

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY	
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REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
GATUNDU NORTH CONSTITUENCY**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30984 - 00100, NAIROBI
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GATUNDU NORTH CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GATUNDU NORTH CONSTITUENCY**

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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

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

N	Designation	Name
1.	A.I.E holder	Joseph K.N.Rotich
2.	Sub-County Accountant	Mr Mugambi
3.	Chairman NGCDFC	John Ngaruiya
4.	Member NGCDFC	Jane Wanjiru Mwangi

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF Gatundu North Constituency Headquarters

P.O. Box 201- 01004 Kanjuku
GATUNDU NORTH NG-CDF OFFICE,
GATUNDU NORTH DCC COMPOUND
KAMWANGI, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GATUNDU NORTH CONSTITUENCY**

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(f) NGCDF Gatundu North Constituency Contacts

Telephone: (254)0722-864244
E-mail: cdfgatundunorth@ngcdf.go.ke
Website: www.ngcdfgo.ke

(g) NG-CDF Gatundu North Constituency Bankers

1. Kenya Commercial Bank
Branch-Gatundu
Account Name-GATUNDU NORTH NG-CDF
Account Number-1102763853
Address -518 Gatundu.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The people of Gatundu north Constituency are determined to participate effectively in domesticating objectives of vision the 2030 and the Big 4 agenda in our development planning .The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory .The utilization of the NG-CDF has always been carried out with fairness ,transparency , openness and accountability.

Financial Year Budget.

In the financial year 2018/19 the NG-CDF GATUNDU NORTH Constituency was allocated Ksh 109,040,872.01 and we have received all the allocation for the financial year 2018/2019 and its utilization has gone well with over 99% of the funds have been utilized effectively. In the Financial year 2019/2020 the Ng-Cdf Gatundu North Constituency was allocated Ksh 137,350,621.37, the constituency has received 50% of the total funds allocation. Due the bulk of the project brought forward from 2018/19 and delay occasion by long procurement procedures and the processing of BQs, the NG-CDF-Gatundu North were able to do the following in the projects that fall under 2019/20 financial year.

Table summary of Budget Performance.

PROJECT	STATUS IN %
Kawira Primary School	96%
Gacege Primary School	80%
Igamba Primary School	75%

Key Achievements.

Due the bulk of the project brought forward from 2018/19 and delay occasion by long procurement procedures and the processing of BQs, the NG-CDF-Gatundu North were able to do the following project—Kawira primary school, Gacege primary school, and Igamba primary school, the projects that fall under 2019/20 financial year.

We have completed all projects brought forward from the previous financial year 2018/19

Challenges and Emerging Issues.

Gatundu North constituency has many old schools and scarce land to build new schools. Much of what NG-CDF can do is always overhaul renovations in most of the schools. The preferred mode of expansion is to build upwards. This method of construction is very expensive. The other challenge in Education sector is a huge population of needy students from very humble families, who are in need of support through the inadequate bursary fund which is never enough due very low percentage budget allocation

The challenge of long procurement procedures and processing of BQs is a problem that is long overdue. The government should consider employing more of these staffs so that delivery of their services is enhance and projects executed on a timely basis. NG-CDF is currently depending on the county government works officers who are only available when they are free from the county works.

Sign

CHAIRMAN NGCDF COMMITTEE



III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of NGCDF-Gatundu North Constituency's 2018-2022 plans are to: *(Enumerate all the objectives of the constituency as per the Strategic Plan)*

- a) Promotion of education and training
- b) Promotion of sports and creative talents
- c) Enhance administration and security
- d) Protection of the environment
- e) Institutional strengthening

Progress on attainment of Strategic development objectives

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

Constituency Program	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	1.)Number of usable physical infrastructure build in primary, secondary, and tertiary institutions 2.)Number of bursary beneficiaries at all levels	In FY 18/19, -we increased number of classrooms, dormitories, laboratories eg. from 6 to 10 classrooms in Kanjabi Pri Sch, Kangaita Pri Sch from 6 to 8 Classrooms, Etc. - Bursary beneficiaries to 5,657 in High School, Tertiary Institutions 1717 and 41 Special Schools.
Security	To have Police Post	Increased	Expansion of	In FY 19/20 more

