

REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY REPORT	
DATE: 21 OCT 2021	
DAY: <i>Thursday</i>	
TABLED BY:	<i>LoMP.</i>
CLERK-AT THE-TABLE:	<i>Mawa Warjoku</i>

PARLIAMENT
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THE AUDITOR-GENERAL

ON

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

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

Revised Template 30th June 2019



**LAGDERA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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Core Values

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

(b) Key Management

The NGCDF Lagdera Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

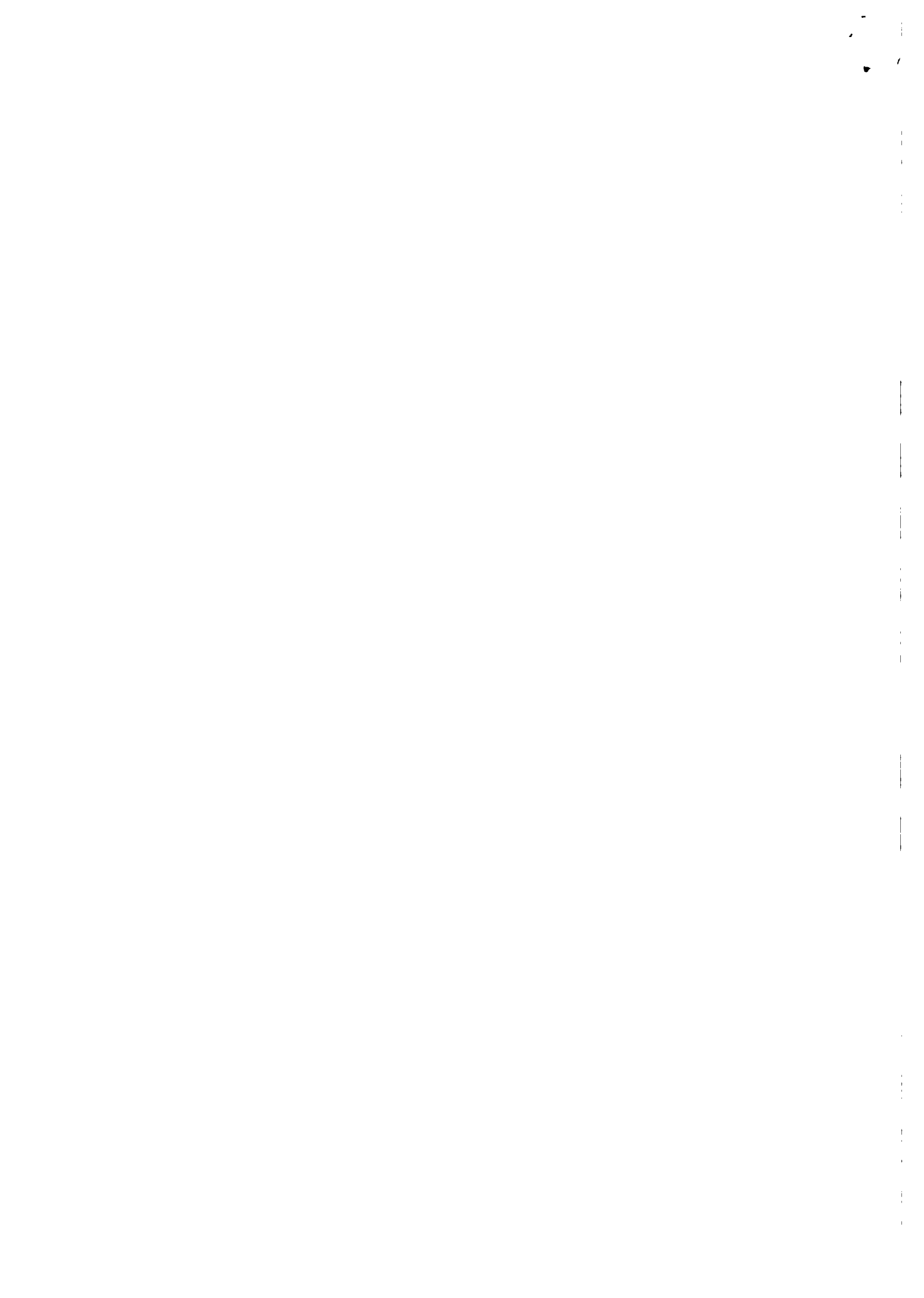
No.	Designation	Name
1.	A.I.E holder	Yussuf Kilas Aden
2.	Sub-County Accountant	Joshua M. Meeme
3.	Chairman NGCDFC	Adan Mohamed Ahmed
4.	Member NGCDFC	Maryan Abdi Iman

(d) Fiduciary Oversight Arrangements

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

P.O. Box 659 - 70100
GARISSA, KENYA



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(f) NGCDF Lagdera Constituency Contacts

Telephone: (254) 0723 504 365
E-mail: cdflAGDERA@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Lagdera Constituency Bankers

1. First Community Bank
Garissa Branch
Account Number: 0009576701
P.O. Box 659 - 70100
Garissa, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Lagdera constituency is one among the constituencies in Garissa County with approximate population of 92,636 with sq.km (approx) 8,389.80
In this constituency, Lagdera national government constituency development fund managed to improve school infrastructures and security situation for the last two years by giving priority to project proposals especially in these sectors. The main economic activity of the residence of the Lagdera constituency is livestock rearing i.e camels, cattle, sheep and goats due to the drought that occurs simultaneously.

