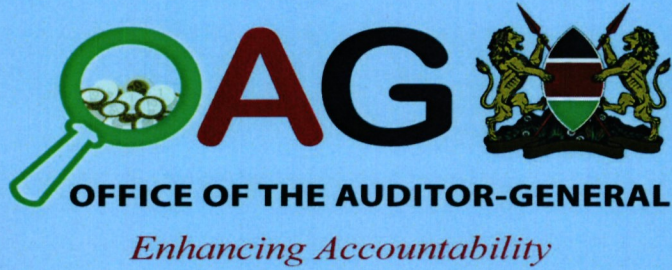


REPUBLIC OF KENYA



**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

THE NATIONAL ASSEMBLY	
DATE: 16 FEB 2022	
DAY: wed	
TABLED BY: ON	LDM
CLERK-AT THE-TABLE:	S. Kalawa

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

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



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY  
30 SEP 2020  
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -MATHIOYA  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020

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

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

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

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

**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 MATHIOYA Constituency day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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

<b>N</b>	<b>Designation</b>	<b>Name</b>
1.	A.I.E holder	MARY KYENGO
2.	Sub-County Accountant	JOSEPH KAGUNU
3.	Chairman NGCDFC	PETER ITEGI
4.	Member NGCDFC	LUCY WANJIKU

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 275  
Mathioya subcounty Headquarters compound  
Kiriaini, KENYA

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

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

**(f) NGCDF MATHIOYA Constituency Contacts**

Telephone: (254) 0723945343  
E-mail: mathioya@ngcdf.go.ke  
Website: www.ngcdf.go.ke

**(g) NGCDF MATHIOYA Constituency Bankers**

1. Equity Bank  
Kiriaini Branch  
Account Number : 0050290920356  
P O Box 75104 - 00200  
Nairobi, 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

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

**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

Mathioya constituency is one of the constituencies in Muranga county. It is the most far end constituency bordering Nyeri county.

In the just concluded financial year, 2019/2020, Mathioya constituency has been able to complete a number of key projects in various primary and secondary schools. The CDF is keen in setting realistic and achievable goals by giving priority to ongoing projects to ensure their completion in time.

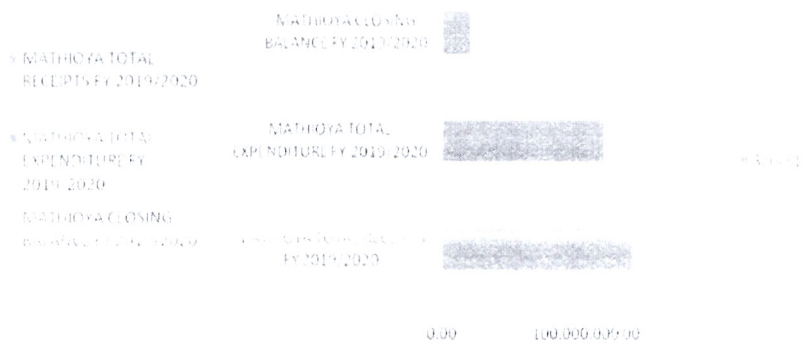
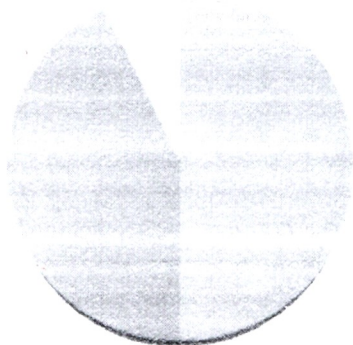
Mathioya CDF has ensured fairness in the disbursement of bursaries to help keep bright and needy students in school. This has gone a long way in improving the performance of the constituency. At the same time, the constituency holds an academic day for teachers and learners every year in a bid to motivate them for improved performance.


During the FY 2019/2020, Mathioya constituency supported 726 families to access free medical services through the NHIF program for one year. This will go a long way in reducing fatalities and increasing productivity of the constituency.

There has been great co-operation between the CDF and other sectors like KERRA and water departments to ensure easy access to clean water and ease in movements.

During the FY 2019/2020, Mathioya constituency received a total of ksh. 123,040,876 from the CDF Board. There were also receipts from sale of tenders of ksh.341,000 and prior year adjustment received of ksh.300,780. In addition, there was ksh. 7,763,048 as opening balance at the beginning of the year, making a total of ksh. 131,445,704. These were the total funds available for expenditure in the year. The constituency spent a total of ksh. 111,871,419.00 leaving a balance of ksh.19,574,284.92. This was about 85% absorption of what was available for expenditure.