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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	within each every ward this will enhance high level of surveillance thereby resulting to security of Pupils, community.	enhanced law and order and investment.	Business enterprises	police post have been launched. 1.)Kamwangi Police Station 2.)Mukurwe Police Post 3.)Mitero Police Post 4.) Kanyoni Police Post.
Environment	To ensure we provide enabling conducive environment for the pupils ,teachers and the society	We have been able to accomplish as resulting to more enrolment in public schools	We have built 40 pit latrines in various schools and retaining walls to curb erosion.e.g Mwea Primary School.	We have built 40 pit latrines in various schools e.g 1)St Francis Primary school 8 No doors. 2)Mungai Primary 8NO Doors etc
Sports	To have more sport activities involving the youth.	There were more sports on Darts, Football etc carried out whereby more youths enhanced their talents.	Teams had their tournaments as stipulated and the winning teams to take part at the Talanta Final.	In the FY 19/20 we have allocated more funds to cater for sports to enhance talent. 1)22 Teams played darts. 2) 60 Teams participated in Men games approximately 700 youths. 3)10 Teams of Women played various games.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. **Sustainability strategy and profile** –Sustainability in terms of various social, economic and political factors affecting the general development of our constituency. A case in place is the level of winning public confidence through public participation. When the public get involved in decision making, whatever is decided upon will be owned by them. The true solutions to most problems actually come from the people themselves. Projects initiated by the people are more sustainable useful. In a democratic society, the best ideas are building and economic transformation are realised in all sectors of the society. These means the general welfare of the people will improve drastically. Educating the society will bring about sustainable development and growth.

Developing countries like Kenya is yet to embrace full democracy.. Retrogressive cultural practice is sound in our family set up. Things to do with inheritance and other cultural malpractices hinder sustainable development.

2. **Environmental performance** –
Gatundu North-NGCDFC has played key role in environmental protection. Most of our schools, police stations, police posts have benefited with modern toilets build by NG-CDF-Gatundu North. Our educational institutions and security enjoys conducive environment free of air pollution and solid waste.

3. **Employee welfare**
The hiring of the employees has always been a rigorous competitive exercise which involves recruitment and interviews whereby the best for employment.
The constituency has continuously exposed her employees to various skills of book keeping and accounting work. The training on public relation, drug and substance abuse and on HIV and AID awareness. Also train on Ethics and Anti-corruption.
Improvement of Working environment is key.NG-CDFC maintain very clean and well furnished offices for the staff.
They are also assured for medical security through NHIF.
Paid Annual leave is guaranteed for all members of staff and over time allowance.

4. **Market place practices-**
All potential suppliers and service providers, contractors are given equal opportunity during procurement process. Advertisement is always open for all and the evaluation is processed in the open for all to see .The supply chain is very responsible and equally accountable. It is able to explain to the suppliers how tendering is carried out and the rules or procedures followed. As it practice in, all suppliers of good and services are paid once they deliver goods and services as specified in the contract or agreement within stipulated time frame. No pending bills allowed. Goods and services are always checked before use to ascertain its originality and quality before use.

5. Community Engagements-

Gatundu North NG-CDF engage community at every level its day today work. The NG-CDFC participated in educating the public in covid 19 health protocols. They also distributed Mask and sanitizers

The organisation has also organised tournaments at the grass root where's both women, girls, boys and men were involved and the winners awarded trophies and games uniforms and other sports equipment. The NGCDF- has successfully mobilized youth to participate in non-skill construction work implemented through NG-CDF funded projects. NG-CDF has organised forums with education stake holders to motivate youth to work hard and excel in school which has seen many school students' dropouts because of drug and substance abuse.

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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-Gatundu North Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

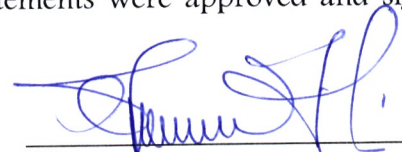
The Accounting Officer in charge of the NGCDF-Gatundu North Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for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

Approval of the financial statements

The NGCDF-Gatundu North Constituency financial statements were approved and signed by the Accounting Officer on _____ 2020.