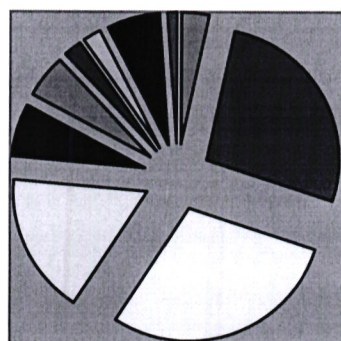
Lagdera national government constituency development funds as mandated by NG-cdf act, prioritized on projects for funding during the financial year 2018/2019.

The committee after carrying out the needed assessments and in consultation with other stake holders came up with projects for funding and forwarded to the board for approval.

The following is the summary breakdown of proposed projects for funding during the financial year 2018/2019.

S/NO	PROPOSED NAME	AMOUNT ALLOCATED	%ALLOCATION
1.	Office administration	6,542,452.53	6
2.	Monitoring and evaluation	3,271,226.27	3
3.	Bursary	27,260,218.88	25
4.	Primary projects	29,826,349.37	27.35337
5.	Secondary school projects	17,540,000	16.08571
6.	Security projects	6,300,000	5.77765
7.	Emergency reserve	5,738,993.45	5.263158
8.	Environmental reserve	2,180,817.51	2
9.	Sports activities	2,180,817.51	2
10.	Constituency office	7,000,000	6.419611
11.	Nhif cover	1,200,000	1.100505
	TOTAL	109,040,875.52	100

Percentage of sector allocation



During the financial year the committee received amount of Kshs.108, 784,483 from the board that includes balances during last financial year 2017/18 and half of the allocation for 2018/19.

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The committee further managed to disburse funds to both pmcs and other contractors and the expenditure is as follows:

ITEM	AMOUNT SPENT
Compensation of employees	1,949,082
Use of goods and services	6,511,493
Transfers to Other Government Units	45,875,299
Other grants and transfers	47,056,879
Acquisition of Assets	1,076,421
TOTAL PAYMENTS	102,469,174

During the financial year there were several emergencies that occurred but the committee through its discretion managed to solve.

Achievements during the financial year

1. NGCDFC Lagdera constructed almost 32 classrooms in both primary and secondary schools and thus increased enrolments in the institutions.
2. Motivated staff by building staff quarters in several schools within the constituency.
3. Made several emergency interventions that affected several schools within the constituency.
4. Opened girl school in the constituency in order to separate boys and girls through Ng-cdf funds.

Challenges during the financial year

Security:

The communities leaving in areas that boarder Isiolo sub-county experienced conflicts that led to failure of some projects-i.e. projects stopped by security committee.

Drought:


Lack of water in most of the settlements established through ngcdf funds might be closed thus affecting the learning programs in schools within these settlements.

Poor road infrastructure:

The committee experienced difficulties in monitoring process during the rainy season thus affecting implementation period of projects.

Recommendations

- The government to clearly establish the boundaries of the two communities in order to reduce conflicts during the implementation of projects.
- NG-CDFC to liase with NG-CDF board in order to find out whether the committee can establish boreholes in schools in order to provide water that will reduce the migration of communities leaving in those areas.
- Implement road projects in areas where ng-cdf projects are proposed to be implemented so that monitoring can be done easily.



CHAIRMAN NG-CDF COMMITTEE



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF- **Lagdera** 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- **Lagdera** Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- **Lagdera** 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- **Lagdera** 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- **Lagdera** Constituency financial statements were approved and signed by the Accounting Officer on 23/9/2019.



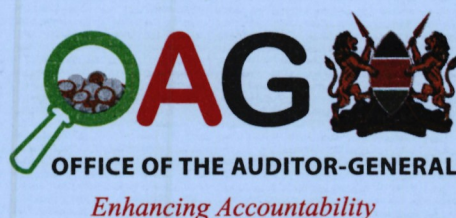
Fund Account Manager
Name: Yussuf Kilas Aden



Sub-County Accountant
Name: Joshua M. Meme
ICPAK Member Number: 7739

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lagdera Constituency set out on pages 7 to 40, 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 the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Lagdera Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

Unconfirmed Bursary Disbursements

The statement of receipts and payments reflects an expenditure of Kshs.47,056,879 in respect of other grants and transfers. Included in the figure and as disclosed under Note 7 to the financial statements are amounts of Kshs.11,702,469 and Kshs.17,803,000 allocated to secondary schools and tertiary institutions respectively as bursary transfers. However, a review of the expenditure revealed that bursaries worth Kshs.920,000 had no acknowledgement letters from the beneficiary institutions as evidence of the payments. It was further noted that there was no cheque dispatch register maintained for the period under review.

