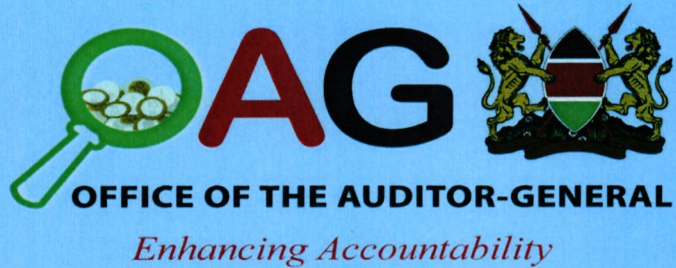


REPUBLIC OF KENYA



**REPORT**

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THE NATIONAL ASSEMBLY	
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**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2019**



OFFICE OF THE AUDITOR GENERAL  
ELDORET HUB

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KAPENGURIA  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019

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

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

**KAPENGURIA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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## **I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

### **(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

### **Mandate**

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

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

### **Vision**

Equitable Socio-economic development countrywide

### **Mission**

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

**- NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**Core Values**

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

**(b) Key Management**

The NGCDF KAPENGURIA 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 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	AIE Holder	STEPHEN A. ALUKURENG
2.	Sub-County Accountant	DAVID OMWENO
3.	Chairman NGCDFC	SIWARENG SIMON
4.	Member NGCDFC	LOPETANGOLE JOSEPH

**(d) Fiduciary Oversight Arrangements**

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

P.O. BOX 526-30600  
CDFC BUILDING, KAPENGURIA  
COUNTY COMMISSIONER HQTRS  
KAPENGURIA, KENYA

**(f) NGCDF KAPENGURIA Constituency Contacts**

Telephone: (254) 725132194  
E-mail: [cdfkapenguria@ngcdf.go.ke](mailto:cdfkapenguria@ngcdf.go.ke)  
Website: [www.go.ke](http://www.go.ke)

**(g) NGCDF KAPENGURIA Constituency Bankers**

Equity Bank  
Kapenguria Branch  
P.O. Box 526-30600  
Kapenguria, Kenya

**(h) Independent Auditors**

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

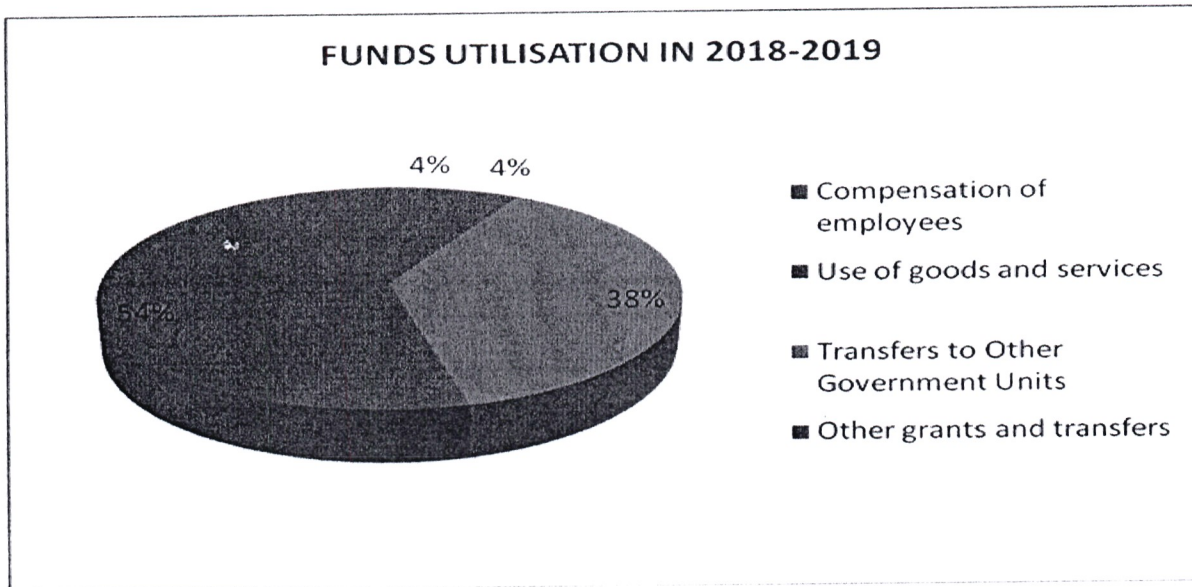
**(i) Principal Legal Adviser**

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The final budget for NG-CDF Kapenguria for FY 2018/2019 was Ksh 123,832,838 while the actual utilization was Ksh 113,093,835 resulting to a variance of Ksh 10,739,003. This explains the reason why there is less than 90% funds utilization under transfers to other government units and other grants and transfers. Overallly, the budget performance was at 91.4%

The funds utilization is as indicated in the pie chart below



In the financial year 2018/2019 a number of projects were undertaken which includes purchase of buses, construction of school classes and dormitories among other. Below herewith find complete of the completed projects.

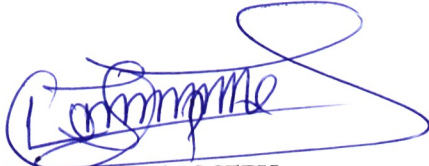
<p>Bus purchase by NGCDF Kapenguria</p>	<p>Karas Mixed Day Secondary School-bus presentations</p>	<p>Chepunpun primary school foundation of two classes</p>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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It has come out clearly that better utilization of CDF funds can make great impact in the community and with the coming in of the county government; there has been healthy competition which has led to improved service delivery. However, implementation has not been without challenges such as records keeping at the PMC level including delays in remitting the expenditure returns. However, there has been continuous capacity building on the need for expeditious accounting and reporting.

