

THE AUDITOR-GENERAL

ON

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

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



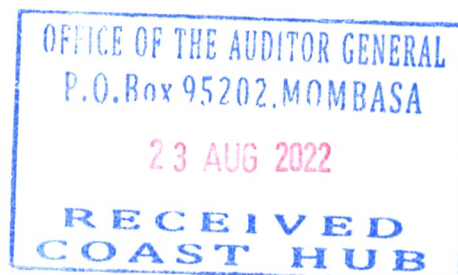
KISAUNI CONSTITUENCY

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)



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

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Kisauni 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

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 Kisauni 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	Fatma M. Abubakar
2.	Sub-County Accountant	Elijah Atambo
3.	Chairperson NGCDFC	Zainab Abdi

(d) Fiduciary Oversight Arrangements

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

(e) Kisauni Constituency NGCDF Headquarters

P.O. Box 87910-80100
Opp. Jocham Hospital
Karisa Maitha Road
Mombasa, Kenya

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

(f) Kisauni Constituency NGCDF Contacts

Telephone: 020-2630946
E-mail: cdfkisauni@ngcdf.go.ke
Website: Kisauni-ng-cdf.co.ke

(g) Kisauni Constituency NGCDF Bankers

1. Co-operative Bank
Kongowea Branch
A/c 01141547656500
P.O.Box 87910-80100
Mombasa Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC CHAIRMAN'S REPORT

Include among others the following:

Zainab Abdi

NG-CDF Chairperson



BUDGET PERFORMANCE

NG CDF Kisauni has utilized its allocated funds by undertaking its budgeted projects and allocations more than 55% of the funds has been utilized. In summary the budget performance against the actual amounts over the financial year was fairly good based on the economic classification and programmes. NG CDF Kisauni has had major achievements in implementation of education and projects over the year.

KEY ACHIEVEMENTS

During the period under review, NG CDF Kisauni has been able to achieve the following;

- Empowering youth in the constituency by issuing bursary to the bright and needy students in secondary and tertiary institution.
- Empowering youths by proving driving Licence to the youths.
- Building of new primary and secondary schools within the constituency to enable the residents to access nearby schools.
- Payment of NHIF to vulnerable families including orphans and vulnerable children (OVCs), poor older persons with disabilities (PWDs), destitute families and people with chronic illness for one year within the constituency.
- Improving security in the constituency by constructing chiefs office at Shanzu and Mtopanga ward all ongoing.

EMERGING ISSUES

- Increased School enrolment.
- Population Increase.
- Corona Virus Outbreak.
- Existence of County Governments considers CDF as a competitor instead of complementary.
- NG CDF Board to reduce the rate of staff turnovers in constituencies. i.e FAM Transfers.

Kisauni Constituency

National Government Constituencies Development Fund (NGCDF)

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

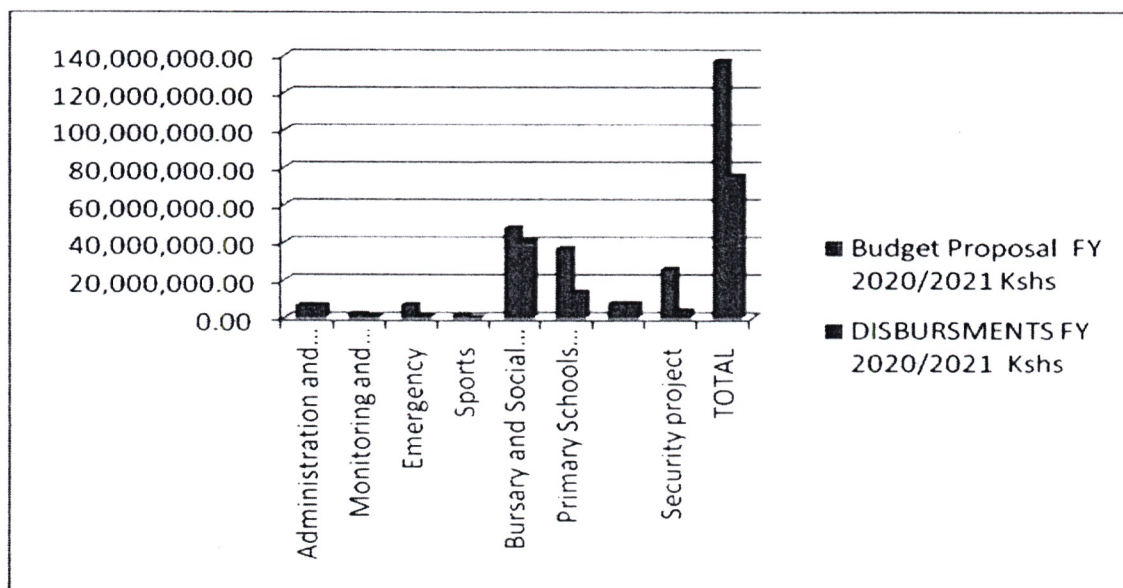
IMPLEMENTING CHALLENGES.

- Lack of PMCs information hence hindering the efficient and effective implementation of projects.
- Disbursement of funds from the board is not timely thus affecting the completion rate.

