



*Enhancing Accountability*

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# REPORT

THE NATIONAL ASSEMBLY  
PARLIAMENT OF KENYA

DATE: 23 MAR 2022

WGP (PM)

TABLED BY:	L.O.M.
CLERK-AT THE TABLE:	IN2020

OF

**THE AUDITOR-GENERAL**

ON

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

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



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

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

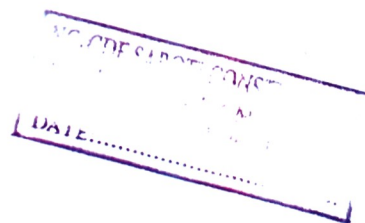
- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**SABOTI CONSTITUENCY**

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Effective and efficient management of the Fund

**I. 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 SABOTI 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 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Account Manager	Mr. John Eric Gitonga.
2.	National Sub-County Accountant	CPA. (K) Annetty V.W. Angote.
3.	Chairman NGCDFC	Mr. Christopher Kweyu.
4.	Member NGCDFC	Margaret Sessi.

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 1330-30200  
Teachers Plaza  
Kitale, Kenya.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**SABOTI CONSTITUENCY**

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**For the year ended June 30, 2020**

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**(f) NGCDF SABOTI Constituency Contacts**

Telephone: (254)-0721210316  
E-mail: [cdfsaboticonstituency@gmail.com](mailto:cdfsaboticonstituency@gmail.com)  
Website: [www.ngcdfsaboti.go.ke](http://www.ngcdfsaboti.go.ke)

**(g) NGCDF SABOTI Constituency Bankers**

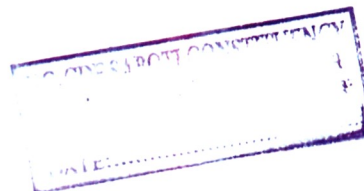
Cooperative Bank Kenya Limited  
Kitale Branch  
P O Box -1330-30200  
Kitale. Kenya  
A/C No.01141599096300

**(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. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

These reports and financial statements present a true and fair view of the state of affairs of SABOTI NG-CDF for the financial year ended 30<sup>th</sup> June 2020. It lays down the Receipts and Payments of all the funds that SABOTI NG-CDF received from the NG-CDF BOARD during the financial year.

I wish to make the following remarks;

**A). Budget Performance**

In the financial year 2019/2020 SABOTI NG-CDF budget performance against actual amounts for current year based on economic classification and programmes, was to a large extent hampered by untimely disbursement of funds by the NG-CDF BOARD,

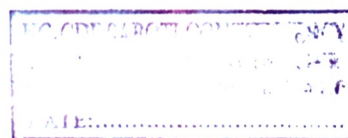
The NG-CDF Committee in collaboration with other government agencies as per the guidelines of the NG-CDF ACT 2015 disbursed received funds to the Project management committees (Pmcs) in a timely manner and is continuously monitoring the execution of the funded programmes.

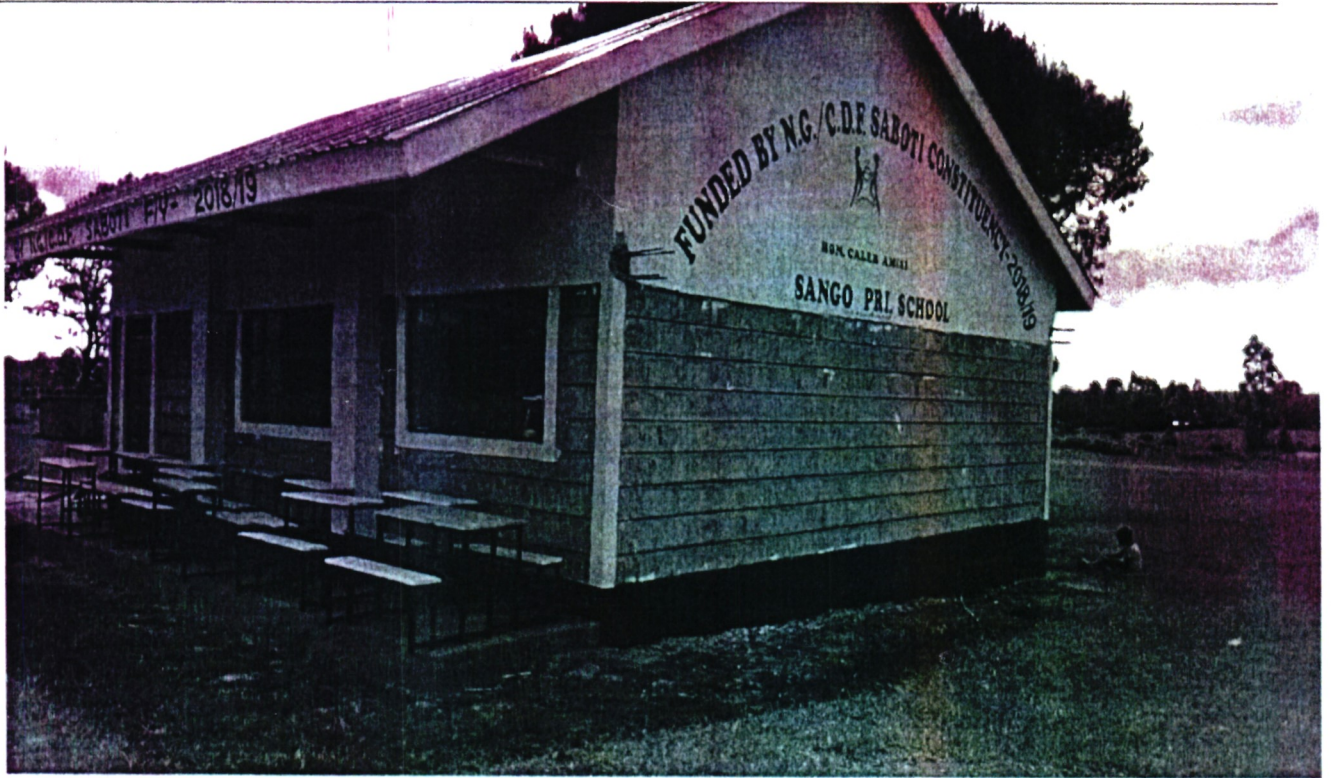
The performance during the year is summarised as follows;

