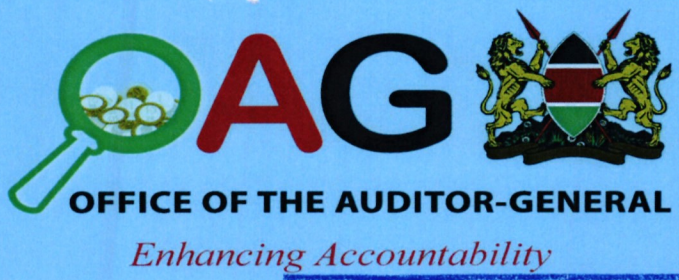
REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -KABONDO KASIPUL CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE, 2019

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
KABONDO KASIPUL CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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

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

Vision
Equitable Socio-economic development countrywide

Mission
To provide leadership and policy direction for 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 KABONDO KASIPUL 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	**Kennedy M.Chacha**
2.	Sub-County Accountant	**Julius Khamati Shibutse**
3.	Chairman NGCDFC	**John Odoyo Alloice**
4.	Member NGCDFC	**Olivia Awaa Olick**

(d) Fiduciary Oversight Arrangements

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

P.O. Box 84-40223
Rachuonyo East Sub-county Headquarters - Ramula
KADONGO

(f) NGCDF KABONDO KASIPUL Constituency Contacts

Telephone: (254)722 471 936
E-mail: cdfkabondokasipul@ngcdf.go.ke

(g) NGCDF KABONDO KASIPUL Constituency Bankers

Cooperative Bank Account number 01141454980500
Oyugis Branch
P.O. Box 263, 40222
Oyugis

(h) Independent Auditors

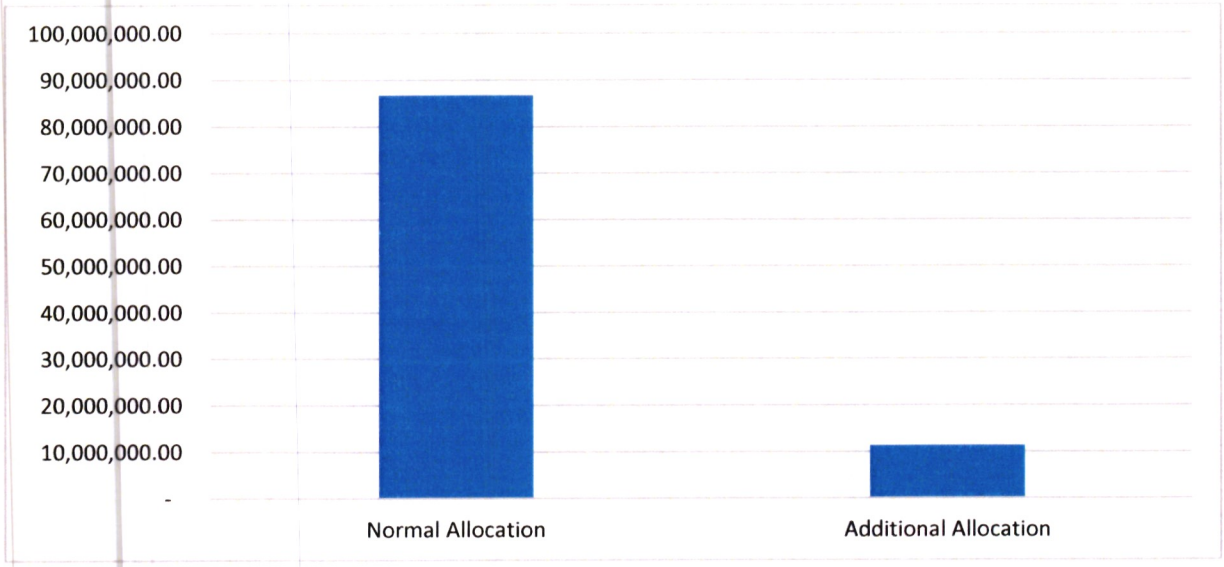
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Annual Constituency Allocation
I am pleased to present the unaudited financial statements for Kabondo Kasipul Constituency for the financial year ended 30th June 2019. During the year, the Constituency was allocated a total of Kshs 46,830,172.00



On receipt of the above allocations, Kabondo Kasipul National Government Constituencies Development Fund Committee (NGCDFC) pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency. It is noteworthy that during the FY 2018/2019, we received 50% of the normal Constituency funding equivalent to Kshs 46,830,172 and these funds were then disbursed to earmarked projects. The differences were disbursed as bursaries to needy students, to sports PMC, Environmental PMC, emergencies and the rest were for administration.

Sector Prioritization
During the year, a total of Kshs 43,150,000 was allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools while 52,738,894 was allocated to other grants and transfers.

Sectoral Analysis of Funding
Over the past 10 years, the Constituency has received a total of Kshs 777,951,624.06 which were subsequently been disbursed to various projects in such sectors as education, water, health, roads and bridges, energy, agriculture, security etc in addition to the statutory bursary, emergency, sports, environment, administration and monitoring and evaluation votes. The funding has benefitted over 500 projects and the breakdown in terms of the number of projects funded in these leading sectors over the last five years is as hereunder provided;

Number of Projects per Sectors FY2012/13-2018/19 (In Key Sectors)

Sector			Number of Projects				
	2018/2019	*2017/18*	*2016/17*	*2015/16*	*2014/15*	*2013/14*	*Total*
Primary Schools	33	14	3	7	23	16	**63**
Secondary Schools	21	22	23	29	27	31	**132**
ECD Centres	NIL	NIL	NIL	NIL	NIL	NIL	
Tertiary Institutions	3	4	1	2	1	NIL	**4**
Health	0			7	14	4	**25**
Water	0	2		1	2	1	**6**
Security	8	7	2	1	10	9	**29**
Roads				13	13	6	**32**
Environment	1		1	1	1	2	**5**
Others		6	2	4	7	2	**21**
Total No Funded	**67**	**51**	**32**	**65**	**98**	**71**	**317**

Source: Kabondo Kasipul NGCDF Records (2019)

It is therefore notable that within the education sector, secondary schools have realized the highest number of projects funded in the Constituency followed by primary schools.

