

REPUBLIC OF KENYA




Enhancing Accountability

REPORT



PARLIAMENT
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 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING	
DATE: 21 OCT 2021	
DAY: Thursday	
TABLED BY:	LOMP.
CLERK AT THE TABLE	Maina Wanjiku

THE AUDITOR-GENERAL

ON

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

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



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
FUNYULA 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 CONSTITUENCY DEVELOPMENT FUND – FUNYULA
CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND - FUNYULA
CONSTITUENCY**

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The *Constituencies Development Fund (CDF)* was set up under the CDF Act, 2003 now repealed by the CDF Act, 2015. The National government *Constituencies Development Fund* is represented by the Cabinet Secretary for Devolution and Planning, who is responsible for the general policy and strategic direction of the National government *Constituencies Development Fund*. The objective of the fund is to ensure that specific portion of the national annual budget is devoted to the constituencies for purposes of infrastructural development, wealth creation and in the fight against poverty at the constituency level.

(b) Key Management

The *Funyula Constituency's* 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	Hawkins Samba
2.	Sub County Accountant	Paul Ojiambo
3.	Chairman NG CDFC	Andrew Obada
4.	Member NG CDFC	Marisa Nabwire

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Funyula Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the National government Constituency Development Fund Committee (NGCDFC) for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) FUNYULA NG CDF Headquarters

P.O. Box 44 Funyula
NG CDFOffice opp.Funyula Police Station.
Funyula Nerobia road
Busia, KENYA

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

(f) Funyula NGCDF Contacts

Telephone: (254) 717512051.

E-mail: cdffunyula@ngcdf.go.ke

(g) Funyula NGCDF Bankers

Equity bank of Kenya

Busia branch

0780292650348

P.O Box 553-50400

Busia

(h) Independent Auditors

Auditor General

Kenya National Audit Office

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 CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

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

**II. FORWARD BY THE CHAIRMAN NATIONAL GOVERNMENT CONSTITUENCY
DEVELOPMENT FUND COMMITTEE (NGCDFC)**

It's my pleasure to present you the Funyula NG-CDF's annual report and financial statement for the 2018/2019 financial year. In the year under review the performance was above average. The Funyula NGCDF budget performance against actual amount for current year was as follows. The actual amounts utilised by the constituency in its various expense items were above average at 72.2% however the target should be 100% if funds are availed in good time during the financial year. Funyula NGCDF has improved the education and security standard on the Funyula constituency. The constituents have also benefited a lot from the Bursary fund. There is also a social security programme for the vulnerable.

There has been increased cooperation between the NGCDFC and the PMC's which has enhanced supervision and quality of work.

Most of the projects were completed and or are nearing completion. This we hope we will have very few projects in coming years which can be classified as on-going.

Major implementation challenges include;

The need to have a more professional staff to handle the office which we hope to achieve in due course.

We hope that in future, our reporting will be able to capture the real position on the ground at a first glance.

Late disbursements of fund leading to high costs of products due to inflation

With the necessary technical support from the NGCDF Board and other relevant Government departments we can be able to achieve high levels of efficiency



CHAIRMAN NGCDFC

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

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

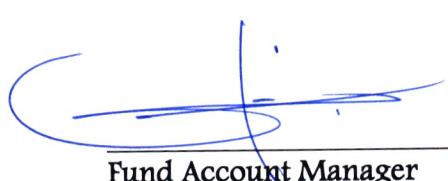
The Accounting Officer in charge of the Funyula NGCDF confirms that the NGCDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NGCDF's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF'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's financial statements were approved and signed by the Accounting Officer on **14th August, 2020**.