PAYMENTS	Final Budget	Total Expenditure	Budget utilization difference	% of utilization
Compensation of Employees	5,653,230	3,771,167	1,882,063.31	66.7%
Use of goods and services	10,593,504	8,602,997	1,990,507.21	81.2%
Transfers to Other Government Units	80,575,732	24,400,000	56,175,732.35	30.3%
Other grants and transfers	85,559,257	83,151,722	2,407,534.31	97.2%
Acquisition of assets	6,228,838	45,000.00	6,183,838	0.7%
Other Payments	7,532,932	-	7,532,932	0.0%
<b>TOTAL</b>	<b>196,143,493</b>	<b>119,965,673</b>	<b>76,172,607</b>	<b>61.2%</b>

b).in detail, NG-CDF SABOTI has been able to achieve the following during the financial year;

- ❖ Funded 34 Primary school projects,15 Secondary school projects,2 chiefs offices, assistant county commissioners office and 1 AP Camp. This involved among others, construction and Completion of classrooms, Laboratories, administration blocks, teachers' houses, and purchase of school buses. Some of this infrastructure is already complete and in use while others are nearing completion, contributing to increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions in line with the constituency 2018-2022 strategic plan. Herein attached are pictorials to depict successful projects undertaken during the year.





NG-CDF SABOTI CONSTITUENCY  
COUNTY 2015  
P.O. BOX 1000  
DUGES





- ❖ The NG-CDF SABOTI also allocated kes.44.5million for bursary to support needy students in both secondary and tertiary institutions which have resulted in students' retention in school and improved overall academic performance. The absorption of this budget was however largely affected by the outbreak of Covid 19 which resulted in the closure of all learning institutions in March 2020.

**c). Emerging issues related to NG-CDF in SABOTI Constituency are;**

- ❖ All learning institutions, security, water and roads almost entirely depend on NG-CDF 100% on infrastructure development.
- ❖ Increase in population is piling pressure on NG-CDF to allocate more funds to various development infrastructures.
- ❖ The Outbreak of Covid 19 has impacted negatively on household disposable incomes forcing some constituents to request the NG-CDF to provide food rations and basic items to combat Covid 19.
- ❖ There's a growing Need to compete with the county government to justify the long existence of NG-CDF.

**d). NG-CDF Implementation challenges in SABOTI Constituency are;**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**SABOTI CONSTITUENCY**

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- ❖ Overdependence of the fund by the public and National government functions on all development related issues.  
**(Here public participation is employed in identification of priority projects for funding and bursary beneficiaries within the constituency).**
  
- ❖ Funds disbursement from the board is almost always untimely leading to delays in execution of budgets thus unnecessary adjustments.  
**(NG-CDF committee continues to work with the board to facilitate timely disbursement of funds and will endeavour to disburse funds to the project management committees (PMC's) as soon as it receives).**
  
- ❖ Many projects are allocated funds- leading to projects receiving insufficient funds  
**(NG-CDF is focusing on allocating enough funds to complete the project within at most 2 years).**

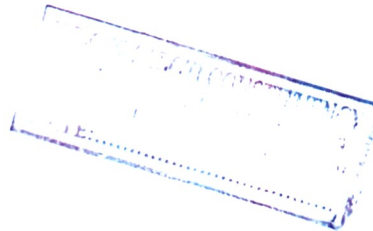
Under my leadership, NG-CDFC SABOTI constituency will endeavour to fulfil its mandate in disbursement and monitoring of projects funds as per the guidelines of the NG-CDF ACT 2015.

*Signature*



**Mr. Christopher Kweyu,**

**Chairman NG-CDF Committee.**



### III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

#### Introduction

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

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

- a) Improve Education Standards.
- b) Improve Security.
- c) Conserve the environment.
- d) Nurture talent through sporting activities and art
- e) Increase youth, women and persons with disability participation in development objectives.
- f) Supplementing infrastructure development at the constituency level in matters falling within the functions of the national government in accordance with the Constitution.

#### 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.  To improve education facilities infrastructure.	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels	In FY 19/20 -among others, we increased number of classrooms, dormitories, laboratories, school buses etc from ... to... in the following schools/institutions -Chemichemi primary school -Sango primary school. -Soil conservation Primary school. - Bursary beneficiaries at all levels were approximately

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

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				11,000 across all levels of education
Security	To have a safe and secure environment for business, learning and where the residents go about their lives without fearing for their lives and property.	-Decrease in the number of insecurity related incidents. -Improved security and a more secure business environment	-Numbers of usable physical infrastructure build in DCI offices, Police stations. Chief's offices and county Commissioners security facilities. -Increased deployment of more police officers to the sub-county.	In FY 19/20 -we increased number of DCC Offices, Police stations, chief's offices etc from... to...in the following localities. -Central division Acc offices. -Grassland chief's office. -Kinyoro AP Office.
Environment	To have a well Conserved and Conducive environment.	Increased tree cover and sustainable waste management and disposal practices contributing to mitigation of negative effects of climate change.	Number of tree seedlings planted in both public and private land. -sustainable environmental management activities.	In FY 19/20 -we increased number of trees planted where hundreds of tree seedlings were purchased, distributed and planted in various schools and private land <b>as per the attached schedules.</b>
Sports	To Nurture sporting talent, This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.	Increased engagement and persons earning a decent living from exploiting their sporting talent. -reduced unemployment rate among the youth.	Number of youth, women and persons living with disabilities taking up sporting activities. -Number of usable physical sporting infrastructure build.	In FY 19/20 -we organised the constituency sports tournament where trophies, games kits and balls were awarded to the winning teams in every ward in the constituency.



#### **IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

NGCDF – SABOTI 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 -**

NG-CDF Committee SABOTI constituency strongly believes that service provision should not be at the expense of people and the planet.

We have made it our mantra to increase sustainable practices in our daily activities and particularly in;

- sourcing of office consumables and building materials for the projects we fund.
- water use and minimisation
- energy consumption
- risk management
- biodiversity

In accordance with the United Nations sustainable development goals on basic literacy, food security, decent housing and universal healthcare etc.