Fund Account Manager
Name:



Sub-County Accountant
Name:

ICPAK Member Number:

THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
GATUNDU NORTH
P.O. Box 473 - 01030, GATUNDU

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GATUNDU NORTH CONSTITUENCY

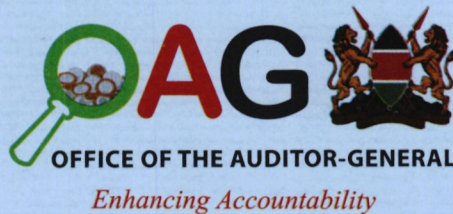
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VI. REPORT OF THE INDEPENDENT AUDITORS

REPUBLIC OF KENYA

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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Gatundu North Constituency set out on pages 12 to 39, which comprise of the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Gatundu North Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Bank Balances

As disclosed in Note 10 to the financial statements, the statement of assets and liabilities reflects bank balances amounting to Kshs.69,124,965. The bank reconciliation statement included unpresented cheques totalling to Kshs.774,172 which were already stale as at 30 June, 2020 and have been outstanding for long time. However, the cheques were not reversed in the cashbook.

Consequently, the accuracy, completeness and validity of the bank balances totalling to Kshs.69,124,965 reflected in the statement of assets and liabilities as at 30 June, 2020 could be confirmed.

2. Unsupported Fuel

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects use of goods and services totalling to Kshs.3,988,843. The balance includes an expenditure, under other operating expenses, amounting to Kshs.600,000 for purchase of fuel. However, fuel register was not maintained and fuel drawn by motor vehicles was not recorded in the respective vehicle work tickets.

Consequently, the accuracy, completeness and validity of purchase of fuel totalling to Kshs.600,000 for the year ended 30 June, 2020 could be confirmed.

3. Unsupported Bursaries

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totalling to Kshs.24,503,998. The balance includes bursary to secondary schools amounting to Kshs.2,843,000, bursary to tertiary institutions amounting to Kshs.4,002,420 and bursary to special schools amounting to Kshs.184,000 all totalling to Kshs.7,029,420. However, the disbursements were not supported with acknowledgement letters or receipts, Bursary Sub-committee minutes and fees structures from the schools and institutions to confirm receipt of the bursaries and eligibility of applicants.

Consequently, the accuracy, completeness and validity of bursaries totalling to Kshs.7,029,420 for the year ended 30 June, 2020 could 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 - Gatundu North Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.211,582,991 and Kshs.139,232,370 respectively, resulting to an underfunding amounting to Kshs.72,350,621 or 34% of the budget. Similarly, the statement reflects final expenditure

budget and actual on comparable basis totalling to Kshs211,582,991 and Kshs.70,107,405 respectively, resulting to an under expenditure amounting to Kshs.141,475,586 or 67% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless 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 financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to

the date of my audit report. However, future events or conditions may cause the Fund 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 December, 2021

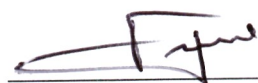
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
GATUNDU NORTH CONSTITUENCY**

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

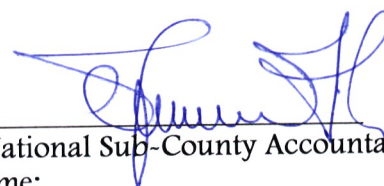
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	120,040,874	108,784,483.00
Proceeds from Sale of Assets	2	0.00	0.00
Other Receipts	3	0.00	0.00
TOTAL RECEIPTS		120,040,874	108,784,483.00
PAYMENTS			
Compensation of employees	4	1,657,238.00	1,169,866.00
Use of goods and services	5	3,988,843.00	8,182,838.00
Transfers to Other Government Units	6	39,957,336.00	66,006,154.00
Other grants and transfers	7	24,503,998.00	30,664,585.00
Acquisition of Assets	8	0.00	0.00
Other Payments	9	0.00	8,283,214.00
TOTAL PAYMENTS		70,107,405.00	114,306,657.00
SURPLUS/(DEFICIT)		<u>49,933,470</u>	<u>(5,522,174.00)</u>

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



Fund Account Manager
Name:



National Sub-County Accountant
Name:

ICPAK Member Number:

THE NATIONAL SUB-COUNTY ACCOUNTANT
GATUNDU NORTH
P. O. Box 473 - 01030, GATUNDU

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

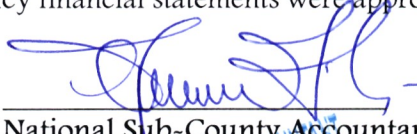
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020 Kshs	2018-2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	69,124,964.00	19,191,495.00
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalents		69,124,964.00	19,191,495.00
Accounts Receivable			
Outstanding Imprests	11	0.00	385,000.00
TOTAL FINANCIAL ASSETS		69,124,964.00	19,576,495.00
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		<u>69,124,964</u>	<u>19,576,495</u>
REPRESENTED BY			
Fund balance b/fwd	13	19,191,495.00	25,167,707.00
Prior year adjustments	14	0.00	(69,038.00)
Surplus/Deficit for the year		49,933,470	(5,522,174.00)
NET FINANCIAL POSITION		<u>69,124,964.00</u>	<u>19,576,495.00</u>