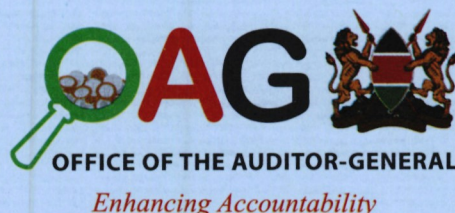
Chairman - NGCDFC
Andrew Oduory



Fund Account Manager
Lihanda Winston

REPUBLIC OF KENYA

Telephone: +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 - FUNYULA 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 - Funyula Constituency set out on pages 2 to 18, which comprise the statement of financial assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation- recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Funyula Constituency Management 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 the 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 Constituency Development Fund - Funyula Constituency 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 summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.117,880,820 and Kshs.101,667,657 respectively resulting to an under-funding of Kshs.16,213,163 or 14% of the budget. Similarly, the Fund spent Kshs.93,052,731 against an approved budget of Kshs.117,880,820 resulting to an under-expenditure of Kshs.24,828,089 or 21% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Funyula Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for conclusion

Delayed Completion in Construction of Chief's Camp Offices

As disclosed under Note 5 to the financial statements, the statement of receipts and payments reflect an amount of Kshs.35,929,209 relating to other grants and payments out of which an amount of Kshs.2,000,000 relates to security expenses. However, physical verification revealed that works on construction of two Chief's camps at Bujwanga Assistant Chief's Office and Odiado Chief's Office remained incomplete each at a contract sum of Kshs.800,000. Hence, it was not possible to ascertain whether value for money was achieved from the expenditure of Kshs.2,000,000 on the projects.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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 governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain limited assurance about whether effective processes and systems of internal controls, risk management, and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

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

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

Those charged with governance are responsible for overseeing the 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 review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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

01 October, 2021

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

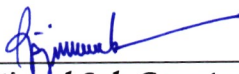
Reports and Financial Statements

For the year ended June 30, 2019

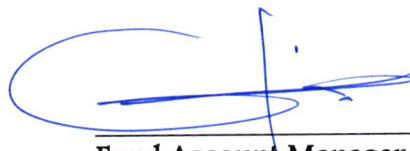
V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 – 2019	2017 - 2018
		Kes	Kes
RECEIPTS			
Transfers from NGCDF board-AIEs' Received	1	92,326,713	43,405,172
TOTAL RECEIPTS		92,326,713	43,405,172
PAYMENTS			
Compensation of employees	2	4,755,722	1,117,583
Use of goods and services	3	6,793,800	2,807,100
Transfers to Other Government Units	4	45,454,000	-
Other grants and transfers	5	35,929,209	30,655,739
Acquisition of Assets	6	120,000	-
TOTAL PAYMENTS		93,052,731	34,580,422
SURPLUS/DEFICIT		(726,018)	8,824,750

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on **14th August, 2020** and signed by:



National Sub County Accountant
Paul Ojiambo



Fund Account Manager
Lihanda Winston

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

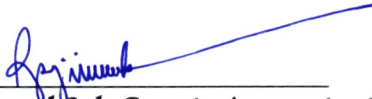
Reports and Financial Statements

For the year ended June 30, 2019

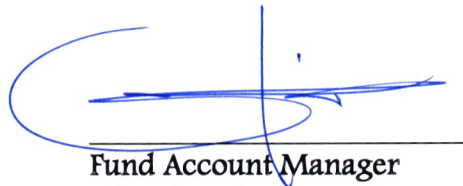
VI. STATEMENT OF ASSETS& LIABILITIES

	Note	2018 - 2019	2017 - 2018
		Kes	Kes
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	8,113,926	8,839,944
TOTAL FINANCIAL ASSETS		8,113,926	8,839,944
REPRESENTED BY			
Fund balance b/fwd 1st July, 2018	8	8,839,944	15,194
Surplus/Deficit for the year		(726,018)	8,824,750
NET LIABILITIES/ASSETS		8,113,926	8,839,944

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The FUNYULA NGCDF financial statements were approved on **14th August, 2020** and signed by:



National Sub County Accountant
Paul Ojiambo



Fund Account Manager
Lihanda Winston

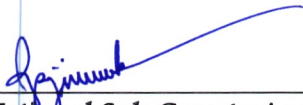
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND- FUNYULA
CONSTITUENCY**