These bold and noble efforts however continue to face broad political and macroeconomic activities that affect sustainability priorities, example, a continued realignment of the governance structure affecting National resource allocation, a skyrocketing population increase, and outbreak of Covid 19 are panning out to be enormous challenges to the attainment of this strategies.

Key achievements among others include; increased enrolment in school for all children of school going age as a result of increase in the number of usable physical infrastructure build in primary, secondary, and tertiary institutions.

A fair share of failure was also witnessed in the form of inability to achieve the requisite infrastructure count and size due to limited resources.

Despite the challenges, we strongly believe that with continued engagement of all stakeholders, increased Accountability and transparency in our activities, the organisation's activities will remain sustainable.

##### **2. Environmental performance**

As climate issues intensify, our services, operations and people are helping to create a sustainable future, based on a policy that reduces the organisations energy related carbon emissions on the environment.

This policy is evident in among others;

- the successful distribution and planting of thousands of tree seedlings in schools and public areas coupled with holding annual environmental awareness and conservation meets in the community.

- Reduction in energy and paper consumption in our offices, by limiting hardcopy document printouts, recycling paper, use of natural ventilation and reducing staff travel.

These efforts however have been plagued by a number of shortcomings, including among others,

- Lack of awareness in the community and society on the need to conserve the environment.
- Long droughts and erratic rainfall patterns derailing the success of the tree planting exercise.

-Limited resources directed to investment in renewable sources of energy.

Notable effort is particularly being dedicated to manage biodiversity and waste disposal where installation of bio digesters and incineration of waste is encouraged in all our practices.

### **3. Employee welfare**

Our hiring process is strictly guided by the provisions of the employment Act 2007 taking into account the gender ratio, with the aim of building a gender balanced organisation focused on management.

We make special provisions for Kenyans with various disabilities and previously marginalized communities. Our practices are designed to ensure that we recruit, retain and engage a high quality and diverse workforce while increasing productivity and efficient service provision,

We endeavour to incorporate stakeholder engagements throughout the process by advertisement of vacancies in the local press and public notice boards, giving details of the vacancies in the prescribed format as per the provisions of the employment Act 2007 section 76(1).

We are continuously improving on our hiring practices to align them with new international best practices anchored on employee engagement, diversity and inclusion.

We provide our employees with continuous on the job training and capacity building and enhance access to training and skills by encouraging staff to undertake personal continuous academic and professional development.

NG-Cdf committee is working on proposals which will be forwarded to the NG-CDF Board to put in place a clear employee succession policy to help manage careers.

However on appraisal and reward system, the board needs to standardise the salaries payable to NG-CDF staff to ensure proper management of the day to day activities of the field offices.

NG-CDF Committee have put in place a written statement of the general policy with respect to the safety and health at work of our employees and the organisation and arrangements for the time being in force for carrying out that policy; as per the requirements of the Occupational Safety and Health Act of 2007.

More however, needs to be done to improve employee health nutrition and well-being.

### **4. Market place practices-**

Responsible competition practice during projects implementation the office transfers funds to the Project Management Committees who are thereafter guided during tendering process, to ensure that the locals benefit competitively in the provision of services and materials to the projects. How the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations Payments to suppliers are done promptly upon presentation of requisite supporting documents

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

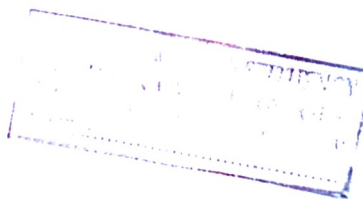
d) Product stewardship In order to safeguard consumer rights and interests, the NG-CDFC came up with a service charter and the complaints handling policy, principles and procedures brochure.

The service charter points out our commitment in ensuring that we provide quality services to our customers with high level professionalism, dignity, integrity and courtesy, whereas complaints handling policy, principles and procedures shows our commitment to consistent, fair and confidential complaint handling and to resolve complaints as quickly as possible.

#### **5. Community Engagements-**

Saboti NG-CDF is well connected to the community and it starts in the project identification stage through public participation where community is actively engaged on decisions regarding the projects they desire. Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs.

The community is always mobilized especially when they are vetting beneficiaries of bursaries in the year. This help in equitable distribution of the bursary and identifying the poor families who are not able to apply on time.



V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-SABOTI 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 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-SABOTI 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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-SABOTI Constituency further confirms the completeness of the accounting records maintained for the *entity*, 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-SABOTI 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-SABOTI Constituency financial statements were approved and signed by the Accounting Officer on 24/2/2021 2020.

Fund Account Manager

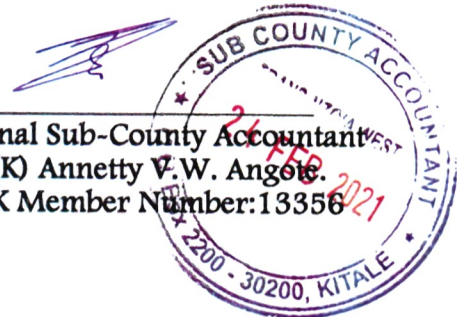
Name: John Eric Gitonga

Name:

National Sub-County Accountant

CPA (K) Annetty V.W. Angole

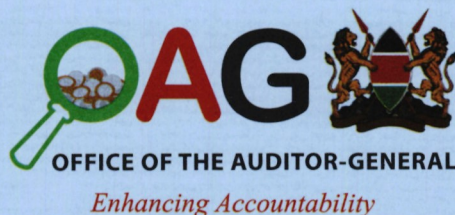
ICPAK Member Number: 13356





# REPUBLIC OF KENYA

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NAIROBI

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

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Saboti Constituency set out on pages 1 to 31, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Saboti 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**

##### **Inaccuracies in Bank Balances**

As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Kshs.6,804,883. The bank reconciliation statement as at 30 June, 2020 disclosed unrepresented cheques totalling to Kshs.11,630,965 out of which cheques totalling to Kshs.1,464,770 were stale. However, the stale cheques were not reversed in the cashbook.