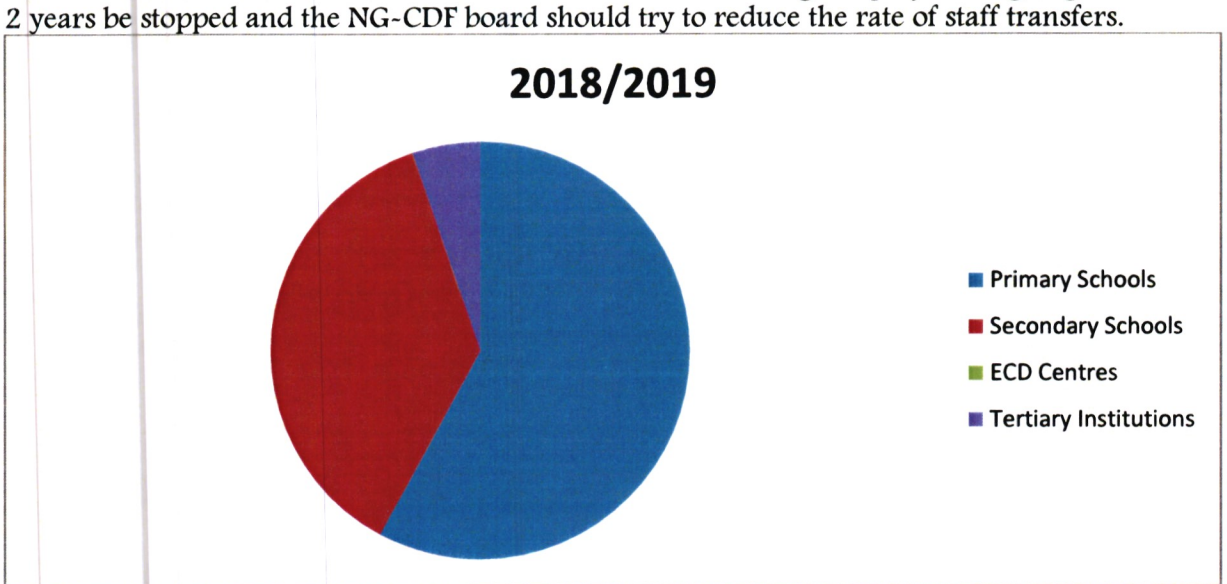
Sectoral Allocation FY2018-2019 Source: Kabondo Kasipul NGCDF Records (2019)
The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects eligible to be funded. Under this Act only projects falling within the functions of the National Government as outlined in the Constitution of Kenya 2010 will be funded. This effectively means that the Fund has since been concentrating primarily on education, security, sports and environment sectors as well as other national government residual functions.

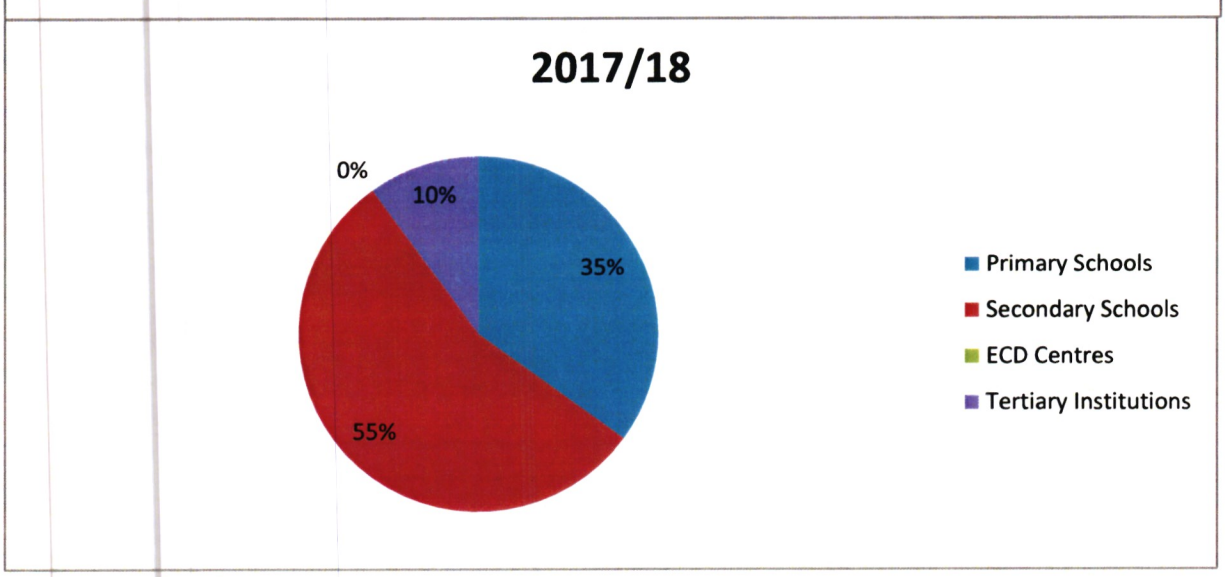
During the FY 2018/2019, the Committee undertook to expedite the disbursement of funds to earmarked projects in accordance with the provisions of the NGCDF Act, 2015, as amended in 2016, and the requirements of the Annual Performance Contract. The disbursements saw the implementation of approved project activities across the Constituency. As at the close of the fiscal year 2018/2019 on 30th June 2018, the funds due to projects was Kshs 109,040,875.00 and the overall funds utilization and absorption rate stood at 75 percent. This is an impressive performance realized by the Committee during the year on funds absorption based on funding received from the NGCDF Board.

Achievements and Major Undertakings
During the year, the Committee disbursed a total of Kshs 19,383,260.00 as bursary to needy students in secondary, tertiary institutions and this benefitted a total of 3,350 students in addition to 92 students in two driving schools. Major physical facilities funded are infrastructure such as classrooms, administration blocks, laboratories, dormitories, toilets, lockers and chairs, desks and equipping of laboratories and libraries. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families.

The NG-CDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The NG-CDF has improved the Education and Security infrastructures of Kabondo Kasipul.

However there have been emerging issues like economic, social, legal and global challenges Influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals, submissions and reallocations. The NG-CDFCs wish that the issues of having the project on going for more than 2 years be stopped and the NG-CDF board should try to reduce the rate of staff transfers.





The projects financed by NG-CDF but left incomplete and do not fall in education and security before the new Act came in place i.e. health projects should be completed. Given the workload for the NG-CDF, we recommend that the number of committee sittings be increased from the current maximum 24 sittings to 48 sittings or a standing monthly allowance be introduced.

Below are achievements realised in Kabondo Kasipul during the financial year 2018/19

1. NG-CDF OFFICE CONSTRUCTION

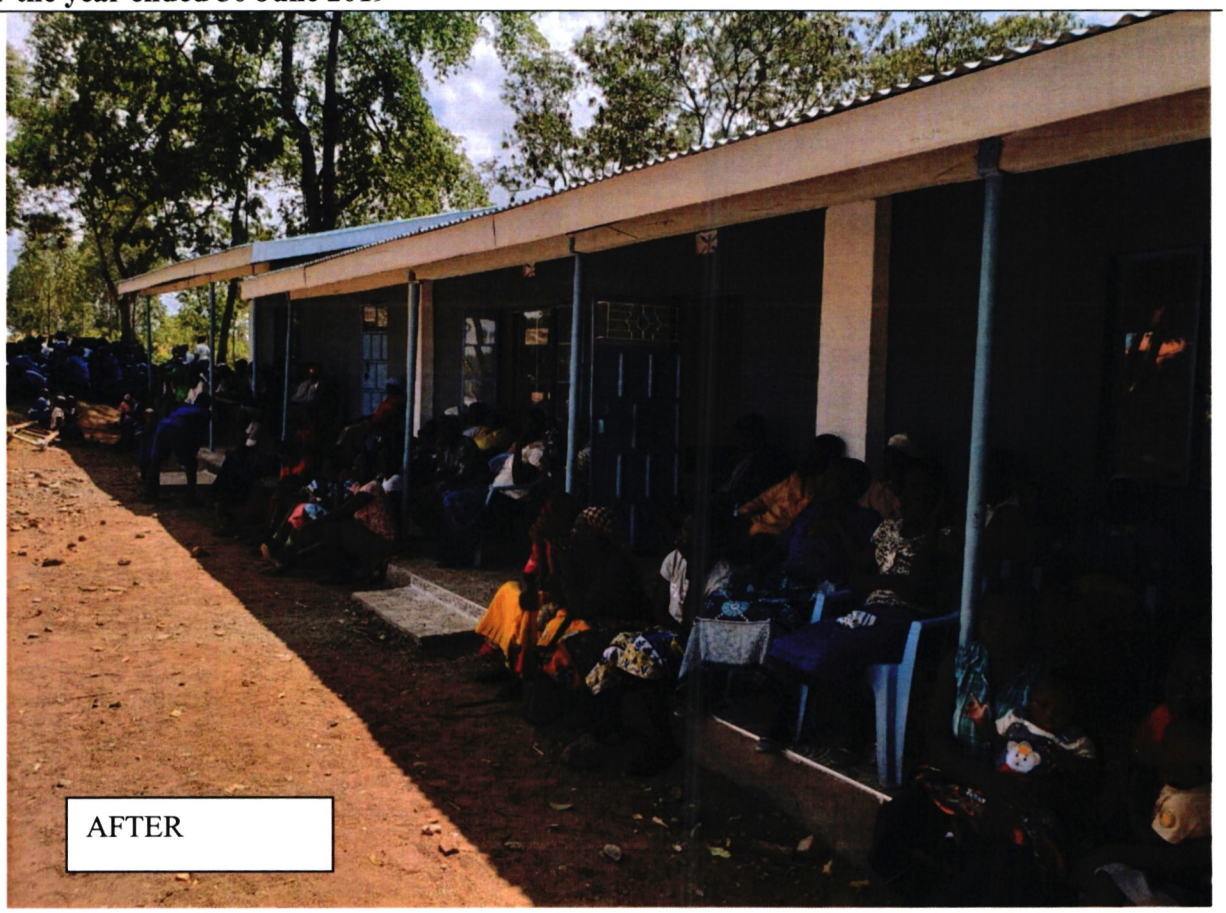
Kabondo Kasipul NGCDF office under construction.

