

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY

DATE: 08 FEB 2022

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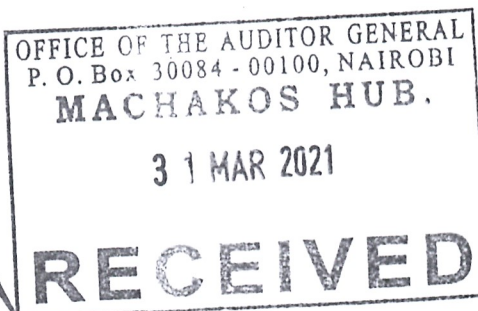
OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – KATHIANI CONSTITUENCY**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KATHIANI
CONSTITUENCY**

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)
KATHIANI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	2
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES	8
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	9
V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	10
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- KATHIANI CONSTITUENCY</i>	11
VII. STATEMENT OF RECEIPTS AND PAYMENTS	12
VIII. STATEMENT OF ASSETS AND LIABILITIES	13
IX. STATEMENT OF CASHFLOW	14
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	16
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES	18
XII. SIGNIFICANT ACCOUNTING POLICIES	26
XIII. NOTES TO THE FINANCIAL STATEMENTS	30

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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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 KATHIANI 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
o		
1.	A.I.E holder	Raphael Makau
2.	Sub-County Accountant	Everlyne Omungala
3.	Chairman NGCDFC	Phillip Ndolo
4.	Member NGCDFC	Agnes Muasya

(d) Fiduciary Oversight Arrangements

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

P.O. Box 144-90105
DCC's Building, Kathiani Sub-County
Kathiani, KENYA

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

(f) NGCDF KATHIANI Constituency Contacts

Telephone: (254)
E-mail: ngcdfkathiani@ngcdf.go.ke
Website: www.go.ke

(g) NGCDF KATHIANI Constituency Bankers

1. Coop Bank
Athiriver
P.O. Box 321
Athiriver, Kenya

(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

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The budget performance was below 70% when the actual expenditure and disbursements were compared. At 65.9% funding the Constituency had utilized 42.2% of the funds meaning not what was received within the period was utilised. This mainly was due to non disbursement of bursary allocations occasioned by the indefinite closure of learning institutions. Further, the second tranche for the financial year was still outstanding by the closure of year.

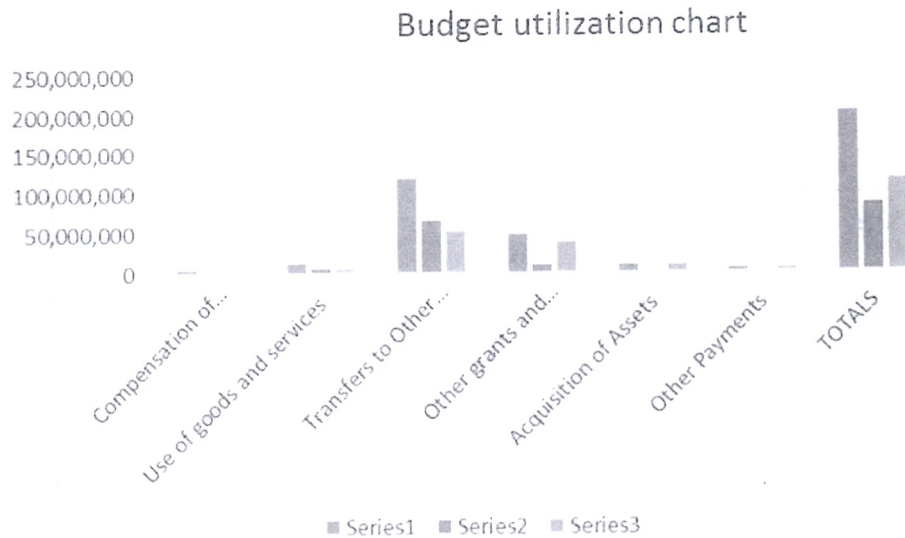


Fig. 1 Graph of receipts and expenditures in 2019/2020

Allocation per Sector-137,367,724

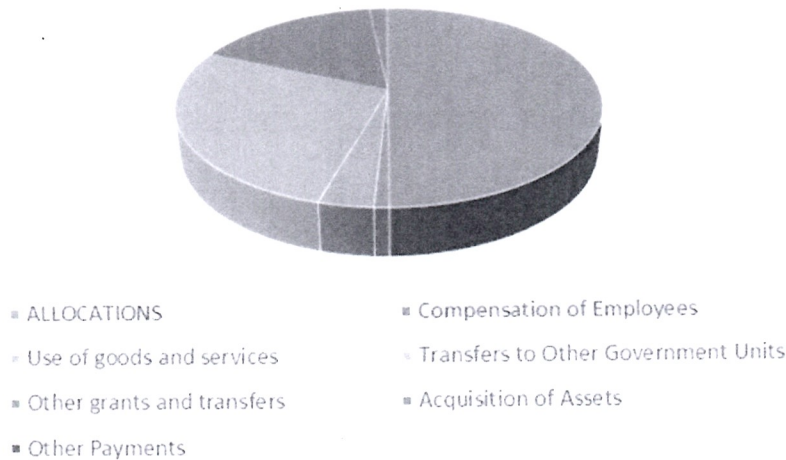


Fig. 2 Piechart showing allocations per vote/sector-2019/2020

NG-CDF is a fund which can be classified as community friendly. Apart from funding what is required by the community members, its implementation is done by the same community thus achieving several objectives. First, it is wealth creation as a vast number of items and resources used are from the community. It also encourages ownership of the projects by the community hence their sustainability.