Report of the Auditor-General on National Government Constituency Development Fund – Lagdera Constituency for the year ended 30 June, 2019

In the circumstances, the accuracy and completeness of the expenditure on bursaries of Kshs.920,000 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Lagdera Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budget Control and Performance

A review of the summary statement of appropriation - recurrent and development combined revealed that, the Fund had an approved budget of Kshs.172,062,741. The Fund realized actual receipts of Kshs.117,532,615 against budgeted amount resulting in a short fall of Kshs.55,040,875 representing 32% of the budget.

Further, the Fund incurred an expenditure of Kshs.102,469,174 out of the approved budget of Kshs.172,062,741 resulting to under expenditure of Kshs.69,593,567 or 40% of the budget. No satisfactory explanation has been rendered for the under absorption of the budget.

In the circumstances, the constituents of Lagdera were denied services due to failure to implement the planned programmes and activities for the year.

2. Project Implementation Status

A review of the project implementation status revealed that, the Fund allocated Kshs.64,827,981 to thirty-six (36) projects in various sectors including education, environment, sports, constituency's office and security. During the year, eight (8) projects were completed, two (2) were on going and twenty-six (26) had not started.

In the circumstance, the constituents of Lagdera were denied the requisite services.

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 Qualified Opinion section of my report, I confirm that nothing else 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

1. Inadequacies in Procurement for Primary Schools' Projects

Note 6 to the financial statements reflects Kshs.45,875,299 as transfer to other government entities which in turn includes Kshs.33,522,999 for grants to primary schools projects. Audit review of the expenditure and other supporting documents maintained at the Fund offices revealed that, payments totaling to Kshs.12,608,649 were disbursed to Lagdera primary schools project management committees to undertake various projects within the Constituency. However, a review of project files and other supporting documents revealed the following inadequacies:

- (i) Professional opinion from the head of procurement was not provided.
- (ii) No evidence was provided on the participants who attended the tender opening exercise apart from the ad hoc committee.
- (iii) There was no evidence to proof that letters to unsuccessful bidders were prepared.
- (iv) Inspection and acceptance committee minutes were not availed for audit review.

In the circumstances, the propriety and value for money of the expenditure on primary schools projects of Kshs.12,608,649 as at 30 June, 2019 could not be confirmed.

2. Inconsistencies in Procurement for Secondary Schools' Projects

Note 6 to the financial statements reflects Kshs.45,875,299 being transfer to other Government entities which in turn includes Kshs.12,352,300 for grants to secondary schools projects. Audit review of the expenditure and other supporting documents maintained at the Fund's offices revealed that payments totaling to Kshs.8,952,300 were disbursed to Lagdera secondary schools project management committees to undertake various projects within the Constituency. However, a review of the project files and other supporting documents revealed the following anomalies;

- (i) Professional opinion from the head of procurement was not provided.
- (ii) No evidence was provided on the participants who attended the tender opening exercise apart from the ad hoc committee.
- (iii) There was no evidence to proof that letters to unsuccessful bidders were prepared and issued.
- (iv) The inspection and acceptance committee minutes were not availed for audit review.

In the circumstances, the propriety and value for money of the expenditure of Kshs.8,952,300 disbursed to the project management committees as at 30 June, 2019 could not be confirmed.

3. Unsupported Environment Expenditure

Included in the other grants and other payments figure of Kshs.47,056,879 as disclosed under Note 7 to the financial statements is an amount of Kshs.2,180,817 spent on environment projects which were undertaken at various learning and security institutions within the Constituency. The projects included construction of pit latrines, construction of water tanks and installation of rain collection gutters for water harvesting. However, the project files containing vital documents like professional opinions, letters of acceptances, tax compliance certificates, business questionnaires, contract agreements and inspection and acceptance minutes were not available for audit review. It was therefore not possible to ascertain whether the projects were undertaken as per the specifications.

In view of the above, the propriety and value for money of the expenditure on environmental projects of Kshs.2,180,817 as at 30 June, 2019 could not be ascertained.