The office is currently house in Kabondo East Chiefs Office

2. SECURITY – KASEWE CHIEF'S OFFICE

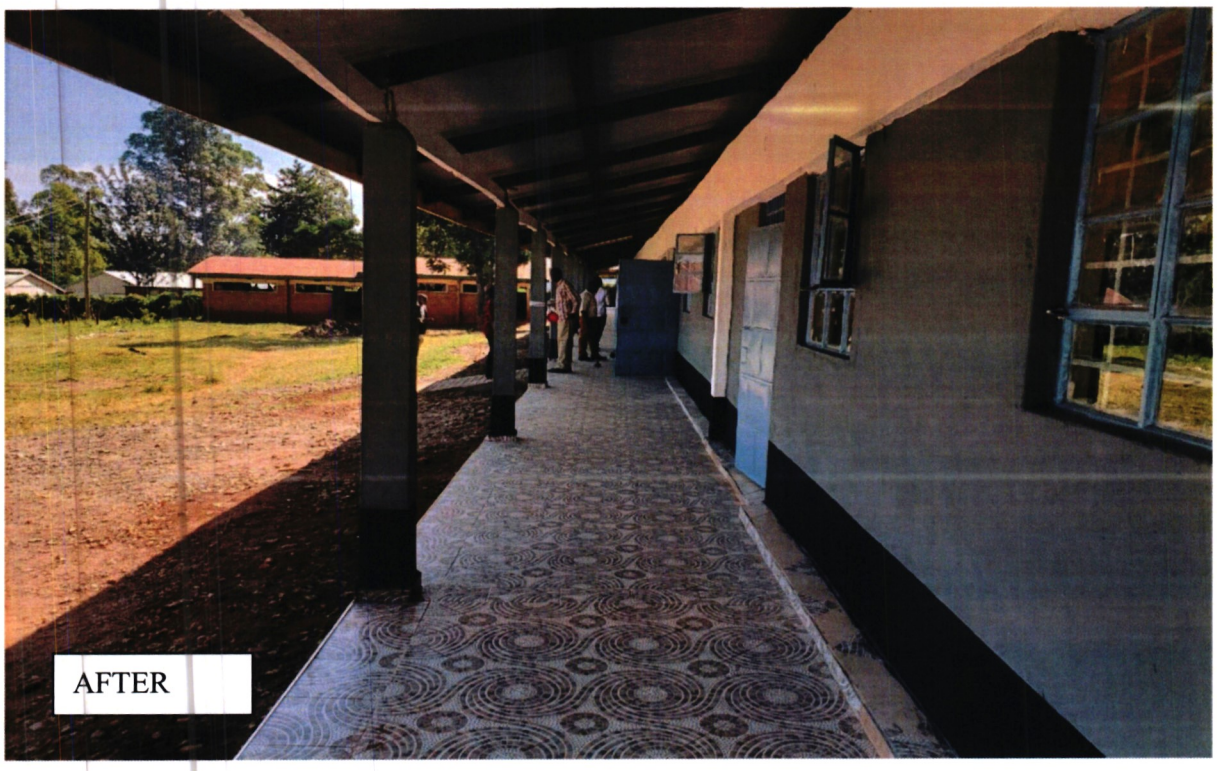
3. NYAWANGO PRIMARY SCHOOL

4. OSURI PRIMARY SCHOOL


AFTER


OSURI PRIMARY SCHOOL
NG-CDF FUNDED PROJECT
2017/2018, 2018/2019 FY

5. OTHORO PRIMARY SCHOOL



6. APONDO PRIMARY SCHOOL

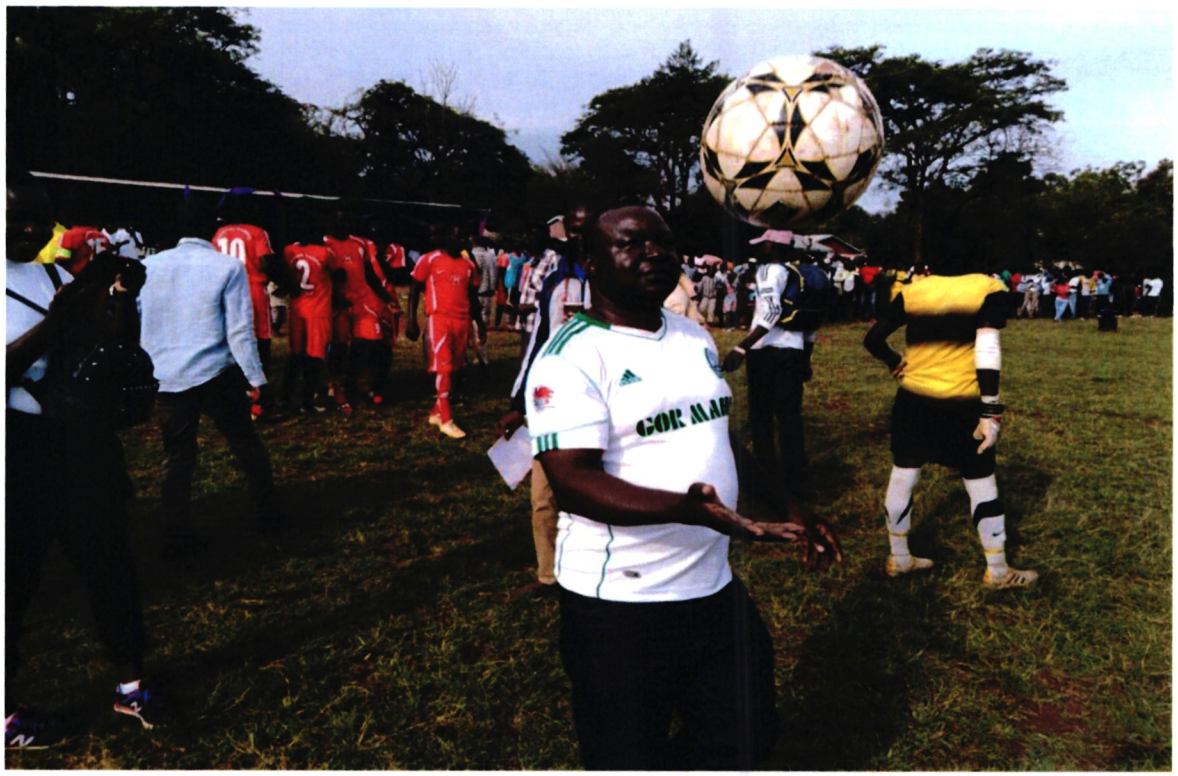

AFTER


APONDO PRIMARY SCHOOL
NG-CDF FUNDED PROJECT
2017/2018, 2018/2019 FY
NG-CDF BOARD
THIS REFURBISHED SCHOOL WAS OFFICIALLY OPENED
BY
HON. EVE. A. OBARA, MBS
M.P KABONDO KASIPUL CONSTITUENCY
ON
DATE: 30TH DECEMBER, 2018