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

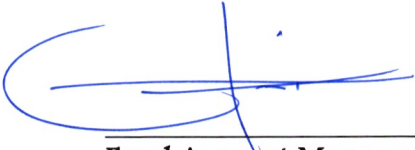
VII. STATEMENT OF CASHFLOW

		2018 - 2019	2017 - 2018
Receipts for operating income			
		Kes	Kes
Transfers from NGCDF Board	1	92,326,713	43,405,172
		92,326,713	43,405,172
Payments for operating expenses			
Compensation of Employees	2	4,755,722	1,117,583
Use of goods and services	3	6,793,800	2,807,100
Transfers to Other Government Units	4	45,454,000	-
Other grants and transfers	5	35,929,209	30,655,739
		92,932,731	34,580,422
Net cash flow from operating activities		(606,018)	8,824,750
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	120,000	
Net cash flows from investing activities		(120,000)	
NET INCREASE IN CASH AND CASH EQUIVALENT		(726,018)	8,824,750
Cash and cash equivalent at BEGINNING of the year	8	8,839,944	15,194
Cash and cash equivalent at END of the year	7	8,113,926	8,839,944

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Funyula NGCDF financial statements were approved on **14th August, 2020** and signed by:



National Sub County Accountant
Paul Ojiambo



Fund Account Manager
Lihanda Winston

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

**VIII. 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 NGCDF Board	109,040,876	8,839,944	117,880,820	101,1667,657	16,714,163	86%
TOTALS	109,040,876	8,839,944	117,880,820	101,1667,657	16,714,163	86%
PAYMENTS						
Compensation of Employees	3,440,000	1,350,000	4,790,000	4,755,722	34,278	99%
Use of goods and services	6,373,679	500,000	6,873,679	6,793,800	79,879	99%
Transfers to Other Government Units	50,962,262	6,869,944	57,832,206	45,454,000	12,378,206	79%
Other grants and transfers	48,264,935	-	48,264,935	35,929,209	12,335,726	74%
Acquisition of Assets	-	120,000	120,000	120,000	-	100%
TOTALS	109,040,876	8,839,944	117,880,820	93,052,731	24,828,089	

-The funding of transfer to other government units was delayed thus accumulated the unspent balances

-The funding of other grants & transfer was delayed thus accumulated the unspent balances

- The adjustment column represents unspent balances b/f of Kes 1,350,000 on compensation of employees and Kes. 500,000 on use of goods & services

The Funyula NGCDF financial statements were approved on **14th August, 2020** and signed by:


National Sub County Accountant
Paul Ojiambo


Fund Account Manager
Lihanda Winston

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA
CONSTITUENCY**

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

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-program me	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	Kes	Kes	Kes	Kes	Kes
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,440,000	1,350,000	4,790,000	4,755,722	34,278
1.2 Committee allowances	2,800,000	500,000	3,300,000	3,300,000	-
1.3 Use of goods and services	1,851,000		1,851,000	1,851,000	-
2.0 Monitoring and evaluation		-			-
2.1 Capacity building	328,679	-	328,679	263,801	64,878
2.2 Committee allowances	612,000	-	612,000	612,000	-
2.3 Use of goods and services	782,000	-	782,000	782,000	-
3.0 Emergency	5,738,993	-	6,176,923	1,300,000	4,438,993
4.0 Bursary and Social Security	20,226,568	9,917,586	30,144,154	26,117,200	4,026,954
4.1 Primary Schools	-				-
4.2 Secondary Schools	21,000,000	-	21,000,000	17,232,392	3,767,608
4.3 Tertiary Institutions	16,053,530	-	16,053,530	11,260,611	4,792,919
4.4 Universities	-				-
4.5 Social Security	-				-
					-
5.0 Sports	1,736,206	-	1,736,206	1,700,000	36,206
					-
5.1 Sports Activities	1,736,206	-	1,736,206	1,700,000	36,206
					-
6.0 Environment	1,736,206	-	1,736,206	1,736,206	-
					-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – FUNYULA
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019 (Kes)