There is also transfer of skills (capacity building) to the community as managing projects creates experience. Finally, the biggest achievements are on the projects themselves. In Kathiani so many primary and secondary schools have benefited thus improving their infrastructure. These have gone a long way in improving the lives of the beneficiaries.

Some of the keys projects are highlighted below:



Fig. 3 Muonyweni Security Post



Fig. 4 Wutini Primary school- 6 door toilets

However, there is an emerging challenge with the management of the fund. The biggest this year being the break out of corona virus which has slowed down projects implementation and use. There is also the issue of 5% provision that goes to PMCs increasingly failing in its original intent. Whereas it was meant to facilitate the operations of the PMCs, it is becoming the real attraction rather thus PMCs may lose focus to the successful implementation of the project itself. However, this is being

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

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

addressed through PMC being reduced in numbers as well as managing the number of meeting they do.

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- KATHIANI Constituency's 2018-2022 plan are to:

- a) Primary School projects: construction, renovation of classrooms and office blocks
- b) Secondary school's infrastructure: construct and equip classrooms, dining halls, dormitories, administration blocks and libraries
- c) Sports activities for youth: levelling of playgrounds and purchase of equipment, balls, uniforms
- d) Planting tree seedlings of indigenous and fruit trees
- e) Payment of bursary to needy students in secondary and colleges/universities

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	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels	In FY 19/20 -we increased number of dormitories-2, classrooms renovations in 20 schools totalling to 117 and 5 new classrooms, 2 play fields levelled and 2 administration blocks done - Bursary beneficiaries at all levels were 6,583
Security	To have security services at every	Increased access to security	- number of police posts	One police post and staff houses

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

	ward	services at walking distance	build	for another
Disaster Management	To be prepared for handling emergent events	Ability to handle unplanned events	- number of projects/ events handled	7 toilets done and one wall reinforced

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – KATHIANI 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 -

The sustainability of NGCDF is hinged on an act of parliament, the NGCDF Act 2015. This means that the fund is in existence and sustainable so long as the act is in operation. The projects funded under the kitty are sustainable since they are identified and done by the end users. The workers on the ground have helmets, sites are holded and demarcated. Employees, workers and communities where works are implored to be careful on sites.

2. Environmental performance

NGCDF – KATHIANI has under the provision of environment been funding ground levelling in schools to enable pupils have playing fields

3. Employee welfare

The employees are engaged under the guidance of the Employment Act 2007. The composition of the Employees is gender-based to meet the one-third gender rule. There are continuous training conducted every year to improve on their skills.

4. Market place practices-

NGCDF-Kathiani is a deposit receiving government agency and as such does not involve in competitive business practices. However, the procurement of services is fair and competitive. Tenders are advertised and the best responsive bidders awarded the works. Payments are promptly settled as per contractual agreements.

5. Community Engagements-

Everything in NGCDF is community based. The projects are identified and implemented by the community. Mainly the projects are geared towards education, security and environment

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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-KATHIANI 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 NG-CDF Kathiani; (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-KATHIANI 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 NG-CDF Kathiani; 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-KATHIANI Constituency further confirms the completeness of the accounting records maintained for the NG-CDF Kathiani, 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-KATHIANI 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-KATHIANI Constituency financial statements were approved and signed by the Accounting Officer on 29/3/2020.



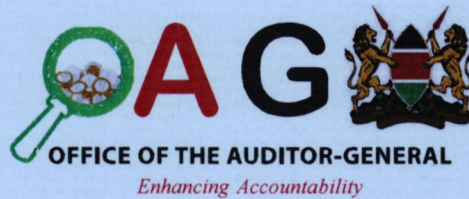
Fund Account Manager
Name: Daphne Makau



Sub-County Accountant
Name: Everlyne Omving'ala
ICPAK Member Number: 6987

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KATHIANI 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 - Kathiani Constituency set out on pages 12 to 47, 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 - Kathiani 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 the Statement of Assets and Liabilities

As disclosed in Note 10A to the financial statements, the statement of assets and liabilities reflects bank balances totalling to Kshs.48,481,922. The bank reconciliation statements revealed unrepresented cheques totalling to Kshs.9,843,463 which included stale cheques amounting to Kshs.424,835. However, explanation was not provided as to why the cheques had remained unrepresented for long and the failure to write back the stale cheques in the cashbook.

