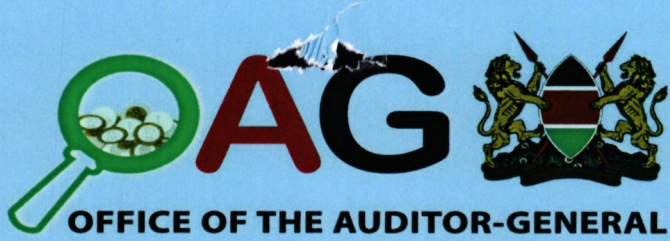



REPUBLIC OF KENYA



Enhancing Accountability



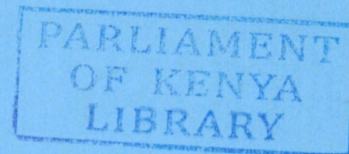
REPORT

 THE NATIONAL ASSEMBLY	
DATE: 16 FEB 2022	DAY: Wed
TABLED BY: LOM	
CLERK-AT THE-TABLE: S. Kalama	

OF

THE AUDITOR-GENERAL

ON



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

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



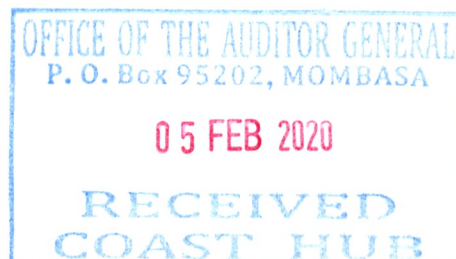


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -MATUGA
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) MATUGA 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Andrew Lumunge.
2.	Sub-County Accountant	William Mulwa
3.	Chairlady NGCDFC	Mwanamkasi A. Zani.
4.	Member NGCDFC	Omari Mwangaga.

(d) Fiduciary Oversight Arrangements

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

P.O. Box 65-80403
NG-CDF Office Building
Kwale, KENYA

(f) NGCDF MATUGA Constituency Contacts

Telephone: (254) 0729548867

E-mail: cdfmatuga@gmail.com

Website: www@cdf.go.ke

(g) NGCDF MATUGA Constituency Bankers

1. Equity Bank (K) Limited, Kwale Branch.
Account Number. 0440262171080

(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)
MATUGA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The Matuga NGCDFC wishes to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructures of Matuga Constituency because out of the Ksh. 167,217,127 as the budget available to spend, the NG-CDFC managed to spend ksh. 106,523,908 slight improvement compared to the last financial year.

However, there have been emerging issues like political, economic, social, challenges influencing the implementation of NGCDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approvals of proposals and reallocations.

The NGCDFC wishes that late approvals and disbursement of funds be improved by the Board so as to increase utilization and absorption of the fund. Also the rate of NG-CDF Board staff transfers to be reduced so as to achieve the constituencies' objectives.

Thank you.

The following are photographs of the sampled projects implemented during the financial year 2018/2019.



***Project name: Mwamunga Primary School Financial Year: 2018/2019
Activity: Construction of a Domitory Amount allocated: Ksh 6,000,000=***

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



Project name: Mwaluphamba Secondary School **Financial Year:** 2018/2019
Activity: Completion of Administration block **Amount allocated:** Ksh 900,000=



Project name: Madibwani Primary School **Financial Year:** 2018/2019
Activity: Construction of 3No. Class rooms **Amount allocated:** Ksh 2,700,000=

Sign 

CHAIRPERSON 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.

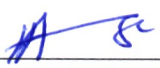
The Accounting Officer in charge of the NGCDF-MATUGA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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-MATUGA 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, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MATUGA 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-MATUGA 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-MATUGA Constituency financial statements were approved and signed by the Accounting Officer on 19/9/ 2019.



Fund Account Manager

Name: ANDREW LUMUNGE

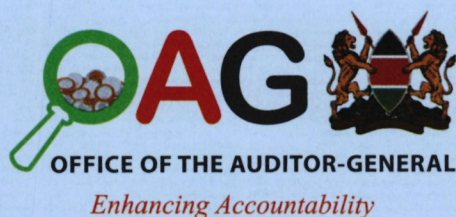


Sub-County Accountant

Name: WILLIAM MULWA
ICPAK Member Number: 18886

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 - MATUGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Matuga Constituency set out on pages 9 to 42, which comprise of the statement of assets and liabilities as at 30 June, 2019, 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 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 - Matuga 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 Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Cash book not Updated

The statement of assets and liabilities as at 30 June, 2019 reflects a bank balance of Kshs.60,543,219. The supporting bank reconciliation statement as at 30 June, 2019 reflects payments in cash book not in bank statement of Kshs.1,063,466, out of which thirteen (13) cheques amounting to Kshs.153,447 were stale and not reversed in the cash book as at 30 June, 2019. Further, included in the outstanding cheques of Kshs.1,063,466 were twenty-six (26) stale cheques totaling Kshs.411,947 which had not been reversed as at the time of audit in February, 2020. No proper explanation was provided for retaining the stale cheques in cash book.

In addition, the bank reconciliation statement reflects bank charges amounting to Kshs.792.94 as payments in bank statement not yet recorded in cash book. No explanation was given as to why the bank charges were not recorded in cash book and expensed.