Programme/Sub-program me	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	Kes	Kes	Kes	Kes	Kes
6.1 Environmental Activities	1,736,206	-	1,736,206	1,736,206	-
			-		-
7.0 Primary Schools Projects	34,262,791	6,869,944	41,132,735	41,050,000	82,735
			-		-
8.0 Secondary Schools Projects	16,699,471	-	16,699,471	4,084,000	12,615,471
					-
9.0 Tertiary institutions Projects					
10.0 Security Projects	2,000,000	-	2,000,000	2,000,000	-
					-
11.0 Acquisition of assets					-
					-
11.1 Motor Vehicles	-	120,000	120,000	120,000	-
					-
TOTALS	109,040,875	8,839,944	117,880,820	93,052,731	24,828,089

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X. 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 and comply with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting and relevant legal framework of the Government of Kenya. The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board of Kenya.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF* and all values are rounded to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements have been prepared on the cash basis following the Government's standard chart of accounts. The cash basis of accounting recognises transactions and events only when cash is received or paid by the *NGCDF*.

2. Recognition of revenue and expenses

The *NGCDF* recognises all revenues from the various sources when the event occurs and the related cash has actually been received by the *NGCDF*. In addition, the *NGCDF* recognises all expenses when the event occurs and the related cash has actually been paid out by the *NGCDF*.

3. In-kind contributions

In-kind contributions are donations that are made to the *NGCDF* 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 *NGCDF* includes such value in the statement of receipts and payments both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

4. 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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5. 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 *NGCDF* 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.

6. Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The *NGCDF*'s budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the *NGCDF*'s actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

7. Comparative figures

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

8. 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 June 30, 2019.

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XI. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2018 - 2019	2017 - 2018
	Kes	Kes
AIE NO A 537624		5,500,000
AIE NO A 886306		37,905,172
AIE NO B 030062	39,947,402	-
AIE NO B 030125	11,379,310.35	
AIE NO B 030238	10,000,000	
AIE NO B 030386	12,000,000	
AIE NO B 006327	8,000,000	
AIE NO B 042732	11,000,000	
TOTAL	92,326,713	43,405,172

2. COMPENSATION OF EMPLOYEES

	2018 - 2019	2017 - 2018
	Kes	Kes
Basic wages of contractual employees	4,427,522	924,053
Other personnel payments (NSSF)	328,200	193,530
Total	4,755,722	1,117,583

3. USE OF GOODS AND SERVICES

	2018 - 2019	2017 - 2018
	Kes	Kes
Other committee Expenses	612,000	
Committee allowances	3,548,800	1,113,000
Printing, advertising & information supplies & services	138,000	
Utilities, supplies and services	118,739	613,500
Training expenses	-	1,080,600
Routine Maintenance – Vehicles and other Transport Equipment	257,836	
Routine Maintenance – Other Assets	1,500,000	
Fuel, oil & lubricants	460,000	
Other operating expenses	158,425	
Total	6,793,800	2,807,100

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4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 – 2019	2017 – 2018
	Kes	Kes
Transfers to primary schools	41,450,000	-
Transfers to secondary schools	4,004,000	-
TOTAL	45,454,000	-

5. OTHER GRANTS AND OTHER PAYMENTS

	2018 – 2019	2017 – 2018
	Kes	Kes
Bursary – secondary schools	17,232,392	19,175,727
Bursary – tertiary institutions	8,436,000	5,216,000
Mock & CAT	-	500,000
Social Security Program(NHIF)	2,900,000	1,100,000
Security projects	2,000,000	-
Sports projects	1,700,000	1,736,206
Environment projects	2,180,817	1,736,206
Emergency projects	1,480,000	1,191,600
Total	35,929,209	30,655,739

6. ACQUISITION OF ASSETS

	2018 - 2019	2017 - 2018
	Kes	Kes
Purchase of Bicycles & Motorcycles	120,000	-
Total	120,000	-