Further, the statement reflects the fund balance brought forward totalling to Kshs.10,125,402 which differs with an amounting to Kshs.10,762,142 disclosed in Note 13 to the financial statements resulting to an unreconciled variance amounting to Kshs.636,740.

In addition, the statement reflects gratuity balance totalling to Kshs.1,032,920 which differs with the amount of Kshs.396,180 disclosed in Note 12B to the financial statements resulting in an unreconciled variance amounting to Kshs.636,740.

Consequently, the accuracy, completeness and validity of the balances reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

2. Inaccuracies in the Statement of Appropriation

The summary statement of appropriation - recurrent and development combined reflects budget utilization difference totalling to Kshs.117,453,467 which differs with the amount of Kshs.117,849,646 disclosed in Note 17.3 to the financial statements as unutilized funds balance resulting in an unexplained variance amounting to Kshs.396,179.

Consequently, the accuracy, completeness and validity of the balances reflected in the summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2020 could not be confirmed.

3. Inaccuracies in Committee Account Balances

Note 17.4 to the financial statements reflects Project Management Committee account balances totalling to Kshs.13,000,000 as at 30 June, 2020 as disclosed in Annex 5. However, the Annex 5 reflects a nil comparative balance which differed with comparative balance total of Kshs.4,396,936 disclosed in Note 17.4. No reconciliation was provided for the variance.

Consequently, the accuracy, completeness and validity of the balances reflected in the Project Management Committee account balances as at 30 June, 2020 could not be confirmed.

4. Inaccuracies in Bursaries

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects other grants and transfers totalling to Kshs.10,295,086. Included in the balance are bursaries disbursement to secondary schools amount of Kshs.515,186 and tertiary institutions amount of Kshs.429,900, respectively both totalling to Kshs.945,086. However, supporting records reflected bursaries disbursements amount of Kshs.18,312,700 and Kshs.12,050,300 for secondary schools and tertiary institutions, respectively both totalling to Kshs.30,363,000 resulting in an unreconciled variance of Kshs.29,417,914.

Further, the awarded bursaries totalling to Kshs.945,086 was less than 1% of the funds received from the NGCDF Board totalling to Kshs.123,040,876 which is below the threshold of 25% set out in Section 21(5) of the NGCDF Regulations, 2016. The Management did not provide an approved criterion for selection and award of bursaries to the beneficiaries.

In the circumstances, the accuracy, completeness and validity of bursary disbursements totalling to Kshs.945,086 for the year ended 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 - Kathiani Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.203,233,742 and Kshs.133,866,018 respectively, resulting to an under-funding amounting to Kshs.69,367,724 or 34% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.203,233,742 and Kshs.85,780,275 respectively, resulting to an under expenditure amounting to Kshs.117,453,467 or 58% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters 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

1. Delay in Project Implementation

Review of project implementation revealed that funds totalling to Kshs.137,367,724 had been allocated for implementation of forty-nine (49) projects under the 2019-20 budget. However, only twelve (12) projects totalling to Kshs.48,774,000 were completed during the year while thirty-one (31) projects with combined allocation of totalling to Kshs.71,843,724 were on-going and the remaining six (6) projects totalling to Kshs.16,750,000 had not commenced.

In the circumstances, I am unable to confirm whether the public will obtain value for money for the delayed projects during the year ended 30 June, 2020.

2. Unsatisfactory Implementation of Projects

Physical verification of twelve (12) projects with a budget allocation totalling to Kshs.20,800,000 carried out during the audit revealed several unsatisfactory observations as shown in **Appendix I**.

In the circumstances, it has not been possible to confirm the validity and value for money from the expenditure totalling to Kshs.20,800,000 for the year ended 30 June, 2020 which was incurred on the projects.

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 January, 2022

Appendix I: Unsatisfactory Implementation of Projects

No.	Project	Activity	Cost (Kshs.)	Observations
1.	Kaiani Primary School	-Renovation of eight (8) classrooms and an administration block.	1,850,000	<p>-Only four (4) classrooms were renovated instead of eight (8).</p> <p>-Only seven (7) windows were fixed and three (3) window glass panes were missing.</p> <p>- The floor was poorly done.</p> <p>-Administration block was not renovated and tiles and ceiling were not fitted (only roofing and painting of the front phase was done)</p> <p>- The contract sum was paid in full including retention money.</p>
2.	Miumbuni Primary School	Renovation of twelve (12) classrooms-(re-roofing, fixing doors and windows, plastering and painting)	1,000,000	<p>-The floor of the renovated classes was poorly done.</p> <p>-Re-roofing was only done on ten (10) classrooms and plastering and painting for only eight (8) classes.</p> <p>-Labour based construction method was used and amount paid in full.</p>
3.	Kwale Primary School	Construction of two (2) new classrooms to completion	1,800,000	<p>-The floor was poorly done and the walls had cracks.</p> <p>-Total contract sum including retention money was paid to the contractor.</p>
4.	Muonyweni Primary School	Renovation of seven (7) classrooms and an administration block	2,050,000	<p>-Floor of one classroom was poorly done.</p> <p>-Renovation was not done on the administration block.</p> <p>-The contract sum was paid in full.</p>
5.	Kinyau Secondary School	Completion of multipurpose hall and equipping (tables and benches).	1,000,000	<p>-Benches were yet to be delivered.</p>