Consequently, the accuracy and completeness of the bank balance of Kshs.60,543,219 as at 30 June, 2019, could not be confirmed.

2.0 Doubtful Recoverability of Imprest

As reported in 2017/2018, the statement of assets and liabilities as at 30 June, 2019 reflects outstanding imprest of Kshs.150,000. Records provided for audit indicate that the imprest was advanced to a government employee in March 2018 and who has since been transferred. Information available indicates that the Fund Manager has written to the Principal Secretary, Ministry of Interior and Coordination of National Government, for recovery of the money. However, the amount had not been surrendered as at January, 2020. It was not clear how an officer who is not an employee of the Board was directly advanced imprest.

Consequently, the recoverability of outstanding imprest of Kshs.150,000 as at 30 June, 2019 is doubtful.

3.0 Excess Disbursement to Matuga Girls Secondary School

The statement of receipts and payments reflects an amount of Kshs.67,581,000 in respect of transfers to other government units, out of which Kshs.25,550,000 was transferred to secondary schools as disclosed in Note 6 to the financial statements. Out of this amount, Kshs.2,545,653 was transferred to Matuga Girls Secondary School for the completion of a modern administration block. Information available indicates that a total of Kshs.20,626,634 had been transferred to the project since inception compared to the revised contract price of Kshs.18,626,634, resulting in excess disbursements of Kshs.2,000,000. Although the excess disbursement was approved by the National Constituencies Development Fund Board, justification for the same and details of how it was utilized were not provided for audit verification.

Consequently, value for money for this project and propriety of Kshs.2,545,653 transferred to Matuga Girls Secondary School for the year 30 June, 2019 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 - Matuga Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

During the year under review, National Government Constituencies Development Fund - Matuga Constituency had a revenue budget of Kshs.167,217,127 against actual receipts of Kshs.163,835,359 or 98%, resulting to an under disbursement of budget of Kshs.3,381,768 or 2% from the Constituency Development Fund Board. Further, included in the disbursement of Kshs.163,835,359 is Kshs.55,040,875 or 34% of which Authority to Incur Expenditure (AIE) detailing how the funds were to be utilized was received after the year end on 2 July, 2019.

In addition, the National Government Constituencies Development Fund - Matuga Constituency had a final expenditure budget of Kshs.167,217,127 and actual expenditure of Kshs.106,523,908 or 64%, resulting to net under expenditure of Kshs.60,693,219 or 36% of the budget.

Delays by the Board to disburse funds as per the budget and late release of the AIE may have adversely affected delivery of goods and services to the residents of Matuga Constituency, contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Projects Implementation Status

The projects implementation status report as at 30 June, 2019 provided for audit review indicated that forty-three (43) development projects with a total allocation of Kshs.61,938,676 were approved by the National Government Constituency Development Fund Board for implementation in the financial year 2018/2019.

Audit review of the Project status report and as detailed in Appendix 1 indicated that:

- i. Six (6) projects with an allocation of Kshs.4,713,847 were initiated and completed during the year under review.
- ii. Twenty-two (22) Projects with a total allocation of Kshs.46,552,829 were started and ongoing.
- iii. Fifteen (15) Projects with an allocation of Kshs.10,672,000 were not started.

Slow implementation of projects due late disbursements greatly affects the delivery of services to the residents of Matuga Constituency.

2.0 Projects Inspection

An audit inspection was undertaken in the month of December, 2019 on fourteen (14) development projects valued at Kshs.32,900,000, out of which four (4) projects with total cost of Kshs.11,200,000 revealed the following state of affairs:

No.	Project Name	Activity	Project Cost (Kshs.)	Observations
1	Matuga Girls Secondary School	Completion of a modern administration Block. (Flooring and Painting works)	2,000,000	Contractor not on site. Flooring only done on 2 floors instead of 3 floors Only 1 st coat paint applied
2	Mwangunga Girls' Secondary School	Construction of 1 No. Administration block to completion	3,700,000	Door frames amounting to Kshs.239,500 were not fixed. Metallic doors fixed instead of hardwood doors as provided for in the Bills of Quantities
3	Lunguma Primary School	Construction of 4No. New Classrooms to completion	4,500,000	Ongoing works at slab level
4	Mkomba Secondary School	Renovation of 2No. Classrooms (Roofing and painting)	1,000,000	Construction of ring beam completed but plastering had not been completed, Painting works of the half plastered structure was not done.
	Total		11,200,000	

The above state of affairs is an indication of poor project planning, implementation and monitoring which negatively affects quality of work done.

3.0 Irregular Procurement of Construction Contracts

The statement of receipts and payments for the year ended 30 June, 2019 reflect Kshs.67,581,000 in respect of transfers to other government units as disclosed in Note 6 to the financial statements, for construction contracts. Audit examination of the procurement processes revealed that three (3) contracts with a total cost of Kshs.14,991,880 were awarded without evidence of advertisement in a newspaper with countrywide circulation despite being above the threshold Kshs.4,000,000 required for use of open tender, contrary to Section 91 (2) of the Public Procurement and Asset Disposal Act, 2015 as detailed below:-

No.	Project Name	Project Activity	Contract Sum (Kshs.)
1.	Mwangunga Primary School	Construction of 1 classroom to completion	6,000,000
2.	Burani Girls Secondary School	Construction of laboratory and renovation of 3 classrooms	4,491,880
3.	Lunguma Primary School	Construction of 4 classrooms	4,500,000
	Total		14,991,880

Further, there was no evidence that the bidders submitted any form of tender security as required by Section 61(1). As a result, public funds are exposed to great risk of loss.