Consequently, the accuracy, validity and completeness of the bank balances totalling to Kshs.6,804,883 reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Saboti 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.196,143,493 and Kshs.126,775,769 respectively, resulting to an underfunding amounting to Kshs.69,367,724 or 35% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.196,143,493 and Kshs.119,970,886 respectively, resulting to an under expenditure amounting to Kshs.76,172,607 or 39% 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, except for the matter described in the Basis for Conclusion on Lawfulness and

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

### **Basis for Conclusion**

#### **Unsatisfactory Implementation of Projects**

The Management awarded a contract to a firm for construction and renovation of five (5) classrooms at Muroki Primary School at a contract sum of Kshs.1,200,000 on 3 March, 2020. In addition, the same company was awarded a contract to construct one classroom and equipping it with twenty (20) desks at a sum of Kshs1,200,000. However, physical verification revealed that the floor and some of internal walls had cracks, an indication of poor workmanship.

Further, the Management awarded a contract to a firm for the construction of two (2) classrooms at Sikulu Primary School at a contract sum of Kshs.2,007,505. During the financial year under review, the Management transferred a total of Kshs.2,000,000 for the project. However, physical verification revealed that the floor had cracks an indication of poor workmanship.

In the circumstances, I am unable to confirm whether the public obtained value for money spent on the projects for the year ended 30 June, 2020.

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

06 December, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**SABOTI CONSTITUENCY**


**Reports and Financial Statements**


**For the year ended June 30, 2020**

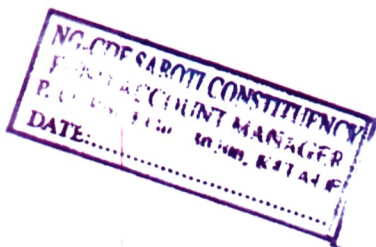
**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	70,180,218	164,199,233
<b>TOTAL RECEIPTS</b>		<b>70,180,218</b>	<b>164,199,233</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,771,167	2,342,068
Use of goods and services	3	8,602,997	5,218,520
Transfers to Other Government Units	4	24,400,000	68,225,302
Other grants and transfers	5	83,151,722	37,501,692
Acquisition of Assets	6	45,000	-
Other Payments	7	-	4,000,000
<b>TOTAL PAYMENTS</b>		<b>119,970,886</b>	<b>117,287,582</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(49,790,668)</b>	<b>46,911,650</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 24/2/2021 2020 and signed by:

  
**Fund Account Manager**  
**Name: John Eric Gitonga.**


  
**National Sub-County Accountant**  
**Name: CPA (K) Annetty V.W Angote**  
**ICPAK Member Number: 13356**




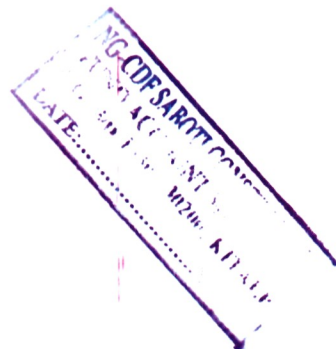
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020 Kshs	2018-2019 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	6,804,883	56,595,551
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>	<b>8</b>	<b>6,804,883</b>	<b>56,595,551</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,804,883</b>	<b>56,595,551</b>
<b>FINANCIAL LIABILITIES</b>			
<b>TOTAL FINANCIAL LIABILITES</b>			
<b>NET FINANCIAL ASSETS</b>		<b>6,804,883</b>	<b><u>56,595,551</u></b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	<b>9</b>	<b>56,595,551</b>	9,683,901
Surplus/Deficit for the year		(49,790,668)	46,911,650
<b>NET FINANCIAL POSITION</b>		<b>6,804,883</b>	<b><u>56,595,551</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 24/02/2021 2020 and signed by:

  
**Fund Account Manager**  
 Name: John Eric Gitonga.

  
**National Sub-County Accountant**  
 Name: CPA (K) Annetty V.W Angote  
 ICPAK Member Number: 13356





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**SABOTI CONSTITUENCY**


**Reports and Financial Statements**


**For the year ended June 30, 2020**

**IX. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	70,180,218	164,199,233
<b>Total receipts</b>		<b>70,180,218</b>	<b>164,199,233</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	3,771,167	2,342,068
Use of goods and services	3	8,602,997	5,218,520
Transfers to Other Government Units	4	24,400,000	68,225,302
Other grants and transfers	5	83,151,722	37,501,692
Other Payments	7	-	4,000,000
<b>Total payments</b>		<b>119,925,886</b>	<b>(117,287,582)</b>
<b>Total Receipts Less Total Payments</b>		<b>(49,745,668)</b>	<b>46,911,650</b>
<b>Adjusted for:</b>			
<b>Net cash flow from operating activities</b>		<b>(49,745,668)</b>	<b>46,911,650</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(45,000)	-
<b>Net cash flows from Investing Activities</b>		<b>(45,000)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(49,790,668)</b>	<b>46,911,650</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>56,595,551</b>	<b>9,683,900</b>
<b>Cash and cash equivalent at END of the year</b>	8	<b><u>6,804,883</u></b>	<b><u>56,595,551</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-SABOTI Constituency financial statements were approved on 24/02/2021 2020 and signed by:

  
**Fund Account Manager**  
**Name: John Eric Gitonga.**

  
**National Sub-County Accountant**  
**Name: CPA (K) Annetty V.W. Angote**  
**ICPAK Member Number: 13356**



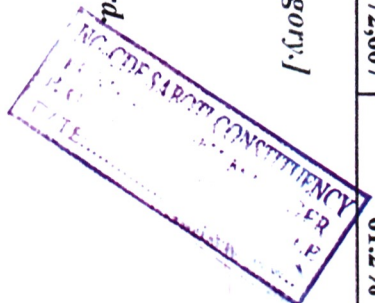
**X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% Utilisation f=d/c %
RECEIPTS	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from NGCDF Board	137,367,724	58,775,770	196,143,493	126,775,769	69,367,724	64.6%
<b>TOTALS</b>	<b>137,367,724</b>	<b>58,775,770</b>	<b>196,143,493</b>	<b>126,775,769</b>	<b>69,367,724</b>	<b>64.6%</b>
PAYMENTS	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Compensation of Employees	3,340,663	2,312,567	5,653,230	3,771,167	1,882,063	66.7%
Use of goods and services	9,021,032	1,572,473	10,593,504	8,602,997	1,990,507	81.2%
Transfers to Other Government Units	52,963,079	15,012,654	67,975,732	24,400,000	43,575,732	35.9%
Other grants and transfers	59,442,950	26,116,306	85,559,257	83,151,722	2,407,534	97.2%
Acquisition of Assets	-	6,228,838	6,228,838	45,000	6,183,838	0.7%
Other Payments()	-	7,532,932	7,532,932	-	7,532,932	0.0%
Unallocated Funds	12,600,000	-	12,600,000	-	12,600,000	0.0%
<b>TOTALS</b>	<b>137,367,724</b>	<b>58,775,770</b>	<b>196,143,493</b>	<b>119,970,886</b>	<b>76,172,607</b>	<b>61.2%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) Commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

- ❖ Compensation of Employees is underutilized due to delay in disbursement of funds by the NG-CDF Board.
- ❖ Transfers to other government units are underutilized due to delay in disbursement of funds by the NG-CDF Board.
- ❖ Other grants and transfers are underutilized due to delay in disbursement of funds by the NG-CDF Board.
- ❖ Use of goods and Services is underutilized due to delay in disbursement of funds by the NG-CDF Board.
- ❖ Acquisition of Assets is underutilized due to ongoing procurement procedures as at the financial year end.

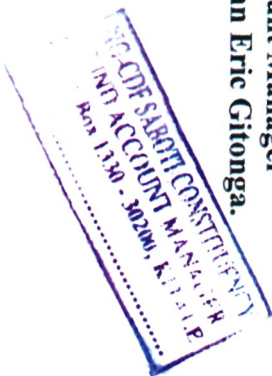


Explanation on the changes between the original and final budget as per IPSAS 1.9.23.1:

- ❖ Kes 56,595,551.00 is the unutilized funds brought forward from FY 2018/2019 (refer to cashbook/bank closing balance as at 30<sup>th</sup> June 2019).
- ❖ Kes 2,180,218.00 is funds received from NG-CDF Board being an allocation for FY2018/2019 for Constituency sports tournament.

The NGCDF-SABOTI Constituency financial statements were approved on 24/2/2021 2020 and signed by:

  
Fund Account Manager  
Name: John Eric Gitonga.



  
National Sub-County Accountant  
Name: CPA (K) Annetty V.W. Angote  
ICPAK Member Number: 33356



**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	3,340,663	2,312,567	5,653,230	3,771,167	2,882,063
1.2 Committee allowances	3,200,000			5,454,000	
1.3 Use of goods and services	1,700,000		1,700,000	1,298,997	401,003
	<b>8,240,663</b>	<b>2,312,567</b>	<b>10,553,230</b>	<b>10,524,164</b>	<b>2,288,279</b>
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,900,000		1,900,000	-	1,900,000
2.2 Committee allowances	1,600,000		1,600,000	1,600,000	
2.3 Use of goods and services	621,032	661,186	1,166,190	250,000	916,190
	<b>4,121,032</b>	<b>661,186</b>	<b>3,066,190</b>	<b>1,850,000</b>	<b>2,816,190</b>
<b>3.0 Emergency</b>					
3.1 Primary Schools	7,198,241		7,198,241	4,814,000	2,384,241
3.2 Secondary schools					
3.3 Tertiary institutions					
3.4 Security projects					
	<b>7,198,241</b>	<b>-</b>	<b>7,198,241</b>	<b>6,813,271</b>	<b>384,5120</b>
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					
4.2 Secondary Schools	20,000,000	11,020,072	31,020,072	27,245,000	3,775,072
4.3 Institutions/Universities Tertiary	23,000,000	18,279,775	41,279,775	41,015,150.	264,625
4.4 Special Schools	1,500,000.		1,500,000	-	1,500,000
4.5 Social Security					
	<b>44,500,000</b>	<b>29,299,847</b>	<b>73,799,847</b>	<b>68,260,150</b>	<b>5,539,697</b>

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual comparable basis 30/06/2020	Budget utilization difference
5.0 Sports					
Constituency sports	2,747,354	2,180,218	4,927,572	2,180,218	2,747,354
6.0 Environment					
Constituency Environment	2,747,354		2,747,354	2,747,354	
7.0 Primary Schools Projects (List all the Projects)					
Saboti Primary School		150,000	150,000	-	
Eugene Wamalwa Primary School		1,000,000	1,000,000	-	
Soil Conservation Primary School		1,000,000	1,000,000	1,000,000	1,000,000
Chemichemi Primary School		1,200,000	1,200,000	1,200,000	-
Sango Primary School		1,200,000	1,200,000	1,200,000	-
Muroki Primary School		1,200,000	1,200,000	1,200,000	-
Eugene Wamalwa Primary School		250,000	250,000	-	
Mwitha Primary School		250,000	250,000	250,000	-
Muroki Primary School	1,200,000		1,200,000	1,200,000	-
Panacol primary School	4,000,000		4,000,000		-
Tuuyokony Primary school	4,000,000		4,000,000		4,000,000
Gituamba Primary school	2,100,000		2,100,000		2,100,000
Kinyoro primary school	4,000,000		4,000,000		-
Pango Primary school	1,050,000		1,050,000		1,050,000
Kitale union Primary school	1,400,000		1,400,000		1,400,000
Berur Primary School	350,000.00		350,000.00	350,000	-
Berur Primary School	450,000.00		450,000.00	450,000	-

UNIVERSITY OF KENYA  
 DEPUTY CHIEF ACCOUNTANT  
 PLACEMENT MANAGER  
 30200, K. 141, P.