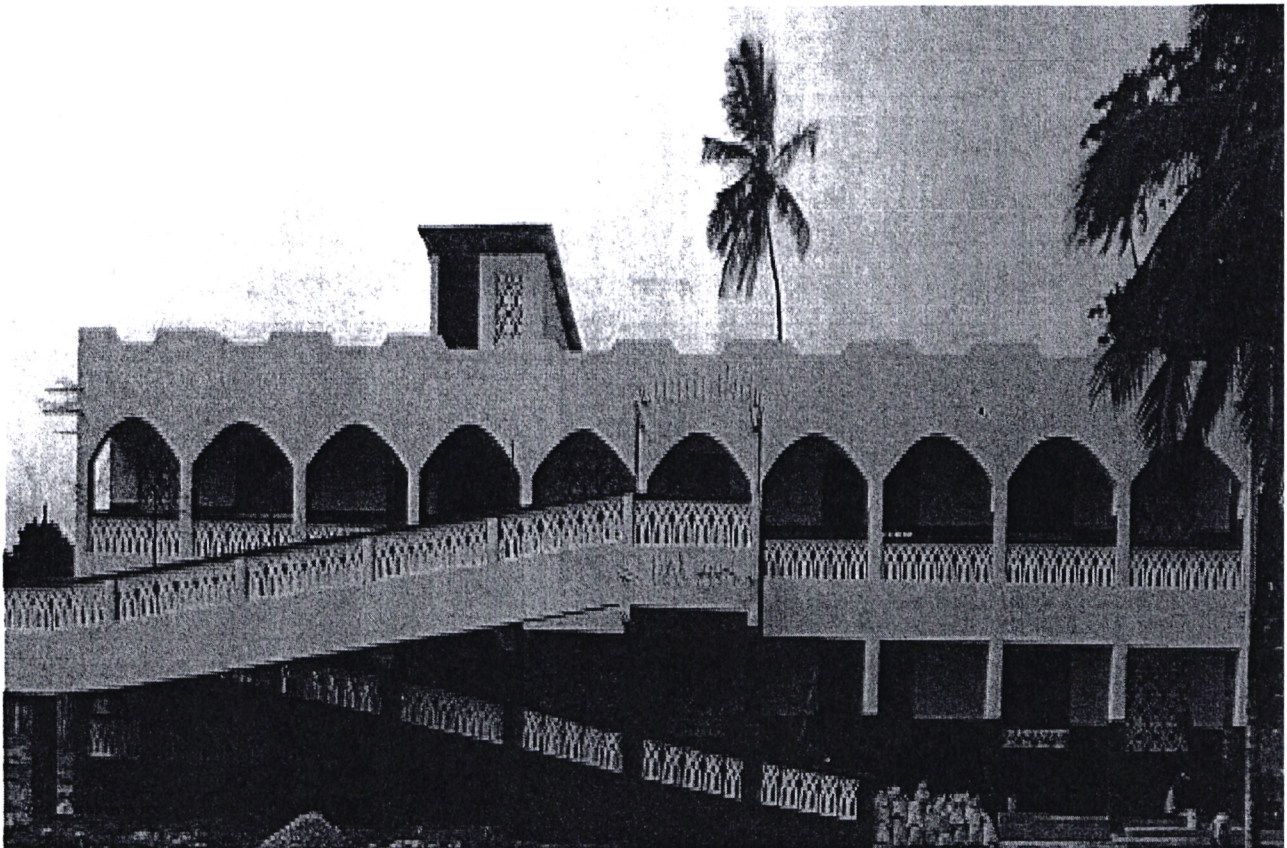
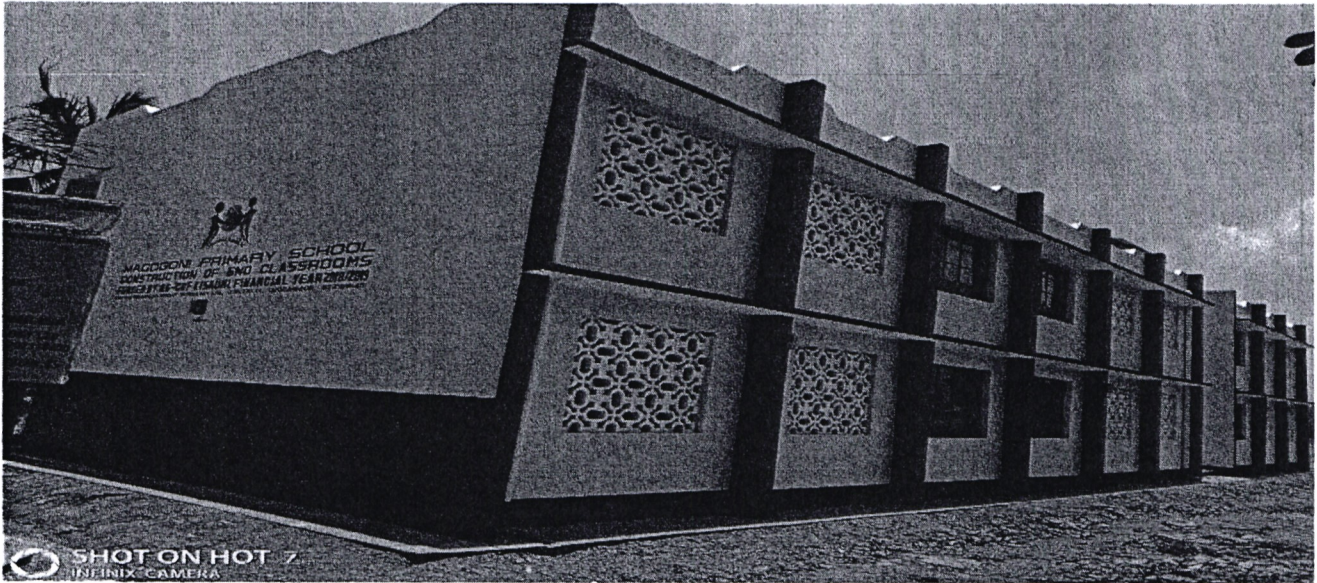
RECOMMENDATIONS AND WAY FORWARD.

- Frequent and adequate training of PMCs.
- Timely disbursement of the constituency allocations from board.