In addition, there was no evidence that the tender documents included Bills of Quantities as required by part 4.4.1 of Procurement Manual for Works, 2009. It is therefore not clear how the project costs were arrived at and how value of work done was determined in the absence of Bills of Quantities.

As a result, the Management was in breach of the Laws.

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 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 such internal control as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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 National Government Constituency Development Fund - Matuga Constituency's financial reporting process, reviewing the effectiveness of how the entity 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 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 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 Fundability 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 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

29 December, 2021

Appendix 1: Summary of the Implementation Status Report:

No.	Project	Project Activity	Allocation (Kshs.)	Status
1.	Mwanamkuu Primary School	Construction of 3 No. new classrooms to completion.	3,000,000	On going
2.	Mwanamkuu Primary School	Procuring and delivery of 60 pieces of desks.	240,000	Not started
3.	Kidongo Primary School	Renovation of 4 No. classrooms (roofing, plastering and painting).	2,000,000	On going
4.	Lwara Primary school.	Construction of 3 No. new classrooms to completion.	3,000,000	On going
5.	Lwara Primary School	Procuring and delivery of 50 pieces of desks.	200,000	Not started
6.	Kizimbani Primary School	Construction of 3 No. new classrooms to completion.	3,000,000	On going
7.	Kizimbani Primary School	Procuring and delivery of 40 pieces of desks.	160,000	Not started
8.	Mwele Primary School	Construction of 3 No. new classrooms to completion.	3,000,000	On going
9.	Mwele Primary School	Procuring and delivery of 50 pieces of desks.	200,000	Not started
10.	Lunguma Primary school	Construction of 4 No. new Classrooms to completion.	4,500,000	On going
11.	Lunguma Primary school	Procuring and delivery of 70 pieces of desks.	280,000	Not started
12.	Mwanzwani Primary School	Construction of 3 No. New Classrooms to completion.	3,000,000	On going
13.	Mwanzwani Primary School	Procuring and delivery of 58 pieces of desks.	232,000	Not started
14.	Nzora Primary School	Construction of 2 No. New classrooms to completion.	2,000,000	On going
15.	Nzora Primary School	Procuring and delivery of 50 pieces of desks	200,000	Not started
16.	Nyando Primary School	Construction of 2 No. new classrooms to completion.	2,000,000	On going
17.	Nyando Primary School	Procuring and delivery of 50 pieces of desks.	200,000	Not started
18.	Mbweka Primary School	Renovation of 2 No. classrooms (roofing, plastering and painting).	1,000,000	Complete
19.	Deiry Primary School	Procuring and delivery of 40 pieces of desk.	160,000	Not started.
20.	Lukore Secondary School	Renovation of 4 No. classrooms (roofing and painting).	2,000,000	Not started
21.	Mkomba Secondary School	Renovation of 2 No. classrooms (roofing and painting).	1,000,000	Complete
22.	Mkomba Secondary School	Construction of 2 No. of two door VIP pit latrines to completion.	1,000,000	Complete

No.	Project	Project Activity	Allocation (Kshs.)	Status
23.	Kirewe Secondary School	Construction of a new single laboratory to completion.	3,500,000	On going
24.	Mbegani Secondary School	Construction of 1 No. new classroom to completion.	1,200,000	On going
25.	Burani Secondary School	Construction of a new single laboratory to completion.	3,000,000	On going
26.	Burani Secondary School	Renovation of 3 No. classrooms (roofing, plastering, painting and flooring).	1,000,000	On going
27.	Balozi A.M Jorori Secondary School	Construction of 1 No. new classroom to completion.	1,000,000	Complete
28.	Ziwani Secondary School	Renovation of one classroom (painting).	200,000	On going
29.	Ziwani Secondary School	Construction 2door pit latrine to completion.	500,000	On going
30.	Ziwani Secondary School	Purchase Office Furniture	300,000	Not started
31.	Chitsanze Secondary School	Construction of 1 No. new classroom to completion.	1,000,000	On going
32.	Kiteje Secondary School	Construction of a new single laboratory to completion.	3,000,000	On going
33.	Mwanambeyu Secondary School	Construction of a new dormitory to completion.	3,000,000	Not started
34.	Tiwi Girls Secondary School	Completion of a multi-purpose Hall. I.e. co-funding with the school. (roofing).	1,000,000	Not started
35.	Matuga Girls Secondary School	Completion of a modern administration Block. (flooring and painting work)	2,000,000	On going
36.	Ngombeni Police Post	Construction of a new police post to completion.	2,000,000	On going
37.	Tsimba chiefs Office	Purchase of Land for the Tsimba chief's office of quarter an acre.	300,640	Complete
38.	Matuga Constituency ICT Hub	Construction of a New ICT Hub to completion.	2,000,000	Not started
39.	Matuga Constituency ICT Hub	Purchase of 10 tables and 30 chairs for the ICT hub.	500,000	Not started
40.	Environmental Activities.	Purchase and installation of gutters, tank stands and water tank of 10,000 litres to Dima Primary school, Kirewe secondary school, Boyani primary school and Magwasheni primary.	1,652,829	On going
41.	Environmental Activities.	Rehabilitation of Nyando Natural water springs.	413,207	Complete