SIGN:



**LOPETANGOLE JOSEPH**

**CHAIRMAN NGCDF COMMITTEE**



**III. 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.

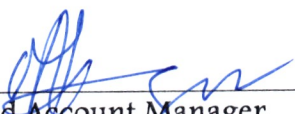
The Accounting Officer in charge of the NGCDF-KAPENGURIA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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.

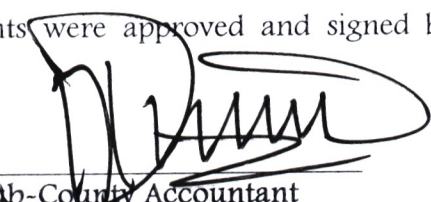
The Accounting Officer in charge of the NGCDF-KAPENGURIA Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF-KAPENGURIA Constituency financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-KAPENGURIA Constituency further confirms the completeness of the accounting records maintained for the NGCDF-KAPENGURIA Constituency which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-KAPENGURIA 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**

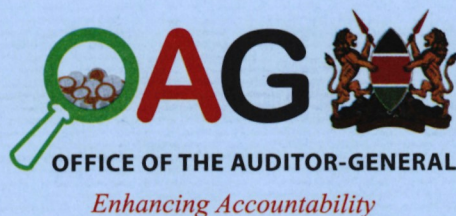
The NGCDF-KAPENGURIA Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2019.

  
Fund Account Manager  
Name: Stephen Mnangat

  
Sub-County Accountant  
Name: David Omweno  
ICPAK Member Number: ~~12540~~ 17363  
*District Accountant*  
*West Pokot District*  
*P. O. Box 70 Kapenguria.*  
*Tel: 054-62256*

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



HEADQUARTERS  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KAPENGURIA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kapenguria Constituency set out on pages 7 to 39, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and 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 National Government Constituencies Development Fund- Kapenguria Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Financial Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1.0 Cash and Cash Equivalent

##### 1.1 Unsupported Bank Reconciliation Statements

The statement of financial assets as at 30 June, 2019 reflects bank balances of Kshs.10,739,004. Examination of bank reconciliation statement for the month of June, 2019 revealed payments in the cash book not yet recorded in bank statement in respect of unrepresented cheques amounting to Kshs.25,331,058. However, no bank statements or schedules were provided for audit reflecting the dates when the unrepresented cheques were subsequently cleared in the bank.

Consequently, the accuracy, validity and completeness of the bank balance figure of Kshs.10,739,004 as at 30 June, 2019 could not be confirmed.

## **2.0 Unsupported Project Management Committee Bank Balances**

Annex 5 to the financial statements reflect project management committee (PMC) bank balances totalling Kshs.540,555 as at 30 June, 2019. However, cash books, closing bank balance confirmation certificates, bank statements and bank reconciliation statements were not provided for audit.

Consequently, the existence, accuracy, validity and completeness of the Project Management Committee bank balance of Kshs.540,555 as at 30 June, 2019 could not be confirmed.

## **3.0 Unsupported Expenditure**

The statement of receipts and payments reflects transfers to other government units figure of Kshs.47,620,000 relating to funds disbursed to various Project Management Committees. However, actual expenditure returns and acknowledgement letters from institutions that received the funds were not provided for audit. This is contrary to Section 15(1)(d) of the National Constituency Development Fund Regulations, 2016 which states that the Project Management Committees shall prepare returns and file them with a Constituency Committee.

Consequently, the validity and accuracy of the transfers to other government units totalling Kshs.47,620,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund –Kapenguria 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**

### **1.0 Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.123,832,838 and Kshs.120,420,186 respectively resulting to an under-funding of Kshs.3,412,652 or 3%. Similarly the Fund spent Kshs.113,093,835 against an approved budget of

Kshs.123,832,938 resulting to an under-expenditure of Kshs.10,739,003 or 9% of the budget. The under-performance affected the planned activities and may have impacted negatively on service delivery to the residents of Kapenguria Constituency.

## **2.0 Projects Implementation**

According to the Project Implementation status report for 2018/2019 financial year provided, National Government Constituency Development Fund - Kapenguria Constituency had an approved budget of Kshs.61,322,606.65 to be spent on sixty four (64) projects out of which an amount of Kshs.39,570,000.00 was disbursed to thirty-two (32) projects excluding emergency, environment and sports projects. Thirty-one (31) projects with a total budget of Kshs.21,100,000.00 were not funded during the year, ten (10) projects with a budget of Kshs.25,450,000.00 were completed and in use while twenty-three (23) projects with a budget of Kshs.7,720,000.00 were indicated as ongoing though the percentages of completion were not provided Failure to fund or complete the projects casts doubt on their implementation and may deny the people of Kapenguria Constituency the benefits of the projects.

## **3.0 Projects Verification**

During the year under review, sixteen (16) projects with total disbursements of Kshs.29,050,000 were verified. Six (6) projects with a total disbursements amounting to Kshs.4,050,000 were found to be complete and in use, two (2) projects with a total disbursements amounting to Kshs.4,500,000 were complete but not in use, five (5) projects with a disbursement of Kshs.2,800,000 were partially completed and three (3) projects with a total disbursement of Kshs.17,700,000 had received buses.

Under the circumstances, the incomplete projects have not achieved the intended objectives and no value for money was obtained from the expenditure on those projects.