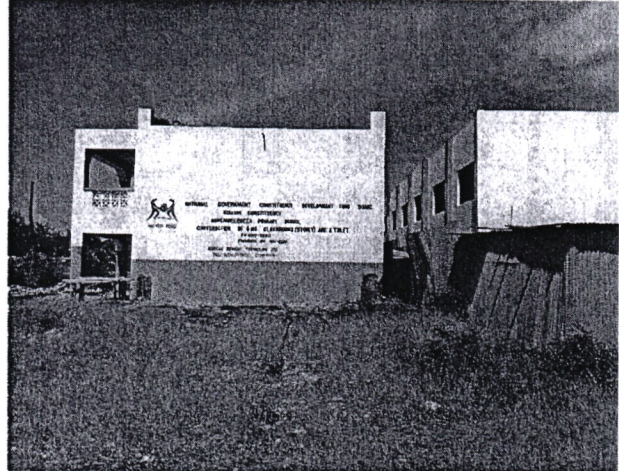
NAME OF PROJECTS	Budget Proposal	APPROVED PROJECTS	DISBURSMENTS	PERCENTAGE
	FY 2020/2021		FY 2020/2021	%
	Kshs	Kshs	Kshs	
Administration and Recurrent	6,842,564.65	YES	6,007,892.24	98%
Monitoring and evaluation	2,388,000.00	YES	981,000	41%
Emergency	7,192,206.90	YES	1,014,987.00	14%
Sports	1,600,000.00	YES	0	0%
Bursary and Social Security	47,981,107.76	YES	47,981,107.76	85%
Primary Schools Projects	37,100,000.00	YES	14,100,000.00	37%
Secondary Schools Projects	8,000,000.00	YES	8,000,000.00	100%
Security project	26,000,000.00	YES	21,500,000.00	15%
TOTAL	137,103,879.31		99,584,987.00	55%