7. BURSARY

Activity: Scholarship Program/Constituency Stars (full fee payment to bright and needy students 2017/2018 FY.
Amount spent: 1,054,209

8. SPORTS



9. KASEWE/JWELU ICT HUB

Sign.....
JOHN ODOYO ALOICE
CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-KABONDO KASIPUL 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-KABONDO KASIPUL 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, 20XX, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-KABONDO KASIPUL 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-KABONDO KASIPUL 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-KABONDO KASIPUL Constituency financial statements were approved and signed by the Accounting Officer on _____ 2018.

Fund Account Manager	**Sub-County Accountant**
Name: KENNEDY CHACHA	**Name: JULIUS KHAMATI SHIBUTSE**
	ICPAK Member Number: 17895

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 - 2019	2017 - 2018

REPUBLIC OF KENYA

ephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund-Kabondo Kasipul Constituency set out on pages 23 to 54, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

In my opinion, , the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund-Kabondo Kasipul 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 National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund-Kabondo Kasipul 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 opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.159,054,251 and Kshs.139,976,047 respectively resulting to an under-funding of Kshs.19,078,204 or 12% of the budget. Similarly, the Fund spent Kshs.113,451,509 against an approved budget of Kshs.159,054,251 resulting to an under-expenditure of Kshs.45,602,742 or 29% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Kabondo Kasipul 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 sections of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Unauthorized and Unutilized Borehole

During the year under review, the Kabondo Kasipul CDF Management awarded a contract for drilling and equipping of a borehole at the Constituency Development Fund Offices at a cost of Kshs.1,840,000.

Physical verification done on 7 February, 2020 revealed that the borehole was lying idle and unutilized despite its completion. Further, authorization for the drilling of the borehole and water use permit from the Water Resources Management Authority was not provided for audit.

In the circumstances, value for money of the expenditure of Kshs.1,840,000 which was incurred on the project could not be confirmed.

2.0 Incomplete Office and Multipurpose Hall

A tender for construction of the constituency office and multipurpose hall was awarded to a contractor on 27 November, 2015 for a contract sum of Kshs.30,350,117 and the project was to take 24 weeks from the date of site possession.

Physical inspection done on 7 February, 2020 revealed that the project was incomplete, the contractor was not on site and work had stalled. The outstanding works included roofing, installation of window grills and panes, plastering, painting and flooring.

Further, the expenditure analysis indicates that a total of Kshs.33,993,000 had been spent on the project.

In the circumstances, the public resources were not used in an effective and efficient way and the value for money of the expenditure of Kshs.33,993,000 could not be confirmed.

3.0 Transfers to Other Government Units

3.1 Unauthorized Reallocation of Funds meant for Construction of Classrooms at Pala Secondary School

The statement of receipts and payments reflects transfers to other government units expenditure of Kshs.42,687,629 for the year ended 30 June, 2019, includes an amount of Kshs.21,739,655 earmarked for transfer to secondary schools. The latter in turn includes Kshs.550,000 which was allocated for the construction of two classrooms at Pala Secondary School.

Physical verification done on 7 February, 2020 revealed that instead of constructing the classrooms, the Project Management Committee reallocated the funds to the school laboratory. The change of activity was not authorized by the National Government Constituencies Development Fund Board as stipulated under section 6(2) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the regularity of the expenditure of Kshs.550,000 could not be confirmed.

3.2 Unauthorized Reallocation of Funds meant for Construction of Classrooms at Otondo Secondary School

The expenditure of Kshs.21,739,655 in respect of transfer to secondary schools also includes an amount of Kshs.1,000,000 which was transferred to the Project Management Committee of Otondo Secondary School for the construction of two classrooms.

Physical verification done on 7 February, 2020 revealed that instead of constructing the two classrooms, the Project Management Committee reallocated the funds to the construction of one classroom and renovation of three classrooms. The change of activity was not authorized by the National Government Constituencies Development Fund Board as stipulated under section 6(2) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the regularity of the expenditure Kshs.1,000,000 could not be confirmed.

3.3 Unauthorized Reallocation meant For Construction of Classrooms at Kotienditi Secondary School

The transfers to secondary schools` expenditure of Kshs.21,739,655 also includes an amount of Kshs. 550,000 which was allocated to the Project Management Committee of Kotienditi Secondary School for the construction of one classroom.

Physical verification carried out on 7 February, 2020 revealed that instead of constructing one complete classroom, the Project Management Committee reallocated the funds to the school library. The change of activity was not authorized by the National Government Constituencies Development Fund Board as stipulated under section 6(2) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the regularity of the expenditure of Kshs.550,000 could not be confirmed.

3.4 Unbranded Projects in Construction of Laboratory and Classrooms in Three (3) Schools

The expenditure of Kshs.21,739,655 in respect of transfer to secondary schools includes an amount of Kshs.6,795,000 which was incurred on the construction of a laboratory and classrooms in three schools:

Physical verification revealed that the projects had not been branded with the Constituencies Development Fund logo. Failure to brand the projects with the logo of the Constituencies Development Fund may result in overlaps especially where there is multi-funding thereby affecting the accountability of the expenditure.

4.0 Incomplete Construction of a Police Post and Gate

The Kabondo Kasipul CDF funded the construction of a police post at Kodhoch West and a gate at Sori Police Post at a cost of Kshs.1,560,000 during the 2017/2018 financial year.

Physical verification done on 7 February, 2020 revealed that fitting of a gate at Sori Police Post which was among the key activities that were to be carried out by the contractor was not done even after full payment of the contract sum.

Consequently, the value for money and regularity of the expenditure of Kshs.1,560,000 could not be confirmed.

5.0 Poor Workmanship of Some Projects Implemented

Physical verification of various projects which were funded in the financial year 2018/19 revealed various cases of poor workmanship as shown below:

Institution	Activity	Status
Osuri Primary School	Renovation of eight classrooms	- Peeling Plaster and Paint - Cracking Walls
Kauma Primary School	Construction of two classrooms	- Cracking Floors
St Mary Andingo Primary School	Construction of laboratory	- Cracking Walls
Apondo Primary School	Renovation of eight classrooms	- Cracking Walls and peeling Paint
Otondo Secondary School	Construction of two classrooms	- Cracking Floors and Walls

6.0 Unimplemented Projects

The Kabondo Kasipul CDF had budgeted to spend a total of Kshs.72,125,640 on various projects under transfers to other government units in 2018/2019 financial year. However,

audit review revealed that projects estimated to cost a total of Kshs.25,500,000 were not implemented by the end of the financial year. :
No explanation has been provided for failure to implement the above projects.