## **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 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**

#### **1.0 Compensation of Employees**

##### **1.1 Unsupported Recruitment of New Staff**

The statement of receipts and payments reflects compensation of employees amount of Kshs.3,648,743. During the year under review, four (4) new staff members were hired.

However, a copy of the advertisement for the posts, list of shortlisted candidates and minutes of the interviews were not availed for audit review, contrary to Section 18(1) of Constituency Development Fund Regulations 2016 which state that Constituency Committee may engage staff in Constituency Committee in accordance with Section 45 of the Act through a transparent and competitive process.

Consequently, the Management of the Fund is in breach of the law.

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

### **2.1 Irregular Cash Procurement**

Included in the use of goods and services expenditure of Kshs.5,911,395 reflected in Note 5 of the financial is expenditure amounting to Kshs.1,636,640 which was incurred by use of cash which exceeded the low value cash purchase limit of Kshs.5,000 for entities in class 'C' in which National Government Constituency Development Funds falls contrary to Section 107 of the Public Procurement and Asset Disposal Act, 2015 on low value procurements and Section 63 of the Public Procurement and Disposal Regulations, 2006 which states that a procuring entity may use a low value procurement procedure if the estimated cost of the goods, works or services being procured per item is less than or equal to the prescribed maximum value as set out in the First Schedule to the regulations.

Consequently, the Management is in breach of the law and the validity of the expenditure totalling to Kshs.5,911,395 for the year ended 30 June, 2019 could not be confirmed.

## **3.0 Transfers to Other Government Units**

### **3.1 Change of Scope in Construction of Dormitory**

Included in the transfers to other government units figure of Kshs.47,620,000 reflected in the statement of receipts and payments is transfer to secondary school's figure of Kshs.27,570,000 out of which Kshs.600,000 was disbursed to Mtembur Secondary School through cheque number.7686 dated 26 April, 2019 for the slabbing and walling of a dormitory. However, physical verification of the project revealed that the funds were used for the construction of a temporary dormitory with iron sheet walling and roofing.

Consequently, validity and value for money on the expenditure of Kshs.27,570,000 for the year ended 30 June, 2019 could not be confirmed.

### **3.2 Over Funding of School Bus Projects**

The statement of receipt and payments reflects transfers to other government units figure of Kshs.47,620,000 which according to Note 6 to the financial statements include transfers to secondary school's figure of Kshs.27,570,000 and transfers to primary school's figure of Kshs.16,050,000. Examination of expenditure records and approved code list provided for audit review revealed that an amount of Kshs.16,800,000 was disbursed to two schools towards completion of funding for purchase of school buses.

However, the approved total allocation as per the code list is Kshs.9,500,000 thereby leading to an over funding of Kshs.7,300,000 as shown below:

Date	Cheque Number	Payee	Details	Amount Allocated (Kshs)	Amount Disbursed (Kshs.)	Over-Funding (Kshs.)
25/02/2019	7514	Nasokol Girls Secondary School	Completion of Funding for the 67 Seater Bus	3,000,000	3,800,000	800,000
26/06/2019	8618/8108	St Francis Special Primary School	Purchase of a 51 Seater School Bus	6,500,000	13,000,000	6,500,000
			<b>Total</b>	<b>9,500,000</b>	<b>16,800,000</b>	<b>7,300,000</b>

No evidence was provided for audit to confirm that the over funding of Kshs.7,300,000 was authorized by Constituency Development Fund Board.

Under the circumstances, the validity of the over expenditure of Kshs.7,300,000 for the year ended 30 June, 2019 could not be confirmed.

### 3.3 Funding of Un Approved Projects

The statement of receipt and payments reflects transfers to other government entities figure of Kshs.47,620,000 reflected in Note 6 to the financial statements includes transfers to secondary school's figure of Kshs.27,570,000, transfers to primary school's figure of Kshs.16,050,000 and transfer of Kshs.4,000,000 to tertiary institutions.

Examination of expenditure records and approved code list provided for audit revealed that three projects with a total disbursement of Kshs.5,450,000 were funded during the 2018/2019 financial year but were not in the approved project code list.

Consequently, the legality, validity of the expenditure of Kshs.5,450,000 for the year ended 30 June, 2019 could not be confirmed.

## 4.0 Other Grants and Transfers

### 4.1 Unsupported Award of Bursaries

Included in other grants and transfers balance of Kshs.55,528,741 reflected in the statement of receipts and payments are bursary disbursements totalling Kshs.40,468,831 which included secondary school's disbursements of Kshs.19,821,855, tertiary institutions of Kshs.17,273,278 and special schools of Kshs.3,373,698 as disclosed under Note 7 to the financial statements.

However, minutes of the bursary subcommittee indicating how the beneficiaries were identified and confirming two co-opted members one from the area education office seconded by the Ministry of Education as required by Constituency Development Fund circular reference No. Voll 1/111 dated 13 September, 2010, were not provided for audit.

Acknowledgement letters by the schools and tertiary institutions were also not provided for audit review. Further, the schedules provided in support of the bursary expenditure were not categorized as tertiary and secondary institutions as presented in the financial statement.

Under the Circumstances, the Management breached the law and the accuracy and validity of the bursary disbursements of Kshs.40,468,831 for the year under review could not be confirmed.

#### **4.2 Irregular Expenditure in Emergency Projects**

The statement of receipts and payments reflects other grants and transfer amount of Kshs.55,528,741 which included emergency payments amounting to Kshs.5,726,550 out of which expenditure totalling to Kshs.3,050,000 were normal projects and did not therefore qualify to be funded under emergencies vote.

This is contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents.