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



Fund Account Manager
Name:



National Sub-County Accountant
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ICPAK Member Number:

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P.O. Box 473 - 01030, GATUNDU

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

GATUNDU NORTH CONSTITUENCY

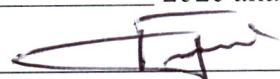
Reports and Financial Statements

For the year ended June 30, 2020

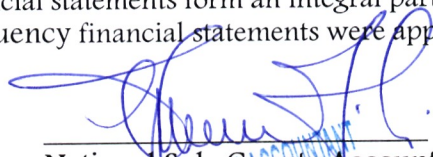
IX. STATEMENT OF CASHFLOW

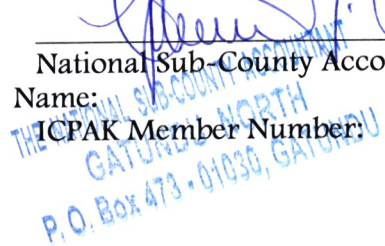
		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	120,040,874	108,784,483.00
Other Receipts	3		
Total receipts			
Payments for operating expenses			
Compensation of Employees	4	1,657,238.00	1,169,866.00
Use of goods and services	5	3,988,843.00	8,182,838.00
Transfers to Other Government Units	6	39,957,336.00	66,006,154.00
Other grants and transfers	7	24,503,998.00	30,664,585.00
Other Payments	9	0	8,283,214.00
Total payments		70,107,405.00	114,306,657.00
Total Receipts Less Total Payments		49,933,469	(5,522,174.00)
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		385,000.00
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14		69,038.00
Net cash flow from operating activities		49,933,469	(5,976,212.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8		
Net cash flows from Investing Activities		49,933,469.00	(5,976,212.00)
NET INCREASE IN CASH AND CASH EQUIVALENT		49,933,469.00	(5,976,212.00)
Cash and cash equivalent at BEGINNING of the year	13	19,191,495.00	25,167,707.00
Cash and cash equivalent at END of the year		<u>69,124,964.00</u>	<u>19,191,495.00</u>

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



 Fund Account Manager
 Name:



 National Sub-County Accountant
 Name:
 ICPAK Member Number:


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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,350,621	74,232,370	211,582,991	139,232,370	72,350,621	65.8%
Proceeds from Sale of Assets				-	-	0.0%
Other Receipts					-	-
TOTAL RECEIPTS	137,350,621	74,232,370	211,582,991	139,232,370	72,350,621	65.8%
PAYMENTS						
Compensation of Employees	2,840,000	1,674,304	4,514,304	1,657,238	2,857,066	36.7%
Use of goods and services	9,523,094	4,094,426	13,617,520	3,988,843	9,628,677	29.3%
Transfers to Other Government Units	83,700,000	42,957,337	126,657,337	39,957,336	86,700,001	31.5%
Other grants and transfers	41,287,526	23,107,790	64,395,316	24,503,988	39,891,328	38.1%
Acquisition of Assets			-	-	-	-
Other Payments		2,398,514	2,398,514	-	2,398,514	
TOTAL	137,350,621	74,232,370	211,582,992	70,107,405	141,475,586	33.1%

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


- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the “AIA” alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
 - i. The challenge here is underutilization of funds which was occasion by long time take by processing of BQs by works officer who in most cases are engaged with county work and also lengthy procurement process.
 - ii. Gatundu North started the financial year with the bulk of projects carried forward from the previous financial year 2018/19
 - iii. Delay of funds from the NG -CDF board has also attributed to some extend the underutilization of funds

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

The NGCDF-Gatundu North Constituency financial statements were approved on _____ 2020 and signed by:



Fund Account Manager
Name:



Sub-County Accountant
Name:
ICPAK Member Number:

THE NATIONAL SUB-COUNTY ACCOUNTANT
GATUNDU NORTH
P.O. Box 473 - 01030, GATUNDU

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GATUNDU NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization
	2019/2020		2019/2020	comparable basis	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,840,000.00	1,674,304	4,514,304	1,657,238	2,857,066
1.2 Committee allowances	3,902,063.44		3,902,063		3,902,063
1.3 Use of goods and services	1,500,000.00	823,600	2,323,600	3,988,843	-1,665,243
	8,242,063.44	2,497,904.00	10,739,967	5,646,081.00	5,093,886
2.0 Monitoring and evaluation					
2.1 Capacity building	1,300,000.04	1,870,000.00	3,170,000		3,170,000
2.2 Committee allowances	2,021,030.00	680,000.00	2,701,030	1,612,883.00	1,088,147
2.3 Use of goods and services	800,000.00	720,826.00	1,520,826	656,204.00	864,622
			0		0
	4,121,030.04	3,270,826.00	7,391,856	2,269,087.00	5,122,769
3.0 Emergency					
3.1 Primary Schools	7,198,241.38	2,235,655.00	9,433,896	4,950,000.00	4,483,896
3.2 Secondary schools			0		0
3.3 Tertiary institutions			0		0
3.4 Security projects			0		0
	7,198,241.38	2,235,655.00	9,433,896	4,950,000.00	4,483,896
4.0 Bursary and Social Security					
4.1 Special Schools	541,931.00		541,931		541,931
4.2 Secondary Schools	20,000,000.00		20,000,000		20,000,000
4.3 Tertiary Institutions	10,800,000.00		10,800,000		10,800,000
4.4 Universities			0		0
4.5 Social Security			0		0
SUB TOTAL	31,341,931.00	0.00	31,341,931.00	0.00	31,341,931
5.0 Sports			0		0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GATUNDU NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

5.1 Tournaments	2,747,354.00	2,180,817.00	4,928,171	4,928,171
6.0 Environment			0	0
7.0 Primary Schools Projects (List all the Projects)			0	0
7.11 Miiiri Primary School	3,000,000.00		3,000,000	3,000,000
7.12 Miugu Primary School	4,500,000.00		4,500,000	4,500,000
7.13 Muchakai Primary School	3,000,000.00		3,000,000	3,000,000
7.14 Muhindi Primary School	6,000,000.00		6,000,000	6,000,000
7.15 Murata wa Twana Primary School	4,500,000.00		4,500,000	4,500,000
7.16 Ngunu Primary School	3,000,000.00		3,000,000	3,000,000
7.17 Nyamathumbi Primary School	3,000,000.00		3,000,000	3,000,000
7.18 St. Gabriel Kahata Primary School	3,000,000.00		3,000,000	3,000,000
7.19 Gatei Primary School	3,000,000.00		3,000,000	3,000,000
7.20 Iruri Primary School	1,400,000.00		1,400,000	1,400,000
7.21 Kamwirigi Primary School	3,000,000.00		3,000,000	3,000,000
7.22 Kiriko Special School	1,600,000.00		1,600,000	1,600,000
7.23 Makohoko Primary School	3,600,000.00		3,600,000	3,600,000
7.24 Kiriko primary school	1,000,000.00		1,000,000	1,000,000
7.25 Ihiga-ini Primary School	6,000,000.00		6,000,000	6,000,000
7.26 Igamba Primary School	1,400,000.00		1,400,000	1,400,000
7.27 Miiiri Primary School	1,700,000.00		1,700,000	1,700,000
7.28 Ndekei Primary School	4,000,000.00		4,000,000	4,000,000
7.29 Gagege Primary School	4,000,000.00		4,000,000	4,000,000
7.30 Kawira Primary School	3,600,000.00		3,600,000	3,600,000
9.31 Igamba primary school	3,600,000.00		3,600,000	3,600,000
9.32 Kihunjio-ini Primary School	1,000,000.00		1,000,000	1,000,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GATUNDU NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