7.0 Net Liabilities

The statement of assets and liabilities reflects total financial assets balance of Kshs.26,524,538 and nil liabilities as at 30 June, 2019. The statement, however, shows at the bottom net liabilities instead of the net financial position of Kshs.26,524,538 as at 30 June 2019. The format is not consistent with Public Sector Accounting Board template for preparation of financial statements. No explanation was provided for this anomaly.

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 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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to liquidate the fund or cease operations..

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them, and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund - to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

17 September, 2021

		Kshs	Kshs
RECEIPTS			
Transfers from CDF board	1	137,718,148	46,830,172
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		**137,718,148**	**46,830,172**
PAYMENTS			
Compensation of employees	4	2,435,930	2,310,054
Use of goods and services	5	14,091,098	10,822,131
Transfers to Other Government Units	6	42,687,629	6,000,000
Other grants and transfers	7	48,117,797	22,652,347
Acquisition of Assets	8	3,182,142	381,000
Other Payments	9	2,936,913	
TOTAL PAYMENTS		**113,451,509**	**42,165,532**
SURPLUS/DEFICIT		**24,266,639**	**4,664,640**

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

Fund Account Manager
Name: KENNEDY CHACHA

Sub-County Accountant
Name JULIUS KHAMATI SHIBUTSE
ICPAK Member Number: 17895

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	26,524,538	2,257,899
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		**26,524,538**	**2,257,899**
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		**26,524,538**	**2,257,899**
FINANCIAL LIABILITES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B		-
Total Financial Liabilities		-	-
NET FINANCIAL ASSETS		**26,524,538**	**2,257,899**
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	2,257,899	(2,406,741)
Surplus/Deficit for the year		24,266,639	4,664,640
Prior year adjustments	14	-	-
NET LIABILITIES		**26,524,538**	**2,257,899**

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

Fund Account Manager
Name: KENNEDY CHACHA

Sub-County Accountant
Name JULIUS KHAMATI SHIBUTSE
ICPAK Member Number: 17895

VI. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from CDF Board	1	137,718,148	46,830,172
Other Receipts	3	-	
Total Receipts		**137,718,148**	**46,830,172**
Payments			
Compensation of Employees	4	2,435,930	2,310,054
Use of goods and services	5	14,091,098	10,822,131
Transfers to Other Government Units	6	42,687,629	6,000,000
Other grants and transfers	7	48,117,797	22,652,347
Other Payments	9	2,936,913	-
Total Payments		**110,269,367**	**41,784,532**
Total Receipts Less Total Payments		**27,448,781**	**5,045,640**
Adjusted for:			
Outstanding Imprest	11	-	-
Retention	12A	-	-
Gratuity Payable	12B	-	-
Prior Year adjustment	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		**27,448,781**	**5,045,640**
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(3,182,142)	(381,000)
Net cash flows from Investing Activities		(3,182,142)	(381,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		**24,266,639**	**4,664,640**
Cash and cash equivalent at BEGINNING of the year	**10**	**2,257,899**	**(2,406,741)**
Cash and cash equivalent at END of the year		**26,524,538**	**2,257,899**

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

Fund Account Manager
Name: KENNEDY M CHACHA

Sub-County Accountant
Name: JULIUS SHIBUSHE KHAMATI
ICPAK Member Number: 17895

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,876	50,013,375	159,054,251	139,976,047	19,078,204	88.0%
Proceeds from Sale of Assets			-		-	
Other Receipts		-	-	-	-	
TOTAL RECEIPTS	**109,040,876**	**50,013,375**	**159,054,251**	**139,976,047**	**19,078,204**	**88.0%**
PAYMENTS			-		-	
Compensation of Employees	2,851,114	-	2,851,114	2,435,930	415,184	85.4%
Use of goods and services	6,962,565	7,440,190	14,402,755	14,091,098	311,657	97.8%
Transfers to Other Government Units	43,150,000	25,975,640	69,125,640	42,687,629	26,438,011	61.8%
Other grants and transfers	52,738,894	11,620,518	64,359,412	48,117,797	16,241,616	74.8%
Acquisition of Assets	3,338,302	-	3,338,302	3,182,142	156,160	95.3%
Other Payments		4,977,027	4,977,027	2,936,913	2,040,114	59.0%
TOTAL	**109,040,876**	**50,013,375**	**159,054,251**	**113,451,509**	**45,602,742**	**71.3%**

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
[Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

i. ***The NGCDF board released funds amounting to kshs 35,962,672.25 in June and therefore some projects could not be funded within the same financial year due to time limitations.***

ii. ***The over expenditure on some areas were caused by funds totalling to 47,755,475.90 meant for the financial year 2017/2018 that were disbursed in the year 2018/2019.***

iii. *The underperformance (88%) in the transfer from NGCDF Board is a result of funds amounting to Kshs 19,078,203.47 for projects whose funding was deferred because of lack of critical information from NGCDF Committee and the requirement by the Board to visit and verify before release of funds.*

iv. *Underutilization of funds in the Compensation of Employees (85.4%), Transfer to other Government Units (59.2%), Other Grants and Transfers (77.5%) and Other Payments (57.3%) was as a result of late disbursement of funds from the NGCDF Board (Ksh 35,962,672*

received 10 days to the close of the financial year) and hence non implementation. Further, funds meant for some projects under other grants and Transfers were deferred by the Board. These funds have since been released and projects implemented in the 2019/2020 financial year

The NGCDF-KABONDO KASIPUL Constituency financial statements were approved on _____ 2019 and signed by:

_____	_____
Fund Account Manager	**Sub-County Accountant**
Name: KENNEDY CHACHA	**Name JULIUS KHAMATI SHIBUTSE**
	ICPAK Member Number: 17895

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-Programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,851,114	-	2,851,114	2,435,930	415,184
1.2 Committee allowances	1,478,000	1,448,261	2,926,261	2,837,966	88,295
1.3 Use of goods and services	2,213,339	1,791,599	4,004,938	3,461,858	543,080
Sub Total	**6,542,453**	**3,239,860**	**9,782,312**	**8,735,755**	**1,046,558**
2.0 Monitoring and evaluation					
2.1 Capacity building	1,249,056	1,015,404	2,264,460	2,351,669	(87,209)
2.2 Committee allowances	1,050,000	1,441,200	2,491,200	2,737,986	(246,786)
2.3 Use of goods and services	972,170	1,743,728	2,715,897	2,701,618	14,279
Sub Total	**3,271,226**	**4,200,332**	**7,471,558**	**7,791,273**	**(319,715)**
3.0Emergency					
3.1 Primary Schools			-		
Emergency	5,738,993		5,738,993	4,953,690	785,303
Sub Total	**5,738,993**		**5,738,993**	**4,953,690**	**785,303**
4.0 Bursary and Social Security			-		-
4.1 Primary Schools	-				
4.2 Secondary Schools	14,544,000	144,828	14,688,828	15,556,594	(867,767)
4.3 Tertiary Institutions	6,000,000	180,000	6,180,000	5,570,280	609,720
4.4 Universities	756,000	-	756,000	-	756,000
4.5 Special Schools	-	300,000	300,000	-	300,000
4.5 Social Security	2,800,000	-	2,800,000	-	2,800,000
Sub Total	**24,100,000**	**624,828**	**24,724,828**	**21,126,874**	**3,597,953**
5.0 Sports			-		-
Constituency Sports Tournament	1,400,000	1,095,690	2,495,690	2,268,103	227,587
Sub Total	**1,400,000**	**1,095,690**	**2,495,690**	**2,268,103**	**227,587**
6.0 Environment			-		-
Constituency Environmental Activities	1,000,000	-	1,000,000	-	1,000,000
Sub Total	**1,000,000**	**-**	**1,000,000**	**-**	**1,000,000**