7. BANK ACCOUNTS (CASH BOOK BANK BALANCES)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kes	Kes
<i>Equity Bank, Busia Branch, Account No.0780292650348</i>	8,113,731	8,839,944
Total	8,113,731	8,839,944

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8. BALANCES BROUGHT FORWARD

	2018 - 2019	2017 – 2018
		Kshs
Bank Accounts	8,839,944	15,194
		-
Total	8,839,944	15,194

9. OTHER IMPORTANT DISCLOSURES

9.1 PENDING STAFF PAYABLES(See Annex 1)

	2018 - 2019	2017 – 2018
		Kshs
Others	683,793	398,793
		-
Total	683,793	398,793

9.2 UNUTILIZED FUNDS (See Annex 2)

	2018 -2019	2017 – 2018
	Kes	Kes
Compensation of employees	34,278	3,340,000
Use of goods and services	64,878	4,611,200
Amounts due to other Government entities (see attached list)	12,378,206	-
Amounts due to other grants and other transfers (see attached list)	12,335,726	-
Acquisition of assets	-	888,744
	24,828,089	8,839,944

9.3 PMC account balances (See Annex 3)

	2018-2019	2017-2018
	Kes	Kes
PMC account Balances (see attached list)	6,345,800	-
		-
	6,345,800	-

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XII. ANNEXURES

ANNEX 1 - 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	
1. Nyongesa Gladys Carolyne		114,806			114,806	
2. Godfrey Okuku Achibo		102,314			102,314	
3. Hilda Awino Obocho		67,741			67,741	
4. Justine Milka Wandera		67,741			67,741	
5. Eugen Egans Wandera		62,347			62,347	
6. Davis Jackson Wafula		79310			79310	
7. Wenslause Oundo		57,994			57,994	
8. Peter Wandera Adaki		57,994			57,994	
9. Josphart Okuku Onyango		73,395			73,395	
Sub-Total		683,646			683,646	
Grand Total		683,646			683,646	

ANNEX 2 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees	Basic wages of contractual employees	34,278	-	
Use of goods & services	Committee Expenses	64,878	-	
Sub-Total		99,156	-	
Amounts due to other Government entities		12,378,206		
Sub-Total		12,378,206	-	
Amounts due to other grants and other transfers		12,335,726	-	
Sub-Total		12,335,726	-	
Sub-Total				
Grand Total		24,828,089	-	

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ANNEX 3 – PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	BANK	ACCOUNT NUMBER	BANK BALANCE 2018/19	ACCOUNT BALANCE 2017/18
St Martine Ryke Ganga	KCB	1244949108	0	0
Namboto Boys Primary School	EQUITY	0780277838748	0	0
Busembe Primary School	EQUITY	0780277638957	0	0
Murumba Primary School	EQUITY	0780277838170	0	0
Nandereka Primary School	EQUITY	0780277838667	0	0
Buduta Primary School	EQUITY	0780278148171	0	0
Munyanja Primary School	EQUITY	0780277651207	0	0
Nabutuki Primary School	EQUITY	0780277838095	0	0
Busijo Secondary School	EQUITY	0780277838845	0	0
Namasali Primary School	EQUITY	0780277651263	0	0
Nyakhobi Secondary School	EQUITY	0780277838085	0	0
Sifuyo Primary School	EQUITY	0780277651242	0	0
Bukiri Primary School	EQUITY	0780277651237	0	0
Bumulimba Primary School	EQUITY	0780277836130	0	0
Nyakhwaka Primary School	EQUITY	0780277837501	0	0
Rumbiye Primary School	EQUITY	0780277837501	0	0
Bwangangi Primary School	EQUITY	0780277837571	0	0
Bukhulungu Primary School	EQUITY	0780277638983	39,760	0
Odiado Primary School	EQUITY	0780277838071	780,000	0
Namuduru Primary School	EQUITY	0780277284107	0	0
Bumbe Primary School	EQUITY	0780277838381	0	0
Bujwanga Primary School I	EQUITY	0780277638841	0	0
Sibinga Primary School	EQUITY	0780277651250	0	0
Agenga Primary School	EQUITY	0780277651250	0	0
Malanga Primary School	EQUITY	0780277838185	15,000	0
Kabwodo Primary School	EQUITY	0780277837519	624,880	0
Mundaya Primary School	EQUITY	0780277838125	36,000	0
Serekeresi Primary School	EQUITY	0780278148185	1,997,880	0
Hakati Primary School	EQUITY	0780277838149	975,000	0
Busijo Primary School	EQUITY	0780277838826	389,880	0
Sigalame Primary School	EQUITY	0780277838220	49,500	0
Namable Rc Primary School	EQUITY	0780277838265	160,000	0
Namboboto Girls Primaryschool	EQUITY	0780277838777	132,760	0