9.33 Kangaita Primary School	2,400,000.00		2,400,000		2,400,000
9.34 Igamba Primary School		7,000,000.00	7,000,000	7,000,000.00	0
9.35 Mwea Primary School		4,949,000.00	4,949,000	4,949,000.00	0
9.36 James Njenga Primary School		3,980,000.00	3,980,000	3,980,000.00	0
9.37 St Francis Primary School		5,725,300.00	5,725,300	5,725,300.00	0
9.38 Gakoe Primary School		1,159,000.00	1,159,000	1,159,000.00	0
9.39 Kanjabi Primary School		7,000,000.00	7,000,000	7,000,000.00	0
9.40 Makwa Primary School		3,241,028.00	3,241,028	3,241,028.00	0
9.41 Kangaita Primary School		3,762,560.00	3,762,560	3,762,560.00	0
9.42 Mangu Primary School		800,000.00	800,000	800,000.00	0
9.43 Igegania Primary School		3,812,008.00	3,812,008	3,812,008.00	0
9.45 Nyamangara Primary School		3,268,272.00	3,268,272	3,268,272.00	0
9.46 Mungai Primary School		4,650,000.00	4,650,000	4,650,000.00	0
	71,300,000.00	49,347,168.00	120,647,168.00	49,347,168.00	71,300,000
8.0 Secondary Schools Projects (List all the Projects)			0		0
8.01 Gakoe Mixed Secondary School	3,000,000.00		3,000,000		3,000,000
8.02 Kiangunu Secondary School	4,000,000.00		4,000,000		4,000,000
8.03 Mataara Secondary School	3,000,000.00		3,000,000		3,000,000
8.04 St. Joseph The Worker Secondary School	2,400,000.00		2,400,000		2,400,000
8.05 Rumwe Secondary School		450,000.00	450,000		450,000
8.06 I HM Girls Secondary		450,000.00	450,000		450,000
8.07 Kiriko Secondary School		2,000,000.00	2,000,000		2,000,000
8.08 Mukurwe Secondary School		1,800,000.00	1,800,000		1,800,000
	12,400,000.00	4,700,000.00	17,100,000.00	0.00	17,100,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GATUNDU NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

9.0 Tertiary institutions Projects (List all the Projects)				0		0
9.1				0		0
10.0 Security Projects				0		0
10.1 Kamwangi Police Station	6,995,300.00		6,995,300	6,995,300.00		0
11.0 Acquisition of assets			0			0
11.1 Motor Vehicles (including motorbikes)			0			0
11.2 Construction of CDF office			0			0
11.3 Purchase of furniture and equipment			0			0
11.4 Purchase of computers			0			0
11.5 Purchase of land			0			0
12.0 Others			0			0
12.1 Strategic Plan			0			0
12.2 Innovation Hub			0			0
12.2 Ngorongo Social Hall	3,004,700.00		3,004,700	3,004,700.00		0
Grand Total	137,350,619.86	74,232,370.00	211,582,989.86	70,107,405.00	3,004,700.00	141,475,584.86

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

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 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-Gatundu North Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
GATUNDU NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
Bal b/f		19,191,495.27	
AIE NOB 030023	1.		43,405,173.00
AIE NO B030160	2.		11,379,310.00
AIE NO B030174	3.		10,000,000.00
AIE NO B030392	4.		10,000,000.00
AIE NO B006333	5.		6,000,000.00
AIE NO A699047	6.		11,000,000.00
	7.		17,000,000.00
AIE NO B 041083		52,040,875.00	
AIE NO B 047413	1.	4,000,000.00	
AIE NO B 047884	2.	6,000,000.00	
AIE NO B 041456	3.	20,000,000.00	
AIE NO B 049263	4.	15,000,000.00	
AIE NO B 104285	5.	23,000,000.00	
TOTAL		139,232,369.27	108,784,483.00

2. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from sale of Buildings	xxx	xxx
Receipts from the Sale of Vehicles and Transport Equipment	xxx	xxx
Receipts from sale of office and general equipment	xxx	xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	xxx
Total	xxx	xxx

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

3. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents		
Other Receipts Not Classified Elsewhere		
Total	xxx	xxx

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,624,514	1,146,826.00
Personal allowances paid as part of salary		
Pension and other social security contributions (Gratuity)		
Employer Contributions Compulsory national social security schemes	32,724	23,040.00
Total	1,657,238.00	1,169,866.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,612,883.00	4,196,800.00
Utilities, supplies and services		
Communication, supplies and services	180,110.00	85,000.00
Domestic travel and subsistence		141,500.00
Printing, advertising and information supplies & services	600,000.00	142,000.00
Rentals of produced assets		
Training expenses		1,595,000.00
Hospitality supplies and services	150,000.00	
Insurance costs		
Specialized materials and services	35,250.00	-
Office and general supplies and services	136,020.00	1,169,277.00
Other operating expenses	650,000.00	350,000.00
Routine maintenance – vehicles and other transport equipment	300,000.00	480,386.00
Routine maintenance – other assets	90,000.00	
Total	3,988,843.00	8,182,838.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	38,157,336.00	49,231,039.00
Transfers to secondary schools (see attached list)	1,800,000.00	16,775,115.00
Transfers to tertiary institutions (see attached list)		
Transfers to health institutions (see attached list)		
TOTAL	39,957,336.00	66,066,154.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	2,843,000.00	17,492,215.00
Bursary – tertiary institutions (see attached list)	4,002,420.00	5,849,000.00
Bursary – special schools (see attached list)	184,000.00	473,370.00
Mock & CAT (see attached list)		
Security projects (see attached list)		
Sports projects (see attached list)		
Environment projects (see attached list)		
Emergency projects (see attached list)	4,950,000.00	6,850,000.00
Total	24,503,988.00	30,664,585.00