4. Unsupported Security Expenditure

Included in the other grants and other payments figure of Kshs.47,056,879 under Note 7 to the financial statements is an amount of Kshs.8,796,600 spent on security projects at Modogashe sub-county police station in the Constituency. During the year under review, the Project Management Committee (PMC) had made a payment of Kshs.3,767,000 to the contractor. However, a review of the expenditure revealed that there was no contract agreement signed between the PMC and the contractor contrary to Section 135(1) of the Public Procurement and Asset Disposal Act, 2015 which requires the existence of a contract to be confirmed through the signature of a contract document incorporating all agreements between the parties. Physical verification conducted on 27 February 2020 indicated that the projects were complete.

In view of the above, the propriety and value for money of the expenditure on security projects of Kshs.3,767,000 as at 30 June, 2019 could not be ascertained.

5. Unsupported Emergency Expenditure

Included in the other grants and other payments figure of Kshs.47,056,879 and as disclosed under Note 7 to the financial statements is an amount of Kshs.6,573,993 spent on emergency projects. The Fund, through PMCs, undertook renovations of four (4) classrooms and another two (2) classrooms at Modogashe Girls Secondary School and Barkuke Primary School respectively at a total cost of Kshs.1,600,000 as indicated in the letter of acceptance dated 11 March 2019. However, the project files containing vital documents like professional opinions, letters of acceptances, tax compliance certificates, business questionnaires, contract agreements and inspection and acceptance minutes were not made available for audit review. It was therefore not possible to ascertain whether the projects were undertaken as per the specifications.

In view of the above, the propriety and value for money on the expenditure on emergency projects of Kshs.1,600,000 as at 30 June, 2019 could not be ascertained.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Fund's ability 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 terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018- 2019 Kshs	2017 - 2018 Kshs
RECEIPTS			
Transfers from CDF board	1	108,784,483	43,405,172
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	510,750	-
TOTAL RECEIPTS		109,295,233	43,405,172
PAYMENTS			
Compensation of employees	4	1,949,082	771,132
Use of goods and services	5	6,511,493	2,799,227
Transfers to Other Government Units	6	45,875,299	13,956,500
Other grants and transfers	7	47,056,879	28,983,214
Acquisition of Assets	8	1,076,421	-
Other Payments	9	-	-
TOTAL PAYMENTS		102,469,174	46,510,073
SURPLUS/DEFICIT		6,826,059	(3,104,901)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- **Lagdera** Constituency financial statements were approved on 23/9/2019 and signed by:


Fund Account Manager
Name: Yussuf Kilas Aden

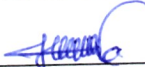

Sub-County Accountant
Name: Joshua M.Meeme
ICPAK Member Number: 7739

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

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	15,063,441	8,237,382
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		15,063,441	8,237,382
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		15,063,441	8,237,382
FINANCIAL LIABILITES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
NET FINANCIAL ASSETS		<u>15,063,441</u>	<u>8,237,382</u>
REPRESENTED BY			
Fund balance b/fwd 1st July 2018	13	8,237,382	11,342,283
Surplus/Defict for the year		6,826,059	(3,104,901)
Prior year adjustments	14	-	
NET LIABILITIES		15,063,441	8,237,382

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- **Lagdera** Constituency financial statements were approved on 23/9/2019 and signed by:


Fund Account Manager
Name: Yussuf Kilas Aden


Sub-County Accountant
Name: Joshua M.Meeme

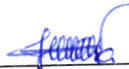
ICPAK Member Number: 7739

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

V1. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from CDF Board	1	108,784,483	43,405,172
Other Receipts	3	510,750	-
Total Receipts		109,295,233	43,405,172
Payments			
Compensation of Employees	4	1,949,082	771,132
Use of goods and services	5	6,511,493	2,799,227
Transfers to Other Government Units	6	45,875,299	13,965,500
Other grants and transfers	7	47,056,879	28,983,214
Acquisition of Assets	8	1,076,421	
Other Payments	9		-
Total Payments		102,469,174	46,510,073
Total Receipts Less Total Payments		6,826,059	(3,104,901)
Adjusted for:			
Outstanding Imprest	11		
Retention	12A		
Gratuity Payable	12B		
Prior Year adjustment	14		-
Net Adjustments		-	-
Net cash flow from operating activities		6,826,059	(3,104,901)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		6,826,059	(3,104,901)
Cash and cash equivalent at BEGINNING of the year	13	8,237,382	11,342,283
Cash and cash equivalent at END of the year		15,063,441	8,237,382

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- **Lagdera** Constituency financial statements were approved on 23/9/2019 and signed by:


Fund Account Manager
Name: Yussuf Kilas Aden


Sub-County Accountant
Name: Joshua M. Meeme

ICPAK Member Number: 7739


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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,875.52	63,021,865	172,062,741	117,532,615	55,040,875	68.0%
Proceeds from Sale of Assets	-	-	-	-	-	0.0%
Other Receipts	-	-	-	-	-	-
TOTAL RECEIPTS	109,040,875.52	63,021,865	172,062,741	117,532,615	55,040,875	68.0%
PAYMENTS						
Compensation of Employees	2,488,310.52	1,015,486	3,503,797	1,949,082	1,554,715	55.6%
Use of goods and services	7,325,368.28	3,953,250	11,278,618	6,511,493	4,767,126	57.7%
Transfers to Other Government Units	47,366,349.70	45,828,527	93,194,877	45,875,299	47,319,578	49.2%
Other grants and transfers	44,860,847.35	11,148,181	56,009,029	47,056,879	8,952,149	84.0%
Acquisition of Assets	-	1,076,421	1,076,421	1,076,421	0	0.0%
Other Payments	7,000,000.00	-	7,000,000	-	7,000,000	0.0%
TOTAL	109,040,875.85	63,021,865	172,062,741	102,469,174	69,593,567	59.6%

The NGCDF- **Lagderra** Constituency financial statements were approved on 23/9/ 2019 and signed by:


Fund Account Manager
Name: Yussuf Kilas Aden


Sub-County Accountant
Name: Joshua M.Meeme
ICPAK Member Number: 7739

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

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

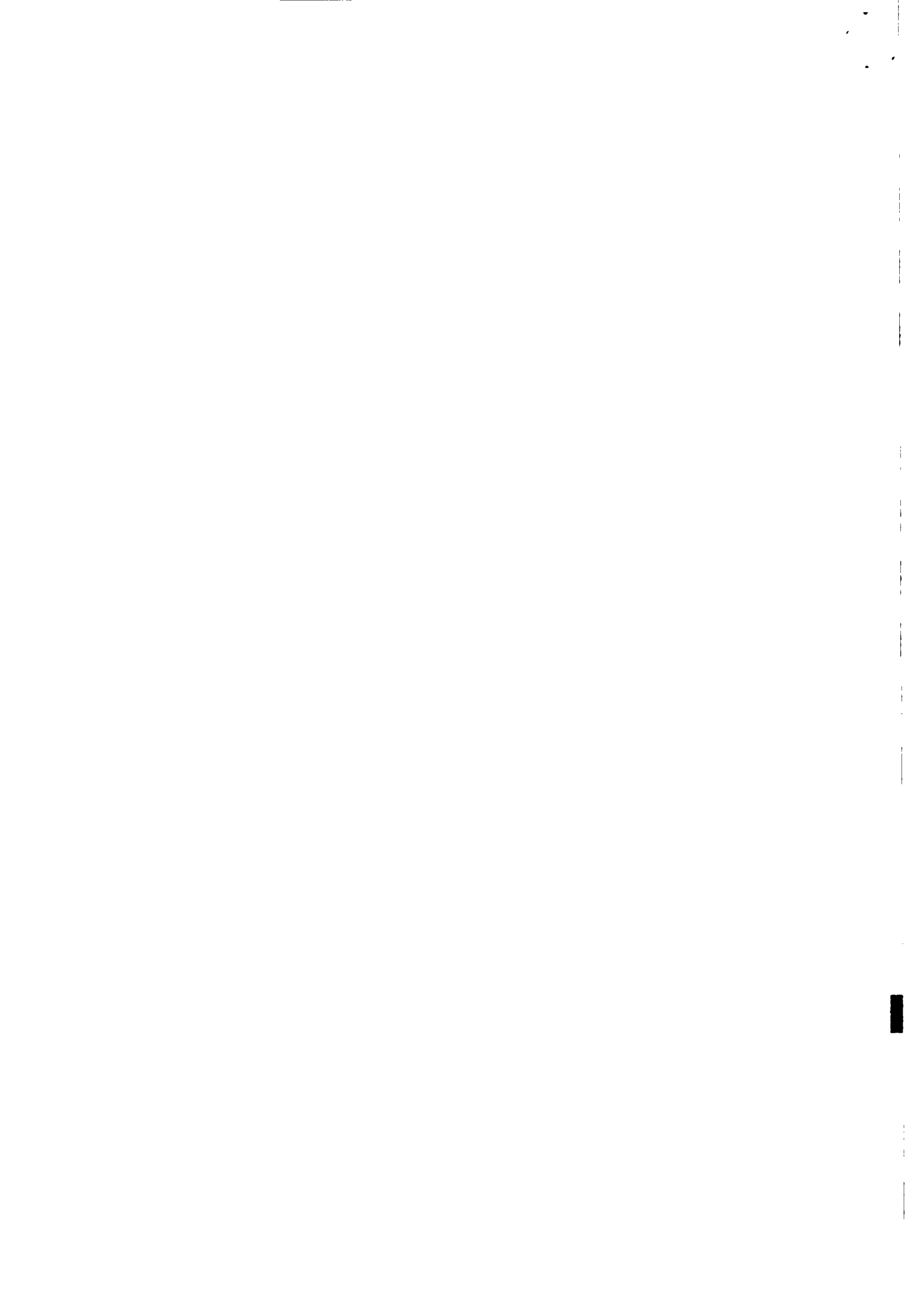
Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,488,310.52	1,015,486.00	3,503,796.52	1,949,082.00	1,554,714.52
1.2 Committee allowances	2,254,142.01	391,519.32	2,645,661.33	1,318,700.00	1,326,961.33
1.3 Use of goods and services	1,200,000.00	896,322.62	2,096,322.62	1,592,792.57	503,530.05
1.4 Capacity Building	600,000.00	222,000.00	822,000.00		822,000.00
Sub-Total	6,542,452.53	2,525,327.94	9,067,780.47	4,860,574.57	4,207,205.90
2.0 Monitoring and evaluation					
2.1 Capacity building	871,226.27	1,145,689.00	2,016,915.27	1,043,000.00	973,915.27
2.2 Committee allowances	2,000,000.00	1,030,000.00	3,030,000.00	2,472,000.00	558,000.00
2.3 Use of goods and services	400,000.00	267,719.00	667,719.00	85,000.00	582,719.00
Sub-Total	3,271,226.27	2,443,408.00	5,714,634.27	3,600,000.00	2,114,634.27
3.0 Emergency					
3.1 emergency	5,738,993.45	837,931.03	6,576,924.48	6,573,993.45	2,931.03
3.2 primary schools	-	-	-	-	-
3.3 secondary schools	-	-	-	-	-
3.4 tertiary institutions	-	-	-	-	-
3.5 security projects	-	-	-	-	-
3.6 others	-	-	-	-	-
Sub-Total	5,738,993.45	837,931.03	6,576,924.48	6,573,993.45	2,931.03
4.0 Bursary and Social Security					
4.1 Primary Schools					