No.	Project	Project Activity	Allocation (Kshs.)	Status
42.	Kipambani Primary School	Construction of 1No. New classrooms to completion.	1,000,000	On going
43.	Kilindini Primary School.	Construction of 1No. New classrooms to completion.	1,000,000	On going
Total			61,938,676	

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

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2018 - 2019 Kshs	RESTATED 2017 - 2018 Kshs
RECEIPTS			
Transfers from NGCDF board	1	163,825,359	43,905,172
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	<u>10,000</u>	<u>0</u>
TOTAL RECEIPTS		163,835,359	43,905,172
PAYMENTS			
Compensation of employees	4	2,621,840	2,468,759
Use of goods and services	5	8,394,586	13,268,428
Transfers to Other Government Units	6	67,581,000	6,128,630
Other grants and transfers	7	27,127,261	19,492,586
Acquisition of Assets	8	799,221	120,000
Other Payments	9	<u>0</u>	<u>0</u>
TOTAL PAYMENTS		106,523,908	41,478,403
SURPLUS/(DEFICIT)		<u>57,311,451</u>	<u>2,426,769</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 5/21 2020 and signed by:

AS
Fund Account Manager
Name: ANDREW LUMUJGE

WNT
Sub-County Accountant
Name: WILLIAM MULWA
ICPAK Member Number: 18886


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

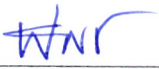
V. STATEMENT OF ASSETS AND LIABILITIES AS AT JUNE 30, 2019

			RESTATED
	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	60,543,219	3,231,768
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		60,543,219	3,231,768
Current Receivables			
Outstanding Imprests	11	150,000	150,000
TOTAL FINANCIAL ASSETS		60,693,219	3,381,768
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	0	0
Gratuity	12B	0	0
TOTAL FINANCIAL LIABILITES		0	0
NET FINANCIAL ASSETS		60,693,219	3,381,768
REPRESENTED BY			
Fund balance b/fwd	13	3,381,768	954,999
Surplus/Defict for the year		57,311,451	2,426,769
Prior year adjustments	14	0	0
NET FINANCIAL POSITION		60,693,219	3,381,768

(The 2017/2018 financial statements have been restated to correct an error at disclosure note 14)(errors)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 5/21 2020 and signed by:


 Fund Account Manager
 Name: ANDREW LUMUNGE


 Sub-County Accountant
 Name: WILLIAM MULWA
 ICPAK Member Number: 18886

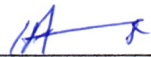
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MATUGA CONSTITUENCY**

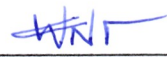
**Reports and Financial Statements
For the year ended June 30, 2019**

VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2019

		2018 - 2019	RESTATED 2017 - 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfers from NGCDF Board	1	163,825,359	43,905,172
Other Receipts	3	10,000	0
Total receipts		163,835,359	43,905,172
Payments			
Compensation of Employees	4	2,621,840	2,468,759
Use of goods and services	5	8,394,586	13,268,428
Transfers to Other Government Units	6	67,581,000	6,128,630
Other grants and transfers	7	27,127,261	19,492,586
Other Payments	9	0	0
Total payments		105,724,687	41,358,403
Total Receipts Less Total Payments		58,110,672	2,546,769
Adjusted for:			
Outstanding imprest	11	0	150,000
Retention Payable	12A	0	0
Gratuity Payable	12B	0	0
Prior year adjustments	14	0	0
Net Adjustments		0	-150,000
Net cash flow from operating activities		58,110,672	2,396,769
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	799,221	120,000
Net cash flows from Investing Activities		(799,221)	(120,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		57,311,451	2,276,769
Cash and cash equivalent at BEGINNING of the year	13	3,231,768	954,999
Cash and cash equivalent at END of the year		<u>60,543,219</u>	<u>3,231,768</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MATUGA Constituency financial statements were approved on 5/21 2020 and signed by:


Fund Account Manager
Name: ANDREW LUMVONGE


Sub-County Accountant
Name: WILLIAM MULWA
ICPAK Member Number: 18886

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MATUGA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,876	58,166,251	167,207,127	163,825,359	3,381,781	98
Proceeds from Sale of Assets	0	0	0	0	0	0
Other Receipts		10,000	10,000	10,000	0	0
TOTAL RECEIPTS	109,040,876	58,176,251	167,217,127	163,835,359	3,381,781	98
PAYMENTS						
Compensation of Employees	3,057,600	0	3,057,600	2,621,840	435,760	86
Use of goods and services	6,239,568	2,155,018	8,394,586	8,394,586	0	100
Transfers to Other Government Units	55,072,000	39,959,180	95,031,180	67,581,000	27,450,180	71
Other grants and transfers	41,871,068	10,885,026	52,756,094	27,127,261	25,628,833	51
Acquisition of Assets	300,640	500,000	800,640	799,221	1,419	100
Other Payments	2,500,000	4,667,027	7,167,027	0	7,167,027	0
Unallocated	0	10,000	10,000	0	10,000	0
TOTAL	109,040,876	58,176,251	167,217,127	106,523,908	60,693,219	64

AIA Collected from the sale of tender documents amounts to Kshs.10,000

The total amount received and utilized from the Board is 64%. This is because of late disbursement of funds from Board amounting to Kshs.55,040,876 which was received some days just before 30th June, 2019 thus could not be utilised.