The major challenge of the fund is increased need for infrastructure yet the public institutions lack land for expansion. The constituency has tried to resolve this through funding construction of storeyed buildings to make use of the little available land.



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-MATHIOYA Constituency's 2018-2022 plan are to:**

1. Improve security in the constituency. There has been major concern on security in the constituency.
2. Ensure there is adequate water for each constituent by protecting the catchment areas and raising the water table.
3. Improving access to quality education by rehabilitation/renovation/construction of classrooms, sanitary facilities, laboratories, library and boarding facilities, computer labs/classes in schools in the constituency; provision of laboratory equipment and ICT facilities to schools; provision of bursary to needy and bright students at all levels of learning; and connection of all schools to the national grid;
4. Agriculture and industry. Improving rural access roads to ensure farm produce reaches markets , educating the community on soil conservation, intervention to enable capable farmers access credit facilities.
5. Environment. This includes providing proper sewerage system and educating the community on proper waste management, ensuring adequate water supply and putting up bylaws to discourage construction of shanties. This will guarantee a clean organised constituency.

**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	In FY 19/20 Bursary beneficiaries increased from 4,000 to 5,000; demand for classes in every secondary school increased.



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

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

			- institutions - number of bursary beneficiaries at all levels	Demand for more teachers
Security	To have improved security for economic growth	More businesses coming up in every town. Rapid growth in various shopping centres	Construction of more AP Posts.  Reducing number of crimes	More demand for uwezo/youth loans for start up of businesses. Increased banking institutions.
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Increased number of agricultural businesses.	Increased piping in the constituency, Increased tree planting	Less ailments reported in hospitals.  Increase farm produce
Water	Maintain and improve water table.  Improve water conservation in the constituency	Increased agricultural produce.	Increased tea buying centres	No of tea buying centres increased from 50 to 60

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

NGCDF – MATHIOYA 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 Mathioya NG-CDF Committee is keen in ensuring satisfactory service delivery while involving other stakeholders. This is found in the Mathioya strategic plan that outlines the vision mission and core values of the constituency.

**Vision**

“To be a model constituency in ICT application besides equitable distribution of resources in the country”

**Mission**

“To provide transformative leadership in the optimal utilization of NGCDF for equitable development and poverty reduction at the community level”

**Core values**

Honesty and Integrity: The constituency leadership shall promote openness, uprightness and reliability while executing their mandate;

- b) Efficiency and Effectiveness: The constituency leadership will promote high productivity, competence and usefulness of resources;
- c) Innovativeness and Creativity: The constituency leadership is committed to resourcefulness and visionary planning and service delivery;
- d) Inclusiveness: The constituency leadership is committed to uphold citizen driven and focused service delivery;
- e) Equity and Equality: The constituency leadership will promote fairness and equal distribution of resources and services;
- f) Accountability and Transparency: The constituency shall conduct its business and lend services to its stakeholders in a transparent and accountable manner.

## **2. Environmental performance**

The NG CDFC members, staff and PMCS who represent the community are trained among other issues on maintaining a clean environment and management of waste.

The community is encouraged to make maximum use of ICT to reduce the usage of paper. The constituency has also partnered with other stakeholders, like Tana Water, to provide more tanks to public institutions for water harvesting.

The community is also educated on make using of energy saving devices and usage of the natural energy as much as possible.

The Mathioya NG CDF s has financed construction of gabions and culverts to prevent soil erosion. Tree planting has been a major project under environment where seedlings are supplied to public institutions and also the public is educated about planting trees and the benefits thereof.

## **3. Employee welfare**

Staff hiring is usually contacted through local advertisements distributed all around the constituency. The advertisement clearly states the Vacant positions and the qualifications for each category. The timelines for the advertisements are quite clear giving every potential resident of the constituency an opportunity to apply.

The cdf Mathioya appoints a committee to undertake the interview. The interview is usually conducted in a formal manner and using measurable criteria. During final selection, gender balance is taken care of. The unsuccessful candidates are also informed and encouraged to look out for any vacancies in future.

Once the successful candidates are taken in, an orientation is done for two days to enable the new employees accustom to the services offered. A formal training is thereafter arranged to capacity build the staff. This is usually done at least annually. The training includes such matters as safety and security while in office.