Under the circumstances, the Management breached the law and the validity and value for money of the emergency disbursements of Kshs.5,726,550 for the year under review could not be confirmed.

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.

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 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 money is applied in an effective manner.

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

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the fund 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**


**20 December, 2021**

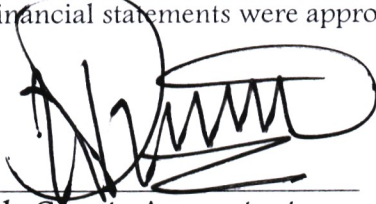
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	120,420,186	84,074,137
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>120,420,186</b>	<b>84,074,137</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,648,743	2,964,066
Use of goods and services	5	5,911,395	6,339,442
Transfers to Other Government Units	6	47,620,000	41,394,040
Other grants and transfers	7	55,528,741	30,978,770
Acquisition of Assets	8	384,956	
Other Payments	9	-	
<b>TOTAL PAYMENTS</b>		<b>113,093,835</b>	<b>81,676,318</b>
<b>SURPLUS/DEFICIT</b>		<b>7,326,351</b>	<b>2,397,819</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on \_\_\_\_\_ 2019 and signed by:

  
Fund Account Manager  
Name: Stephen Mnangat

  
Sub-County Accountant  
Name: David Omweno  
ICPAK Member Number: 17363

*District Accountant*  
*West Pokot District*  
*P. O. Box 70 Kapenguria*  
*Tel: 054-62256*

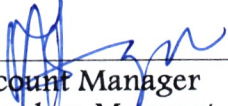
V. STATEMENT OF FINANCIAL ASSETS

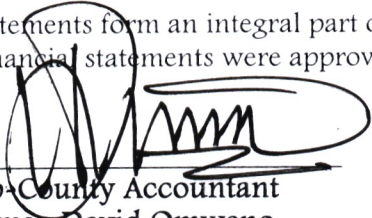
	Note	2018- 2019	2017 - 2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	10,739,004	3,412,653
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>10,739,004</b>	<b>3,412,653</b>
<b>Current Receivables</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>10,739,004</b>	<b>3,412,653</b>
<b>FINANCIAL LIABILITES</b>			
<b>Accounts Payable</b>			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
<b>NET FINANCIAL ASSETS</b>		<b>10,739,004</b>	<b>3,412,653</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	3,412,653	1,014,834
Surplus/Defict for the year		7,326,351	2,397,819
Prior year adjustments	14	-	-
<b>NET FINANCIAL POSITION</b>		<b>10,739,004</b>	<b>3,412,653</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on \_\_\_\_\_ 2019 and signed by:

  
Fund Account Manager  
Name: Stephen Mwangi

  
Sub-County Accountant  
Name: David Omweno  
ICPAK Member Number: 17363

*District Accountant*  
*West Pokot District*  
*P. O. Box 70 Kapenguria*  
*Tel:054-62256*

VI. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES			2018 - 2019	2017 - 2018
<b>Receipts</b>				
Transfers from CDF Board	1		120,420,186	84,074,137
Other Receipts	3		-	-
<b>Total Receipts</b>			<b>120,420,186</b>	<b>84,074,137</b>
<b>Payments</b>				
Compensation of Employees	4		3,648,743	2,964,066
Use of goods and services	5		5,911,395	6,339,442
Transfers to Other Government Units	6		47,620,000	41,394,040
Other grants and transfers	7		55,528,741	30,978,770
Other Payments	9		-	-
<b>Total Payments</b>			<b>112,708,879</b>	<b>81,676,318</b>
<b>Total Receipts Less Total Payments</b>			<b>7,711,307</b>	<b>2,397,819</b>
<b>Adjusted for:</b>				
Outstanding Imprest	11	-		
Retention	12A	-		
Gratuity Payable	12B	-		
Prior Year adjustment	14	-		
<b>Net Adjustments</b>			<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>			<b>7,711,307</b>	<b>2,397,819</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from Sale of Assets	2		-	-
Acquisition of Assets	8		384,956	-
<b>Net cash flows from Investing Activities</b>			<b>(384,956)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			<b>7,326,351</b>	<b>2,397,819</b>

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

**KAPENGURIA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

Cash and cash equivalent at BEGINNING of the year	13	3,412,653	1,014,834
Cash and cash equivalent at END of the year		10,739,004	3,412,653

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KAPENGURIA Constituency financial statements were approved on \_\_\_\_\_ 2019 and signed by:

  
Fund Account Manager  
Name: Stephen Mrangat

\_\_\_\_\_  
Sub-County Accountant  
Name: David Omweno  
ICPAK Member Number: 17363

VII. 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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,876	14,791,962	123,832,838	123,832,838	-	100%
Proceeds from Sale of Assets			-		-	
Other Receipts		-	-	-	-	
<b>TOTAL RECEIPTS</b>	<b>109,040,876</b>	<b>14,791,962</b>	<b>123,832,838</b>	<b>123,832,838</b>	<b>-</b>	<b>100%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,939,614	-	3,939,614	3,648,743	290,871	92.6%
Use of goods and services	3,401,262	3,133,826	6,535,088	5,911,395	623,693	90.5%
Transfers to Other Government Units	53,200,000	679,309	53,879,309	47,620,000	6,259,309	88.4%
Other grants and transfers	48,500,000	10,500,000	59,000,000	55,528,741	3,471,259	94.1%
Acquisition of Assets	-	478,827	478,827	384,956	93,871	80.4%
Other Payments	-	-	-	-	-	-
<b>TOTAL</b>	<b>109,040,876</b>	<b>14,791,962</b>	<b>123,832,838</b>	<b>113,093,835</b>	<b>10,739,003</b>	<b>91.4%</b>

