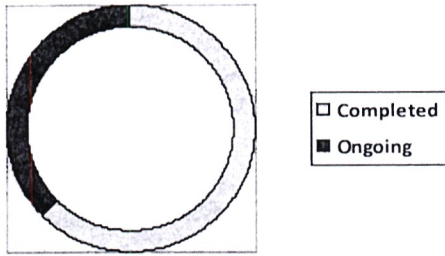


As it can be clearly seen, the funds received from the board in the first quarter refers to funds for 2019/2020 carried forward. Otherwise, the bulk of 2020/2021 funds were received in the 3rd and 4th quarters. As such it would serve the constituency better if the board can endeavour to release funds for the financial year in the good time, especially in the 2nd and 3rd quarters.

Education.

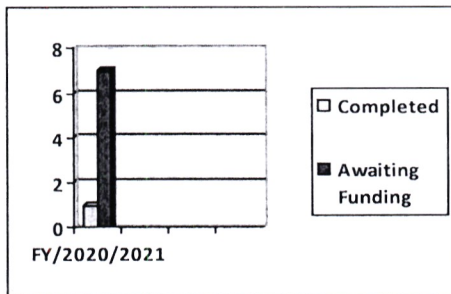
Projected projects in the 2020/2021 proposal were 16. Until the close of the financial year in June 2021, ten projects had been done to completion while the remaining were still ongoing.

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A graphical illustration of completed and ongoing education projects

Security - In security, several projects were to be funded in the financial year 2020/2021. However, by close of the year only one has been completed with 7 awaiting funding. We are counting on speedy disbursement of the remaining funds so that the projects can also be implemented.



Below are photos of completed projects.

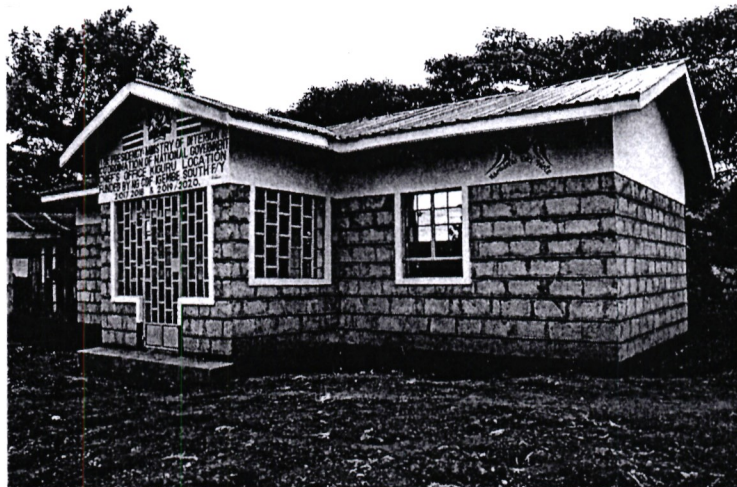


Aerial view of KMITC Maua Campus; Fully funded by NG-CDF Igembe South.

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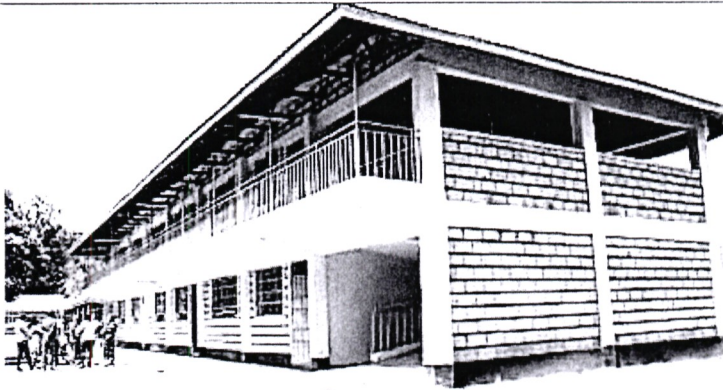


Administration block and Library at KMTC Maua Campus



Kiguru Chiefs Office





Storey Building at Amung'enti Primary School
Emerging issues at Igembe South NG-CDF.

1. There have been many challenges since some sectors were devolved and therefore could no longer be funded by NG-CDF. Due to this some projects have stalled and this has caused a lot of complaints from the community members. For instance, some bridges and roads that were in the past maintained and built through NG-CDF have been neglected after they were handed over to county government and it is a challenge to satisfactorily make the public understand the shift of roles.
2. Another challenge is delay in release of funds from the National Government Constituency Development Fund Board causing delay in implementation of the projects. This issue has resulted to a number of unimplemented projects by the end of the financial year.
3. Since the outbreak of the Covid-19 global pandemic, the way of life of the people has been disrupted. In our constituency for instance the pandemic led to closure of miraa main market in Somalia. Over 70 % of families in Igembe South Constituency relied on sales of miraa for upkeep. The closure of the market has resulted to loss of livelihood among the people which has also affected the office. Now almost every person with a kid in school is looking upon the office to pay their children fees. Some have even approached the office begging for food and it makes it hard since it is also a political office: All in all, most have benefited from NG-CDF funds
4. All in all, the fund has been a success and many community members have benefited from it especially the education sector which has greatly been transformed through construction of classes, laboratories, dining halls and educating needy students through the bursary kitty. The new Maua KMTC, which has been funded through NG-CDF Igembe South is also viewed as a game changer by the locals.
5. The youths have also not been left since they have been motivated through the sports kitty through buying them sports uniforms, boots and balls for various football leagues and a volley tournament in the constituency

Implementation challenges faced by NG-CDF Igembe South.

1. Lack of civic education among the locals on the roles of NG-CDF today – Sometimes, the community will present proposals that are not within the scope of work of NG-CDF. It gets worse when the office tries to make them understand that their issues cannot be resolved by NG-CDF with many walking away disappointed with assumptions that the office declined to help them.
2. Low capacity of some project management committees who were not able to prepare good record of work.
3. The constituency is so extensive and projects are many hence all of them could not be visited frequently.
4. The expansiveness of the constituency makes it hard for the public works engineer to set a standardized cost estimates for similar projects done in different areas. For instance, there are some schools that are located in areas with zero access to electricity, roads and water. When a contractor is awarded a project in such a school with the same rate as that of projects found in urban or closer to urban areas, the possibility of the contractor incurring losses is quite high.
5. Some of the project management committees have not complied with the branding and labelling of NG-CDF projects as many consider it an extra work that should be paid for separately. However, we've managed to educate them of its importance and most of them are complying.