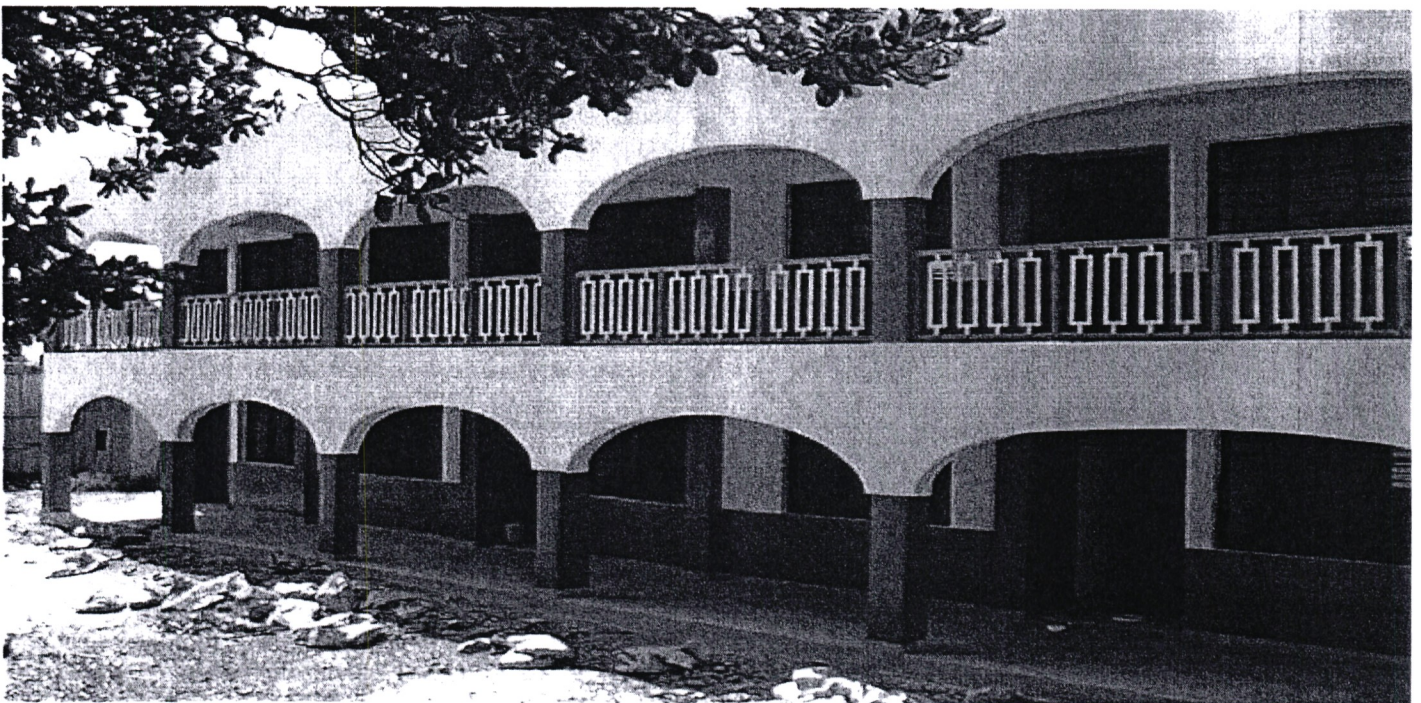
1. Magogoni Primary School



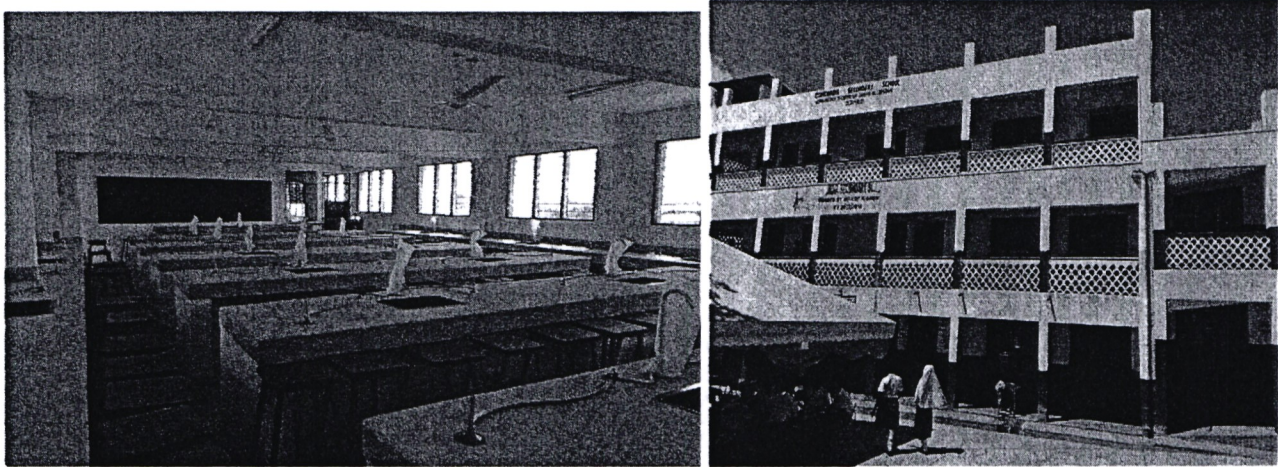
2. Mwembelegeza primary school



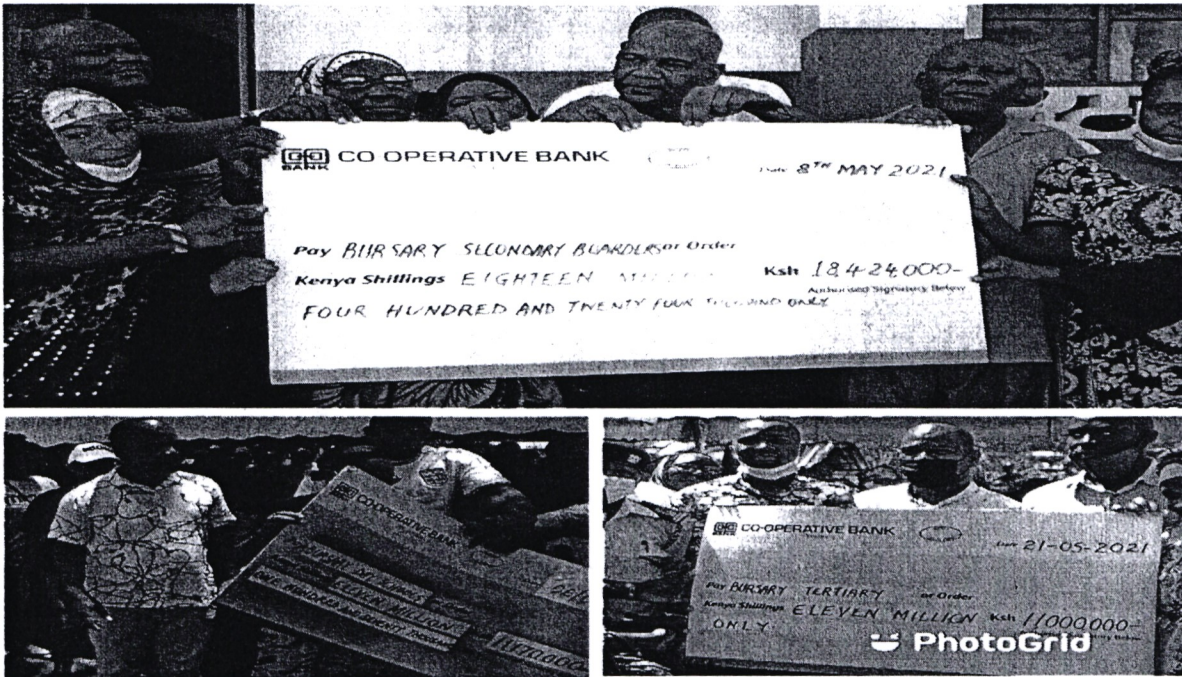
3. Mwembelegeza Secondary School



4. Concordia Secondary School Laboratory



5. Bursary for students in Secondary and Tertiary Schools



Signature.....*Zainab*.....

CHAIRPERSON NGCDF COMMITTEE: ZAINAB ABDI JUMA

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 Kisauni Constituency 2018-2022 plan are to:

- a) To attain highest level of socio-economic development for the growth and prosperity of kisauni constituents
- b) Improve education standards in the constituency by issuing and expanding avenues for accessing bursaries for needy students
- c) Construction of more schools and upgrading of existing ones to enhance accessibility of education
- d) Improve and promote security in the constituency by undertaking security projects
- e) To develop capacity for and institutionalize participatory, monitoring and evaluation systems
- f) To contribute to equity and wealth creation in the constituency
- g) Proposed to have sport tournament

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 PROGRAMME	OBJECTIVES	OUTCOME	INDICATOR	PERFORMANCE
EDUCATION	1. To improve access to education.	1. Increased transition from primary to secondary schools.	1. Number of bursary beneficiaries at Secondary levels	1. Increased bursary amount for secondary school beneficiaries.
	2. To improve infrastructure in learning institutions.	2. Improved education standards.	1. Number of new classrooms constructed.	2. we are building new schools , laboratory to increase education standards
SECURITY	1. To enhance and to sustain security in the constituency.	1. Conducive working environment for security personnel.	1. Improved working environment.	1. We rehabilitated the DCC's office and chiefs office ongoing
ENVIRONMENT	1. To promote sustainable	1. improved soil erosion.	1. improved soil erosion.	1. Open drains and walk ways for

**Kisauni Constituency
National Government Constituencies Development Fund (NGCDF)
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	environment management.			paving of the front and parade area with paving slabs and construction of open drains to drain water from the paved area.
SPORTS	1. To nurture and promote youth sporting talent practices.	1. Purchased sporting uniforms and equipments.	1. Number of teens supported in terms of sports and equipment.	We have proposed to hold constituency tournaments

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

- a. **Education and Training:** Kisauni 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

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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

- Construction of open drains and walk ways for paving of the front and parade area with paving slabs and construction of open drains to drain water from the paved area.
- Sensitization of youth/ community on the impact of drugs by construction of chiefs offices and including halls in it

3. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Kisauni 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. Kisauni constituency also has bursary programs aligned to the NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

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

4. Market place practices-

Kisauni 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-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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

Kisauni Constituency

National Government Constituencies Development Fund (NGCDF)

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

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.

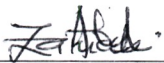
The Accounting Officer in charge of the NGCDF-Kisauni Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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-Kisauni 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-Kisauni 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.

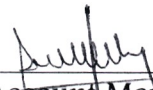
The Accounting Officer in charge of the NGCDF Kisauni Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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-Kisauni Constituency financial statements were approved and signed by the Accounting Officer on 22 - 08 - 2022.