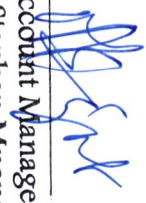


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

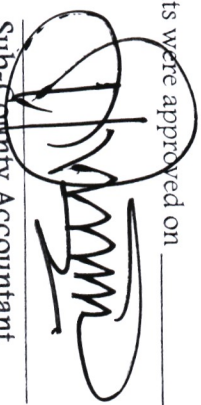
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- i. 11.6% under expenditure on transfers to other government units was due to delays in funding from NGCDF Board

The NGCDF-KAPENGURIA Constituency financial statements were approved on \_\_\_\_\_ 2019 and signed by:



Fund Account Manager  
Name: Stephen Mnangat



Sub-County Accountant  
Name: David Omweno  
ICPAK Member Number: 17363

*District Accountant*  
*West Pokot District*  
*P. O. Box 70 Kapenguria*  
*Tel: 054-62256*

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

**Reports and Financial Statements**

For the year ended June 30, 2019

**BUDGET EXECUTION BY PROGRAMME/SUB PROGRAMME**

	Original Budget 2018/2019 KSh.	Actual Budgets 2018/2019 KSh.	Final Budgets 2018/2019 KSh.	Actual Comparison 2018/2019 KSh.	Budget Utilization 2018/2019 KSh.
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,812,000.00	1,000,000.00	3,812,000.00	3,648,743	142,976.00
1.2 Committee allowances					726,583.00
1.3 Use of goods and services	1,000,000.00	1,300,000.00	2,300,000.00	5,911,395	52,608.00
<b>Sub-Total</b>	<b>5,492,453.00</b>	<b>2,300,000.00</b>	<b>7,792,453.00</b>	<b>6,870,286.00</b>	<b>922,167.00</b>
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,000,000.00		1,000,000.00	530,000.00	470,000.00
2.2 Committee allowances	1,271,226.00	1,000,000.00	2,271,226.00	1,316,045.00	955,181.00
2.3 Use of goods and services	1,000,000.00	333,826.00	1,333,826.00	953,870.00	379,956.00
<b>Sub-Total</b>	<b>3,271,226.00</b>	<b>1,333,826.00</b>	<b>4,605,052.00</b>	<b>2,799,915.00</b>	<b>1,805,137.00</b>
<b>3.0 Emergency</b>					
3.1 Primary Schools	2,470,000.00		2,470,000.00	2,470,000.00	-
3.2 Secondary schools	2,702,738.00		2,702,738.00	2,702,738.00	-
3.3 Tertiary institutions			-		-
3.4 Security projects			-		-
3.5 others	566,255.00		566,255.00	553,812.00	-
<b>Sub-Total</b>	<b>5,738,993.00</b>		<b>5,738,993.00</b>	<b>5,726,550.00</b>	<b>-</b>
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					-

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

**Reports and Financial Statements**

**For the year ended June 30, 2019**

4.2 Secondary Schools	21,000,000.00	5,500,000.00	26,000,000.00	19,821,855.00	6,178,145.00
4.3 Tertiary Institutions	17,164,306.00	5,000,000.00	22,164,306.00	17,273,278.00	4,891,028.00
4.4 Universities			-	3373698	-
4.5 Social Security	100,000.00		100,000.00	100,000.00	-
<b>Sub-Total</b>	<b>38,264,306.00</b>	<b>10,500,000.00</b>	<b>48,764,306.00</b>	<b>40,568,831.00</b>	<b>11,069,173.00</b>
<b>5.0 Sports</b>					
5.1 bal b/f					
5.2 sporting	2,180,818.00	979,309.00	2,280,818.00	2,287,280.00	60,818.00
<b>Sub-Total</b>	<b>2,180,818.00</b>	<b>979,309.00</b>	<b>2,280,818.00</b>	<b>2,220,000.00</b>	<b>60,818.00</b>
<b>6.0 Environment</b>					
6.1 balance b/f					4,894.00
6.2 Environmental activities	2,080,818.00	200,000.00	2,280,818.00	1,506,000.00	100,000.00
<b>Sub-Total</b>	<b>2,080,818.00</b>	<b>200,000.00</b>	<b>2,280,818.00</b>	<b>2,180,818.00</b>	<b>104,894.00</b>
<b>7.0 Primary Schools Projects</b>					
KAPCHILA PRI	500,000.00		500,000.00	500,000.00	-
KITIAM PRI. SCHOOL	450,000.00		450,000.00	450,000.00	-
VICTORIA PRIMARY SCHOOL	700,000.00		700,000.00	700,000.00	-
MISKWONY PRI. SCHOOL	300,000.00		300,000.00	300,000.00	-
NAPOWOI PRI SCHOOL	250,000.00		250,000.00	250,000.00	-
KANYARKWAT PRI SCHOOL	500,000.00		500,000.00	500,000.00	-
SIYOI PRIMARY SCHOOL	200,000.00		200,000.00	200,000.00	-
CHEPUPUN PRIMARY SCHOOL	1,000,000.00		1,000,000.00	1,000,000.00	-
primary schools	14,512,262.00		14,512,262.00	12,150,000.00	14,512,262.00
<b>Sub-Total</b>	<b>18,412,262.00</b>		<b>18,412,262.00</b>	<b>16,050,000.00</b>	<b>14,512,262.00</b>
<b>8.0 Secondary Schools Projects</b>					
TURKWEL GORGE	1,750,000.00		1,750,000.00	1,750,000.00	-
TURKWEL GORGE	750,000.00		750,000.00	750,000.00	-
EQUITY BANK	4,000,000.00		4,000,000.00	4,000,000.00	-
EBT - TURKWEL	6,650,000.00		6,650,000.00	6,650,000.00	-