Mitigation Measures Igembe South NG_CDF has put in place.

1. Recruiting a highly trained staff that can address most of the issues raised by the community and clearly explain to them the roles of NG-CDF and those of other government entities
2. As a rule, the office is very strict when it comes to record management. For every project, the PMC is expected to have at least two copies of the project file so that there is always a back-up in case of a mishap.
3. Constant field visits to inspect projects as well as take photos of the progress of the projects.

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4. The issue about expansiveness of the constituency has been raised severally and the office was advised to work with the public works engineer and come up with cost estimates that would factor in the hardships in some areas of the constituency.

RECOMMENDATION

1. There is need for the NG-CDFB to allow and budget for civic education within our communities- Unless the community fully understands the roles of NG-CDF, the constituency leadership must be ready to face accusations regarding issues that are not in the NG-CDF docket.
2. The NGCDFC internal control system need to do vigorous monitoring and evaluation to ensure good progress of all funded projects and quality work is done.
3. There is need to train PMC members on pertinent information relating to project implementation to acquire relevant skills for effective participatory monitoring and evaluation to ensure effective implementation of projects.
4. Project Management Committees also should also be trained on project record management from time to time so that they can effectively create project files that are beyond reproach

CONCLUSION.

There is so much that we may have to complain about, but I still believe we've made some progress. Quoting former USA president Barrack Obama, I will say that so long as we are walking down the right path and we're willing to keep walking, eventually we will make progress. I believe that as NG-CDF Igembe South there is so much we've improved since the last financial year. With the right energy, I know we will keep on improving and eventually make Igembe South NG-CDF an entity to be envied by many.

LUCY NKOROI



.....
CHAIRPERSON NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of *Igembe South Constituency 2018-2022* plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

- a) Improve infrastructure in all schools
- b) To have all children of school going age attending school
- c) To have morally upright and economically engaged youths
- d) Ensure equal representation and gender equality
- e) Reduce insecurity within the community
- f) Upgrade the working environment of administrators like the police officers, chiefs, assistant chiefs
- g) Nurture the talents of the youths through sporting activities

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institution number of bursary's beneficiaries at all levels	In FY 20/21 -we increased number of classrooms by 11 with another 6 ongoing, 1 dormitory, a dining hall and kitchen, 3 ongoing administration blocks and a 1 laboratory (complete) and 36 latrines in the following schools/institutions Amungenti Primary – 6 classes Nkiene Primary- 2

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				<p>classes. Karumaru Primary School – 2 Igembe – 1 class St. Ritas Girls Secondary- Dormitory (150 students' capacity) Latrines at Riigi, Antubochiu, Nkienc and Antuambui Primary schools - Bursary beneficiaries at all levels were (8000+) See attached schedules.</p>
Security	<p>Reduce insecurity incidences -Upgrade the working environment of the local administrators</p>	<p>Favourable working environment for the local administrators</p>	<p>Good structures for local administrators</p>	<p>Number of constructed chiefs' offices increased from 10 to 12 meanwhile, there are 6 projects awaiting funding. Nduguto Location Kiguru Location</p>
Environment	<p>Ensure a more sustainable and well-kept environment through planting of trees and soil erosion conservation through proper drainage systems</p>	<p>- School compounds landscaping to curb soil erosion</p>	<p>- Landscaping of Tiira Primary School and flood control at Tiira Day Secondary School.</p>	<p>-Number of schools undergone landscaping increased from 5 to 6. Flooding of the newly relocated Tiira Day Secondary School was controlled effectively.</p>
Sports	<p>-Nurture the talents of the youths through sports activities</p>	<p>Improved independence among the young, mitigation of drugs and substance abuse through engaging young people in active sporting activities such</p>	<p>Number of youth teams benefitting from the sports programme</p>	<p>Number of youth groups benefitting from the sports programme increased from 30 to 60</p>

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		as football and volleyball.		
Emergency	Ensure enough preparation against uncertainties	Set aside emergency fund to cater for unforeseen occurrences	Number of uncertainties prevented	Number of uncertainties prevented increased from 6 to 12.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Igembe South 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 Igembe South NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Igembe South 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

Protection of the environment is part of Igembe south NG-CDF initiatives. Care for the environment is one of our key responsibilities and an important aspect in the way in which we carry out our operations.

Our Environmental Policy

In this policy statement Igembe south NG-CDF commits to:

- ✓ Comply with all relevant environmental legislation, regulations and approved codes of practice
- ✓ Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water.
- ✓ Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- ✓ Managing and disposing of all wastage in a responsible manner.
- ✓ Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- ✓ Regularly communicating our environmental performance to our employees and other significant stakeholders
- ✓ Developing our management processes to ensure that environmental factors are considered during planning and implementation
- ✓ Monitoring and continuously improving our environmental performance.
- ✓ Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance
- ✓ Through activities like the football league and the volleyball tournament, Igembe South NG-CDF ensured that young people are always engaged in constructive leisure activities which translated to less drugs and substance abuse.
- ✓ NG-CDF sponsored sporting activities/tournament in both volleyball and football brings communities together and gives us a chance to sensitize them on environmental conservation matters.

3. Employee welfare.

We invest in providing the best working environment for our employees. Igembe South constituency recruitment is guided by Employment Act, NG-CDF 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. Igembe South 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. Igembe South constituency also has bursary programs aligned to the NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

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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-

Igembe South 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-

Igembe South NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers where applicable. 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.

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

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

Approval of the financial statements

The NGCDF- Igembe South Constituency financial statements were approved and signed by the Accounting Officer on 02/08/2022.