No.	Project	Activity	Cost (Kshs.)	Observations
6.	Kalikya Primary School	Renovation of twelve (12) classrooms	2,550,000	-Only ten (10) classrooms were renovated. - The floor of one classroom was poorly done. - The full contract sum was paid including retention money.
7.	Kingongoi Primary School	Renovation of eight (8) classrooms.	2,000,000	-Only six (6) classrooms were renovated but contract sum was paid in full including retention money.
8.	Ngoleni Primary School	Renovation of four (4) classrooms.	1,300,000	-The floor of the renovated classrooms was poorly done. -The walls had cracks and were poorly painted. -The contract sum was paid in full including retention.
9.	Kauti Primary School	Renovation of ten (10) classrooms	2,500,000	- Eight (8) classrooms instead of ten (10) were renovated but contract sum was paid in full including retention money.
10.	Kikombi Primary School	Renovation of eleven (11) classrooms.	1,850,000	The wall was poorly done and had cracks despite full payment of contract.
11.	General Mulinge Primary School	Renovation of four (4) classrooms.	600,000	There were cracks on the walls of one classroom.
12.	Mbee Primary School	Renovation of eight (8) classrooms.	2,300,000	-The windows for four (4) classrooms were not replaced. -The walling and plastering was poorly done.
Total			20,800,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KATHIANI CONSTITUENCY


Reports and Financial Statements

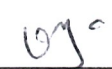
For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,040,876	58,600,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	63,000	56,000
TOTAL RECEIPTS		123,103,876	58,656,000
PAYMENTS			
Compensation of employees	4	1,963,060	2,163,620
Use of goods and services	5	7,058,102	11,591,457
Transfers to Other Government Units	6	66,464,028	43,927,000
Other grants and transfers	7	10,295,086	48,241,477
Acquisition of Assets	8	-	408,180
Other Payments	9	-	-
TOTAL PAYMENTS		85,780,275	106,331,734
SURPLUS/(DEFICIT)		37,323,600	(47,675,734)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KATHIANI Constituency financial statements were approved on 27/3/2020 and signed by:


Fund Account Manager
Name: Raphael Makau



National Sub-County Accountant,
Name: EVERLYNE OMUNGGI
ICPAK Member Number: 6987


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

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	48,481,922	10,762,142
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		48,481,922	10,762,142
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		48,481,922	10,762,142
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12A	-	-
Gratuity	12B	1,032,920	636,740
NET FINANCIAL ASSETS		47,449,002	10,125,402
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	10,125,402	57,801,136
Surplus/Deficit for the year		37,323,600	(47,675,734)
Prior year adjustments	14	-	-
NET FINANCIAL POSITION		47,449,002	10,125,402

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KATHIANI Constituency financial statements were approved on 29/3/2020 and signed by:


 Fund Account Manager
 Name: Raphael Makau


 National Sub-County Accountant
 Name: Evelyn Omeng'ala
 ICPAK Member Number: 6987

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**KATHIANI 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	123,040,876	58,600,000
Other Receipts	3	63,000	56,000
Total receipts		123,103,876	58,656,000
Payments for operating expenses			
Compensation of Employees	4	1,963,060	2,163,620
Use of goods and services	5	7,058,102	11,591,457
Transfers to Other Government Units	6	66,464,028	43,927,000
Other grants and transfers	7	10,295,086	48,241,477
Other Payments	9	-	-
Total payments		85,780,275	105,923,554
Total Receipts Less Total Payments		37,323,601	(47,267,554)
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	396,180	636,740
Prior year adjustments	14	-	-
		396,180	636,740
Net cash flow from operating activities		37,719,780	(46,630,814)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8	-	408,180
Net cash flows from Investing Activities		-	(408,180)
NET INCREASE IN CASH AND CASH EQUIVALENT		37,719,780	(47,038,994)
Cash and cash equivalent at BEGINNING of the year	13	10,762,142	57,801,136
Cash and cash equivalent at END of the year		48,481,922	10,762,142

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KATHIANI Constituency financial statements were approved on 29/3/2020 and signed by:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

~~W. K. K.~~
Fund Account Manager

Name: Raphael Makau

②^e
National Sub-County Accountant

Name: Everhine Omung'ala

ICPAK Member Number:

6987

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

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	65,803,018	203,170,742	133,803,018	69,367,724	65.9%
Proceeds from Sale of Assets	-	-	-	-	-	0.0%
Other Receipts	-	63,000	63,000	63,000	-	100.0%
TOTAL RECEIPTS	137,367,724	65,866,018	203,233,742	133,866,018	69,367,724	65.9%
PAYMENTS						
Compensation of Employees	2,600,000	2,320,018	4,920,018	1,963,060	2,956,958	39.9%
Use of goods and services	9,763,094	4,044,394	13,807,488	7,058,102	6,749,386	51.1%
Transfers to Other Government Units	75,066,389	46,070,130	121,136,519	66,464,028	54,672,491	54.9%
Other grants and transfers	45,438,241	3,633,245	49,071,486	10,295,086	38,776,400	21.0%
Acquisition of Assets	4,500,000	5,058,203	9,558,203	-	9,558,203	0.0%
Other Payments	-	4,677,028	4,677,028	-	4,677,028	0.0%
Unallocated Fund	-	63,000	63,000	-	63,000	
TOTAL	137,367,724	65,866,018	203,233,742	85,780,275	117,453,467	42.2%

(a) The final budget of Kshs. 203,170,742 consists of the 2019/2020 allocation of Kshs. 137,367,724 and Kshs. 65,803,018 which was the closing balance for the financial year 2018/2019. The Kshs. 65,803,018 consists Kshs. 55,040,875.52 with the Board at closure of 2018/2019 and Ksh. 10,762,142.06 cashbook balance in 2081/2019.

(b) There was underutilization of fund because the constituency received half the allocated fund, the other half has not yet been received.

The NGCDF-KATHIANI Constituency financial statements were approved on 27/2/2020 and signed by:





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

Fund Account Manager

Name: *Desiree Maksum*

Sub-County Accountant

Name: *Everlyne Omungala*

ICPAK Member Number:

6987

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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,600,000	2,320,018	4,920,018	1,963,060	2,956,958
1.2 Committee allowances	3,642,063.00	542,445.95	4,184,509	3,550,100.00	634,409
1.3 Use of goods and services	2,000,000.00	603,494.00	2,603,494	1,180,501.55	1,422,992
2.0 Monitoring and evaluation					
2.1 Capacity building	1,700,000.00	728,806.25	2,428,806	907,500.00	1,521,306
2.2 Committee allowances	1,800,000.00	1,712,326.00	3,512,326	1,020,000.00	2,492,326
2.3 Use of goods and services	621,031.00	457,322.00	1,078,353	400,000.00	678,353
3.0 Emergency					
3.1 Primary Schools	7,198,241		7,198,241	6,550,000	648,241
3.2 Secondary schools					
3.3 Tertiary institutions					
3.4 Security projects					
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	19,000,000		19,000,000	515,186	18,484,814
4.3 Tertiary Institutions	15,000,000	2,733,245	17,733,245	429,900	17,303,345
4.4 Universities					
4.5 Social Security					
5.0 Sports					
5.1	2,740,000.00		2,740,000	0	2,740,000
5.2					
5.3					
6.0 Environment					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KATHIANI COUNCIL

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
6.1					
6.2					
6.3					
7.0 Primary Schools Projects (List all the Projects)			260,130	227,000.00	33,130
Kwangolya Primary		350,000.00	350,000	350,000.00	0
Yanzonga Primary		947,027.52	947,028	947,027.52	0
Kikunuani Primary		900,000.00	900,000	900,000.00	0
Mathunya Primary		260,000.00	260,000	260,000.00	0
Kalunga Primary		600,000.00	600,000	600,000.00	0
Yanzonga Primary		600,000.00	600,000	600,000.00	0
Kaviani Primary		600,000.00	600,000	600,000.00	0
Kaewa Primary		600,000.00	600,000	600,000.00	0
Kithunguini Primary		600,000.00	600,000	600,000.00	0
General Mulinge Primary		600,000.00	600,000	600,000.00	0
Mitaboni Primary		700,000.00	700,000	700,000.00	0
Kathalani Primary					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND REPORT
Report on and Financial Statements
For the year ended June 30, 2020