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

**Reports and Financial Statements**

**For the year ended June 30, 2019**

EBT - FRANCIS	6,500,000.00		6,500,000.00	6,500,000.00	-
MTEMBUR SEC SCHOOL	600,000.00		600,000.00	600,000.00	-
NANGROTUM SEC SCHOOL	500,000.00		500,000.00	500,000.00	-
EQUITY BANK	3,800,000.00		3,800,000.00	3,800,000.00	-
AGC CHEMOROROH SECONDARY SCHOOL	370,000.00		370,000.00	370,000.00	-
MISKWONY SEC. SCHOOL	600,000.00		600,000.00	600,000.00	-
CHEKOMOS MIXED SEC SCHOOL	400,000.00		400,000.00	400,000.00	-
SAFINA BOYS	500,000.00		500,000.00	500,000.00	-
PARAYWA SEC	800,000.00		800,000.00	800,000.00	-
KAPKATA MIXED	700,000.00		700,000.00	350,000.00	-
Tertiary Schools	5,730,000.00		5,730,000.00	4,000,000.00	1,730,000.00
<b>Sub-Total</b>	<b>33,650,000.00</b>		<b>33,650,000.00</b>	<b>31,570,000.00</b>	<b>1,730,000.00</b>
9.0 Health institutions Projects					
9.1 balances b/f					
10.0 Security Projects					
<b>Sub-Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>12.0 ROADS</b>					
12.1					
<b>13.0 Others</b>					
13.1 Strategic Plan	4,000,000.00		4,000,000.00	2,555,080.00	1,409,119.00
13.2 Innovation Hub					
<b>Sub-Total</b>	<b>4,000,000.00</b>		<b>4,000,000.00</b>	<b>2,555,080.00</b>	<b>1,409,119.00</b>
<b>GRAND TOTALS</b>	<b>109,040,876.00</b>	<b>15,313,135.00</b>	<b>113,615,008</b>	<b>10,739,003.00</b>	<b>24,632,523.00</b>

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

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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

**Reports and Financial Statements  
For the year ended June 30, 2019**

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**VIII. 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-KAPENGURIA 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.

**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**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 2019, 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.

**KAPENGURIA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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**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 Funds**



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Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) 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 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 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 30<sup>th</sup> June 2019.

### 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.

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**IX. NOTES TO THE FINANCIAL STATEMENTS**

<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>AIE NO.</b>	<b>Kshs</b>	<b>Kshs</b>
	<b>B30183</b>	<b>10,000,000.00</b>	
Normal Allocation	B030424	12,000,000.00	
	B005040	11,379,310.35	
	B006366	8,000,000.00	
	A699122	11,000,000.00	
	B042757	13,000,000.00	
	B047550	55,040,875.50	
	AIE NO A855843		5,500,000
	AIE NO A892950		37,905,172
	AIE NO A896939		40,668,965
<b>TOTAL</b>		<b>120,420,186</b>	<b>84,074,137</b>

<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Receipts from the Sale of Buildings		-	-
Receipts from the Sale of Vehicles and Transport Equipment		-	-
Receipts from the Sale Plant Machinery and Equipment		-	-
Receipts from the Sale of Office and General Equipment		-	-
<b>TOTAL</b>		-	

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<b>3 OTHER RECEIPTS</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Interest Received		-	-
Rents		-	-
Sale of Tender Documents			-
Other Receipts Not Classified Elsewhere (specify)		-	-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

<b>4 COMPENSATION OF EMPLOYEES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Basic wages of contractual employees		3,648,743	2,964,066
<b>TOTAL</b>		<b>3,648,743</b>	<b>2,964,066</b>

<b>5 USE OF GOODS AND SERVICES</b>			
<b>Description</b>		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services			86,548
Electricity		0	
Water & sewerage charges		173,340	
Office rent			
Communication, supplies and services		222,100	244,033
Domestic travel and		44,050	

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subsistence			
Printing, advertising and information supplies & services		276,450	530,422
Rentals of produced assets			
Training expenses		0	987,000
Hospitality supplies and services		586,430	289,885
Other committee expenses		573,400	1,092,000
Committee allowance			
Insurance costs			
Specialised materials and services			
Office and general supplies and services		1,176,316	176,500
Fuel , oil & lubricants		421,099	928,000
Other operating expenses			152,096
Bank service commission and charges			
Security operations			
Routine maintenance - vehicles and other transport equipment		1,217,580	1,594,650
Routine maintenance- other assets		1,220,630	258,308
Strategic Plan			
<b>TOTAL</b>		<b>5,911,395</b>	<b>6,339,442</b>

**6 TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>

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Transfers to Primary schools	16,050,000	1,220,000
Transfers to Secondary schools	27,570,000	40,174,040
Transfers to Tertiary institutions	4,000,000	
TIVET		
<b>TOTAL</b>	<b>47,620,000</b>	<b>41,394,040</b>

**7 OTHER GRANTS AND OTHER PAYMENTS**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	19,821,855	12,543,300
Bursary -Tertiary	17,273,278	9,826,000
Bursary-Special schools	3,373,698	
M & E	2,985,000	
Strategic Plan	2,555,080.00	
Sports	2,287,280	1,736,205
Environment	1,506,000	1,736,185
Emergency Projects	5,726,550	5,137,080
<b>TOTAL</b>	<b>55,528,741</b>	<b>30,978,770</b>