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual comparable basis 30/06/2020	Budget utilization difference
Berur Primary School	1,000,000		1,000,000	1,000,000	-
Central Primary school	1,500,000		1,500,000	1,500,000	-
Wetangula Primary school	400,000		400,000		400,000
KoyKoy Primary school	350,000		350,000		350,000
KoyKoy Primary school	2,000,000		2,000,000		2,000,000
St. Columbans Primary School	450,000		450,000		450,000
Lukhuna Primary school	2,800,000		2,800,000		2,800,000
Kapretwa Primary school	1,400,000		1,400,000		1,400,000
Lukesi Primary school	2,000,000		2,000,000	2,000,000	-
Masinde Muliro Primary School	600,000		600,000	600,000	-
Cheptumbelio Primary School	1,650,000		1,650,000		1,650,000
Sukwo Primary school	800,000		800,000		800,000
Tuwan Primary School	2,100,000		2,100,000		2,100,000
Sikulu primary school	2,000,000		2,000,000	2,000,000	-
Matisi Primary School	1,000,000		1,000,000		1,000,000
Lungai Primary School	350,000		350,000		350,000
Rafiki Primary School	350,000		350,000		350,000
Township Primary School	350,000		350,000		350,000
Machewa Primary School	350,000		350,000		350,000
St. James Bondeni Primary School	350,000		350,000	350,000	-
Kipsagam Primary School	350,000		350,000		350,000
Mengo Primary School	350,000		350,000		350,000
	<b>41,050,000</b>	<b>6,250,000</b>	<b>47,300,000</b>	<b>14,300,000</b>	<b>24,600,000</b>

CONSTITUENCY  
 ACCOUNT MANAGER  
 NIGZI, NITALE

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual comparable basis 30/06/2020	Budget utilization difference
<b>8.0 Secondary Schools Projects (List all the Projects)</b>					
St Anthony'SKinyoro Secondary School		650,000	650,000	-	650,000
Soil Conservation Secondary School		1,200,000	1,200,000	1,200,000	-
Rafiki Secondary School		850,000	850,000	850,000	-
Sango Secondary School		1,200,000	1,200,000	1,200,000	-
Caleb Amisi Centre Of Excellence		2,400,000	2,400,000	-	2,400,000
Caleb Amisi Centre Of Excellence		498,114	498,114	-	498,114
Wetangula Secondary School		1,200,000	1,200,000	1,200,000	-
St Michael Secondary School		650,000	650,000	900,000	(250,000)
St Johns Sikinwa Secondary School		1,200,000	1,200,000	1,200,000	-
Bishop Crowley Secondary School		2,500,000	2,500,000	2,500,000	-
St Lucia Secondary School		700,000	700,000	-	700,000
St Thomas Aquinas Secondary School		350,000	350,000	-	350,000
Sukwo Secondary School		700,000	700,000	700,000	-
Masinde Muliro Secondary School		1,000,000	1,000,000	-	1,000,000
Lukosi Secondary School		450,000	450,000	-	450,000
Nakami Secondary School		900,000	900,000	-	900,000
Muroki Friends Secondary School		2,100,000	2,100,000	-	2,100,000
Senator Wamalwa Secondary. School		513,079	513,079	-	513,079

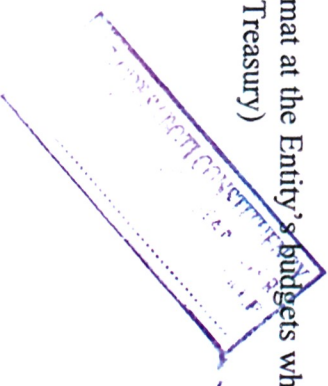
MAHANGWAL GOVERNMENTI LUNSWHII WENCIES DEVELOPMENTI FUNDI (WGLDF) – SABBHII LUNSWHII WENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2020

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual comparable basis 30/06/2020	Budget utilization difference
Sikulu Sec. Sch	350,000		350,000.00	-	350,000.00
Lukhome Friends Secondary Sch.	350,000		350,000.00	350,000.00	-
Farm Prison Secondary	2,000,000		2,000,000.00	-	2,000,000.00
	<b>11,913,079</b>	<b>9,848,114</b>	<b>21,761,193</b>	<b>10,100,000.00</b>	<b>11,661,193</b>
9.0 Tertiary Institutions Projects (List All The Projects)					
10.0 Security Projects					
Mbitiko Police Post		495,000	495,000	-	495,000
Mbitiko Police Post		400,000	400,000	-	400,000
Kinyoro Ap Post		900,000	900,000	900,000	-
Grassland Ap Camp	900,000		900,000	900,000	-
Grassland Assistant Chiefs Office	400,000		400,000	400,000	-
Central Division Acc Office	500,000		500,000	500,000	-
Central Chiefs Office	450,000		450,000	450,000	-
	<b>2,250,000</b>	<b>1,795,000</b>	<b>4,045,000</b>	<b>3,150,000</b>	<b>895,000</b>
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)			6,464,152		6,464,152
11.2 Construction of CDF office		6,000,000	6,000,000		6,000,000
11.3 Purchase of furniture and equipment		428,839	428,839	45,000	181,443,18
11.4 Purchase of computers					
11.5 Purchase of land					
	-	<b>6,428,838</b>	<b>12,892,990</b>	<b>45,000</b>	<b>12,645,595.18</b>



Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual comparable basis 30/06/2020	Budget utilization difference
<b>12.0 Others</b>					
12.1 Strategic Plan					
12.2 Innovation Hub					
12.2 Roads					
<b>Unallocated Funds</b>					
Caleb Amisi Centre of Excellence	12,600,000	-	12,600,000	-	12,600,000
<b>TOTAL</b>	<b>137,367,724</b>	<b>58,775,770</b>	<b>196,143,493</b>	<b>119,970,886</b>	<b>76,172,607.18</b>

(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-SABOTI 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 30<sup>th</sup> 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.

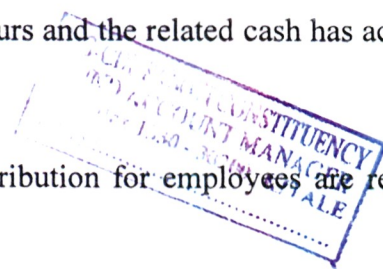
### **Use of Goods and Services**

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 imprests payments are recognized as payments when fully accounted for by the imprests 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 imprests 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 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 as required by Law and there was no 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 30<sup>th</sup> 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.