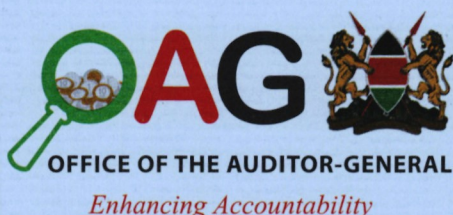


Chairperson NGCDF Committee
Name: Zainab Abdi Juma



Fund Account Manager
Name: Fatma M. Abubakar

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KISAUNI 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 the 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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kisauni Constituency set out on pages 16 to 46,

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

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 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kisauni Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report during 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.216,580,886 and Kshs.171,061,994 respectively, resulting to an under-funding of Kshs.45,518,892 or 21% of the budget. Similarly, the Fund expended an amount of Kshs.119,370,316 against an approved budget of Kshs.216,580,886 resulting to an under-expenditure of Kshs.97,210,571 or 43% of the budget.

The underfunding and underperformance affected the planned activities 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 matter described in the Basis for Conclusion on Lawfulness and

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

Basis for Conclusion

Failure to Return Unutilized Funds

Annex 5 to the financial statements reflects Project Management Committee bank balance of Kshs.42,798,761 out of which Kshs.8,063,347 relates to eight (8) bank accounts for completed projects which had not been transferred to the constituency bank account as at 30 June, 2021. This was contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the constituency account.

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 to obtain assurance about whether effective processes and systems of internal controls, risk management, and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

23 September, 2022

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


VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	160,937,724	123,040,876
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	632,201	1,454,192
TOTAL RECEIPTS		161,569,925	124,495,068
PAYMENTS			
Compensation of employees	4	4,652,230	3,039,257
Use of goods and services	5	8,393,273	6,882,690
Transfers to Other Government Units	6	54,479,553	80,754,507
Other grants and transfers	7	51,845,260	12,019,200
Acquisition of Assets	8	-	17,000,000
Other Payments	9	-	873,600
TOTAL PAYMENTS		119,370,316	120,569,254
SURPLUS/(DEFICIT)		42,199,609	3,925,814


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisauni Constituency financial statements were approved on 22-08-2022 and signed by:


 Fund Account Manager

Name: Fatma M. Abubakar


 National Sub-County
 Accountant

Name: Elijah Atambo
 ICPAK M/No:24095


 Chairperson NG-CDF
 Committee


Name: Zainab Abdi Juma


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


VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	51,691,678	9,492,069
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		51,691,678	9,492,069
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		51,691,678	9,492,069
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		51,691,678	9,492,069
REPRESENTED BY			
Fund balance b/fwd	13	9,492,069	5,566.255
Prior year adjustments	14	-	-
Surplus/Deficit for the year		42,199,609	3,925,814
NET FINANCIAL POSITION		51,691,678	9,492,069

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kisauni Constituency financial statements were approved on 22-08- 2022 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairperson NG-CDF
Committee

Name: Fatma M. Abubakar

Name: Elijah Atambo
ICPAK M/No: 24095

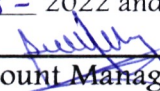
Name: Zainab Abdi Juma

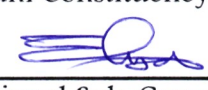
Kisauni Constituency
National Government Constituencies Development Fund (NGCDF)
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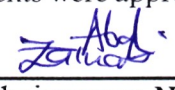
IX. STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	160,937,724	123,040,876
Other Receipts	3	<u>632,201</u>	<u>1,454,192</u>
Total receipts		161,569,925	124,495,068
Payments for operating activities			
Compensation of Employees	4	4,652,230	3,039,257
Use of goods and services	5	8,393,273	6,882,690
Transfers to Other Government Units	6	54,479,553	80,754,507
Other grants and transfers	7	51,845,260	12,019,200
Other Payments	9	-	873,600
Total payments		119,370,316	103,569,254
Total Receipts Less Total Payments		42,199,609	20,925,814
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
Net cash flow from operating activities		42,199,609	20,925,814
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	17,000,000
Net cash flows from Investing Activities		-	17,000,000
NET INCREASE IN CASH AND CASH EQUIVALENT		42,199,609	3,925,814
Cash and cash equivalent at BEGINNING of the year	10	9,492,069	5,566,255
Cash and cash equivalent at END of the year		<u>51,691,678</u>	<u>9,492,069</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Kisauni Constituency financial statements were approved on 22-08-2022 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairperson NG-CDF
Committee

Name: Fatma M. Abubakar

Name: Elijah Atambo
ICPAK M/No: 24095

Name: Zainab Abdi Juma

*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 c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	Kshs	Opening Balance (C/Bk) and AIA	B Previous Years' Outstanding & Disbursements				
RECEIPTS	2020/2021				2020/2021	30/06/2021		
Transfers from NGCDF Board	137,088,879		9,492,069	69,367,737	215,948,685	170,429,793	45,518,892	79%
Proceeds from Sale of Assets					-	-	-	0.0%
Other Receipts				632,201	632,201	632,201	-	
TOTALS	137,088,879		9,492,069	69,999,938	216,580,886	171,061,994	45,518,892	79%
PAYMENTS								
Compensation of Employees	2,841,984		997,139	2,478,077	6,317,200	4,652,230	1,664,970	74%
Use of goods and services	7,073,580		1,533,892	3,045,233	11,652,705	8,393,273	3,259,432	72%
Transfers to Other Government Units	44,900,000		1,160,643	44,523,479	90,584,122	54,479,553	36,104,569	60%
Other grants and transfers	82,273,315		5,800,395	11,320,948	99,394,658	51,845,260	47,549,398	52%
Acquisition of Assets					-	-	-	
Other Payments					-	-	-	
Funds pending approval**				8,632,201	8,632,201	-	8,632,201	
TOTALS	137,088,879		9,492,069	69,999,938	216,580,886	119,370,316	97,210,571	57%