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Nthunguni Primary	750,000.00		750,000	750,000.00	0
Kisekini Primary	800,000.00		800,000	800,000.00	0
Kikununi Primary	850,000.00		850,000	850,000.00	0
Mithanga Primary	900,000.00		900,000	900,000.00	0
Mbuuni Primary	950,000.00		950,000	950,000.00	0
Miumbuni Primary	1,000,000.00		1,000,000	1,000,000.00	0
Ngoleni Primary	1,300,000.00		1,300,000	1,300,000.00	0
Kombu Primary	1,400,000.00		1,400,000	1,400,000.00	0
Kwale Primary	1,800,000.00		1,800,000	1,800,000.00	0
Kikombi Primary	1,850,000.00		1,850,000	1,850,000.00	0
Kikawani Primary	2,000,000.00		2,000,000	2,000,000.00	0
Kalamba Primary	600,000.00		600,000	600,000.00	0
Mwanga Primary	1,750,000.00		1,750,000	1,750,000.00	0
Kisovo Primary	2,000,000.00		2,000,000	2,000,000.00	0
Muonyweni Primary			2,050,000	2,050,000.00	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
		2,050,000.00			
Kauti Primary		2,500,000.00	2,500,000	2,500,000.00	0
Ikoleni Primary		1,550,000.00	1,550,000	1,550,000.00	0
Kaiani Primary		1,850,000.00	1,850,000	1,850,000.00	0
Mbee Primary		2,300,000.00	2,300,000	2,300,000.00	0
Kalilky Primary School		2,550,000.00	2,550,000	2,550,000.00	0
King'ong'oi Primary		2,000,000.00	2,000,000	2,000,000.00	0
Komarock Primary	500,000.00		500,000	500,000.00	0
Nzaikoni Primary	500,000.00		500,000	500,000.00	0
Kathuni Primary	500,000.00		500,000	500,000.00	0
Kalala Primary	500,000.00		500,000	500,000.00	0
Isooni Primary	500,000.00		500,000	500,000.00	0
Mwanga Primary	1,000,000.00		1,000,000	1,000,000.00	0
Nthunguni Primary		3,000,000.00	3,000,000	3,000,000.00	0
Kalilky Primary	500,000.00		500,000	500,000.00	0

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Kikata Primary	500,000.00		500,000	500,000.00	0
Imilini Primary	500,000.00		500,000	500,000.00	0
Maanzoni Primary	500,000.00		500,000	500,000.00	0
Kikunvani Primary	500,000.00		500,000	500,000.00	0
Kaewa Primary	400,000.00		400,000	400,000.00	0
Mutondoni Primary	750,000.00		750,000	750,000.00	0
Kitie Primary	750,000.00		750,000	750,000.00	0
Mbee Primary	2,340,000.00		2,340,000	2,250,000.00	90,000
Wutini Primary	1,000,000.00		1,000,000	1,000,000.00	0
Kwa Ngengi Primary School	194,000.00		194,000	-	194,000
Iveti Primary School	2,000,000.00		2,000,000	-	2,000,000
Kasioni Primary School	2,000,000.00		2,000,000	-	2,000,000
Revision Books	3,000,000.00		3,000,000	-	3,000,000
Kingsongoi Primary School	850,000.00		850,000	-	850,000
Kwale Primary School	950,000.00		950,000	-	950,000
Kathuni Primary School	700,000.00		700,000	-	700,000
Imilini Primary school	700,000.00		700,000	-	700,000
Komaraok Primary School	600,000.00		600,000	-	600,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KATHIANI CONSTITUENCY

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

Project Name	Original Budget 2019/2020	Actual Expenditure 2019/2020	Balance 30/06/2020	Utilization %
Kwa Ngenji Primary School	600,000.00	600,000	-	600,000
Kaviani Primary School	200,000.00	200,000	-	200,000
Kaewa Primary School	200,000.00	200,000	-	200,000
Misuuni Primary School	700,000.00	700,000	-	700,000
Mutondoni Primary School	450,000.00	450,000	-	450,000
Muthala Primary School	600,000.00	600,000	-	600,000
Mwanga Primary School	800,000.00	800,000	-	800,000
Kalambya Primary School	300,000.00	300,000	-	300,000
Isooni Primary School	700,000.00	700,000	-	700,000
Kikaawani Primary School	550,000.00	550,000	-	550,000
8.0 Secondary Schools Projects (List all the Projects)				
Kaililuni Girls secondary		500,000.00	500,000.00	0
Ngoleni secondary		1,080,000.00	1,080,000.00	0
Kitie secondary School		500,000.00	500,000.00	0
General Mulinge High School		5,000,000	5,000,000	0
Kauti Secondary		500,000.00	500,000.00	0
Miumbuni Secondary Sch		1,000,000.00	1,000,000.00	0
Lumbwa Secondary		2,000,000.00	2,000,000.00	0
Kinyau secondary		2,000,000.00	2,000,000.00	0
General Mulinge Secondary School		2,500,000.00	2,500,000.00	0
Kaililuni Secondary School		4,000,000.00	4,000,000.00	0