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Nanderema Primary School	EQUITY	0780277838206	75,000	0
Sibale Primary School	EQUITY	0780277838039	75,000	0
Busulere Primary School	EQUITY	0780277638892	149,760	0
Nakhasiko Primary School	EQUITY	0780277838057	780,000	0
Nandereka Primary School	EQUITY	0780277838667	65,380	0
			6,345,800	0

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kes) 2017/18	Additions during the year (Kes)	Disposals during the year (Kes)	Historical Cost (Kes) 2018/19
Buildings and structures	17,240,068	-	-	17,240,068
Transport equipment	3,713,200	-	120,000	3,833,200
Office equipment, furniture and fittings	967,350	-	-	2,000,000
ICT Equipment, Software and Other ICT Assets	607,650	-	-	1,000,000
TOTAL	22,528,268		120,000	22,648,268

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XIII. 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)
	<p>Ineffective Implementation of the Environmental Project During the year under review, the Fund incurred Kshs.1,736,206 on an environment projects that involved tree planting across the constituency. However, verification performed on the project revealed that only 20% of the trees survived thus indicating a high failure rate.</p> <p>In the circumstances, value for money was not achieved in the implementation of the project. 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</p>	<p>The high failure rate was attributable to the harsh weather conditions experienced that affected the trees.</p>	<p>Hawkins Samba - Former FAM</p>	<p>Resolved</p>	<p>By 30/12/2019</p>

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	sufficient and appropriate to provide a basis for my conclusion.				
	<p>Project Implementation Status During the year under review, the Fund had planned to implement a total of 57 projects/programs through different project management committees. However, analytical procedures conducted on the records revealed that 46 or 81% of projects had not started, three (3) or 5% were ongoing and 8 or 14% had been completed as at the time of audit as tabulated below; (Table 1) Consequently, the Fund failed to complete/operationalize projects after investing some funds in them thus denying the residents access of the benefits that would have accrued from the projects</p>	<p>The delayed disbursement by the exchequer resulted in delays in implementation of the projects. However, the projects have since been completed. The current project implementation status report for the 2017/18 FY and completed project photos has been attached for audit verification. (Annex₁)</p>	Winston Lihanda – FAM	Resolved	By 30/6/2020
	<p>Budget Performance During the year under review, the approved allocation for the Fund was Kshs.86,810,345. However, transfers from the NGCDF Board was Kshs.43,405,173 as per the statement of receipts and payments resulting into an underfunding by Kshs.43,405,173. Further, the Fund spent Kshs.34,580,422 against a budgeted amount of Kshs.98,189,655 resulting into under-absorption of Kshs.63,609,233 or 65% as tabulated below; (Table 2) Consequently, the Fund</p>	<p>The 65% budget under expenditure and under absorption was attributable to delayed disbursement by the exchequer that resulted in delays in project implementation. However, the disbursements were later received and the projects have since been completed and are in use. The AIE, current project implementation status report for the 2017/18 FY and</p>	Winston Lihanda - FAM	Resolved.	By 30/6/2020

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	failed to implement projects and programmes amounting to Kshs.63,609,233 thus denying the constituents the much-desired services.	completed project photos has been attached for audit verification. (Annex₂)			
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