**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
30012	1		57,339,174
30209	2		10,000,000
5464	3		12,000,000
7463	4		8,000,000
42835	5		12,000,000
42970	6		12,000,000
41017	7		52,860,059
AIE NO.B041198	1	4,000,000	
AIE NO.B044340	2	18,000,000	
AIE NO. B041423	3	2,180,817	
AIE NO.B104085	4	14,000,000	
AIE NO.B 104468	5	21,000,000	
AIE NO.B049167	6	6,000,000	
AIE NO.B	7	5,000,000	
<b>TOTAL</b>		<b>70,180,218</b>	<b>164,199,232.65</b>

**2. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,517,053	2,342,068
Pension and other social security contributions (Gratuity)	1,254,114	-
<b>Total</b>	<b>3,771,167</b>	<b>2,342,068</b>

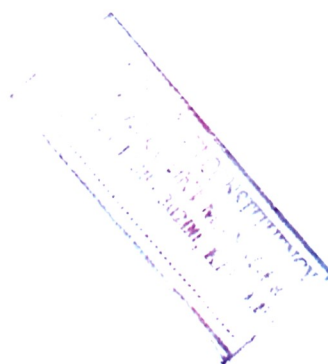
Saboti Constituency  
 Constituency Manager  
 Saboti Constituency

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	7,054,000	3,303,000
Utilities, supplies and services	450,000	1,497,643
Communication, supplies and services	30,000	90,000
Domestic travel and subsistence	-	100,000
Specialized materials and services	227,360	-
Office and general supplies and services	538,235	-
Other operating expenses	303,402	227,877
<b>Total</b>	<b>8,602,997</b>	<b>5,218,520</b>

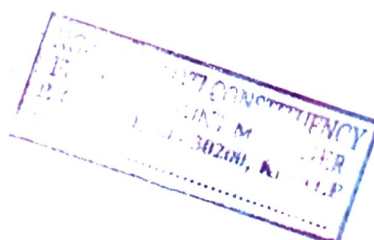


4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
<b>Transfers to National Government entities</b>		
Transfers to primary schools (see attached list)	14,300,000	28,728,177
Transfers to secondary schools (see attached list)	10,100,000	39,497,125
<b>TOTAL</b>	<b>24,400,000</b>	<b>68,225,302</b>

5. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	27,245,000	14,662,703
Bursary – tertiary institutions (see attached list)	41,015,150	7,403,000
Security projects (see attached list)	3,150,000	5,100,000
Sports projects (see attached list)	2,180,218	227,586
Environment projects (see attached list)	2,747,354	2,408,403
Emergency projects (see attached list)	6,814,000	7,700,000
<b>Total</b>	<b>83,151,722</b>	<b>37,501,692</b>





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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of ICT Equipment, Software and Other ICT Assets	45,000	-
<b>Total</b>	<b>45,000</b>	<b>-</b>

**7. OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	4,000,000
	-	<b>4,000,000</b>

SABOTI CONSTITUENCY  
 ACCOUNT MANAGER  
 P.O. BOX 20200, KITALE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY**

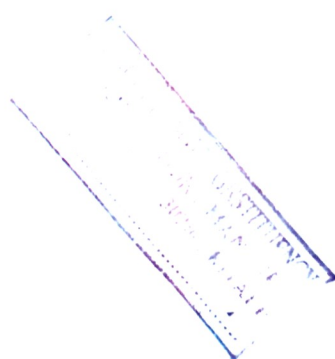
**Reports and Financial Statements**

**For the year ended June 30, 2020**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Cooperative Bank of Kenya, Kitale Branch. Saboti NG-CDF A/C no.01141599096300</i>	6,804,883	56,595,551
<b>Total</b>	<b>6,804,883</b>	<b>56,595,551</b>



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

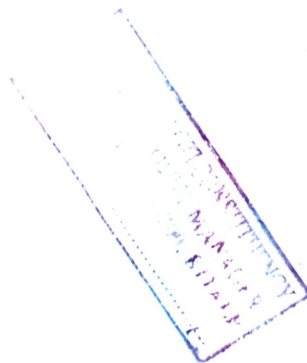
*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	56,595,551	9,683,901
<b>Total</b>	<b>56,595,551</b>	<b>9,683,901</b>

**10. UNUTILIZED FUND (See Annex 3)**

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,882,063	2,312,567
Use of goods and services	1,990,507	1,572,473
Amounts due to other Government entities (see attached list)	56,175,732	15,012,654
Amounts due to other grants and other transfers (see attached list)	2,407,534	26,116,306
Acquisition of assets	6,183,838	6,228,838
Others (Strategic Plan)	7,532,932	7,532,932
	<b>76,172,607</b>	<b>58,775,770</b>



**PENDING STAFF PAYABLES (See Annex I)**

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	128,800	-
<b>Total</b>	<b>128,800</b>	<b>-</b>

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

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	6,736,767	11,596,366
<b>Total</b>	<b>6,736,767</b>	<b>11,596,366</b>



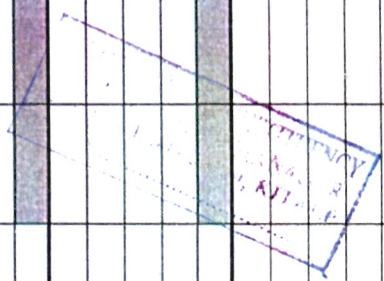
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY**  
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**For the year ended June 30, 2020**

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

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

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	
<b>Senior Management</b>						
1.						
2.						
3.						
Sub-Total						
<b>Middle Management</b>						
4.						
5.						
6.						
Sub-Total						
<b>Unionisable Employees</b>						
7.						
8.						
9.						
Sub-Total						
<b>Others (specify)</b>						
10.						
11.						
12.						
Sub-Total						
Grand Total						



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		1,882,063	2,312,567	
Use of goods & services		1,990,507	1,572,472	
Amounts due to other Government entities		56,175,732	15,012,654	
Sub-Total		60,048,303	18,897,693	
Amounts due to other grants and other transfers		2,407,534	26,116,306	
Sub-Total		2,407,534	26,116,306	
Sub-Total		62,455,837	45,013,999	
Acquisition of assets		6,183,838	6,228,838	
Others (specify)(Strategic Plan)		7,532,932	7,532,932	
Sub-Total		13,716,770	13,761,770	
Grand Total		76,172,607	58,775,770	