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

2019/2020 - KATHIANI CONSTITUENCY

	2019/2020	2019/2020	30/06/2020	
Kithunguni Secondary School	4,000,000.00	4,000,000.00	0	4,000,000
Kaiani Secondary School	4,000,000.00	4,000,000.00	0	4,000,000
Kathiani Girls High School	2,000,000.00	2,000,000.00	0	2,000,000
Mbee Secondary School	4,000,000.00	4,000,000.00	0	4,000,000
Ngoleni Secondary School	2,000,000.00	2,000,000.00	0	2,000,000
Mitaboni ABC Girls Secondary School	2,000,000.00	2,000,000.00	0	2,000,000
Mitaboni ABC Girls Secondary School	5,132,388.76	5,132,388.76	0	5,132,389
Thinu Secondary School	3,000,000.00	3,000,000.00	0	3,000,000
Ngiini Secondary School	7,000,000.00	7,000,000.00	0	7,000,000
Kaliya Secondary School	2,000,000.00	2,000,000.00	0	2,000,000
Kaewa Secondary School	600,000.00	600,000.00	0	600,000
9.0 Tertiary institutions Projects (List all the Projects)				
9.1				
9.2				
9.3				
9.4				
10.0 Security Projects				
Kathiani Assistant chief's office	900,000.00	900,000.00	900,000.00	0
Muonyweni Police Post	900,000.00	900,000.00	900,000.00	0
Kathalani Security Post	1,000,000.00	1,000,000.00	1,000,000.00	0
Miumbuni Police Post	500,000.00	500,000.00		500,000
11.0 Acquisition of assets				
11.1 Motor Vehicles (including motorbikes)				

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
motorbikes)					
11.2 Construction of CDF office	4,500,000	5,058,203	9,558,203.00		9,558,203
11.3 Purchase of furniture and equipment					
11.4 Purchase of computers					
11.5 Purchase of land					
12.0 Others					
12.1 Strategic Plan					
12.2 Innovation Hub					
Unallocated Fund		63,000.00	63,000.00		63,000
	137,367,724	65,866,018	203,233,741	85,780,275	117,453,467

(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

XIII.

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-KATHIANI 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) –
KATHIANI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2020

XIV. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO	B030252		10,000,000.00
AIE NO	B005332		4,600,000.00
AIE NO	B030429		12,000,000.00
AIE NO	B006371		8,000,000.00
AIE NO	B042762		12,000,000.00
AIE NO	B042903		12,000,000.00
AIE NO	B047290	55,040,875.50	
AIE NO	B047451	4,000,000.00	
AIE NO	B041470	20,000,000.00	
AIE NO	B047912	7,000,000.00	
AIE NO	B049298	14,000,000.00	
AIE NO	B104323	15,000,000.00	
AIE NO	B096579	8,000,000.00	
TOTAL		123,040,876	58,600,000

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

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

2. PROCEEDS FROM SALE OF ASSETS

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

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

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-sale of tender documents	63,000	56,000
Total	63,000	56,000

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,528,000	1,488,000.00
Personal allowances paid as part of salary	~	~
Pension and other social security contributions (Gratuity)	396,180	636,740.00
Employer Contributions Compulsory national social security schemes	38,880	38,880.00
Total	1,963,060	2,163,620

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	4,570,100	3,542,300.00
Utilities, supplies and services	~	~
Communication, supplies and services	~	~
Domestic travel and subsistence	~	~
Printing, advertising and information supplies & services	~	~
Rentals of produced assets	~	~
Training expenses	907,500	791,040.00
Hospitality supplies and services	~	~
Insurance costs	~	~
Specialized materials and services	~	~
Office and general supplies and services	1,580,502	4,261,611.00
Other operating expenses	~	~
Routine maintenance – vehicles and other transport equipment	~	~
Routine maintenance – other assets	~	~
Total	7,058,102	8,594,951

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

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

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)	53,884,028	29,780,000.00
Transfers to secondary schools (see attached list)	12,580,000	14,147,000.00
Transfers to tertiary institutions (see attached list)		
Transfers to health institutions (see attached list)		
TOTAL	66,464,028	43,927,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	515,186	21,304,100.00
Bursary – tertiary institutions (see attached list)	429,900	18,249,618.00
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)	2,800,000	2,180,000.00
Sports projects (see attached list)	-	-
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	6,550,000	6,507,758.96
Total	10,295,086	48,241,477

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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		130,180.00
Purchase of ICT Equipment, Software and Other ICT Assets	-	278,000.00
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Total	0	408,180

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	2,996,506.00
ICT Hub	-	-
	-	2,996,506.00

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

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

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
<i>Cooperative Bank, Athiriver Branch</i>	48,481,922.49	10,762,142.06
Total	48,481,922.49	10,762,142.06
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

KATHLANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

12B. GRATUITY DEPOSITS

	Kshs	Kshs
Esther Kalia	163,680.00	323,950
Shadrack Nzuki	81,840.00	103,850
Richard Mutua	98,580.00	139,500
Dowson Kimilu	52,080.00	69,440
	396,180	636,740
Total	396,180	636,740

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

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	10,762,142.06	57,801,136.02
Cash in hand	~	~
Imprest	~	~
Total	10,762,142.06	57,801,136.02

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	~	~	~
Cash in hand	~	~	~
Accounts Payables	~	~	~
Receivables	~	~	~
Others (<i>specify</i>)	~	~	~
	~	~	~

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST'

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

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	636,740	-
Deposit and Retentions held during the year (B)	396,180	636,740
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	1,032,920	636,740

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

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	~	~
Construction of civil works	~	~
Supply of goods	~	~
Supply of services	~	~
	~	~

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	~	~
Others (<i>specify</i>)	1,032,920	636,740
	1,032,920	636,740

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	3,353,138	2,320,018
Use of goods and services	6,477,651	4,044,394
Amounts due to other Government entities (see attached list)	58,449,518.76	46,070,130
Amounts due to other grants and other transfers (see attached list)	40,011,136	3,633,245
Acquisition of assets	9,558,203	5,058,203
Others (<i>specify</i>)		4,677,028
		-
Total	117,849,646	65,803,018

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

KATHIANI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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)	13,000,000	4,396,936.00
	13,000,000	4,396,936.00

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					

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.						