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

ADJUSTMENTS- ksh. 58,166,251

This comprises of: 1) ksh. 44,784,483 which was for the 2017/2018 received during 2018/2019 financial year.
2). ksh. 10,000,000 which was for the 2017/2018 received during 2018/2019 financial year
3) Ksh.3, 381,768 which is the opening balance as at 1st July, 2018.

ON PAYMENT SIDE

The total percentage of the utilization is at 64%, this was as a result of the following.

1. **Compensation of Employees: 86%.** The balance is the gratuity retained for the staff.
2. **Transfers to Other Government Units: 79%.** This low rate of utilization was as a result of the board disbursing funds just before 30th June, 2019.
3. **Other grants and transfers-51%.** This low rate of utilization was as a result of the board disbursing funds just before 30th June, 2019.
4. **Other Payments-0%.** There was no clear direction on how to spend on ICT project which was allocated ksh. 4,677,027 and late receipt of the fund to construct Matuga ICT Project which was estimated to cost ksh. 2,500,000.

The NGCDF-MATUGA Constituency financial statements were approved on 19/9/ 2019 and signed by:

AB
Fund Account Manager
Name: ANDREW LUMUNGE

WNR
Sub-County Accountant
Name: WILLIAM MULWA
ICPAK Member Number: 18886

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

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,057,600.00	0.00	3,057,600.00	2,621,840.00	435,760.00
1.2 Committee allowances	1,996,056.00	187,766.00	2,183,822.00	2,340,000.00	(156,178.00)
1.3 Use of goods and services	2,044,512.00	617,759.00	2,662,271.00	2,661,906.00	365.00
2.0 Monitoring and evaluation					
2.1 Capacity building	1,340,000.00	0.00	1,340,000.00	1,338,000.00	2,000.00
2.2 Committee allowances	756,000.00	0.00	756,000.00	756,000.00	0.00
2.3 Use of goods and services	103,000.00	0.00	103,000.00	102,700.00	300.00
3.0 Emergency					
Burani primary school	500,000.00	0.00	500,000.00	500,000.00	0.00
Mwele primary school	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00
Burani Girls High school	300,000.00	0.00	300,000.00	300,000.00	0.00
Rose makwere girls high school	100,000.00	0.00	100,000.00	100,000.00	0.00

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
Mangawani Secondary school	100,000.00	0.00	100,000.00	100,000.00	0.00
Burani police station	120,000.00	0.00	120,000.00	120,000.00	0.00
Unspent Emergency	2,618,993.00	3,137,931.00	5,756,924.00	0.00	5,756,924.00
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	24,000,000.00	5,000,000.00	29,000,000.00	16,380,000.00	12,620,000.00
4.3 Tertiary Institutions	6,000,000.00	0.00	6,000,000.00	4,238,500.00	1,761,500.00
5.0 Sports					
Constituency sports activities	2,066,037.00	1,685,788.00	3,751,825.00	1,736,140.00	2,015,685.00
6.0 Environment					
Nyando natural water spring	413,207.00	0.00	413,207.00	413,207.00	0.00
Kirewe secondary school	413,207.00	0.00	413,207.00	0.00	413,207.00
Magwasheni primary school	413,207.00	0.00	413,207.00	413,207.00	0.00
Dima primary school	413,207.00	0.00	413,207.40	413,207.00	0.00
Boyani primary school	413,207.00	0.00	413,207.00	413,000.00	207.00
Tserezani Primary school	0.00	1,200,000.00	1,200,000.00	1,200,000.00	0.00