7.0 Primary Schools Projects					
Abuoye Primary School	400,000		400,000		400,000
Angino Primary School	400,000		400,000		400,000
Anjech Primary School	700,000		700,000		700,000
Apondo Primary Schools(Model School)	1,600,000	1,000,000	2,600,000	2,597,323	2,677
Dudi Primary School	300,000	550,000	850,000	550,000	300,000
Harambee Primary School	300,000		300,000		300,000
Kabongo Primary School	100,000		100,000		100,000
Kadiju Primary School	300,000		300,000		300,000
Kango Primary School	300,000		300,000		300,000
Kanyangwara Primary		300,000	300,000		300,000
Kanyangwara Primary School	400,000		400,000	300,000	100,000
Kauma Primary School	100,000	1,000,000	1,100,000	1,000,000	100,000
Kitare Primary School	100,000		100,000		100,000
Kitare Primary School	400,000		400,000		400,000
Kogalo Primary School	500,000		500,000		500,000
Kolal Primary School	400,000		400,000		400,000
Kolwa Primary		550,000	550,000	550,000	-
Kolwa Primary School	100,000		100,000		100,000
Kolwa Primary School	650,000		650,000	550,000	100,000
Kolweny Primary School	300,000		300,000		300,000
Komolo Primary school	100,000	550,000	650,000	650,000	-
Kotienditi Primary School	700,000		700,000		700,000
Masogo Primary School	300,000		300,000		300,000
Njura Primary School	500,000		500,000		500,000
Nyandolo Primary School	100,000		100,000		100,000
Nyawango Primary School	1,600,000	1,425,640	3,025,640	3,025,640	-
Ober Boys Boarding Primary School	800,000		800,000	800,000	-
Ober Mixed Primary School	300,000	600,000	900,000	900,000	-
Odino Primary School	600,000		600,000		600,000
Ogenga Primary		300,000	300,000		300,000
Ogenga Primary school	550,000		550,000	450,000	100,000
Ogera Primary School	650,000		650,000		650,000
Ogilo Primary		550,000	550,000	50,000	500,000
Ongujo Primary School	100,000	550,000	650,000	650,000	-

Oriri Primary		550,000	550,000	550,000	-
Osuri Primary School (Model School)	2,400,000	1,750,000	4,150,000	3,897,242.00	252,758
Othoro Primary School (Model School)	2,200,000	400,000	2,600,000	2,600,000	-
Pany Komolo Primary School	800,000		800,000		800,000
Ponge Primary School	650,000	550,000	1,200,000	550,000	650,000
Primary Schools water	1,800,000		1,800,000	567,424	1,232,576
Ragogo Primary School	650,000		650,000		650,000
Ranena Primary		550,000	550,000	550,000	-
Umai Primary School	**100,000**	**550,000**	**650,000**	**650,000**	-
Sub Total	**22,250,000**	**11,725,640**	**33,975,640**	**21,437,629**	**12,538,011**
8.0 Secondary Schools Projects (List all the Projects)			-		
Adega Mixed Secondary School	1,200,000	1,000,000	2,200,000	2,200,000	-
Apondo Mixed Secondary School	1,000,000	1,000,000	2,000,000	2,000,000	-
Atela Mixed Secondary School	150,000	550,000	700,000	700,000	-
Atemo Mixed Secondary School	150,000	550,000	700,000	700,000	-
Bishop Linus Okok Girls Secondary School (Model School)	1,400,000		1,400,000		1,400,000
Danis Obara Mixed Secondary School	1,000,000		1,000,000	1,000,000	-
Dudi Girls Secondary School	4,000,000		4,000,000	-	4,000,000
God Agak Secondary School	800,000	1,000,000	1,800,000	1,500,000	300,000
Got Rateng Secondary School (Model School)	1,000,000		1,000,000	-	1,000,000
Kadie Mixed Secondary School	150,000	550,000	700,000	700,000	-
Kandegwa Mixed Secondary School	1,000,000	1,000,000	2,000,000	2,000,000	-
Kojwach High School	300,000	550,000	850,000	300,000	550,000
Kokwanyo Mixed Secondary School	500,000	800,000	1,300,000	1,300,000	-
Ong'oro Secondary School	550,000		550,000	-	550,000
Orinde Lutheran Secondary School	400,000		400,000	400,000	-
Otel Secondary School	1,000,000	1,000,000	2,000,000	2,000,000	-
Owiro Mixed Secondary School	150,000	550,000	700,000	700,000	-
Pala Mixed Secondary School	250,000	550,000	800,000	800,000	-
Ringa Boys High School (Model School)	1,300,000		1,300,000	-	1,300,000
St. Mary's Andingo Girls Secondary School	1,000,000		1,000,000	1,000,000	-
St. Philips Nyabondo Secondary School	1,000,000	1,000,000	2,000,000	2,000,000	-
Otondo Mixed Sec School		1,000,000	1,000,000	1,000,000	-

Water Tanks for Schools		1,700,000	1,700,000	-	1,700,000
Kowidi Sec School		500,000	500,000	-	500,000
Kotienditi Sec School		550,000	550,000	550,000	-
Kakelo Mixed Sec		400,000	400,000	400,000	-
Sub Total	**18,300,000**	**14,250,000**	**32,550,000**	**21,250,000**	**11,300,000**
9.0 Tertiary institutions Projects (List all the Projects)			-		
Oriwo Vocational & ICT Centre	1,000,000		1,000,000	-	1,000,000
Omiro Vocational & ICT Centre	1,000,000		1,000,000	300,000	700,000
Jwelu Vocational & ICT Centre	600,000		600,000		600,000
NGCDF ICT Hub			-		-
Sub Total	**2,600,000**	**-**	**2,600,000**	**300,000**	**2,300,000**
10.0 Security Projects			-		
Kabondo East Chiefs Office	2,800,000		2,800,000	1,258,836	1,541,164
Kakelo Chief's Office	600,000		600,000	-	600,000
Kasewe Chiefs Office	1,000,000	1,300,000	2,300,000	1,673,670	626,330
Kenya Police Service - Central Sori		3,000,000	3,000,000	1,480,000	1,520,000
Kodhoch West Chief's Office	400,000	800,000	1,200,000	1,200,000	-
Kojwach East	300,000		300,000	-	300,000
Kojwach Chiefs Camp		1,000,000	1,000,000	1,000,000	-
Kokwanyo Chiefs		800,000	800,000	800,000	-
Othoro Police Post	4,000,000		4,000,000	4,980,429	(980,429)
Ramula Administration Police Camp	200,000		200,000	-	200,000
Ramula Chiefs Office	200,000		200,000	-	200,000
Sub Total	**9,500,000**	**6,900,000**	**16,400,000**	**12,392,935**	**4,007,065**
11.0 Roads Projects			-		
Mikai – Dudi-Apondo Primary-Apondo Secondary School	2,000,000		2,000,000	800,000	1,200,000
Namba Ogilo Junction – Ogilo Primary School-Ogilo Secondary School Road-Manga Primary School	1,500,000		1,500,000	1,160,000	340,000
Ramula Junction – Anjech Primary School-Wangapala Primary- Wangapala Secondary School Road	1,500,000		1,500,000		1,500,000
Othoro Junction – Othoro Police Post	1,600,000		1,600,000	1,530,332	69,668
Kadongo – Got Rateng Primary/ Secondary Scchool – Osuri – Chegere Primary School Rd	2,000,000		2,000,000		2,000,000