The staff whose performance is outstanding are usually given a commendation letter that they can also use elsewhere.

The staff are usually required to register with NHIF to ensure they get free medication in case such a need arises for them or their other nuclear family members.

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

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

**4. Market place practices-**

**a) Responsible competition practice.**

The Mathioya NG CDF has done its best in ensure responsible competition practice. This includes verifying attached documents during procurement to ensure they are genuine and ensuring that the ad hoc tender committee sticks to the laid down procurement procedures. At the same time, during tender advertising, the tenderers are encouraged to attend tender opening and for those who attend their opinion is sought about the fairness of the process.

**b) Responsible Supply chain and supplier relations-**

Once tenders are awarded, Mathioya constituency ensures timely inspection of projects and payment to contractors once the works are certified. The CDF also guarantees money lending institutions for suppliers who are willing to work but financially unable and makes follow up to ensure that such loans are paid during release of the payments to the suppliers.

**c) Responsible Marketing and advertising.**

Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

**d) Product stewardship**

In order to safeguard consumer rights and interests, the Mathioya NG-CDF involves the community in inspecting the materials being used by various contractors to put up various buildings. This ensures that the community is satisfied with the quality and workmanship. At the same time, the Mathioya NG CDF has a complaints handling committee for dealing with complaints that are reported in the office and even others gathered during project inspections. At the same time, a complaints and suggestion box is placed right outside the office for anyone who would like to report on any matter.

**5. Community Engagements-**

Public participation in identification and implementation of projects. The community is highly involved in identifying and implementing the projects in line with the CDF Act 2015. This is done usually in the first year of a parliamentary term and thereafter once every two years thereafter. It from the list of the ward meeting reports that a proposal is drawn. At the same time, once the funds are received the same community where the project is identified are elected to oversee the implementation of the project.

Public participation has been found to be very fruitful for ownership and sustainability of the project once complete.

**COVID-19 mitigation**

The constituency has been involved in measures aimed at mitigating the effect of Covid-19. This includes sensitising the public about proper hygiene, issuance of masks to the very vulnerable groups in the constituency and also reducing direct and frequent contact with the constituency to minimise the spread of COVID-19.

The constituency through the cdf fund has finance a no. of water harvesting projects especially in primary school to improve on sanitation. Several toilets have also been constructed in institutions where the need was dire. This has helped improve public health and has gone a long way in reducing common hygiene related ailments.

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

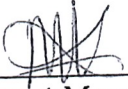
The Accounting Officer in charge of the NGCDF-MATHIOYA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020.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

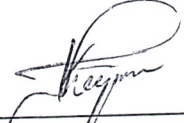
The Accounting Officer in charge of the NGCDF-MATHIOYA Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-MATHIOYA Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-MATHIOYA 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

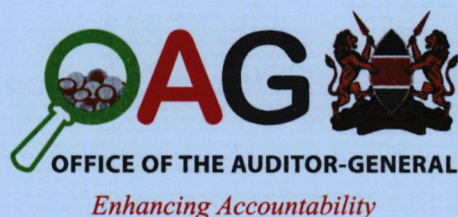
The NGCDF-MATHIOYA Constituency financial statements were approved and signed by the Accounting Officer on 28/8/2020.

  
\_\_\_\_\_  
Fund Account Manager  
Name: MARY KYENGO

  
\_\_\_\_\_  
Sub-County Accountant  
Name: JOSEPH G. KIBUKA  
ICPAK Member Number: 16688

# REPUBLIC OF KENYA

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NAIROBI

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mathioya Constituency set out on pages 12 to 38, which comprise the statement of assets and liabilities as at 30 June, 2020 and the 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 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 - Mathioya Constituency as at 30 June, 2020 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 Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

#### **Basis for Qualified Opinion**

##### **1. Use of Goods and Services**

###### **1.1 Unsupported Fuel Expenditure**

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.8,079,318 which as disclosed at Note 4 to the financial statements, included an expenditure of Kshs.400,000 on fuel, oil and lubricants. However, the supporting schedules reflected total expenditure of Kshs.339,530 resulting into a difference of Kshs.60,470 which was not reconciled or explained.