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
7.0 Primary Schools Projects (List all the Projects)					
Mwanamkuu primary school	3,240,000.00	0.00	3,240,000.00	1,500,000.00	1,740,000.00
Kidongo primary school	2,000,000.00	0.00	2,000,000.00	1,000,000.00	1,000,000.00
Lwara Primary school.	3,200,000.00	0.00	3,200,000.00	1,500,000.00	1,700,000.00
Kizimbani primary school	3,160,000.00	0.00	3,160,000.00	1,500,000.00	1,660,000.00
Mwele primary school	3,200,000.00	270,000.00	3,470,000.00	1,758,000.00	1,712,000.00
Lunguma Primary school	4,780,000.00	180,000.00	4,960,000.00	2,174,000.00	2,786,000.00
Mwanzwani primary school	3,232,000.00	0.00	3,232,000.00	1,500,000.00	1,732,000.00
Nzora primary school	2,200,000.00	0.00	2,200,000.00	1,000,000.00	1,200,000.00
Nyando primary school	2,200,000.00	0.00	2,200,000.00	0.00	2,200,000.00
Mbweka primary school	1,000,000.00	0.00	1,000,000.00	500,000.00	500,000.00
Deiry primary school.	160,000.00	0.00	160,000.00	0.00	160,000.00
Kibambani primary school	1,000,000.00	0.00	1,000,000.00	500,000.00	500,000.00
Kilindini primary school.	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
Vuga primary school	0.00	464,000.00	464,000.00	464,000.00	0.00
Madibwani primary school	0.00	2,700,000.00	2,700,000.00	2,700,000.00	0.00
Mwamungu primary school	0.00	6,000,000.00	6,000,000.00	6,000,000.00	0.00
Bahakanda primary school	0.00	6,000,000.00	6,000,000.00	6,000,000.00	0.00
Noloni primary school	0.00	450,000.00	450,000.00	430,000.00	20,000.00
Mwachome primary school	0.00	450,000.00	450,000.00	435,000.00	15,000.00
Ngombeni primary school	0.00	900,000.00	900,000.00	870,000.00	30,000.00
8.0 Secondary Schools Projects (List all the Projects)					
Lukore Secondary school	2,000,000.00	0.00	2,000,000.00	0.00	2,000,000.00
Mkomba secondary school	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00
Kirewe secondary school	3,500,000.00	0.00	3,500,000.00	1,500,000.00	2,000,000.00
Mbegani secondary school	1,200,000.00	0.00	1,200,000.00	500,000.00	700,000.00
Burani secondary school	4,000,000.00	0.00	4,000,000.00	2,500,000.00	1,500,000.00
Balozi Makwere secondary school	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MATUGA CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
Ziwani secondary school	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00
Chitsanze secondary school	1,000,000.00	0.00	1,000,000.00	1,000,000.00	0.00
Kiteje secondary school	3,000,000.00	0.00	3,000,000.00	1,500,000.00	1,500,000.00
Mwanambeyu secondary school	3,000,000.00	0.00	3,000,000.00	0.00	3,000,000.00
Tiwi Girls secondary school	1,000,000.00	0.00	1,000,000.00	0.00	1,000,000.00
Matuga Girls secondary school	2,000,000.00	0.00	2,000,000.00	2,000,000.00	0.00
Mwaluphamba secondary school	0.00	900,000.00	900,000.00	900,000.00	0.00
Tumaini secondary school	0.00	750,000.00	750,000.00	750,000.00	0.00
Kichakasimba girls secondary school	0.00	750,000.00	750,000.00	750,000.00	0.00
Tiwi boys secondary school	0.00	1,700,000.00	1,700,000.00	1,700,000.00	0.00
Mbuguni secondary school	0.00	1,350,000.00	1,350,000.00	1,350,000.00	0.00
Rose makwere Girls sec school	0.00	1,000,000.00	1,000,000.00	1,000,000.00	0.00
Mkongani secondary school	0.00	2,400,000.00	2,400,000.00	2,400,000.00	0.00
Mwamunga Girls secondary school	0.00	3,700,000.00	3,700,000.00	3,700,000.00	0.00
9.0 Tertiary institutions Projects (List all the Projects)					

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
Matuga Technical Training Institute	0.00	10,000,000.00	10,000,000.00	10,000,000.00	0.00
10.0 Security Projects					
Ngombeni police post	2,000,000.00	0.00	2,000,000.00	0.00	2,000,000.00
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)	0.00	0.00	0.00	0.00	0.00
11.2 Construction of CDF office	0.00	0.00	0.00	0.00	0.00
11.3 Purchase of furniture and equipment	0.00	500,000.00	500,000.00	499,221.00	779.00
11.4 Purchase of computers	0.00	0.00	0.00	0.00	0.00
11.5 Purchase of land	300,640.00	0.00	300,640.00	300,000.00	640.00
12.0 Others					
12.1 Strategic Plan	0.00	1,195,980.00	1,195,980.00	1,195,980.00	0.00
12.2 Innovation Hub	2,500,000.00	4,677,027.00	7,177,027.00	0.00	7,177,027.00
12.3 Unallocated	0.00	10,000.00	10,000.00	0.00	10,000.00
	109,040,876.00	58,176,251.00	167,217,127.00	106,523,908.00	60,693,219.00

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

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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 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.

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2019.

14. Errors

The 2017/2018 financial statement were misstated by ksh. 100,000. The misstatement has been traced to Routine maintainance-other assets under use of goods and services in Note no. 5 in the financial statement.

The reported figure of ksh. 2,993,728 for routine maintainance – other assets was overstated by ksh. 100,000 thus affecting the statement of assets and liabilities resulting to imbalance of ksh. 100,000. The error has been corrected through restatement of 2017/2018 comparative figure.