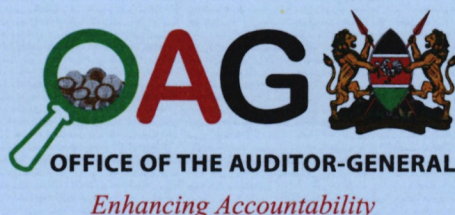
Chairman NGCDF Committee
Name: Lucy Nkoroi



Fund Account Manager
Name: Harrison Wachira
ICPAK M/NO: 24733

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - ISEMBE SOUTH 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 - Isembe South Constituency set out on pages 19 to 59, which comprise of the statement of assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and

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

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

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

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalent Balance

The statement of assets and liabilities and Note 10A to the financial statements reflects cash and cash equivalents balance of Kshs.15,024,289. Review of the bank reconciliation statement as at 30 June, 2021, revealed unrepresented cheques amounting to Kshs.2,675,972 which includes stale Cheques amounting to Kshs.17,175. The Cheques have not been replaced or reversed in the cashbook .

Further, the bank statement for the month of June, 2021 shows payments amounting to Kshs.727,325, which had been included in the cash book in earlier months, but which were cleared during the month. However, the cheques were not included in bank reconciliation statements for the earlier months as outstanding items.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.15,024,289 could not be confirmed.

2. Unsupported Training Expenses

The statement of receipts and payments and as disclosed in Note 5 to the financial statement reflects use of goods and services amount of Kshs.10,683,194 which includes training expenses of Kshs.391,500. However, supporting documents including training program, signed attendance register, back to office reports and travel documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the training expenditure of Kshs.391,500 could not be confirmed.

3. Unsupported Transfer to Secondary School

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other government units of Kshs.53,900,000 . The amount includes transfers to secondary schools of Kshs.23,300,000, which includes transfer to

Auki Day Secondary School of Kshs.4,000,000 for the purchase of a school bus. However, the requisition for the bus, the bank account opened for the project, the Project Management Committee bank statement and the minutes for the appointment of the signatories to the account were not provided for audit review. Further, a physical verification carried out on 13 April, 2022 revealed that the bus had not been delivered to the school by the supplier.

In the circumstances, the propriety of the expenditure of Kshs.4,000,000 on purchase of school bus 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 - Igembe South 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 reflects final receipts budget and actual on comparable basis of Kshs.183,905,846 and Kshs.138,739,967 respectively, resulting to an underfunding of Kshs.45,165,879 or 25% of the budget. Similarly, the Fund spent Kshs.123,762,678 against the budgeted expenditure of Kshs.183,905,846 resulting to an under-expenditure of Kshs.60,143,168 or 33% of the budget.

The under funding and expenditure affected the planned activities of the Fund and may have impacted negatively on service delivery to the public.

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 and Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for conclusion

1. Unsupported Award of Bursaries

The statement of receipts and payments reflects other grants and transfers balance of Kshs.51,154,518 and as disclosed in Note 7 to the financial statements, which includes bursaries disbursed to secondary schools and tertiary institutions of Kshs.21,059,661 and Kshs.14,862,100 respectively in respect of bursaries to various beneficiaries. Review of a sample of the application forms revealed that the applicants were not vetted by the National Government Constituencies Development Fund committee. The minutes of the vetting committee were also not provided for audit review.

In the circumstances, it was not possible to confirm bursaries amounting to Kshs.35,921,761 benefited the needy students.

2. Unsupported Emergency Project

The statement of receipts and payments reflects other grants and transfers of Kshs.51,154,518 and as disclosed in Note 7 to the financial statements, which includes emergency projects expenditure of Kshs.10,748,000. The emergency projects expenditure includes an amount of Kshs.3,000,000 spent on National Government Constituencies Development Fund office drainage works. The Management did not provide evidence to justify the work was an emergency as required by Section 8(3) of the National Government Constituencies Development Fund Act, 2015, which provides that emergency shall be construed to mean an urgent unforeseen need for expenditure for which it is in the opinion of the committee, that it cannot be delayed until the next financial year without harming the public interest of the constituents.

Further, a report to the Board on the emergency expenditure after 30 days of occurrence of the expenditure was not provided as required by Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which requires that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency.

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

3. Irregular Hiring of Clerk of Works

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employees amount of Kshs.3,470,024. The expenditure includes salaries payment to a clerk of works. However, a review of the recruitment process revealed that the employee did not meet the minimum qualifications for the position and only the driver's license and a KCSE certificate were provided for audit review. This was in contravention of Section B.5 of the Human Resource Policies and Procedures Manual for the Public Service of May, 2016 which provides that recruitment will be undertaken on the basis of fair competition and merit; representation

of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities.

In the circumstances, Management was in breach of the regulations.

4. Irregular Procurement of Project

The statement of receipts and payments and as disclosed in Note 8 to the financial statements, reflects acquisition of assets amount of Kshs.4,554,942 which includes refurbishment of buildings expenditure of Kshs.3,000,000. However, review of the procurement procedures revealed that Management used the restricted tendering method for the procurement despite the project not being complex or specialized in nature contrary to Section 102(1)(a) of the Public Procurement and Asset Disposal Act, 2015 which provides that an accounting officer of a procuring entity may use restricted tendering if any of the following conditions are satisfied - competition for contract, because of the complex or specialized nature of the goods, works or services is restricted to prequalified tenderers resulting from the procedure under section 94.