## **1.2 Unsupported Constituency Education Day Expenditure**

As disclosed at Note 4 to the financial statements, the use of goods and services expenditure of Kshs.8,079,318 included an amount of Kshs.3,409,430 in respect of committee allowances of which an amount of Kshs.570,000 was spent to defray expenses relating to the Constituency Education Day held on 09 March, 2020. However, expenditure returns and supporting documentation including receipts, invoices and signed attendance schedules were not provided for audit.

As a result, the accuracy and validity of the expenditure of Kshs.570,000 incurred on the Education Day during the year ended 30 June, 2020 could not be ascertained.

## **2. Bank Balances**

The statement of assets and liabilities reflects bank balances of Kshs.19,574,285 as at 30 June, 2020. However, the June, 2020 bank reconciliation statement reflected unrepresented cheques amounting to Kshs.2,907,103 for which relevant details were not provided for audit.

As a result, the accuracy and completeness of the reported bank balances of Kshs.19,574,285 as at 30 June, 2020 could not be confirmed.

## **3. Prior Year Adjustment**

The statement of assets and liabilities reflects a prior year adjustment of Kshs.300,780 relating to bank account balances as disclosed at Note 14 to the financial statements. However, Paragraph 1.5 of International Public Sector Accounting Standard – Financial Reporting under the Cash Basis of Accounting requires that errors relating to prior periods shall be reported by adjusting the cash at the beginning of the period and comparative information to be restated accordingly. The disclosure requirements with regard to correction of errors have also not been met.

## **4. Unreconciled Variance on Unutilized Funds**

The summary statement of appropriation - recurrent and development combined reflects a budget under-utilization of Kshs.88,300,228. However, Note 15.1 and Annex 3 reflect unutilized funds balance of Kshs.88,559,182 resulting into an unreconciled variance of Kshs.258,954.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Mathioya 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. Unresolved Prior Year Audit Matters**

As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided satisfactory reasons for the delay in resolving the issues.

#### **2. Budgetary Control and Performance**

The summary statement of appropriation – recurrent and development combined reflects a final receipts budget and actual receipts on comparable basis of Kshs.200,171,648 and Kshs.131,144,924 respectively, resulting into an under-funding of Kshs.69,026,724 or 34% of the budget. Similarly, the Fund expended Kshs.111,871,419 against an approved budget of Kshs.200,171,647 resulting into an under-expenditure of Kshs.88,300,228 or 44% of the budget.

The under-funding and under-expenditure impacted negatively on service delivery to the residents of Mathioya Constituency.

### **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**

##### **Irregular Expenditure on Printing of Calendars**

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.8,079,318 which as disclosed at Note 4 to the financial statements, includes Kshs.423,240 in respect of printing, advertising and information

supplies services. The expenditure includes an amount of Kshs.300,000 incurred on printing of calendars for the year 2020. However, the expenditure was not included in the annual approved work plan and budget for the Fund as required under Regulation 25 (2) of National Government Constituencies Development Fund Regulations, 2016 which provides that a Constituency Committee shall not incur expenditure unless such expenditure is supported by an approved work plan, a procurement plan and a budget. Further, the delivery Note and the inspection and acceptance certificate issued in accordance with Section 48(4) of Public Procurement and Asset Disposal Act, 2015 was not provided.

In the circumstances, Management was in breach of the Law.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 processes and systems of internal control, risk management and 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability of the National Government Constituencies Development Fund - Mathioya Constituency to sustain services, disclosing, as applicable, matters related to



sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 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 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 going concern 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 ability of the Fund 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 sustaining 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

02 December, 2021


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

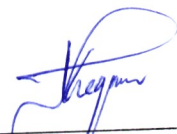
**Reports and Financial Statements For the year ended June 30, 2020**

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
			Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	123,040,876	108,784,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	341,000	31,000
<b>TOTAL RECEIPTS</b>		<b>123,381,876</b>	<b>108,815,483</b>
<b>PAYMENTS</b>			
Compensation of employees	4	1,573,560	1,658,620
Use of goods and services	5	8,079,318	8,406,357
Transfers to Other Government Units	6	37,154,681	43,288,278
Other grants and transfers	7	64,651,860	51,769,965
Acquisition of Assets	8	412,000	-
Other Payments	9	-	2,500,000
<b>TOTAL PAYMENTS</b>		<b>111,871,419</b>	<b>107,623,220</b>
<b>SURPLUS/DEFICIT</b>		<b>11,510,457</b>	<b>1,192,263</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATHIOYA Constituency financial statements were approved on 28/8/2020 and signed by:

  
Fund Account Manager  
Name: MARY KIENGO

  
National Sub-County Accountant  
Name: JOSEPH G. KARIUKI  
ICPAK Member Number: 16688

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MATHIOYA 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
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	19,574,285	7,763,048
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>19,574,285</b>	<b>7,763,048</b>
Current Receivables-Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,574,285</b>	<b>7,763,048</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable-Retention	12A	-	-
Gratuity	12B	-	-
<b>NET FINANCIAL ASSETS</b>		<b>19,574,285</b>	<b>7,763,048</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	7,763,048	6,566,785
Surplus/Deficit for the year		11,510,457	1,192,263
Prior year adjustments	14	300,780	4,000
<b>NET FINANCIAL POSITION</b>		<b>19,574,285</b>	<b>7,763,048</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATHIOYA Constituency financial statements were approved on 28/8/2020 and signed by:

Fund Account Manager

Name: MARY KYENGO

National Sub-County Accountant

Name: JESSE G. KITHUNYU  
ICPAK Member Number: 16688

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

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

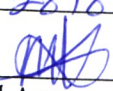
**IX. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	123,040,876	108,784,483
Other Receipts	3	341,000	31,000
		<b>123,381,876</b>	<b>108,815,483</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	1,573,560	1,658,620
Use of goods and services	5	8,079,318	8,406,357
Transfers to Other Government Units	6	37,154,681	43,288,278
Other grants and transfers	7	64,651,860	51,769,965
Other Payments	9	-	2,500,000
		<b>111,459,419</b>	<b>107,623,220</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable	15		
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	300,780	4,000
<b>Net Adjustments</b>		<b>300,780</b>	<b>4,000</b>
<b>Net cash flow from operating activities</b>		<b>12,223,237</b>	<b>1,196,263</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8	(412,000)	-
<b>Net cash flows from Investing Activities</b>		<b>(412,000)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	13	7,763,048	6,566,785
Cash and cash equivalent at END of the year		<b>19,574,285</b>	<b>7,763,048</b>

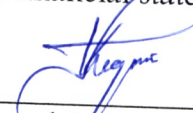
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
MATHIOYA CONSTITUENCY**

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATHIOYA Constituency financial statements were approved on 28/8/20 2020 and signed by:

  
\_\_\_\_\_  
Fund Account Manager

Name: MARY KYONGO

  
\_\_\_\_\_  
National Sub-County Accountant

Name: JOSEPH G. KHEUNY  
ICPAK Member Number: 16688

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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	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 NG-CDF Board	137,367,724	62,803,923	200,171,648	130,803,924	69,367,724	65.3%
Proceeds from Sale of Assets				-	-	0.0%
Other Receipts - AIA				341,000	(341,000)	
<b>TOTAL RECEIPTS</b>	<b>137,367,724</b>	<b>62,803,923</b>	<b>200,171,648</b>	<b>131,144,924</b>	<b>69,026,724</b>	<b>65.5%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,141,360	1,022,000	4,163,360	1,573,560	2,589,800	37.8%
Use of goods and services	9,221,734	3,746,609	12,968,343	8,079,318	4,889,025	62.3%
Transfers to Other Government Units	73,304,681	24,900,000	98,204,681	37,154,681	61,050,000	37.8%
Other grants and transfers	51,699,949	32,668,314	84,368,263	64,651,860	19,716,403	76.6%
Acquisition of Assets		420,000	420,000	412,000	8,000	98.1%
Other Payments	0	47,000	47,000	-	47,000	0.0%
<b>TOTAL</b>	<b>137,367,724</b>	<b>62,803,923</b>	<b>200,171,647</b>	<b>111,871,419</b>	<b>88,300,228</b>	<b>55.9%</b>


i. In compensation of employees, use of goods and services, Transfer to government units, other grants and transfers and other payments, there was underutilization. This was caused by delay in the disbursement of funds to the constituency.




COMMUNITY DEVELOPMENT FUND (NGCDF) - MATHIOYA CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2020

- ii. The changes between the original and actual budget was as a result of balance brought forward from the previous year and funds for previous year received in the current year.
- iii. The changes between the original and final budget are mainly as a result of funds for previous financial years being received within the financial year.

The NGCDF-MATHIOYA Constituency financial statements were approved on 28/8/ 2020 and signed by:

  
Fund Account Manager  
Name: MARY K. G. K. G.