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

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment		
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialised Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total		

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	0.00	2,940,000.00
ICT Hub	0.00	2,338,514.00
Ngorongo social hall		3,004,700.00
	0.00	8,283,214.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
	Kshs (30/06/2020)	Kshs (30/06/2019)
<i>I. Kenya Commercial Bank Branch-Gatundu Account Name-GATUNDU NORTH NG- CDF Account Number-1102763853</i>	69,124,964	19,191,495,
Total	69,124,964	19,191,495
10B: CASH IN HAND		
Location 1		
Other Locations (<i>specify</i>)		
Total	69,124,964	19,191,495
<i>[Provide cash count certificates for each]</i>		

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11: OUTSTANDING IMPRESTS

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

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

12A. RETENTION

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

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Name 1	nil	nil
Name 2	nil	nil
Name 3	nil	nil
Add as appropriate	nil	nil
Total	nil	nil

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Bank accounts	69,124,964	25,167,707.00
Cash in hand	-	-
Imprest	-	-
Total	69,124,964	25,167,707.

[Provide short appropriate explanations as necessary]

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14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	xxx	xxx	(69,038)
Cash in hand	xxx	xxx	Xxx
Accounts Payables	xxx	xxx	Xxx
Receivables	xxx	xxx	Xxx
Others (<i>specify</i>)	xxx	xxx	Xxx
	xxx	xxx	Xxx

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	nil	385,000.00
Imprest issued during the year (B)	nil	nil
Imprest surrendered during the Year (C)	385,000.00	nil
Net changes in account receivables D= A+B-C	nil	nil

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	xxx	xxx
Deposit and Retentions held during the year (B)	xxx	xxx
Deposit and Retentions paid during the Year (C)	xxx	xxx
Net changes in account receivables D= A+B-C	xxx	xxx

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	xx	xxx
Others (un accrued gratuity <i>specify</i>)	xx	269,038
	xx	xxx

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,668,793.00	1,674,304.00
Use of goods and services	10,111,474.00	4,094,426.00
Amounts due to other Government entities (see attached list)	73,446,868.00	42,957,337.00
Amounts due to other grants and other transfers (see attached list)	45,722,688.00	23,107,790.00
Acquisition of assets		
Others (<i>ict hubs/ social hall</i>)		2,398,514.00
	130,949,823.00	74,232,371.00

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

17.4: PMC account balances (See Annex 5)

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
MWEA PRIMARY PMC ACCOUNT	Equity	0660279593505	314,711.50	0.00
JAMES NJENGA PRIMARY SCHOOL	Equity	0660279018948	2,422,172.00	219.55
IGAMBA PRIMARY SCHOOL	Equity	0660279819777	1,002,590.00	0.00
KANGAITA PRIMARY SCHOOL	Equity	0660278680846	263,348.30	3,762,567.50
GICHUKA PRIMARY SCHOOL	Equity	0660173209327	1,199,780.00	1,199,780.00
KANYONI POLICE POST	Equity	0660279819909	29,571.50	0.00
GAKOE PRIMARY SCHOOL	Equity	0660177778376	160.00	1,098,688.50
MIIRI PRIMARY SCHOOL	Equity	0660278495571	13,827.50	167,280.00
IGEGANIA PRIMARY SCHOOL	Equity	0660177713264	227,172.00	145,445.00
MAKWA PRIMARY SCHOOL	Equity	0660279110182	186,223.50	0.00
ST FRANCIS PRIMARY SCHOOL	Equity	0660279499385	303,085.25	0.00
MANGU PRIMARY SCHOOL	Equity	0066177789236	78.51	0.00
NGOROGO SOCIAL HALL	Equity	0660278711000	177,419.50	0.00
KANJABI PRIMARY SCHOOL	Equity	0660279711756	461,841.01	0.00
MUNGAI PRIMARY SCHOOL	Equity	0660279322759	261,797.61	0.00
MUKURWE SECONDARY SCHOOL	Equity	0660278654796	850,702.50	356,176.50
MARIA INI SECONDARY SCHOOL	Equity	0660278487897	180,306.50	3,500,487.50
NYAMANGARA PRIMARY SCHOOL	Equity	0660278910379	75,652.00	1,702,276.00
MWEA PRIMARY SCHOOL	Equity	0660177804075	258,009.23	0.00
CHANIA PRIMARY SCHOOL	Equity	0660278487808	1,466,230.00	5,175,487.50
MANGU RESOURCES CENTER COMMUNITY	Equity	0660279116323	574,741.40	0.00
MIUGU PRIMARY SCHOOL	Equity	0660278488022	15,132.50	1,222,544.50
KAMWANGI POLICE STATION	K.C.B	1273770862	6,995,300.00	0.00
MITERO POLICE POST	K.C.B	1273162714	29,571.50	0.00
NYAMANGARA CHIEF OFFICE	EQUITY	0660173209327	500,000.00	500,000.00