Awach Foot Bridge	800,000		800,000		800,000
Nyowa-Junction-Adega Secondary-Kitare Rd	1,000,000		1,000,000	885,862	114,138
Atemo-Kolwa Primary School Road.	600,000		600,000		600,000
Mikai- Dudi - Apondo Primary - Apondo Sec Road		3,000,000	3,000,000	3,000,000	-
			-		
Sub Total	**11,000,000**	**3,000,000**	**14,000,000**	**7,376,194**	**6,623,806**
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)	-	-	-	-	-
11.2 Construction of CDF office	2,538,203		2,538,203	2,537,082	1,121
11.3 Purchase of furniture and equipment	800,000		800,000	645,060	154,940
11.4 Purchase of computers					
11.5 Purchase of land			-		-
Sub Total	**3,338,203**	**-**	**3,338,203**	**3,182,142**	**156,061**
12.0 Others			-		
12.1 Strategic Plan	-	300,000	300,000	300,000	-
12.2 Innovation Hub	-				
Oriwo Vocational & ICT Centre		1,169,257	1,169,257	-	1,169,257
Omiro Vocational & ICT Centre		1,169,257	1,169,257	1,170,000	(743)
Jwelu Vocational & ICT Centre		1,169,257	1,169,257	1,166,913	2,344
NGCDF ICT Hub		1,169,257	1,169,257		1,169,257
Sub Total	**-**	**4,977,027**	**4,977,027**	**2,636,913**	**2,340,114**
TOTALS	**109,040,876**	**50,013,376**	**159,054,252**	**113,451,509**	**45,602,742**

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-Kabondo Kasipul 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.

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.

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 . 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

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.

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019 Kshs	2017 - 2018 Kshs
Normal Allocation	AIE NO. B005003	36,376,166	
	AIE NO. B005372	11,379,310	
	AIE NO. B030247	10,000,000	
	AIE NO. B030409	12,000,000	
	AIE NO. B006350	8,000,000	
	AIE NO. B042890	24,000,000	
	AIE NO. B047547	35,962,672	
	AIE NO. A855828		5,500,000
	AIE NO. A892730		3,425,000
	AIE NO. A892918		37,905,172
Conditional grants			-
			-
Receipt from other Constituency			-
TOTAL		**137,718,148**	**46,830,172**

2. PROCEEDS FROM SALE OF ASSETS

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

3. OTHER RECEPTS

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

4. COMPENSATION OF EMPLOYEES

Description	2018-2019 Kshs	2017 - 2018 Kshs
Basic wages of contractual employees	1,792,923	1,674,713
Basic wages of casual labour		
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Other personnel payments		
Employer contribution to NSSF	161,906	87,438
Gratuity-Paid	481,101	547,903
Gratuity-Accrued		
TOTAL	2,435,930	2,310,054

5. USE OF GOODS AND SERVICES

Description	2018-2019 Kshs	2017 - 2018 Kshs
Utilities, supplies and services	934,034	244,493
Electricity	10,500	10,500
Water & sewerage charges		
Office rent	375,000	225,000
Communication, supplies and services	9,450	119,920
Domestic travel and subsistence	831,320	436,100
Printing, advertising and information supplies & services	367,261	193,622
Rentals of produced assets	-	-
Training expenses	927,780	1,887,640
Hospitality supplies and services	418,180	304,700
Other committee expenses	2,100,000	881,500
Committee allowance	1,771,600	999,000
Insurance costs	-	-
Specialized materials and services	261,200	-
Office and general supplies and services	438,645	-
Fuel , oil & lubricants	725,450	400,000
Other operating expenses	2,320,754	3,874,500
Bank service commission and charges	-	245,156
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	2,436,574	1,000,000
Routine maintenance- other assets	163,350	-
TOTAL	**14,091,098**	**10,822,131**

6. **TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Transfers to Primary schools	20,947,974	500,000
Transfers to Secondary schools	21,739,655	5,500,000
Transfers to Tertiary institutions	-	-
TIVET	-	-
TOTAL	**42,687,629**	**6,000,000**

7. **OTHER GRANTS AND OTHER PAYMENTS**

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	15,556,594	8,075,786
Bursary -Tertiary	5,570,280	9,438,354
Bursary-Special schools	-	300,000
Mocks & CAT	-	-
Security	12,392,935	700,000
Roads	7,376,194	-
Sports	2,268,103	868,103
Environment	-	868,103
Emergency Projects	4,953,690	2,402,000
TOTAL	**48,117,797**	**22,652,347**

8. **ACQUISITION OF ASSETS**

Non-Financial Assets	2018-2019	2017 - 2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	2,537,082	150,000
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	645,060	
Purchase of computers ,printers and other IT equipment	-	231,000
Purchase of photocopier	-	-
Purchase of other office equipment	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
TOTAL	**3,182,142**	**381,000**

9. **OTHER PAYMENTS**

ICT HUB	2,636,913	-
Strategic Plan	300,000	-
specify	-	-
TOTAL	**2,936,913**	**-**

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Cooperative Bank of Kenya, Oyugis Branch, Kabondo Kasipul NG-CDF	*A/C no.01141454980500*	26,524,538	2,257,899

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	*Date Imprest Taken*	*Amount Taken*	*Amount Surrendered*	*Balance*
		Kshs	*Kshs*	*Kshs*
Name of Officer or Institution	dd/mm/yy	-	-	-
Total				-

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

12A. RETENTION

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 1	-	-
Total	-	-

[Provide short appropriate explanations as necessary

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019 Kshs	2017-2018 Kshs
Name 1	-	
Total	-	-

13. BALANCES BROUGHT FORWARD

	2018-2019 (1/7/2018 Kshs	2017 - 2018 (1/7/2017) Kshs
Bank accounts	2,257,899	(2,406,741)
Cash in hand		-
Imprest		-
TOTAL	**2,257,899**	**(2,406,741)**

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

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

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (*specify*)	-	-
	-	-

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	415,184	2178616
Use of goods and services	311,657	624,805
Amounts due to other Government entities (see attached list)	26,438,011	334,663
Amounts due to other grants and other transfers (see attached list)	16,241,616	568,965
Acquisition of assets	156,160	3,530,159
Others (*specify*)	2,040,114	6,400,000
	45,602,742	**13,637,209**

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	11,614,953.14	2,637,670.65
	11,614,953.14	**2,637,670.65**

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					

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						

ANNEX 3 – UNUTILIZED FUNDS

		2018-2019	2017 - 2018
		Kshs	Kshs
Compensation of employees		415,184	2,178,616
Use of goods and services		311,657	624,805
Amounts due to other Government entities		26,438,011	334,663
Amounts due to other grants and other transfers		16,241,616	568,965
Acquisition of assets		156,160	3,530,159
Others (*specify*)		2,040,114	6,400,000
TOTAL		**45,602,742**	**13,637,209**

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees		415,184	2,178,616	
Use of goods & services		311,657	624,805	
Sub-Total		**726,842**	**2,803,421**	
Amounts due to other Government entities				
Primary Schools		12,538,011	334663	