  
Sub-County Accountant  
Name: Jessie G. Mathioya  
ICPAK Member Number: 16688

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	3,141,360	1,022,000	4,163,360	1,573,560	2,589,800
1.2 Committee allowances	2,400,000	1,022,361	3,422,361	3,409,430	12,931
1.3 Use of goods and services	2,700,703	1,022,362	3,723,065	1,015,878	2,707,187
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,000,000	750,943	1,750,943	750,000	1,000,943
2.2 Committee allowances	2,880,000	750,943	3,630,943	2,504,010	1,126,933
2.3 Use of goods and services	241,031	200,000	441,031	400,000	41,031
<b>3.0 Emergency</b>					
3.1 Primary Schools	7,198,241	4,438,993	11,637,235	7,299,160	4,338,075
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					
4.2 Secondary Schools	15,001,000	121,335	15,122,335	14,062,528	1,059,807
4.3 Tertiary Institutions	13,000,000		13,000,000	9,984,500	3,015,500
4.4 Universities	0		0		0

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

**Reports and Financial Statements**

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

4.5 Social Security		4,356,000	8,361,000	12,717,000	8,106,000	4,611,000
<b>5.0 Sports</b>						0
5.1		2,747,354	2,180,817	4,928,171	2,178,000	2,750,171
<b>6.0 Environment</b>						
6.1		2,747,354	2,180,817	4,928,171	1,684,920	3,243,251
<b>7.0 Primary Schools Projects</b>						
7.1 Gaithunu primary school	3,000,000			3,000,000		3,000,000
7.2 Gikoe primary School	2,400,000			2,400,000		2,400,000
7.3 J J Kamotho primary School	2,000,000			2,000,000		2,000,000
7.4 Kagoini primary School	2,000,000			2,000,000		2,000,000
7.5 Kagumoini primary school	1,200,000			1,200,000		1,200,000
7.6 Kairo primary School	1,000,000			1,000,000		1,000,000
7.7 Kangongi primary school	2,500,000		2,000,000	4,500,000	4,500,000	0
7.8 Kanjahi Primary school	2,000,000			2,000,000		2,000,000
7.9 Karugiro primary School	2,000,000			2,000,000		2,000,000
7.10 Kiriaini primary School	1,500,000			1,500,000		1,500,000
7.11 Kiriithiru primary School	2,000,000			2,000,000		2,000,000
7.12 Kiuu primary school	2,500,000			2,500,000	2,500,000	0
7.13 Mananga primary school	600,000			600,000		600,000
7.14 Mukui primary school	1,500,000			1,500,000		1,500,000
7.15 Ngoruini primary school	2,000,000			2,000,000		2,000,000



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

8.11 Matuto sec. school	2,254,681	2,500,000	4,754,681	4,754,681	0
8.12 Njumbi secondary School	1,500,000		1,500,000		1,500,000
8.13 Runyeki Sec. school	2,000,000	3,000,000	5,000,000	5,000,000	0
8.14 St. philip gikindu sec. school	3,000,000		3,000,000	3,000,000	0
<b>9.0 Security Projects</b>					
9.1 Kiriaini police station	650,000		650,000		650,000
9.2 Nyakianga divisional office	6,000,000	8,000,000	14,000,000	14,000,000	0
9.3 Nyakiangapolicestation		1,000,000	1,000,000	1,000,000	0
9.4 Nyangiti police post		1,645,944	1,645,944	1,645,944	0
9.5 Kiru divisional office		990,408	990,408	990,408	0
<b>10.0 Acquisition of assets</b>					
10.1 Purchase of furniture and equipment		420,000	420,000	412,000	8,000
<b>11.0 Others</b>					
11.1 CDF Office		1,000,000	1,000,000	1,000,000	0
11.2 Mathioya WIFI Project		1,749,000	1,749,000	1,740,000	9,000
11.3 Mathioya DEOs office		700,000	700,000	660,400	39,600
11.4 CDF Office		300,000	300,000	300,000	0
11.5 AIA		47,000	47,000	0	47,000
	<b>137,367,724</b>	<b>62,803,924</b>	<b>200,171,648</b>	<b>111,871,419</b>	<b>88,300,229</b>

## **XII. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

### **1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the NGCDF-MATHIOYA 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.

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

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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 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.