**8 ACQUISITION OF ASSETS**

Non Financial Assets	2018-2019	2017 - 2018
	Kshs	Kshs
Refurbishment of Buildings	264,217	-
Purchase of office furniture and fittings	120,739	
<b>TOTAL</b>	<b>384,956</b>	

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<b>9 Other Payments</b>		
ICT HUB		-
specify		-
specify		-
<b>TOTAL</b>		-

<b>10A: Bank Balances (cash book bank balance)</b>			
Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
EQUITY Bank, KAPENGURIA BRANCH. KAPENGURIA NG- CDF	A/C no.1070297599233	10,739,004	3,412,653

<b>11: OUTSTANDING IMPRESTS</b>				
Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2019)
	Date imprest taken	Kshs	Kshs	Kshs
			-	-

<b>12 Retention</b>				
Supplier/Contractor	PV No.	2018-2019	2017 - 2018	
<b>TOTAL</b>				

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<b>13 BALANCES BROUGHT FORWARD</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>(1/7/2018)</b>	<b>(1/7/2017)</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		3,412,653	1,014,834
Cash in hand			-
Imprest			-
<b>TOTAL</b>		<b>3,412,653</b>	<b>1,014,834</b>

<b>14 PRIOR YEAR ADJUSTMENTS</b>			
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
<b>TOTAL</b>			

<b>15 OTHER IMPORTANT DISCLOSURES</b>			
<b>15.1:</b>	<b>PENDING ACCOUNTS PAYABLE (See Annex 1)</b>		
		<b>2018-2019</b>	<b>2017 - 2018</b>
		<b>Kshs</b>	<b>Kshs</b>
Construction of		-	-



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buildings			
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
<b>TOTAL</b>		-	-

15.2:	PENDING STAFF PAYABLES (See Annex 2)		
		2018-2019	2017 - 2018
		Kshs	Kshs
NGCDFC Staff		-	-
Others (specify)		-	-
		-	-

15.3:	UNUTILIZED FUND (See Annex 3)		
		2018-2019	2017 - 2018
		Kshs	Kshs
Compensation of employees		-	-
Use of goods and services		-	-
Amounts due to other Government entities		-	-
Amounts due to other grants and other transfers		-	-
Acquisition of assets			
Others ( <i>specify</i> )			

15.4:	PMC account balances (See Annex 5)			
			2018-2019	2017-2018
PMC	BANK	A/C NO	Kshs	Kshs
Pmc account				575,000

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balances					
					575,000

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE						
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2018	Comments
	a	b	c	d=a-c		
<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.						

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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 2019	Outstanding Balance 2018	Comments
		a	b	c	d=a-c		
<b>NGCDF Staff salary</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>NGCDFC Staff gratuity</b>							
1							
2							
3							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
1							
2							
3							
<b>Sub-Total</b>							

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<b>Grand Total</b>					
--------------------	--	--	--	--	--

<b>ANNEX 3 - ANALYSIS OF UNUTILIZED</b>				
Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Acquisition of assets				
Others ( <i>specify</i> )				

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Sub-Total				
Grand Total				

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2017/18</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2018/19</b>
Land	372,000	-	-	372,000
Buildings and structures	8,099,659	264,217	-	8,363,876
Transport equipment	11,242,046	-	-	11,242,046
Office equipment, furniture and fittings	1,023,000	120,739	-	1,143,739
ICT Equipment, Software and Other ICT Assets	1,155,296	-	-	1,155,296
Other Machinery and Equipment	250,000	-	-	250,000
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>22,142,001</b>	<b>384,956</b>		<b>22,526,957</b>

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ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Turkwel secondary school	Equity		200,000	
Nasokol girls secondary school bus project	Equity		150,000	
St. Francis school for the blind, school bus	Equity		80,000	
Kapchilla Secondary School	Equity		50,000	
Karas secondary school bus	Equity		23,500	
Chepunpun Pry school	Kcb		10,655	
kalimaris Pry School	Equity		5000	
Turkwel Gorge Secondary School bus	Equity		9,000	
Lityei secondary mixed Secondary School	Equity		12,400	
<b>Total</b>			<b>540,555</b>	

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1 of 2017	Bursary disbursement	A copy of the minutes of the subcommittee indicating how the beneficiaries were identified is available for review. The minutes indicating co-option of two officers one being the district education officer and the second one is the assistant county commissioner-Kapenguria. The schools/institutions did acknowledge receipt of the bursary funds and make acknowledge letters, copies of acknowledgement letters are available for review.	Stephen Mngat, Funds Accounts Manager	Resolved	
1.2 of 2017	Emergency projects	The funds were used to pay for labour to individuals that were involved on repairs of toilets and classrooms that had been destroyed by heavy wind and rains at various schools within the constituency. Supporting documents are available for review.	Stephen Mngat, Funds Accounts Manager	Resolved	
1.3 of 2017	Renovation of sook office	The quotations, evaluation minutes, and inspection and acceptance reports are	Stephen Mngat, Funds Accounts	Resolved	