Secondary Schools		11,300,000		
Tertiary School		2,300,000		
Sub-Total		**26,138,011**	**334,663**	
Amounts due to other grants and other transfers				
Bursary		3,597,953		
Emergency		595,311		
Sports		227,587		
Environment		1,000,000		
Roads		6,623,806		
Security		4,007,065	**568,965**	
Sub-Total		**16,051,722**	**568,965**	
Acquisition of assets		156,061	3,530,159	
Others (*specify*)				
ICT Hubs		2,340,114	6,400,000	
Sub-Total		**2,338,514**	**9,930,159**	
Grand Total		**45,602,742**	**13,637,208**	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost
	(Kshs)			(Kshs)
	2017/18			2018/19
Land	965,200		-	965,200
Buildings and structures	34,650,000	2,547,082	-	37,197,082
Transport equipment	6,224,718	-	-	6,224,718
Office equipment, furniture and fittings	487,744	635,061	-	1,122,805
ICT Equipment, Software and Other ICT Assets	638,445	-	-	638,445
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	**42,966,107**	**3,182,143**	**-**	**46,148,250**

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

No.	Name of Project	Bank	Account No.	Bal (Kshs.) 2018/2019	Bal. (Kshs.) 2017/2018
1.	Kabondo Kasipul Staff Gratuity	Coop Bank	01134455261000	430,599.00	113,563.00
2.	Kabondo Kasipul Environmental Pmc	Coop Bank	01141455613300	8,908.95	8,908.95
3.	Kabondo Kasipul Sports Committee	Coop Bank	01141455515800	1,201,495.20	2,475.20
4.	Otondo Mss	Coop Bank	01120455127700	2,417.49	00
5.	Kokwanyo Chiefs Camp	Coop Bank	01141798171500	1,405.00	00
6.	Ranena Primary School	Coop Bank	01141796176300	24,825.00	00
7.	Dudu Primary School	Coop Bank	01141796178800	1,825.00	00
8.	Andingo Girls Sec. School	KCB	1114842753	1,002,059.00	1,001,174.50
9.	Orinde Lutheran Sec. School	KCB	1175420972	401,403.00	1,644.50
10.	Danish Obara Sec. School	KCB	1137462469	1,007,623.00	1,000,495.00
11.	Kojwach High School	KCB	1130868583	16,832.00	509,409.50
12.	Ongujo Pri. School	KCB	1157024874	143,300.50	00
13.	Ogenga Pri School	KCB	1156734037	151,440.00	00
14.	Anjech Pri. School	KCB	1118832906	37,890.00	00
15.	Kandegwa M.S.S.	KCB	1135544867	1,268,345.00	00
16.	Atemo MSS	KCB	1120714206	735.00	00
17.	Owiro MSS	KCB	1118832906	37,890.00	00
18.	Atela MSS	KCB	1113917865	125,980.00	00
19.	Pala MSS	KCB	1113462418	251,819.00	00
20.	Ober Mixed Primary	Coop Bank	01141796168600	303,635.00	00
21.	Komolo Pri. School	Coop Bank	011417961777000	00	00
22.	Ober Boys Boarding	Coop Bank	01141796168600	100,825.00	00
23.	Kanyangwara Pri School	Coop Bank	01141013591200	920.00	00
24.	Kauma Pri School	Coop Bank	01141297641600	10,688.00	00
25.	Otel Mss	Coop Bank	01141454566000	488,655.00	00
26.	God Agak MSS	Coop Bank	011412964348000	501,266.00	00
27.	St Philips Nyabondo MSS	Coop Bank	011410188591000	1,020,215.00	00
28.	Adega Mss	Coop Bank	011410136049000	1,006,765.00	00
29.	Apondo Mss	Coop Bank	01141796180000	1,000,000.00	00
30.	Kokwanyo Mss	Coop Bank	01139018800702	506,102.00	00
31.	Kadie Mss	Coop Bank	01141790171700	154,915.00	00
32.	Kodhoch W Chiefs Office	Coop Bank	01134796198000	404,175.00	00
	Totals			**11,614,953.14**	**2,637,670.65**

XI.PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
1	**Use of Goods and Services (Unsupported expenditure)**	Support documents including invitations, training timetables, payment schedules and minutes availed for post audit review	Kennedy Chacha (FAM)	Resolved	March 2019
2	**Summary Statement of Appropriations (Variance in amounts of funds receive form the board in statement of receipts and payments and summary statement of appropriations)**	The Summary statement of appropriation recurrent and development was amended to conform to statement of receipts and payments. A copy of the same was availed for post audit review	Kennedy Chacha (FAM)	Resolved	March 2019
3	**Payment to Kenya Secondary School Heads Association**	Payment made to the association for the facilitation of annual education stakeholders forum to deliberate on the education improvement both infrastructural and bursary	Kennedy Chacha (FAM)	Resolved	March 2019
4	**Unsupported Bursary Payments**	Supporting documents including PVs, minutes, student lists provide for post audit review.	Kennedy Chacha (FAM)	Resolved	March 2019
5	**Funding for Rachuonyo Kenya Primary Heads Association Education Day**	Payment made to the association for the facilitation of annual education stakeholders forum to deliberate on the education improvement both infrastructural and bursary	Kennedy Chacha (FAM)	Resolved	March 2019
6	**Completion of the Sub County Commissioners Residence (Supporting documents not availed)**	Project implemented through the Kabondo Divisional HQ Building Committee who did not maintain proper records. The PMC file was redone from copies of transactions and availed for post audit	Kennedy Chacha (FAM)	Resolved	March 2019
7	**Tree Planting exercise in the constituency**	*The budget for tree planting as expended by purchasing of tree*	Kennedy Chacha (FAM)	Resolved	March 2019

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue *(Name and designation)*	Status: *(Resolved / Not Resolved)*	Timeframe: *(Put a date when you expect the issue to be resolved)*
		seedlings for various schools. Deliveries were made to the schools and trees planted. Due to fluctuating conditions, the survival rate was greatly reduced.			
8	**Use of Emergency Funds**	*Emergency funds amounting to Kshs 2,402,000 spent on the construction pit latrines in 6 schools (Ksh 1,662,000) and rehabilitation of Wangapala- Omuga TTI Road (Kshs 740,000). The same was later reported to the board for ratification.*	Kennedy Chacha (FAM)	Resolved	March 2019
1.0	**Procurement of a Strategic Consultants**	*Amendment to the FS made to correct the overstatement of Ksh 300,000 paid after the close of the financial year. Tender documents were availed to the audit team for review.*	Kennedy Chacha (FAM)	Resolved	March 2019
2.1	**Disbursement to Gangre Mixed Secondary School (Incomplete Project)**	The contract was awarded and changes made to the scope of work and hence incompletion of the works at the initial cost. The change of scope necessitated by the land topography and additional reinforcements. Additional funds were availed in the 2019/2020 financial year and the project is complete and in use	Kennedy Chacha (FAM)	Resolved	May 2020
2.2	**Disbursement to Orinde Lutheran Mixed Secondary School**	The PMC has been sensitized to improve on their record keeping. We have also explored doing a full contract to avoid recurrence	Kennedy Chacha (FAM)	Resolved	March 2019
3.1	**Reallocation of Funds at Orinde Lutheran Secondary School**	The school's management acknowledge receipt of the bursary funds and used the same for infrastructural development. We opined that the school management can expend the monies as they deem fit provide they have acknowledged the receipts to our offices	Kennedy Chacha (FAM)	Resolved	March 2019