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

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**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 1<sup>st</sup> July 2019 to 30<sup>th</sup> 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 30<sup>th</sup> June 2020.

**14. Errors**

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

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

**15. Related Party Transactions**

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

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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019 - 2020	2018 - 2019
		Kshs	Kshs
NGCDF Board			
	B005174		53,048,277.15
	B005382		1,736,206.00
	B 030276		10,000,000.00
	B 005405		12,000,000.00
	B 006453		8,000,000.00
	B042802		11,000,000.00
	B047030		13,000,000.00
	AIE B 041092	52,994,931.50	
	AIE B 47333	2,045,944.00	
	AIE B 041132	4,000,000.00	
	AIE B 047813	18,000,000.00	
	AIE B 049380	15,000,000.00	
	AIE B 104403	15,000,000.00	
	AIE B 096613	16,000,000.00	
<b>TOTAL</b>		<b>123,040,876</b>	<b>108,784,483</b>

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**2. OTHER RECEIPTS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Receipts from Sale of tender documents	341,000	31,000
<b>Total</b>	<b>341,000</b>	<b>31,000</b>

**3. COMPENSATION OF EMPLOYEES**

<b>Description</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic wages of temporary employees	1,450,440	1,529,380
Employer contribution to NSSF	123,120	129,240
<b>TOTAL</b>	<b>1,573,560</b>	<b>1,658,620</b>

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**4. USE OF GOODS AND SERVICES**

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Utilities, supplies and services	9,450	9,450
Electricity	20,000	37,493
Water & sewerage charges	22,110	14,460
Printing, advertising and information supplies & services	423,240	200,070
Training expenses	750,000	1,085,000
Other committee expenses	2,504,010	2,773,340
Committee allowance	3,409,430	3,407,585
Office and general supplies and services	430,500	378,779
Fuel , oil & lubricants	400,000	400,000
Bank service commission and charges	17,520.00	37,460
Routine maintenance - vehicles and other transport equipment	93,058	62,720
<b>TOTAL</b>	<b>8,079,318</b>	<b>8,406,357</b>

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**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)	14,900,000	18,340,000
Transfers to secondary schools (see attached list)	22,254,681	24,948,278
<b>TOTAL</b>	<b>37,154,681</b>	<b>43,288,278</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Bursary - Secondary	14,062,528	22,951,961
Bursary - Tertiary	9,984,500	19,918,489
Bursary - social programs	8,106,000	
Security	17,636,352	1,134,000
Sports	2,178,000	1,963,792
Environment	1,684,920	1,963,792
Other capital grants and transfer	3,700,400	
<b>Emergency Projects</b>	<b>7,299,160</b>	<b>3,837,931</b>
<b>TOTAL</b>	<b>64,651,860</b>	<b>51,769,965</b>

8. ACQUISITION OF ASSETS

Non Financial Assets	2019 - 2020	2018 - 2019
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	297,000	-
Purchase of ICT Equipment, Software and Other ICT Assets	115,000	-
<b>TOTAL</b>	<b>412,000</b>	<b>-</b>

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic Plan		2,500,000
ICT Hubs		
		-
<b>TOTAL</b>	<b>-</b>	<b>2,500,000</b>

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**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	Account Number	2019 - 2020	2018 - 2019
		Kshs (30/6/2019)	Kshs (30/6/2018)
Equity Bank, Kiriaini Branch . Mathioya NG-CDF	A/C no.0050290920356	19,574,284.92	7,763,048.42

**13. BALANCES BROUGHT FORWARD**

		2019 - 2020	2018 - 2019
		Kshs (1/7/2019)	Kshs (1/7/2018)
Bank accounts		7,763,048.42	6,566,785.27
Cash in hand			
<b>TOTAL</b>		<b>7,763,048</b>	<b>6,566,785</b>

**14. PRIOR YEAR ADJUSTMENTS**

		Balance b/f FY2018 - 2019 per Financial statements	Adjustments	Adjusted balance b/f 2019 - 2020
Description of the error		Kshs	Kshs	Kshs
Bank accounts balances		7,763,048	300,780	8,063,828
<b>TOTAL</b>		<b>7,763,048</b>	<b>300,780</b>	<b>8,063,828</b>

15. OTHER IMPORTANT DISCLOSURES

15.1: UNUTILIZED FUND (See Annex 1)