** Amount of Kshs 97,210,571 is composed of cash book balance of Kshs.51,691,678 as at 1st July 2021 and amount of 45,518,892 balance owing to board by the constituency inclusive Kshs. 8,000,000.00 funds pending approval for financial year 2019/2020 as at 1st July 2021. Amount Kshs.632,201 is composed of Kshs.578,201 is amount which was transferred to main account from the PMCs account and kshs.54,000 are Appropriation In Aid

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

ITEM	% OF UTILIZATION	COMMENT
Transfers from NGCDF Board	79%	Delay in release of funds from NG - CDF Board
Compensation of Employees	73%	The vote head had a balance brought forward from the previous year. The balance of the money allocated for this vote head had not been received from NG- CDF Board.
Use of goods and services	72%	The balance of the money allocated for this vote head had not been received from the NG - CDF Board.
Transfers to Other Government Units	60%	The balance of the money allocated for this vote head had not been received from the NG - CDF Board.
Other grants and transfers	52%	Two Project with land issues could not be funded.
Acquisition of Assets	0%	No asset was acquired during the financial year.


Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	97,210,571
Less undisbursed funds receivable from the Board as at 30 th June 2021	(45,518,892)
	51,691,678
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/2021	51,691,678

The NGCDF- Kisauni Constituency financial statements were approved on 22-08-2022 and signed by:



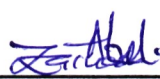
 Fund Account Manager

Name: Fatma M Abubakar



 National Sub-County Accountant

Name: Elijah Atambo
 ICPAK M/No: 24095



 Chairperson NG-CDF Committee

Name: Zainab Abdi Juma

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

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2020/2021		2020/2021	30/06/2021	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,841,984	3,475,216	6,317,200	4,667,761	1,649,440
1.2 Committee allowances	1,128,000	330,500	1,458,500	1,112,000	346,500
1.3 Use of goods and services	3,572,580	840,391	4,412,971	1,908,842	2,504,129
Sub-total	7,542,565	4,646,107	12,188,671	7,688,603	4,500,068
2.0 Monitoring and evaluation					
2.1 Capacity building	1,407,000	2,794,234	4,201,234	3,805,100	396,134
2.2 Committee allowances	981,000	599,000	1,580,000	1,551,800	28,200
2.3 Use of goods and services					
Sub-total	2,388,000	3,393,234	5,781,234	5,356,900	424,334
3.0 Emergency					
3.1 others	7,192,207	878,241	8,070,448	537,117	7,533,332
Sub-total	7,192,207	878,241	8,070,448	537,117	7,533,332
4.0 Bursary and Social Security					
4.1 Secondary Schools	35,981,108	268,000	36,249,108	29,756,500	6,492,608
4.2 special schools	1,000,000	-	1,000,000		1,000,000
4.3 Tertiary Institutions/ Universities	11,000,000	1,060,266	12,060,266	11,576,000	484,266
4.4 Social Security		7,800,000	7,800,000	4,800,000	3,000,000
Sub-total	47,981,108	9,128,266	57,109,374	46,132,500	10,976,874
5.0 Sports					
5.1 Sports	1,600,000	-	1,600,000	-	1,600,000
Sub-total	1,600,000	-	1,600,000	-	1,600,000

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

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments Kshs	Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
6.0 Environment					
6.1 Maunguja Primary School- Purchasing 10,000ltrs water tank and fixing of gutters for water catchment	-	-	-	-	-
6.2 Baraka Voroni Primary School- Purchasing 10,000ltrs water tank and fixing of gutters for water catchment	-	-	-	-	-
6.3 Marimani Secondary - Purchasing 10,000ltrs water tank and fixing of gutters for water catchment	-	-	-	-	-
6.4 Concordia Secondary – Construction of open drains and walk ways kisauni Baptist	-	-	-	-	-
Sub-total					
7.0 Primary Schools Projects					
7.1 Barani Primary School	11,500,000	6,708,000	18,208,000	708,000	17,500,000
7.2 Kajiweni Primary		6,495,718	6,495,718	708,000	5,787,718
7.3 Magogoni Primary	11,500,000	708,000	12,208,000	12,208,000	-
7.4 Baraka Voroni Primary		-			-
7.5 Concordia Primary School		600,000	600,000	600,000	-
7.6 Mdengerekeni Primary		300,000	300,000	300,000	-
7.7 Mauguja Primary		-	-	-	-
7.8 Kiembeni Estate Primary		-	-	-	-
8.0 Marimani Primary		-	-	-	-
8.1 Majaoni Primary School		-	-	-	-

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

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments Kshs	Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
8.2 mwembegeza primary school	11,500,000	16,519,404	28,019,404	16,519,403	11,500,001
8.3 shimo la tewa primary school	2,400,000	600,000	3,000,000	3,000,000	-
8.4 Mtopanga primary school		600,000	600,000	600,000	-
Sub-total	36,900,000	32,531,122	69,431,122	35,343,403	34,087,719
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Mwembegeza Secondary School		808,000	808,000	808,000	-
8.3 Conordia Secondary	8,000,000	-	8,000,000	7,228,150	771,850
8.4 Kashani Secondary School		545,000	545,000		545,000
8.5 Hassan Joho Girls Secondary		700,000	700,000	700,000	-
marimani secondary school		700,000	700,000	700,000	-
mitopanga secondary school		700,000	700,000	700,000	-
karisa maitha boys sec		9,000,000	9,000,000	9,000,000	-
8.5 mwakirunge primary school		700,000	700,000	700,000	-
Sub-total	8,000,000	13,153,000	21,153,000	19,136,150	2,016,850
9.0 Tertiary institutions Projects (List all the Projects)					
9.1		-	-	-	-
Sub-total		-	-	-	-
10.0 Security Projects					
10.1 Roads		1,439,192	1,439,192	-	1,439,192
Shanzu Chiefs Office	1,000,000	2,500,000	3,500,000	3,500,000	-
Mtopanga Chiefs Office	1,000,000	2,500,000	3,500,000	1,000,000	2,500,000

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2020/2021		2020/2021	30/06/2021	
	Kshs	Kshs	Kshs	Kshs	Kshs
Maunguja chief's office	3,500,000		3,500,000		3,500,000
Mjambere police station	20,000,000		20,000,000		20,000,000
Sub-total	25,500,000	6,439,192	31,939,192	4,500,000	27,439,192
11.0 Acquisition of assets					
11.2 Construction of CDF office		8,000,000	8,000,000	-	8,000,000
11.3 Construction of Education office	-	675,643	675,643	675,643	-
NG-CDF Office Equipment					
Sub-total		8,675,643	8,675,643	675,643	8,000,000
12.0 Others					
12.1 Strategic Plan		-	-	-	-
12.2 Innovation Hub		-	-	-	-
12.2 Appropriation in Aids (AIA)		647,201	647,201		647,201
Sub-total		647,201	647,201	-	647,201
Grand Totals	137,103,880	79,492,007	216,595,886	119,370,316	97,225,570

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- Kisauni 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.