Further, the tender opening minutes were not provided for audit review contrary to Section 78(1) and (10) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, 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 overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Management ability to continue to sustain 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 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 the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them 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 controls 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 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

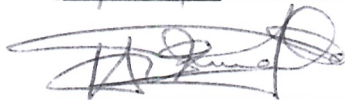
21 September, 2022

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

VII STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	132,967,724	154,878,807
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	47,000	135,000
TOTAL RECEIPTS		133,014,724	125,013,807
PAYMENTS			
Compensation of employees	4	3,470,024	3,420,799
Use of goods and services	5	10,683,194	8,526,273
Transfers to Other Government Units	6	53,900,000	95,750,000
Other grants and transfers	7	51,154,518	43,271,723
Acquisition of Assets	8	4,554,942	3,261,001
Other Payments	9	-	650,000
TOTAL PAYMENTS		123,762,678	154,879,796
SURPLUS/(DEFICIT)		9,252,046	134,011

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 02/08/2022 and signed by:



Fund Account Manager
Name: Harrison Wachira
ICPAK M/NO: 24733



**National Sub-County
Accountant**
Name: Frankline Munene
ICPAK M/No:



Chairman NG-CDF Committee
Name: Lucy Nkoroi

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

VIII STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	15,024,289	5,772,242
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		15,024,289	5,772,242
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		15,024,289	5,772,242
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITES		=	=
NET FINANCIAL ASSETS		15,024,289	5,772,242
REPRESENTED BY			
Fund balance b/fwd	13	5,772,243	4,316,169
Prior year adjustments	14	-	1,322,063
Surplus/Deficit for the year		9,252,046	134,011
NET FINANCIAL POSITION		15,024,289	5,772,242

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 02/08/2022 and signed by:



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

IX STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2021

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	132,967,724	154,878,807
Other Receipts	3	47,000	135,000
Total receipts		133,014,724	155,013,807
Payments for operating activities			
Compensation of Employees	4	3,470,024	3,420,799
Use of goods and services	5	10,683,194	8,526,273
Transfers to Other Government Units	6	53,900,000	95,750,000
Other grants and transfers	7	51,154,518	43,271,723
Other Payments	9	-	650,000
Total payments		119,207,736	151,618,795
Total Receipts Less Total Payments			3,395,012
Adjusted for:			
Decrease/ (Increase) in Accounts receivable: (outstanding imprest)	15	-	
Increase/ (Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	
Prior year adjustments	14	-	1,322,063
Net cash flow from operating activities		13,806,988	4,717,075
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(4,554,942)	(3,261,001)
Net cash flows from Investing Activities		(4,554,942)	(3,261,001)
NET INCREASE IN CASH AND CASH EQUIVALENT		9,252,046	1,456,074
Cash and cash equivalent at BEGINNING of the year	10	12,294,246	4,316,169
Cash and cash equivalent at END of the year		21,546,292	5,772,243

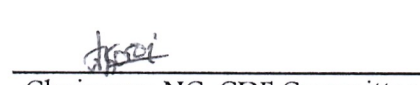
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Igembe South Constituency financial statements were approved on 02/08/2022 and signed by:



Fund Account Manager
Name: Harrison Wachira
ICPAK M/NO: 24733



**National Sub-County
Accountant**
Name: Frankline Munene



Chairman NG-CDF Committee
Name: Lucy Nkoroi

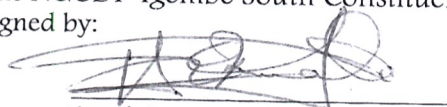
*Igembe South Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

X SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	U f
	a	b		c=a+b	d	e=c-d	
RECEIPTS	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs			Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,118,879	5,819,243	40,967,724	183,905,846	138,739,967	45,165,879	
Proceeds from Sale of Assets				0	-	-	
Other Receipts				0	-	-	
TOTALS	137,118,879	5,819,243	40,967,724	183,905,846	138,739,967	45,165,879	
PAYMENTS							
Compensation of Employees	3,794,400			3,794,400	3,470,024	324,376	
Use of goods and services	8,546,299	322,451	1,929,483	10,798,233	10,683,194	115,039	
Transfers to Other Government Units	58,200,000		33,600,000	91,800,000	53,900,000	37,900,000	
Other grants and transfers	63,578,180	5,449,792	3,883,299	72,911,271	51,154,518	21,756,753	
Acquisition of Assets	3,000,000		1,554,942	4,554,942	4,554,942	-	
Other Payments				0	-	-	
Funds pending approval-AIA		47,000		47,000	-	47,000	
TOTALS	137,118,879	5,819,243	40,967,724	183,905,846	123,762,678	60,143,168	6

The overall performance of the fund stood at 67.3% as at 30th June 2021. Compensation to employees was at 91.5%, use of goods and services at 98.9%, transfer to other government units at 58.7% and other grants and transfers at 70.2%.

The NGCDF-Igembe South Constituency financial statements were approved on 02/08 2022 and signed by:



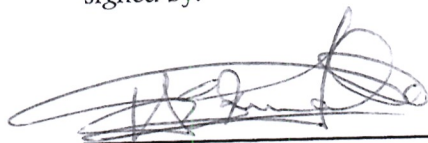
**Fund Account Manager
Harrison Wachira
ICPAK M/NO: 24733**

**Sub-County Accountant
Frankilne Munene
ICPAK Member Number:**

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	60,143,168
Less undisbursed funds receivable from the Board as at 30 th June 2021	(45,165, 879)
	14,977,289
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/2021	14,977,289

The NGCDF- Igembe South Constituency financial statements were approved on 02/08/2022 and signed by:



Fund Account Manager
Name: Harrison Wachira
ICPAK M/NO: 24733



**National Sub-County
Accountant**
Name: Frankline Munene
ICPAK M/No:



Chairman NG-CDF Committee
Name: Lucy Nkoroi

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a)		Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
	2020/2021	Kshs	Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
1.0 Administration and Recurrent							
1.1 Compensation of employees	3,794,400				3,794,400	3,470,024	324,376
1.2 Committee allowances	2,000,000				2,000,000	1,941,489	58,511
1.3 Use of goods and services	1,900,000				1,900,000	1,851,993	48,007
Total							
2.0 Monitoring and evaluation							
2.1 Capacity building	400,000				400,000	391,500	8,500
2.2 Committee allowances	2,500,000		322,451	1,694,384	4,516,835	4,516,815	20
2.3 Use of goods and services	1,746,298			235,099	1,981,397	1,981,397	-
Total							
3.0 Emergency				1,398,241	1,398,241		1,398,241
3.1 Primary Schools	4,550,000				4,550,000	4,550,000	
3.2 Secondary schools			150,000		150,000	150,000	