	2019 - 2020	2018 - 2019
	Kshs	Kshs
Compensation of employees	2,579,800	1,022,000
Use of goods and services	4,899,804	3,746,609
Amounts due to other Government entities (see attached list)	61,050,000	24,900,000
Amounts due to other grants and other transfers (see attached list)	20,029,578	32,664,315
Acquisition of assets	-	420,000
Others (AIA)	-	16,000
	88,559,182	62,768,924



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**15.2: PMC account balances (See Annex 3)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	33,764,964	31,747,847.60
	<b>33,764,964</b>	<b>31,747,847.60</b>

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**ANNEX 1 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19
Compensation of employees		2,579,800.00	1,022,000
Use of goods & services		4,899,804.00	3,746,609
<b>Amounts due to other Government entities:</b>			
1. Primary Schools		29,550,000	24,900,000
2. Secondary Schools		31,500,000	
<b>Sub-Total</b>		<b>61,050,000</b>	
<b>Amounts due to other grants and other transfers</b>		20,029,578.17	32,664,315
<b>Acquisition of assets</b>			420,000
<b>Others (AIA)</b>			16,000
<b>Grand Total</b>		<b>88,559,182.17</b>	<b>62,768,924</b>

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**ANNEX 2– SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2018/19</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2019/20</b>
Buildings and structures	10,000,000			10,000,000
Transport equipment	8,535,932			8,535,932
Office equipment, furniture and fittings	1,701,136			1,701,136
ICT Equipment, Software and Other ICT Assets	997,144	412,000		585,144
Other Machinery and Equipment	561,540			561,540
Heritage and cultural assets	-			-
Intangible assets	-			-
<b>Total</b>	<b>21,795,752</b>			<b>21,383,752</b>

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**ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020**

No	PMC	Bank	Account number	Bank Balance 2019/20
1	kangongi primary school	Equity	005 027 197 470 5	2,659,448.10
2	Githendu primary school	Equity	005 026 341 305 8	260,460.00
3	Njumbi primary school	Equity	005 027 221 050 8	138,205.40
4	Ruru primary school	Equity	005 027 285 964 1	1,500,981.90
5	Gachiro primary school	Equity	005 027 248 667 7	613,843.75
6	Kiuu primary school	Equity	005 026 231 420 1	4,601,198.75
7	Kamacharia secondary school	Equity	005 027 936 873 2	759,812.15
8	Kiamuturi secondary school	Equity	005 027 731 339 6	362,017.00
9	Runyeki secondary school	Equity	005 026 237 965 2	2,265,786.70
10	Kiriti Girls secondary school	Equity	0050263815651	3,014,623.00
11	Matuto secondary school	Equity	005 027 935 634 2	2,421,939.50
12	St. Phillip Gikindu Secondary school	Equity	005 026 232 288 2	3,464,295.75
13	Kiru Divisional Office	Equity	005 029 921 562 5	152,699.25
14	Nyangiti Police Post	Equity	005 027 737 143 1	1,646,094.00
15	Kora Primary School	Equity	005 027 928 724 7	39,516.95
16	Ngutu Primary School	Equity	005 027 227 212 5	215,374.30
17	Kanoro Primary School	Equity	005 026 533 805 1	73,106.00
18	Wahundura High School	Equity	0050190839675	1,226,767.50
19	Mathioya Day School	Equity	003 029 379 170 6	472,176.00
20	Kiamuturi Primary School	Equity	005 026 043 810 3	52,748.50
21	Nyangiti Primary School	Equity	005 026 235 792 9	404,968.75
22	Gitugi Mixed Secondary School	Equity	005 029 763 803 4	52,277.50
23	Chui Primary School	Equity	003 029 081 001 5	279,148.50
24	Kaganjo Primary School	Equity	005 026 488 481 4	348,636.00
25	Kihari primary school	Family	008 000 016 022	305,680.00

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No	PMC	Bank	Account number	Bank Balance 2019/20
26	Nyakianga police station	Family	008 000 015 735	111,324.00
27	Nyakianga Divisional Office	Family	008 000 015 733	6,321,835.20
	<b>Total</b>			<b>33,764,964.45</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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Budget absorption	Delayed release of funds affected implementation of projects	Mary-FAM	resolved	
2.0	Security projects- Unutilised completed projects	Projects not occupied due to change of administration structure. Alternative use for the projects being discussed.	Mary- FAM	Not resolved	December 2020