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

4.2 Secondary Schools	11,000,000.00	702,469.00	11,702,469.00	11,702,469.00	-
4.3 Tertiary Institutions	16,260,218.88	1,542,781.12	17,803,000.00	17,803,000.00	-
4.4 Universities	-	-	-	-	-
4.5 Social Security	-	-	-	-	-
Sub-Total	27,260,218.88	2,245,250.12	29,505,469.00	29,505,469.00	-
5.0 Sports					
5.1 Sport Activities	2,180,817.51		2,180,817.51		2,180,817.51
Sub-Total	2,180,817.51	-	2,180,817.51	-	2,180,817.51
6.0 Environment					
6.1 Barkuke Primary School	300,000.00		300,000.00		-
6.2 Laheley Primary School	300,000.00		300,000.00		-
6.3 Llanle Primary School	300,000.00		300,000.00		-
6.4 Modogashe Police Station	680,817.00		680,817.00		-
6.5 Dcc's Office	300,000.00		300,000.00		-
6.6 Modogashe Police Station	300,000.00		300,000.00		-
Sub-Total	2,180,817.00	-	2,180,817.00	2,180,817.00	-
7.0 Primary Schools Projects					
7.1 Hagar Jareer Primary School	2,000,000.00		2,000,000.00		2,000,000.00
7.2 Madina Primary School	2,000,000.00		2,000,000.00		2,000,000.00
7.3 Bullo Primary School	2,000,000.00		2,000,000.00		2,000,000.00
7.4 Shanta Abaq Primary School	2,000,000.00		2,000,000.00	1,800,000.00	200,000.00

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

7.5 Geylab Primary School	2,000,000.00			2,000,000.00	-	2,000,000.00
7.6 Illan Primary School	500,000.00			500,000.00	-	500,000.00
7.8 Barfin Primary School	1,000,000.00			1,000,000.00	-	1,000,000.00
7.9 Dihle Noor Primary School	2,000,000.00			2,000,000.00	-	2,000,000.00
7.10 Maalimin Primary School	1,000,000.00			1,000,000.00	-	1,000,000.00
7.11 Maalimin I Primary School	1,000,000.00			1,000,000.00	-	1,000,000.00
7.12 Afweine Primary School	2,000,000.00			2,000,000.00	-	2,000,000.00
7.13 Gurufa Primary School	1,000,000.00			1,000,000.00	-	1,000,000.00
7.14 Jilango Primary School	2,000,000.00			2,000,000.00	-	2,000,000.00
7.15 Kambi Samaki Primary School	750,000.00			750,000.00	-	750,000.00
7.16 Illanle Primary School	2,000,000.00			2,000,000.00	-	2,000,000.00
7.17 Skansa Primary School	1,000,000.00			1,000,000.00	-	1,000,000.00
7.18 Barkuke Primary School	750,000.00			750,000.00	-	750,000.00
7.19 Illan Primary School	500,000.00			500,000.00	-	500,000.00
7.20 Janju Primary School	1,800,000.00			1,800,000.00	-	1,800,000.00
7.21 Janju Primary School	173,316.00			173,316.00	173,316.00	-
7.22 Tokojo Primary School	173,416.00			173,416.00	173,416.00	-
7.23 Garse Primary School	186,470.85			186,470.85	186,470.85	-
7.24 Benane Primary School	173,316.00			173,316.00	173,316.00	-
7.25 Maalimin Primary School	173,316.00			173,316.00	173,316.00	-