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		available for review. The works have since been satisfactorily done.	Manager		
1.4 of 2017	Renovation of Kongelai CDF office	The quotations, evaluation minutes, and inspection and acceptance reports. We wish to confirm that the works were undertaken fully and satisfactorily.	Stephen Mngangat, Funds Accounts Manager	Resolved	
2.0 of 2017	Purchase of Lnad- Riwo Secondary School	The purchase agreement for the Riwo secondary school land is available for review. The compensation included development assets that were on the site that belonged to the group. More ownership documents are in progress.	Stephen Mngangat, Funds Accounts Manager	Resolved	31 <sup>st</sup> December, 2018
3.0 of 2017	Proposed construction of Kitalakapel TTI- Erection and completion of twin workshop, classrooms and office block	NG-CDF Kapenguria was supposed to disburse the amount to the TTI just like to other projects and not based on the completion certificates. The contracts for the projects were signed between the contractor and the mentoring institutions and therefore the institutions were fully accountable for the supervision and payments for all works done as per the contract. A follow up will be made to the institution so that it provide the supporting documents for the funds disbursed	Stephen Mngangat, Funds Accounts Manager	Resolved	31 <sup>st</sup> December, 2018

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0 of FY 2016	Inaccuracies in the financial statements	The variance of Ksh 2,006,913 was as a result of undisbursement of the same by the CDF board.	Stephen Mnangat, Funds Accounts Manager	Resolved	
2.0 of FY 2016	Lack of expenditure returns for Ksh 1,215,149 for construction of Kongelai CDF office	The expenditure returns for the construction of kongelai CDF office has since been availed by the PMC.	Stephen Mnangat, Funds Accounts Manager	Resolved	
3.0 of FY 2016	Lack of bursary sub committee	The bursary subcommittee has since been formed where two other members have been coopted where one is the district education officer- Kapenguria	Stephen Mnangat, Funds Accounts Manager	Resolved	
4.0 of FY 2016	Lack of Purchase supporting documents for purchase of land – Psigirio primary school	The supporting documents such sale agreement among others for the purchase of land in Psigirio primary school are available for review	Stephen Mnangat, Funds Accounts Manager	Resolved	
1.0 of FY 2015	Validity of transfer from other government entities put to question.	The Ksh 24,686,430 was funds relating to the previous financial year, FY 2013/2014 that was funded in FY 2014/2015 bank statements are available for review.	Stephen Mnangat, Funds Accounts Manager	Resolved	
2.0 of FY 2015	Unconfirmed propriety of compensation of employees of Ksh 1,082,720	The number of the employees has been reducing slowly where in the event of an exit of an employee no replacement is made. The number has since gone down by 2.	Stephen Mnangat, Funds Accounts Manager	resolved	By December, 2019
3.0 of FY 2015	Unconfirmed propriety of purchase of school buses amounting to Ksh 13,000,000	The unspent balance of Ksh 213,280 for the St mary's siyoi secondary school was spent in making payment for	Stephen Mnangat, Funds Accounts	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		the insurance. The invoice is available for review. In addition procurement records for the purchase of the buses are available for review.	Manager		
4.0 of FY 2015	Unconfirmed propriety for transfer to health facilities amounting to Ksh 2,400,000	The expenditure returns for the renovation of the health facilities have since been availed by the respective PMCs	Stephen Mnangat, Funds Accounts Manager	Resolved	

Date 19/2/2019

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**RESPONSES ON AUDIT ISSUES**

S/No	Title of Query	Issues raised by Auditors	Responses /Management Comments
1	Presentation of financial statement	Unexplained difference of Ksh 12,237,309 on the approved budget	A significant percentage of this amount had been included in the figure under adjustment column, However, this has since been corrected. <b>See the revised financial statement</b>
		Variance of Ksh 11,379,310 under adjustments	This relates to the last code list for the year under review, it has been correctly captured under the original budget. <b>See the revised financial statement</b>
		Variance of Ksh 999,999 under final budget	This was an omission which has been recorded. <b>See the revised financial statement.</b>
		In accuracies in the financial statement- Differences between amounts in financial statements and supporting schedules	The difference between the financial statement and schedules figure was occasioned by classification errors in the financial statements. The schedules represent the correct position. <b>See the revised financial statement</b>
2	Budgetary Control and performance	Under expenditure under various items indicated below	
		Transfer to Other Government Units	As at 30.6.2018, NG-CDF Kapenguria had not received more than 10 Million in addition The under expenditure was further occasioned by delay by some projects in submitting some necessary documents such as the BOQs and Drawings among others
		Other grants and transfer	As at 30.6.2018, NG-CDF Kapenguria had not received more than 10 Million leading to the under expenditure.
3	Project	Five projects with	Lack of funding was occasioned by



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	implementation	total budget of Ksh 3,310,690 not funded	delays in receiving the funds. From the board. However, the projects would be considered in the current financial year 2018-2019, upon receipt of last financial year.
4	Project verification	In complete projects.	CDFC established that logistical challenges contributed towards the projects incompleteness. However, it has put in place mechanism to ensure that all the projects are completed at the right time. This include continuous monitoring and evaluation exercise among others.
5	Funding of un approved projects	Disbursement totaling Ksh 1,370,000 were funded on projects not in the approved code list	The projects were carried out of necessity and urgency. For example, the latrines and bath rooms for turkwel gorge mixed sch were in a very bad state and yet students were in school. And again for Komol Primary School, students were sharing beds. This payments were therefore necessary and could not be suspended.
6	Over expenditure on the following areas		
	Bursary	Over expenditure of Ksh 5,542,679.31	The budgeted amount from the code lists was Ksh 22,326,620.69 while the actual expenditure was Ksh 22,369,300. Therefore, there was no over expenditure.
	Emergency	Over expenditure Ksh 568,114.48	The budgeted amount from the code list was Ksh 5,137,931.03 while the actual expenditure. Therefore, there was no over expenditure.