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MATUGA CONSTITUENCY
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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO	B005119	44,784,483	
AIE NO	B030100	10,000,000	
AIE NO	B005249	10,000,000	
AIE NO	B005406	20,000,000	
AIE NO	B006455	6,000,000	
AIE NO	A724479	11,000,000	
	B042803	7,000,000	
	B047572	55,040,876	
AIE NO	A855930		5,500,000
AIE NO	A892673		500,000
AIE NO	A892629		37,905,172
TOTAL		163,825,359	43,905,172

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	0	0

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

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from Sale of tender documents	10,000	0
Other Receipts Not Classified Elsewhere	0	0
Total	10,000	0

4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	2,508,440	2,026,403
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	0	0
Transport allowance	0	0
Leave allowance	0	0
Gratuity – paid		442,356
- accrued	0	
Employer contribution to NSSF	113,400	0
Total	2,621,840	2,468,759

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

5. USE OF GOODS AND SERVICES

	2018-2019	RESTATED 2017-2018
	Kshs	Kshs
Utilities, supplies and services	0	108,964
Electricity	67,893	0
Water and sewerage charges	22,990	0
Office Rent	0	0
Communication, supplies and services	266,000	173,600
Domestic travel and subsistence	179,000	88,800
Printing, advertising and information supplies & services	0	80,000
Rentals of produced assets	0	0
Training expenses	1,338,000	250,000
Hospitality supplies and services	0	0
Other committee Expenses.	851,500	0
Committee allowances	3,096,000	4,129,183
Insurance costs	0	0
Specialized materials and services	0	0
Office and general supplies and services	1,235,493	1,865,256
Fuel, oil and lubricants.	0	0
Other operating expenses	102,700	2,790,620
Bank service commission and charges	39,030	0
Security operations	0	0
Routine maintenance – vehicles and other transport equipment	0	888,277
Routine maintenance – other assets	0	2,893,728
Strategic plan	1,195,980	0
Total	8,394,586	13,268,428

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	32,031,000	1,350,000
Transfers to secondary schools (see attached list)	25,550,000	4,778,630
Transfers to tertiary institutions (see attached list)	10,000,000	0
Transfers to health institutions (see attached list)	0	0
TOTAL	67,581,000	6,128,630

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019 Kshs	2017-2018 Kshs
Bursary – secondary schools (see attached list)	16,380,000	12,590,000
Bursary – tertiary institutions (see attached list)	4,238,500	3,602,586
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	0	2,500,000
Sports projects (see attached list)	1,736,140	0
Environment projects (see attached list)	1,652,621	0
Emergency projects (see attached list)	3,120,000	800,000
Total	27,127,261	19,492,486

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

8. ACQUISITION OF ASSETS

Non Financial Assets

	2018-2019	2017-2018
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	499,221	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	120,000
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	300,000	0
Acquisition of Intangible Assets	0	0
Total	799,221	120,000

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
	0	0

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

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs(30/06/2019)	Kshs(30/06/2018)
<i>Equity Bank, A/C No. 0440262171080 and ksh.</i>	60,543,219	3,231,768
Total	60,543,219	3,231,768
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Benson M.Maisori (DCC)</i>	27/03/2018	150,000	0	150,000
Total				150,000

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

12A. RETENTION

	2018 - 2019	2017-2018
	Kshs	Kshs
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
Total	0	0

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019	2017-2018
	Kshs	Kshs
Name 1	0	0
Name 2	0	0
Name 3	0	0
Add as appropriate		
Total	0	0

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs(1/7/2018)	Kshs(1/7/2018)
Bank accounts	3,231,768	954,999
Cash in hand	0	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Imprest	150,000	0
Total	3,381,768	954,999
<i>[Provide short appropriate explanations as necessary]</i>		

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
Total	0	0

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
	0	0
	0	0

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
NGCDFC Staff	0	0
Others (<i>specify</i>)	0	0
	0	0
	0	0

15.3: UNUTILIZED FUND (See Annex 3)

	2018-2019	2017-2018
	Kshs	Kshs
Compensation of employees	435,760	48,411
Use of goods and services	0	648,229
Amounts due to other Government entities (see attached list)	27,450,180	38,964,000
Amounts due to other grants and other transfers (see attached list)	25,628,833	12,822,283
Acquisition of assets	1,419	506,272
Others (<i>ICT Projects</i>)	7,167,027	4,667,027
Unallocated fund (AIA)	10,000	0
	60,693,219	57,666,252
	60,693,219	57,666,252

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	32,623,085	3,130,018
	32,623,085	3,130,018

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding & Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees		435,760	48,411	
Use of goods & services		0	648,229	
Amounts due to other Government entities				
	Transfer to primary schools		17,414,000	
	Mwanamkuu primary school	1,760,000		
	Kidongo primary school	1,000,000		
	Lwara primary school	1,700,000		
	Kizimbani primary school	1,660,000		
	Mwele primary school	1,712,180		
	Lunguma primary school	2,786,000		
	Mwanzwani primary school	1,732,000		
	Nzora primary school.	1,200,000		
	Nyando primary school.	2,200,000		
		15,750,180		
	Transfer to secondary schools		11,550,000	
	Lukore secondary school	2,000,000		
	Kirewe secondary school	2,000,000		
	Mbegani secondary school	700,000		
	Burani secondary school	1,500,000		
	Kiteje secondary school	1,500,000		
	Mwanambeyu secondary school	3,000,000		
	Tiwi girls secondary school	1,000,000		
		11,700,000		
	Transfer to tertiary schools (TTI)			
	Matuga Technical Training institute		10,000,000	
		27,450,180	38,964,000	
Amounts due to other grants and other transfers				
	Sports activities	1,066,037	1,774,352	