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

7.26 Dihle Noor Primary School	173,316.00		173,316.00	173,316.00	-
7.27 Ama Primay School	173,316.00		173,316.00	173,316.00	-
7.28 Skansa Primary School	173,316.00		173,316.00	173,316.00	-
7.29 Rigdam Primary School	173,316.00		173,316.00	173,316.00	-
7.30 Barfin Primary School	173,316.00		173,316.00	173,316.00	-
7.31 Modogashe Primary School	173,316.00		173,316.00	173,316.00	-
7.32 Barkuke Primary School	186,470.85		186,470.85	186,470.85	-
7.33 Bullo Primary School	173,316.00		173,316.00	173,316.00	-
7.34 Illan Primary School	173,516.00		173,516.00	173,516.00	-
7.35 Geylab Primary School	173,316.00		173,316.00	173,316.00	-
7.36 Geylab Primary Sch		2,000,000.00		2,000,000.00	33,000.00
7.37 Barkuke Primary Sch		2,000,000.00		2,000,000.00	81,350.00
7.38 Garse Primary Sch		2,000,000.00		2,000,000.00	81,350.00
7.39 Tokojo Primary Sch		2,000,000.00		2,000,000.00	81,350.00
7.40 Jilango Pri.Sch		5,000,000.00		5,000,000.00	156,350.00
7.41 Afweine Pri Sch		1,500,000.00		1,500,000.00	30,000.00
7.42 Afweine Pri.Sch		1,000,000.00		1,000,000.00	30,000.00
7.43 Maalimin Pri.Sch		2,000,000.00		2,000,000.00	81,350.00
7.44 Ellan Pri.Sch		2,500,000.00		2,500,000.00	93,850.00
7.45 Benane Pri.Sch		1,200,000.00		1,200,000.00	33,000.00

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

7.46 Gurufa Pri.Sch	750,000.00	750,000.00	750,000.00	-
7.47 Barkuke Pri.Sch	1,000,000.00	1,000,000.00	1,000,000.00	-
7.48 Baraki Pri. Sch	2,000,000.00	2,000,000.00	1,960,000.00	40,000.00
7.49 Barfin Pri. Sch	750,000.00	750,000.00	750,000.00	-
7.50 Togdub Pri.Sch	2,000,000.00	2,000,000.00	1,950,000.00	50,000.00
7.51 Jilango Pri Sch	635,405.44	635,405.44		635,405.44
7.52 Barkuke Pri Sch	635,405.44	635,405.44		635,405.44
7.53 Afweine Pri Sch	635,405.44	635,405.44		635,405.44
7.54 Modogashe Pri Sch	635,405.44	635,405.44		635,405.44
7.55 Gurufa Pri Sch	635,405.44	635,405.44		635,405.44
7.56 Illan Pri Sch	300,000.00	300,000.00	300,000.00	-
7.57 Ama Pri Sch	300,000.00	300,000.00	300,000.00	-
7.58 Shabel Dula Pri Sch	500,000.00	500,000.00	500,000.00	-
7.59 Shabel Dula Pri Sch	270,000.00	270,000.00	270,000.00	-
7.60 Baraki Pri Sch	50,000.00	50,000.00	50,000.00	-
7.61 Laheley Pri Sch	38,250.00	38,250.00	38,250.00	-
7.62 Illan Pri Sch	55,000.00	55,000.00		55,000.00
7.63 Barfin Pri Sch	38,250.00	38,250.00		38,250.00
7.64 Fredrick Wesonga			730,000.00	(730,000.00)
Sub-Total	29,926,349.70	32,428,527.20	62,354,876.90	28,831,877.20