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

Reports and Financial Statements

For the year ended June 30, 2014 (Kshs'000)

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
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						

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19
Compensation of employees			
		3,353,138	2,320,018
Use of goods & services			
		6,749,387	4,044,394
Amounts due to other Government entities			
1.	Primary Schools	16,217,130	42,767,158
2.	Secondary Schools	42,232,389	7,080,000
	Sub-Total	58,449,519	49,847,158
Amounts due to other grants and other transfers			
4.	Bursary-Secondary	18,484,814	
5.	Bursary – Tertiary	17,303,345	2,733,245
6.	Emergency	648,241	
	Sub-Total	36,436,400	2,733,245
	Sub-Total	104,988,443	58,944,814
Acquisition of assets			
7.	CDF Office	9,558,203	5,058,203
Others (specify)			
8.	Sports	2,740,000	

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

9. Security		500,000	1,803,700
10. unallocated fund		63,000	
	Sub-Total	12,861,203	6,858,203
	Grand Total	117,849,646	65,803,018

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KATHIANI 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) 2018/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/19
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	4,000,000.00	-	-	4,000,000.00
Office equipment, furniture and fittings	587,924.00	-	-	587,924.00
ICT Equipment, Software and Other ICT Assets	1,069,480.00	-	-	1,069,480.00
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	5,657,404	-	-	5,657,404

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
General Mulinge High School	Coop Bank -Mks	01139748197000	5,000,000	-
Lumbwa Secondary	Coop Bank -Mks	01139550624600	2,000,000	-
Kinyau secondary	Coop Bank -Mks	011390332202604	2,000,000	-
Kitie Primary	Coop Bank -Mks	01139071224601	750,000.00	-
Mbee Primary	Coop Bank -Mks	01139550286300	2,250,000.00	-

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Wutini Primary	Coop Bank -Mks	01139550894900	1,000,000.00	-
Total			13,000,000	-

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)
4.1 Accuracy of the financial statements	<p>Observation The closing cash book balance as per the Financial statement and the cash book was Kshs. 10,762,142, payments in the cashbook not yet recorded in the bank statement amounted to kshs.7,808,433 and payment in the bank statement not yet recorded in the cashbook amounts to kshs.30,240. This results to unreconciled amount of Kshs. 10,210. Further, included in the payments in cash book not yet recorded in the bank statement is Kshs 1,290,330 which are stale cheques, this therefore understates the cash and cash equivalents figure in the financial statements.</p>	<p>The stale cheques dated upto 2016 were reversed in the month of December, 2019 and new beneficiaries paid out. The statement was also corrected as per attached reconciliation for the month of December 2019, appendix i</p>	FAM

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KATHIANI 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 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)
	in cash book not yet recorded in the bank statement is Kshs 1,290,330 which are stale cheques, this therefore understates the cash and cash equivalents figure in the financial statements.				
4.2 Unsupported expenditure Ksh 636,740	Statements of receipts and payment in the financial statement reflect an amount Ksh 2,163,620 Note 4 for Compensation of employees as at June 2019, out of which Ksh 636,740 was classified as paid gratuity, Further enquiry of the support schedule revealed that Ksh 636,740 was not utilized as expenditure but as provision for payment of gratuity due to be paid on August 2020, the management has not also provided support to confirm that Ksh 636,740 as reflected in the payment was indeed expenditure incurred for payment of gratuity.	The financial statements are prepared using a predetermined template. The provision for gratuity is meant to cushion employees and the NGCDF from litigation once elections are held and some staff lose their jobs or contracts lapse. Therefore, every year there is a provision for such until the contracts lapse and settlements made.	FAM	Resolved	
4.3 Accuracy of		The stale	FAM	Resolved	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KATHIANI 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 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)
the financial statements	<p>Observation The closing cash book balance as per the Financial statement and the cash book was Kshs. 10,762,142, payments in the cashbook not yet recorded in the bank statement amounted to kshs.7,808,433 and payment in the bank statement not yet recorded in the cashbook amounts to kshs.30,240. This results to unreconciled amount of Kshs. 10,210. Further, included in the payments in cash book not yet recorded in the bank statement is Kshs 1,290,330 which are stale cheques, this therefore understates the cash and cash equivalents figure in the financial statements.</p>	cheques dated upto 2016 were reversed in the month of December, 2019 and new beneficiaries paid out. The statement was also corrected as per attached reconciliation for the month of December 2019			