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Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	Emergency projects	7,149,589	4,337,931	
	Environmental projects	413,207	1,200,000	
	Bursary secondary schools	12,160,000	5,510,000	
	Bursary secondary schools	2,840,000		
	Security projects	2,000,000		
Sub-Total		25,628,833	12,822,283	
Acquisition of assets	Purchase of furniture	1,419	506,272	
Sub- Total		1,419	506,272	
Others (specify)	ICT Project	7,167,027	4,677,027	
Unallocated (AIA)		10,000	0	
Sub-Total		7,177,027	4,677,027	
Grand Total		60,693,219	57,666,252	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	0	300,000	0	300,000
Buildings and structures	10,279,638	0	0	10,279,638
Transport equipment	3,114,125	0	0	3,114,125
Office equipment, furniture and fittings	2,941,380	499,221	0	3,440,601
ICT Equipment, Software and Other ICT Assets	361,760	0	0	361,760
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	16,696,903	799,221	0	17,496,124

NATIONAL GOVERNMENT ENTITY – MATUGA NG-CDF

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Burani Police station	Equity	1580178513131	40	
Burani Primary school.	Equity	1580278895585	499,687	
Burani Girls High School	Equity	1580278582262	1,907,829	
Mwaluphamaba Secondary school	Equity	1580269868148	643,825	
Mwamgunga Girls Secondary School.	Equity	1580263450383	1,586	
Tiwi Boys secondary school.	Equity	0440268533731	115,552	
Mwamgunga Primary school.	Equity	1580277508985	496,368	
Madibwani Primary school.	Equity	0440270775105	8,091	340
Vuga Primary school.	Equity	1580272116599	2,012	14,132
Mbuguni Secondary School.	Equity	1580277501233	760,846	
Mkongani Mixed Secondary school.	Equity	1580276524938	122,513	2,261
Tserezani Primary school.	Equity	1580278457829	131,513	
Balozi AM Jorori Secondary school.	Equity	1580278602786	120,412	
Mwanamkuu Primary School	Equity	1580278677663	86,416	
Kirewe secondary school.	Equity	1580278673309	1,499,488	
Kizimbani Primary School.	Equity	1580278654723	1,504,488	
Nyando Water springs PMC	Equity	1580178648195	413,207	
Kidongo Primary school.	Equity	0440278680683	1,000,000	
Mbweka Primary school.	Equity	1580278648053	184,030	
Mwamzwani Primary school.	Equity	1580278749559	1,505,000	
Mbegani Secondary school.	Equity	1580268395239	691	
Bahakanda Primary school.	Equity	1580278829350	6,000,000	
Lunguma Primary school.	Equity	1580278680313	2,004,307	
Dima Primary school.	Equity	1580278845332	16,027	
Boyani West Primary school.	Equity	1580278890961	3,820	

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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Kipambani primary school	Equity	1580278821531	500,000	
Nzora Primary school.	Equity	1580278865735	258,900	
Matuga Girls High school.	Equity	1580266195898	4,360,356	
Kiteje Mixed secondary school.	Equity	1580278700678	4,400	
Rose Makwere Secondary school.	K.C.B	1136297227	183,584	3,050,000
Mwele Primary School.	K.C.B	1257316621	1,652,020	
Tumaini Secondary school.	K.C.B	1176395734	432	
Kichakasimba Secondary school.	K.C.B	1123446806	264,990	
Mkomba Secondary school.	K.C.B	1253577846	454,054	
Ziyani Secondary school.	K.C.B	1255105941	997,580	
Kilindini Primary school.	K.C.B	1254886281	997,580	
Chitsanze Girls Secondary school.	K.C.B	1256622729	1,002,230	
Lwara Primary school.	K.C.B	1256783382	1,503,310	
Magwasheni Primary school.	K.C.B	1257683977	412,182	
Noloni Primary school.	Equity	1580271301348	6,037	61,966
Golini secondary school.	Equity	1580266614680	1,319	1,319
Total			32,623,085	3,130,018

NATIONAL GOVERNMENT ENTITY – MATUGA NG-CDF

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For the year ended June 30, 2019

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.

Referen ce No. on the externa l audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timef rame: (Put a date when you expect the issue to be resolv ed)
ADL/4 1/17/1 8(5)	1.0 Use of goods and services 1.1 committee allowances- The management could not explain how ex-officio and officers not employed by the board were paid allowances.	These were lunch allowances paid during the field visits and were approved by minutes of the meeting held on 10 th January, 2018	Andrew Lumunge (Fund Account Manager)	Not resolved.	30 th Octob er, 2019
	2.0 Cash and cash equivalent- Bank charges not accounted in the cash book amounting to ksh.22, 029.55.	The management regrets the oversight but it's already recorded in the cashbook during the month of September, 2019.	Andrew Lumunge (Fund Account Manager)	Resolved.	
	3.0 outstanding imprests- An imprests amounting to ksh.150, 000 payable to DCC is not recovered as at 30 th June, 2018.	The Management has written to the Principal secretary Ministry of Interior and Coordination of the National Government for the recovery of the imprests and a follow up letter has been issued to the County Commissioner for the recovery of the same.	Andrew Lumunge (Fund Account Manager)	Not Resolved.	30 th Octob er, 2019