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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
WANDUI PRIMARY SCHOOL	EQUITY	0660278458291	0.00	172,215.50
NJATHA INI PRIMARY SCHOOL	EQUITY	0660278462276	0.00	126,592.50
MUTUMA PRIMARY SCHOOL	EQUITY	0660278494926	0.00	309,517.50
MUNYAKA PRIMARY SCHOOL	EQUITY	0660278477461	0.00	95,570.00
MUKUYU INI PRIMARY SCHOOL	EQUITY	0660278603745	0.00	949,487.50
KANJUKU SECONDARY SCHOOL	EQUITY	0660278535294	0.00	101,013.50
GACEGE PRIMARY SCHOOL	EQUITY	0660278597206	0.00	950,022.50
GATEI MIXED SEC SCHOOL	EQUITY	0660278489406	0.00	101,627.50
MUCHAKAI PRIMARY SCHOOL	EQUITY	0660278582468	0.00	151,859.00
MAKOHOKOHO PRIMARY SCHOOL	EQUITY	0660278488208	0.00	133,080.35
KIRIKO PRIMARY SCHOOL	EQUITY	0660177793145	0.00	22,819.13
KAMWIRIGI PRIMARY SCHOOL	EQUITY	0660278488583	0.00	177,480.00
MUIRIGO PRIMARY SCHOOL	EQUITY	0660278488743	0.00	158,437.65
NGETHU SECONDARY	EQUITY	0660177723942	0.00	22,380.00
MWEA SECONDARY SCHOOL	EQUITY	0660177804075	258,009.23	258,009.23
MUKURWE POLICE POST	K.C.B	1273162714	59,030.00	0.00
TOTAL			18,126,463.04	22,561,064.41

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GATUNDU NORTH CONSTITUENCY

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		1,668,793	3,539,304.00	
Use of goods & services		10,111,474	1,229,828.00	
Amounts due to other Government entities		73,446,868	40,952,637.00	
Sub-Total		85,227,135.00	45,721,769.00	
Amounts due to other grants and other transfers		45,722,688.00	23,107,389.00	
Sub-Total		130,949,823.00	68,829,158.00	
Sub-Total		130,949,823.00	68,829,158.00	
Acquisition of assets				
Others (ICT Hubs/Social Hall)		0.00	5,403,214.00	
Sub-Total		130,949,823.00	74,232,371.00	
Grand Total		130,949,823.00	74,232,371.00	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land				
Buildings and structures (Building Extension)	24,067,000.00			24,517,000.00
Transport equipment	5,457,448.00			5,457,448.00
Office equipment, furniture and fittings	1,301,413.00			1,545,376.00
ICT Equipment, Software and Other ICT Assets	1,904,976.00			1,904,976.00
Other Machinery and Equipment	20,849.00			20,849.00
Heritage and cultural assets				
Intangible assets				
Total	32,751,686.00			33,445,649.00

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.2	Budget Performance and Analysis- budget underutilisation. A	No explanation was availed as to why there was significant underutilization of the budget.	FAM	Resolved	Resolved
4.1	Variance between the Statement of Receipts and Payments and Summary Statement of Appropriation	Inaccurate financial statements.	FAM	Resolved	Resolved
4.4	Failure to deduct and remit Tax on Gratuity paid	All statutory deductions should be remitted before their due date	FAM	Resolved	Resolved
4.5	Outstanding Imprest	The outstanding imprest should be surrendered and if not initiate recovery measures from the imprest holder.	FAM	Resolved	Resolved

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