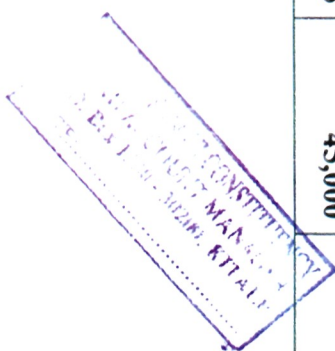
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/2020
Office equipment, furniture and fittings	99,300	-	-	99,300
ICT Equipment, Software and Other ICT Assets	544,225	45,000	-	589,225
Other Machinery and Equipment	484,950	-	-	484,950
<b>Total</b>	<b>1,128,475</b>	<b>45,000</b>	<b>-</b>	<b>1,173,475</b>



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

**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020**

PMC	Bank	Account number	Bank Balance 2019/20
Saboti Primary School	Sidian	01026030007301	887
Eugene Wamalwa Primary School	Sidian	01026050026360	2,587
Soil Conservation Primary School	Sidian	01026030002465	887
Chemichemi Primary School	Sidian	01026030007481	4,080
Sango Primary School	Sidian	01026030002473	1,110
Muroki Primary School	Sidian	01026030007321	31,770
Mwitha Primary School	Sidian	01026030002619	2,640
Kitale Union Primary School	Sidian	01026030003321	1,267
Berur Primary School	Sidian	01026050026690	1,800,187
Lukesi Primary School	Sidian	01026030002864	2,000,000
Masinde Muliro Primary School	Sidian	01026030001108	203,707
Sikulu Primary School	Sidian	01026030007781	1,998,255
St. James Bondeni Primary School	Sidian	01026030011481	1,340
Rafiki Primary School	Sidian	01026030000772	12,954
Wetangula Secondary School	Sidian	01026030011431	595
St Michael's Top Station Secondary School	Sidian	01026030004255	1,382
St Johns Sikinwa Secondary School	Sidian	01026030003641	2,797
Masinde Muliro Secondary School	Sidian	01026030004131	2,403
St Thomas Aquinas Secondary School	Sidian	01026030001620	270
Kinyoro AP Post	Sidian	01026030011451	3,080
Grassland AP Camp	Sidian	01026030011461	80
Grassland ASS chief's Office	Sidian	01026030011471	1,280
Central division ACC Office	Sidian	01026030011491	680
Central Chief's Office	Sidian	01026030011501	1,570
Central Primary school	Cooperative	01139694840300	8,432

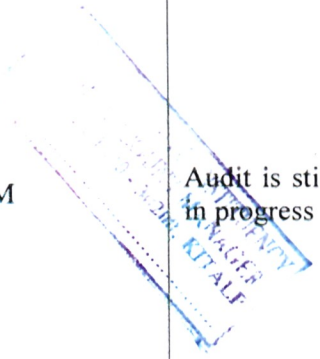
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – SABOTI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

PMC	Bank	Account number	Bank Balance 2019/20
St Anthony`SKinyoro Secondary School	Cooperative	01139694857500	5,213
Soil Conservation Secondary School	Cooperative	01139694419900	443
Sango Secondary School	Cooperative	01139694810400	6,813
Bishop Crowley Secondary school	Cooperative	01139268942803	601,620
St Lucia Secondary school	Cooperative	01139695263800	14,143
St, Andrew's Sukwo Sec School	Cooperative	01139694805900	8,433
Lukosi Secondary school	Cooperative	01141840335400	595
Friends Day Secondary Lukhome	Cooperative	01139599613702	5,923
Rafiki Secondary School	Cooperative	01025030005154	9,347
<b>Total</b>			<b>6,736,767</b>

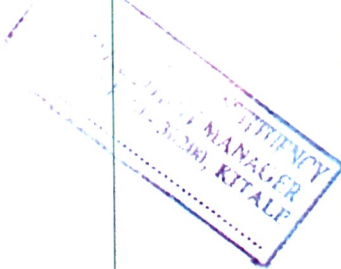
SABOTI CONSTITUENCY  
 ACCOUNTS MANAGER  
 KITALE

**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 person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p><b>Presentation and Accuracy of Financial statements</b>                      The financial statements submitted for audit did not include progress on follow up of auditor recommendation as required by the format prescribed by the Public Sector Accounting Standards Board (PSASB). In addition, explanatory notes have not been provided material variances between the budgeted and actual on comparable basis in the summary statement of appropriation for recurrent and development combined.</p>	<p>The financial statement was amended at the time of audit to reflect the progress on follow up of auditor recommendation.</p>	FAM	<p>Audit is still in progress</p> 	
2.0	<p><b>Project Management Committee (PMC) Bank Balances</b>                      The financial statements reflect PMC bank balance of Kshs.11,596,366 as disclosed in Annexure 4 to the financial</p>	<p>The financial statement was amended at the time of audit to reflect the PMC balances.</p>	FAM	<p>Audit is still in progress</p>	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>statements while the supporting note 15.4 reflects nil balance. In addition, the cash books together with certificates of bank balance were not availed for audit review. Consequently, the accuracy of the PMC bank balance of Kshs.11,596,366 as at 30 June 2019 cannot be ascertained</p>				
3.0	<p><b>UNUTILISED FUNDS</b>                      The financial statements submitted for audit reflects unutilised funds amounting to Kshs.58,776,366 as disclosed in note 15.3. However, the details of the payees have not been provided in annexure 3 as required by the report format prescribed by the PSASB. In addition, the statement of assets and liabilities reflects cash and cash equivalent of Kshs.56,595,5551 as at 30 June 2019 and no reason was provided as to why the projects were not funded during the year under review. Consequently, the financial statements have no complied with PSASB requirement.</p>	<p>The financial statement was amended at the time of audit to adhere to the PSASB requirement.</p>	<p>FAM</p> 	<p>Audit is still in progress</p>	