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

3.3 Tertiary institutions									
3.4 Security projects		198,000	-			198,000		198,000	-
3.5 Others	2,850,000	3,000,000				5,850,000		5,850,000	
3.5 Unutilised									
Total									
4.0 Bursary and Social Security									
4.1 Secondary Schools	22,000,000					22,000,000		21,059,661	940,339
4.2 Tertiary Institutions	22,163,424	2,101,792			2,485,058	26,750,274		14,862,100	11,888,174
4.3 Social Security									
4.4 Special Needs									
Total									
5.0 Sports									
5.1 Igembe South Sports	2,742,378					2,742,378		2,742,378	-
Total									
6.0 Environment									
6.1 Tiira Primary School	1,742,378					1,742,378		1,742,378	-
Total									
7.0 Primary Schools Projects									
Auki Primary School	1,200,000					1,200,000			1,200,000
Itumbi Primary School	1,200,000					1,200,000			1,200,000
Athiru Gaiti Primary School	5,000,000					5,000,000		5,000,000	-

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

Riigi Primary School	1,000,000			1,000,000		1,000,000		1,000,000
Nkinja Primary School	1,000,000			1,000,000		1,000,000		1,000,000
Athi Special School	1,000,000			1,000,000		1,000,000		1,000,000
Kithetu Primary School	1,000,000			1,000,000		1,000,000		1,000,000
Kathambi Primary School	1,000,000		600,000	1,600,000		600,000		1,000,000
Athi Primary School	200,000			200,000		200,000		-
Karurune Primary School			1,300,000	1,300,000		1,300,000		-
Amung'enti Primary School			10,000,000	10,000,000		10,000,000		-
Iria Ruui Primary School			1,200,000	1,200,000		1,200,000		-
Karumaru Primary School			2,400,000	2,400,000		2,400,000		-
Nkiene Primary School			2,400,000	2,400,000		2,400,000		-
Total			-					
8.0 Secondary Schools Projects								
Riaki Day Secondary School	5,000,000			5,000,000		5,000,000		-
Kithetu Kirimene Day Secondary School	4,500,000			4,500,000		4,500,000		-
Antubochiu Day Secondary School	3,000,000			3,000,000		3,000,000		3,000,000
Akui Day Secondary School	2,800,000		2,200,000	5,000,000		5,000,000		-
Auki Day Secondary School	2,500,000		4,000,000	6,500,000		4,000,000		2,500,000

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Tiira Day Secondary School	1,800,000			1,800,000	1,800,000	-
Ugoti Day Secondary School	1,000,000		1,000,000	2,000,000	2,000,000	-
Igembe Boys Secondary School			1,000,000	1,000,000	1,000,000	-
Total		-				
9.0 Tertiary institutions Projects				-		-
Igembe South KMTC	25,000,000		5,000,000	30,000,000	5,000,000	25,000,000
Chuka University			2,500,000	2,500,000	2,500,000	-
Total		-				
10.0 Security Projects				-		-
Maua Chief's Office	1,000,000			1,000,000		1,000,000
Kabuline Chief's Office	1,000,000			1,000,000		1,000,000
Thaicu Assistant Chief's Office	1,000,000			1,000,000		1,000,000
Itumi Assistant Chief's Office	1,000,000			1,000,000		1,000,000
Antubakiru Assistant Chief's Office	1,000,000			1,000,000		1,000,000
Akachiu Chief's Office	1,000,000			1,000,000		1,000,000
Maua Law Court	1,500,000			1,500,000		1,500,000
Total		-			-	
11.0 Acquisition of assets				-		-
11.1 Motor Vehicles				-		-
11.2 Construction of CDF office				-		-

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11.3 Purchase of furniture and equipment	-	-	-	-	-	-
11.4 Purchase of computers	-	1,028,599	1,028,599	1,028,599	1,028,599	-
Total	-	-	-	-	-	-
12.0 Other payments						
Igboke South NG-CDF office Compound	3,000,000		3,000,000	3,000,000	3,000,000	-
Igboke South NG-CDF office		526,343	526,343	526,343	526,343	-
Total		-	-	-	-	-
13.0 unallocated fund						
Unapproved projects						
AIA	30,000	47,000	77,000	77,000	77,000	
PMC savings						
Total						
Total	137,118,878	5,819,243	40,967,724	183,905,845	123,762,677	60,066,168

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

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- Igembe South 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 Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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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 11th June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

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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.

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XIII NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
AIE NO. B096863	1,600,000.00	
AIE NO. B096900	5,000,000.00	
AIE NO. B104603	16,000,000.00	
AIE NO. B104876	18,367,724.00	
AIE NO. B124522	9,000,000.00	
AIE NO. B128403	7,000,000.00	
AIE NO. B128092	6,900,000.00	
AIE NO. B124948	8,500,000.00	
AIE NO. B119802	12,000,000.00	
AIE NO. B132147	6,000,000.00	
AIE NO. B138815	12,000,000.00	
AIE NO. B126400	11,600,000.00	
AIE NO. B126111	7,000,000.00	
AIE NO. B140546	12,000,000.00	
AIE NO. B047130		1,837,931.00
AIE NO. B041081		55,040,876.00
AIE NO. B047243		4,000,000.00
AIE NO. B041461		20,000,000.00
AIE NO. B047896		6,000,000.00
AIE NO. B104295		23,000,000.00
AIE NO. B049273		15,000,000.00
AIE NO. B090752		30,000,000.00
TOTAL	132,967,724.00	154,878,807.00

2. PROCEEDS FROM SALE OF ASSETS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	47,000	135,000
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	47,000	135,000

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,781,157	3,396,799
Personal allowances paid as part of salary		
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	564,407	1,004,400
Employer Contributions Compulsory national social security schemes	124,460	24,000
Total	3,470,024	4,425,199