Kisauni Constituency

National Government Constituencies Development Fund (NGCDF)

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

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

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

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

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO. B 041044	1		55,040,876
AIE NO. B 047478	2		4,000,000
AIE NO. B 047479	3		20,000,000
AIE NO. B 047932	4		6,000,000
AIE NO. B 047950	5		15,000,000
AIE NO. B 047974	6		15,000,000
AIE NO. B 047960	7		8,000,000
AIE NO. B 104727	1	20,000,000	
AIE NO. A 823547	2	35,086,000	
AIE NO. B 104955	3	6,281,724	
AIE NO. B 124565	4	9,000,000	
AIE NO. B 119502	5	8,500,000	
AIE NO. B 096578	6	12,000,000	
AIE NO. B 128145	7	6,900,000	
AIE NO. B 128457	8	6,000,000	
AIE NO. B 132201	9	6,000,000	
AIE NO. B 138869	10	12,000,000	
AIE NO. B 126163	11	7,000,000	
AIE NO. B 105143	12	7,570,000	
AIE NO. B 126457	13	12,600,000	
AIE NO. B 140601	14	12,000,000	
TOTAL		160,937,724	123,040,876

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	54,000	15,000
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	578,201	1,439,192
Total	632,201	1,454,192

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,166,232	3,008,857
Personal allowances paid as part of salary		
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	1,452,798	-
Employer Contributions Compulsory national social security schemes	33,200	30,400
Total	4,652,230	3,039,257

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	1,112,000	779,000
Utilities, supplies and services	43,500	81,260
Communication, supplies and services	317,478	231,500
Domestic travel and subsistence	319,317	612,923
Printing, advertising and information supplies & services	13,900	502,450
Office Rent	348,000	348,000
Training expenses	3,805,100	1,543,400
Hospitality supplies and services	-	-
Insurance costs	-	663,325
Specialized materials and services	57,500	-
Office and general supplies and services	809,147	662,632
Other operating expenses	-	225,500
Routine maintenance – vehicles and other transport equipment	-	-
Other Committee expenses	1,551,800	1,164,300
Fuel oil and lubricants	-	25,000
Bank services commission and charges	15,531	43,400
Total	8,393,273	6,882,690

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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	34,643,403	39,768,907
Transfers to secondary schools	19,836,150	40,985,600
Transfers to tertiary institutions	-	-
TOTAL	54,479,553	80,754,507

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools	29,756,500	7,230,000
Bursary – tertiary institutions	11,576,000	2,940,000
Bursary – special schools	-	-
Mock & CAT	-	-
Social Security programmes (NHIF)	4,800,000	-
Security projects	4,500,000	-
Sports projects	-	-
Environment projects	-	1,129,000
Emergency projects	1,212,760	720,000
Total	51,845,260	12,019,200

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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	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	17,000,000
Acquisition of Intangible Assets	-	-
	-	-
Total	-	17,000,000

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	873,600
ICT Hub	-	-
Total	-	873,600

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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>Co-operative bank of Kenya- Kongowea branch A/C NO. 0114147656500</i>	51,691,678	9,492,069
Total	51,691,678	9,492,069
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations	-	-
Total	-	-

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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>Name of Officer</i>		-	-	-
Total				-

12A. RETENTION

	2020-2021	2019-2020
	<i>KShs</i>	<i>KShs</i>
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	-	-

12B. GRATUITY

	2020-2021	2019-2020
	<i>KShs</i>	<i>KShs</i>
Gratuity as at 1 st July (A)	1,045,187	1,045,187
Gratuity held during the year (B)	260,844	0
Gratuity paid during the Year (C)	1,045,187	0
Closing Gratuity as at 30 th June D= A+B-C	260,844	1,045,187

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	<i>Kshs</i>	<i>Kshs</i>
Bank accounts	59,136,761	10,937,963
Cash in hand		
Imprest		
Total	59,136,761	10,937,963

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14. PRIOR YEAR ADJUSTMENTS

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

a. 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)		
Imprest surrendered during the Year (C)		
closing accounts in account receivables D= A+B-C	-	-

b. 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 (C)	-	-
closing account receivables 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	-	1,045,187
Others (<i>specify</i>)	-	-
	-	1,045,187

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	1,664,970.00	3,475,216
Use of goods and services	3,244,432.00	4,540,789
Amounts due to other Government entities (see attached list)	36,104,569.00	12,948,361
Amounts due to other grants and other transfers (see attached list)	47,549,398.00	49,600,397
Acquisition of assets		8,000,000
Others – Strategic management		140,000
Appropriation in Aid (AIA)	69,000.00	106,000
Funds pending approval	8,578,201.00	
Total	97,210,570	78,950,762

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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)		49,183,391
Total		49,183,391

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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 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1. AYUB KAPUTU GUYO	J	FEB 21	52,917	
2. PATRICK AMADI NGEA	H	FEB 21	43,152	
3. PRISCILLA ZIGHE MWARINGA	G	FEB 21	38,099	
4. EMILY MKAMBE MWARABU	G	FEB 21	38,099	
5. EDWARD TSUMA MWAGWABI	F	FEB 21	29,526	
6. HAMISI ABDALLAH MWALICHENGO	F	NOV 20	38,126	
7. YUSRA SHEE FUNDI	G	MARCH 21	20,925	
Sub-Total			260,844	
Grand Total			260,844	

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Appropriation in Aid		69,000		
Funds pending approval				
NG-CDF Office		8,000,000	8,000,000	
Other Receipts		578,201		
Grand Total		97,210,570	78,950,762	

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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	17,000,000	-	-	17,000,000
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	-	-	-	-
ICT Equipment, Software and Other ICT Assets	1,177,195	-	-	1,177,195
Other Machinery and Equipment	347,960	-	-	347,960
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	18,525,155	-	-	18,525,155

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

PMC	Bank	Account number	Bank Balance	Bank Balance
			2020/21	2019/20
Concordia Primary School	KCB	1137249080	10,513.05	10,513
Digirikani Nursery Primary School	KCB	1106502574		140,378
Hassan Joho Girls Secondary	KCB	1115421385		555,517
Junda Dispensary	KCB	1106506685	61,958.00	61,959
Mjambere Mshomoroni Drainage	KCB	1114654248		18,548
Mjambere /Junda Drainage	KCB	1117174794	23,257.00	23,257
School Desks and Chairs	KCB	1117915581	6,497.70	6,498
Shimo la tewa Secondary school	KCB	1106507444	503,711.35	503,711
Urban Mast Lighting-KCDF	KCB	1121813360	981,459.45	981,459
Voroni water tank	KCB	1131502116	35,939.55	35,940
Maunguja Primary School	KCB	1114654779		0
Maunguja Youth Polytechnic	KCB	1118617312		0
Shimo la tewa Primary school	KCB	1124080570		0
BARAKA PRIMARY SCHOOL (VORONI)	CO-OPERATIVE	1141548845100.00	314,249	905,014
JUNDA PRIMARY SCHOOL	ABC	2151001900.00		991,856
KIEMBENI BASKET BALL COURT	CO-OPERATIVE	1141547541500.00		4,325
KISAUNI CDF BAMBURI BOREHOLE	CO-OPERATIVE	1141547516700.00		36
KISAUNI CDF JUNDA BOREHOLE	CO-OPERATIVE	1141547555800.00		3,100

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KISAUNI CDF MAGOGONI BOREHOLE	CO- OPERATIVE	1141547555600.00		1,626
KISAUNI CDF MJAMBERE BOREHOLE	CO- OPERATIVE	1141547555500.00		4,188
KISAUNI CDF MTOPANGA BOREHOLE	CO- OPERATIVE	1141547558500.00		18,611
KISAUNI CDF SHANZU BOREHOLE	CO- OPERATIVE	114154758800.00		4,825
BEDZIMBA PRIMARY ECD UNIT	CO- OPERATIVE	1141577263000.00		35
MAJAONI PRIMARY SCHOOL	CO- OPERATIVE	114157738000.00	87,763.65	320,386
MTOPANGA PRIMARY SCHOOL	CO- OPERATIVE	1141577380100.00	274,592.65	264,248
ROAD PROJECT ACCOUNT	FAMILY BANK	92000007159.00		0.00
CONCORDIA PRIMARY SCHOOL	CO- OPERATIVE	1141548847800.00	15,091	123,496
CONSTITUENCY SPORTS	CO- OPERATIVE	1141577422500.00		14,434
KIEMBENI ESTATE PRIMARY SCHOOL	CO- OPERATIVE	1129577451400.00	421,090	848,609
CONCORDIA SECONDARY	CO- OPERATIVE	1141548844400.00	7,039,267	8,235,771
MAGOGONI PRIMARY SCHOOL	CO- OPERATIVE	01141548951100	10,284,942	13,000,000
MWEMBELEGEZA SECONDARY SCHOOL	CO- OPERATIVE	01141548913600	5,222,895	13,200,000

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MARIMANI SECONDARY SCHOOL	CO-OPERATIVE	1129577451500.00	1,086,951.50	391,314
KISAUNI NGCDF MDENGEREKENI PRI SCH PROJ	CO-OPERATIVE	1141548336900.00	374,747	74,747
BEDZIMBA PRIMARY SCHOOL	CO-OPERATIVE	1141548847900.00	0	37,775
KASHANI SECONDARY	CO-OPERATIVE	1141548848200.00	634,561	1,433,618
KASHANI PRIMARY SCHOOL	CO-OPERATIVE	1141548240000.00	0	1,575
MARIMANI PRIMARY SCHOOL	CO-OPERATIVE	1141548872700.00	14,916	1,657,050
DIGIRIKANI PRIMARY SCHOOL	CO-OPERATIVE	1141548847300.00	0	11,425
HASSAN JOHO GIRLS SECONDARY SCHOOL	CO-OPERATIVE	1141548855500.00	1,352,781	4,904,350
MAUNGUJA PRIMARY SCHOOL	CO-OPERATIVE	1139044024802.00	240,647	390,647
KIEMBENI BAPTIST PRIMARY	CO-OPERATIVE	1141547132600.00	0	975
KASHANI PRIMARY SCHOOL CDF	CO-OPERATIVE	1141548240000.00		1,575
BARANI PRIMARY SCHOOL	CO-OPERATIVE	1141548922200	7,847,049	7,200,000
MWAKIRUNGE SECONDARY SCHOOL	CO-OPERATIVE	1141548762100	700,000	
KAJIWENI PRIMARY SCHOOL	CO-OPERATIVE	1141548930500	5,263,882	
TOTAL			42,798,761	49,183,391

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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)
MSA/NGCDF-KISAUNI/2020/2021(6)	Included in PMC balances of Kshs.42,798,761 as at 30 June 2021 at Annex 5 of the financial statements is Kshs.121,156 in respect to projects relating to Health, Water and Electricity The indicated services have since been devolved to the county Government and are not eligible to be undertaken by the NG CDF. These monies have not been refunded back to the main CDF account nor reallocated to other projects which fall under the national government functions.	The management is following up with the signatories	Partly Resolved	December 2022