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	-	5,021,495
Utilities, supplies and services	873,585	18,915
Communication, supplies and services	274,400	137,500
Domestic travel and subsistence	-	119,000
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	391,500	1,122,040
Hospitality supplies and services	192,780	44,720
Other committee expenses	1,941,489	-
Committee allowance	4,516,815	-
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	261,210	188,300
Fuel, oil and lubricants		1,150,000
Bank services commissions and charges		25,303
Other operating expenses	1,762,565	-
Routine maintenance – vehicles and other transport equipment	468,850	699,000
Routine maintenance – other assets	-	-
Total	10,683,194	8,526,273

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools	23,100,000.00	26,300,000.00
Transfers to secondary schools	23,300,000.00	49,450,000.00
Transfers to tertiary institutions	7,500,000.00	20,000,000.00
TOTAL	53,900,000.00	95,750,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	21,059,661.00	13,923,556.00
Bursary – tertiary institutions (see attached list)	14,862,100.00	7,565,527.00
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NIIF)	-	-
Security projects (see attached list)	-	2,900,000.00
Sports projects (see attached list)	2,742,379.00	2,747,354.00
Environment projects (see attached list)	1,742,378.00	4,385,285.00
Emergency projects (see attached list)	10,748,000.00	11,750,000.00
Total	51,154,518.00	43,271,723.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	3,000,000.00	3,261,001.00
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	526,343.00	-
Purchase of ICT Equipment, Software and Other ICT Assets	1,028,599.00	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	4,554,942.00	3,261,001.00

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
Igembe South Disability Centre	-	650,000.00
	-	650,000.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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>Family Bank Maua Branch NG-CDF IGEMBE SOUTH A/C no. 086000008930</i>	15,024,289	5,772,243
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
Total	15,024,289	5,772,243
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

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

12A. RETENTION

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

[Provide short appropriate explanations as necessary.]

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	1,004,400	-
Gratuity held during the year (B)	564,407	-
Gratuity paid during the Year (C)	1,568,807	-
Closing Gratuity as at 30 th June D= A+B-C	-	-

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	15,024,289	5,772,243
Cash in hand	-	-
Imprest	-	-
Total	15,024,289	5,772,243

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

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

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST*

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	-	-
Imprest issued during the year (B)	7,518,084	6,566,585
Imprest surrendered during the Year (C)	7,518,084	6,566,585
closing accounts in account receivables D= A+B-C	0	0

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 – 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year ©	-	-
Closing account payable D= A+B-C	-	-

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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	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	-	373,399.00
Use of goods and services	-	2,270,882.00
Amounts due to other Government entities (see attached list)	37,900,000.00	16,900,000.00
Amounts due to other grants and other transfers (see attached list)	7,500,000.00	21,594,659.00
Acquisition of assets	-	1,188,999.00
Others (<i>specify</i>)	-	2,677,027.00
Funds pending approval	-	
	45,400,000.00	45,004,966.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	34,812,069.00	34,155,587.00
Total	34,812,069.00	34,155,587.00

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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					

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees		373,399.00		
Use of goods & services		2,270,882.00		
Transfer to other Government Entities		16,900,000.00		
Amounts due to other Government entities				
Primary Schools				
1.0 Auki Primary School	1,200,000.00			
1.1 Itumbi Primary School	1,200,000.00			
1.2 Riigi Primary School	1,000,000.00			
1.3 Nkinja Primary School	1,000,000.00			
1.4 Athi Special School	1,000,000.00			
1.5 Kithetu Primary School	1,000,000.00			
1.6 Kathambi Primary School	1,000,000.00			
Secondary Schools				
1.0 Antubochiu Day Secondary School	3,000,000.00			
1.1 Auki Day Secondary School	2,500,000.00			
Tertiary Institutions				
Igembe South KMTC	25,000,000.00			
Sub-Total	37,900,000.00			
Amounts due to other grants and other transfers				
Security Projects				
1.0 Maua Chiefs Camp	1,000,000.00			
1.1 Kapuline Chiefs Office	1,000,000.00			
1.2 Thaicu Assistant Chiefs Office	1,000,000.00			
1.3 Itumi Assistant Chiefs Office	1,000,000.00			
1.4 Antubankiru Assistant Chiefs Office	1,000,000.00			
1.5 Akachiu Chiefs Office	1,000,000.00			
1.6 Maua Law Courts	1,500,000.00			

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Name	Brief Transaction Description		Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Acquisition of assets	Sub-Total	7,500,000.00			
Others (<i>specify</i>)					
Funds pending approval	Sub-Total				
	Grand Total	45,400,000.00			

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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	11,961,001	3,000,000		14,961,001
Transport equipment	11,265,759			11,265,759
Office equipment, furniture and fittings	3,200,000			3,200,000
ICT Equipment, Software and Other ICT Assets		1,554,942		1,554,942
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	26,425,760	4,554,942		30,,981,702



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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
NG-CDF: TIIRA DAY SECONDARY SCHOOL	Family Bank	86000009017	113,240.30	
NG-CDF: RIAKI DAY SECONDARY SCHOOL	Family Bank	86000009057	5,002,830.40	
MAUA DAY SECONDARY SCHOOL	Family Bank	86000009107	91.5	
KITHETU KIRIMENE DAY SECONDARY SCHOOL	Family Bank	86000009110	4,720,405.00	
ITUMI DAY SECONDARY SCHOOL	Family Bank	86000009123	110	
NG-ATHIRU GAITI CHIEFS OFFICE	Family Bank	86000009309	244	
NG-CDF TIIRA PRIMARY SCHOOL	Family Bank	86000009526	824	
NG-CDF:KATHAMBI PRIMARY SCHOOL	Family Bank	86000009636	151	
NG-CDF NKARIA KINYALI PRIMARY	Family Bank	86000009663	497,974.00	
NG-CDF: KARURUNE PRIMARY SCHOOL	Family Bank	86000009885	363	
NG-CDF: N THERONE PRIMARY SCHOOL	Family Bank	86000010175	580	
NG-CDF: SPORTS COMMITTEE	Family Bank	86000010178	2,000.48	
NG-CDF: IGEMBE SOUTH DISABILITY OFFICES	Family Bank	86000010182	256	
NG-CDF: IGEMBE BOYS SECONDARY SCHOOL	Family Bank	86000010368	572,817.00	
NG-CDF OFFICE	Family Bank	86000010597	205	
NG-CDF:ANTUAMBUI PRIMARY SCHOOL	Family Bank	86000011038	58,154.50	

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
NG-CDF: AMUNGENTI PRIMARY SCHOOL	Family Bank	86000011341	1,291,159.00	
IGEMBE SOUTH KMTC	Family Bank	86000011368	2,042,951.00	
NG-CDF:IGEMBE SOUTH STORAGE TANK PROJECT	Family Bank	86000011491	413.48	
NG-CDF:THAICU MIXED DAY SEC SCHOOL	Family Bank	86000011561	426,823.00	
NG-CDF:KANUNI POLICE POST	Family Bank	86000011924	92	
NG-CDF:CHUKA UNIVERSITY IGEMBE CAMPUS	Family Bank	86000012192	240,026.00	
NG-CDF:TIRA DRAINAGE AND CULVERTS PROJECT	Family Bank	86000012201	650	
NG-CDF: OFFICE DRAINAGE PROJECT	Family Bank	86000012210	2,093.00	
NG-CDF:KARUMARU PRIMARY SCHOOL	Family Bank	86000012343	225,479.00	
NG-CDF:ANTUBOCHIU PRIMARY SCHOOL	Family Bank	86000012346	100	
NG-CDF:NKIENE PRIMARY SCHOOL	Family Bank	86000012348	530,329.70	
NG-CDF:DISTRICT ACCOUNTANT IGEMBE SOUTH	Family Bank	86000012568	878	
NG-CDF: IGEMBE SOUTH OFFICE COMPOUND PROJECT.	Family Bank	86000012585	3,000,000.00	
NG-CDF: LULUMA PRIMARY SCHOOL	Family Bank	86000009018	34	
NG-CDF: A THIMBA PRIMARY SCHOOL	Family Bank	86000009019	146	
NG-CDF: A THI SPECIAL SCHOOL	Family Bank	86000009029	185	
NG-CDF: KATHIMA PRIMARY SCHOOL	Family Bank	86000009082	1,187.00	

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
MBOONE DAY SECONDARY SCHOOL	Family Bank	86000009100	1,790.00	
KIGUMA CIIRI PRIMARY SCHOOL	Family Bank	86000009111	1,634.00	
AMWAMBA PRIMARY SCHOOL	Family Bank	86000009113	1,134.00	
LAKATHI PRIMARY SCHOOL	Family Bank	86000009117	1,512.00	
AKACHIU EDUCATION OFFICE	Family Bank	86000009118	1,171.00	
ATHI CHIEFS OFFICE	Family Bank	86000009134	283	
NG-CDF: IGEMBE SOUTH SPORTS PROJECT	Family Bank	86000009149	2,471.00	
NG-CDF: KINDANI SECONDARY SCHOOL	Family Bank	86000009152	4,406.00	
NG-CDF- AKACHIU DIVISION ACC OFFICE	Family Bank	86000009158	283	
NG-CDF IGEMBE SOUTH DCC OFFICE	Family Bank	86000009523	434	
NG-CDF:KAREMBWINE PRIMARY SCHOOL	Family Bank	86000009651	3,712.00	
NG-CDF: MAUA PRIMARY SCHOOL	Family Bank	86000009904	4,634.00	
KIANDA PRIMARY SCHOOL	Family Bank	86000009995	2,673.00	
NG-CDF: ENVIRONMENT COMMITTEE	Family Bank	86000010174	1,534.00	
NG-CDF: GIKA CHIEFS CAMP	Family Bank	86000010687	634	
NG-CDF: MUNYARIKI PRIMARY SCHOOL	Family Bank	86000010691	756	
KIGURU PRIMARY SCHOOL	Family Bank	86000010749	1,000.00	
MAUA-NG CDF OFFICE DRAINAGE	Family Bank	86000011349	288	

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
NG-CDF:IGEMBE SOUTH OFFICE CABRO PROJECT	Family Bank	86000011482	116	
NG-CDF:IGEMBE SOUTH MAUA POLICE STATION	Family Bank	86000011532	252	
NG-CDF: ST. RITAS GIRLS SECONDARY SCHOOL	ARIMI SACCO SOCIETY	691700600070	1,816,557	
NG-CDF: KIEGOI DAY SECONDARY SCHOOL	ARIMI SACCO SOCIETY	691700600110	95,803	
NG-CDF: RYENYA PRIMARY SCHOOL	ARIMI SACCO SOCIETY	691700600031	47,044	
AUKI DAY SECONDARY SCHOOL	CO-OP BANK	01141024183600	4,096,721	
UGOTI DAY SECONDARY SCHOOL	CO-OP BANK	01109414808901	2,001,231.06	
ATHIRU GAITI SECONDARY SCHOOL	CO-OP BANK	01109024655901	4,970,197.50	
AKUI DAY SECONDARY SCHOOL	CO-OP BANK	01141414304100	2,897,700.00	
KIGUMA CIIRI PRIMARY SCHOOL	CO-OP BANK	01141611235000	5,795.50	
MURUMUNE PRIMARY SCHOOL	CO-OP BANK	01141612599600	1,067.62	
IRIA RUUI PRIMARY SCHOOL	CO-OP BANK	01141611480300	116,442.50	
Total			34,812,069	

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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: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	The Fund's Statement of Cash flow for the year ended 30 June, 2020 reflects Kshs. 1,322,063 in respect to prior year adjustments whose explanations, nature and effect on the fund balance was not provided for audit review.	The Kshs. 1,322,063 in respect to prior year adjustments was the reversed stale bursary cheques in the course of the financial year but had not been replaced by close of the year. The cheques have been reversed and written for the needy students in form of bursaries	Issue Resolved	
1.2	The statement of assets and liabilities as at 30 June, 2020 reflects Kshs. 5,772,242 in respect to cash and cash equivalents. However, the balance reflected in the cashbook provided for audit review as at 30 June, 2020 was Kshs. 5,592,374 resulting to unreconciled and unexplained variance of Kshs. 179,868. Under the circumstances,	The former Sub County Accountant made an error in the cashbook which has been recurring but the error has since been rectified and the cashbook shows the correct balances	Issue Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.3	<p>the accuracy of the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.</p> <p>Financial Statements reflect Kshs. 1,632,748 in respect to comparative opening balances on three expenditure items while the financial statements for financial statements for 2018-2019 reflect Kshs. 1,658,748 on the same items resulting to a variance of Kshs. 26,000</p>	<p>The difference of Kshs. 26,000 was as a result of NSSF contribution which had been omitted but has since been adjusted in the financial statements to reflect the correct position of the financial statements.</p>	Issue Resolved	
2.0	<p>Project Management Committee (PMC) balances as analysed at annex 5 to the financial statements and which were not utilized as at 30 June, 2020.</p> <p>In addition, bank reconciliations, cash books and bank statements and</p>	<ul style="list-style-type: none"> PMCs' balances are as a result of the on-going projects and the contractor's retention fund. Majority of the projects which were on-going by 30th June 2020 have 	Issue Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>confirmation certificates for these PMC accounts were not provided for audit review.</p> <p>In the circumstances, the accuracy and validity Kshs. 34,155,587 in respect to Project Management Committees (PMC) bank account balances as at 30 June, 2020 could not be confirmed.</p>	<p>since been completed and the funds paid to the contractors</p> <ul style="list-style-type: none"> • Bank statements and confirmation certificates for the on-going projects were provided for audit verification. 		
3.0	<p>Note 5 to the financial statements reflects Kshs.8,526,273 in respect to use of goods and services, included in this amount is Kshs.5,021,495 relating to committee expenses. However, audit of the committee expenses revealed Kshs. 90,000 expenditure with the following anomalies;</p> <ul style="list-style-type: none"> • The amount includes airtime allowance of Kshs. 20,000 paid 	<ul style="list-style-type: none"> • The Kshs.20, 000 was paid to the NGCDF secretary for various months for follow up on learning institutions on bursary cheques and acknowledgement receipts. The kshs.4, 000 is the monthly charge for the office internet with the 		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>to NGCDF members and Kshs. 4,000 of internet recharge with no authority or the basis of payment</p> <p>Included is an amount of Kshs. 51,000 for staff training and Kshs. 15,000 for CDMIS workshop charged under committee allowance instead of training. No attendance registers or back to office reports or even programs to indicate what was covered in the training.</p>	<p>said mount charged by the service provider. The internet provision is necessary for smooth office operations.</p> <p>By the time the staff training took place there were no funds in the capacity building kitty hence the reason funds were charged at the committee allowance vote. The mistake has however been noted and it will not be repeated.</p>		
4.0	<p>Note 5 to the financial statements reflected Kshs. 8,526,273 in respect to use of goods and services, which included Kshs. 1,150,000 on Fuel for the</p>	<ul style="list-style-type: none"> All the fuels drawn is supported by detail orders and a fuel register. A copy of the fuel register is 	Issue Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	year ended 30 June, 2020. However, the fuel register availed reflects Kshs. 372,251 in respect to fuel procured in the year under review resulting to an accounted variance of Kshs. 777,749.	hereby attached for audit verification.		
5.0	Note 7 to the financial statements reflects Kshs. 43,271,723 in respect to other grants and other payments which includes Kshs. 13,923,556 and Kshs. 7,565,527 bursaries all totalling to Kshs. 21,489,083 disbursed to secondary schools and tertiary schools respectively during the year ended 30 June, 2020. However, out of the Kshs. 21,489,083 bursaries, only Kshs. 11,113,980 (52%) were acknowledged leaving a balance of Kshs. 10,375,103 (48%) unacknowledged by the beneficiary	Due to Covid-19 pandemic, most of the learning institutions closed down unceremoniously. This contributed to minimal bursary acknowledgement receipts but normalcy is resuming to all the learning institutions and the office is making efforts to collect the remaining bursary acknowledgement receipts from the beneficiary institutions.		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>schools and institutions. In the circumstances, it has not been possible to ascertain whether the bursaries amounting to Kshs. 10,375,103 benefited the intended</p>			
6.0	<p>Note 14 o the Financial Statements reflects Kshs. 1,322,063 in respect to prior year adjustments. However, supporting documents including journal vouchers were not availed for audit review.</p>	<p>The Kshs. 1,322,063 in respect to prior year adjustments were the reversed stale bursary cheques in the course of the financial year which had not been replaced by close of the year. These cheques became stale as a result of closure of the learning institutions due to Covid-19 pandemic. These cheques have since been written afresh for the needy students in form of bursaries after the schools</p>	Issue Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
7.0	<p>Note 17.3 to the financial statements in the year under review reflects Kshs. 55,040,875 and Kshs. 45,004,966 in respect to unutilized funds as at 30 June 2019 and as at 30 June 2020 respectively. However, the statement of comparison of budget and actual amount: recurrent and development combined reflects Kshs. 62,517,039 and Kshs. 45,139,967 in respect to adjustments and budget utilization difference respectively and which should be the said unutilized funds resulting to un explained and an unreconciled variance of Kshs. 7,611,164 and Kshs. 135, 001 respectively.</p>	<p>re-opened</p> <p>The difference in the unutilized funds was as a result of omitted balances brought forward for the last financial year and also omission of funds from sale of tenders which had not been adjusted in the financial statements. The omission has since been rectified so that the financial statements show the correct position.</p>	Issue Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
8.0	<p>Note 6 to the financial statements for the year ended 30 June 2020 reflects Kshs. 95,750,000 in respect to transfer to government entities which includes Kshs. 49,450,000 in respect to transfers to Secondary schools. Included in the Kshs. 49,450,000 is Kshs. 3,747,110 transferred to Maua day secondary school for construction of a Science laboratory. However, physical verification done on 16th of December 2020 revealed that the project was complete but not in use.</p>	<p>The Project has since been handed over and is in use</p>	Issue Resolved	

The above audit issues refers to 2017/2018 financial year. The certificates for the years 2018/2019 and 2019/2020 have not yet been released.