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

8.0 Secondary Schools Projects						
8.1	Modogashe Secondary School	5,000,000.00		5,000,000.00	-	5,000,000.00
8.2	Modogashe Girls Secondary School	5,000,000.00		5,000,000.00	-	5,000,000.00
8.3	Shanta Abaq Secondary School	2,000,000.00		2,000,000.00	-	2,000,000.00
8.4	Modogashe Secondary School	480,000.00		480,000.00	480,000.00	-
8.5	Modogashe Girls Secondary School	480,000.00		480,000.00	480,000.00	-
8.6	Shanta Abaq Secondary School	480,000.00		480,000.00	480,000.00	-
8.7	Benane Secondary School	4,000,000.00		4,000,000.00	-	4,000,000.00
8.8	Benane Sec Sch		1,500,000.00	1,500,000.00	750,000.00	750,000.00
8.9	Shanta Abaq Sec Sch		5,000,000.00	5,000,000.00	4,843,650.00	156,350.00
9.0	Modogashe Sec Sch		2,000,000.00	2,000,000.00	1,918,650.00	81,350.00
9.1	Modogashe Sec Sch		833,333.00	833,333.00	833,333.00	-
9.2	Benane Sec Sch		833,333.00	833,333.00	833,333.00	-
9.3	Shanta Abaq Sec Sch		833,334.00	833,334.00	833,334.00	-
9.4	Modogashe Girls Sec Sch		1,500,000.00	1,500,000.00	-	1,500,000.00
9.5	Lockers And Chairs		300,000.00	300,000.00	300,000.00	-
9.6	Modogashe Sec Sch		300,000.00	300,000.00	300,000.00	-
9.7	Modogashe Girls Sec Sch		300,000.00	300,000.00	300,000.00	-
	Sub-Total	17,440,000.00	13,400,000.00	30,840,000.00	12,352,300.00	18,487,700.00
9.0 Health Institutions Projects						
9.1	Nhif Cover	1,200,000.00	-	1,200,000.00	-	1,200,000.00

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

Sub-Total	1,200,000.00	-	1,200,000.00	-	1,200,000.00
10.0 Security Projects					
10.1 Modogashe Police Station	2,000,000.00		2,000,000.00		-
10.2 Modogashe Chief's Office	1,800,000.00		1,800,000.00		1,800,000.00
10.3 Barkuke Chief's Office	2,000,000.00		2,000,000.00		2,000,000.00
10.4 Shanta Abaq Administration Police	500,000.00		500,000.00		500,000.00
10.5 Modogashe Police Station		4,000,000.00		4,000,000.00	233,000.00
10.6 Eldere Chief's Office		1,965,000.00		1,965,000.00	965,000.00
10.7 Kambi Samaki Chief's Office		1,800,000.00		1,800,000.00	70,400.00
10.8 Modogashe Police Station		300,000.00		300,000.00	-
Sub-Total	6,300,000.00	8,065,000.00	14,365,000.00	8,796,600.00	5,568,400.00
11.0 Acquisition of assets					
11.1 Motor Vehicles	-	-	-	-	-
11.2 Construction of CDF office	7,000,000.00	-	7,000,000.00	-	7,000,000.00
11.3 Purchase of furniture and equipment	-	1,076,421.06	1,076,421.06	1,076,421.06	-
11.4 Purchase of computers	-	-	-	-	-
Sub-Total	7,000,000.00	1,076,421.06	8,076,421.06	1,076,421.06	7,000,000.00
12.0 ROADS					
12.1					
13.0 Others					
13.1 Strategic Plan					-
13.2 Innovation Hub					-
13.2 TIVET					-
Sub-Total	-	-	-	-	-
GRAND TOTALS	109,040,875.34	63,021,865.35	172,062,740.69	102,469,174.78	69,593,565.91

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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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



SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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.

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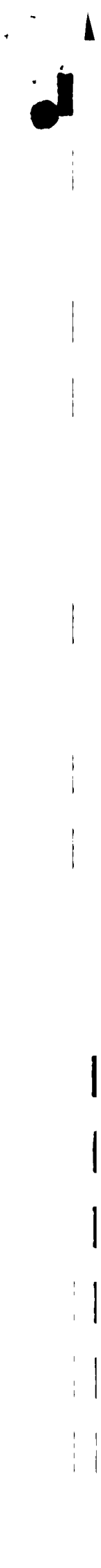
X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES			
Description		2018-2019	2017 - 2018
		Kshs	Kshs
Normal Allocation	AIE NO. B005113	50,784,483.15	
	AIE NO. B30033	4,000,000.00	
	AIE NO. B030308	10,000,000.00	
	AIE NO. B30469	12,000,000.00	
	AIE NO. B006416	8,000,000.00	
	AIE NO. B047019	24,000,000.00	
	AIE NO. 855893		5,500,000.00
	AIE NO.892959		37,905,172.00
Conditional grants		0.00	-
			-
Receipt from other Constituency			-
TOTAL		108,784,483.15	43,405,172

2. PROCEEDS FROM SALE OF ASSETS

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
LAGDERA CONSTITUENCY
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For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

3 OTHER RECEIPTS		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Sale of Tender Documents	-	-
Other Receipts Not Classified Elsewhere (specify)	510,750	-
Reversed unrepresented cheques		
TOTAL	510,750	-

4. COMPENSATION OF EMPLOYEES

4 COMPENSATION OF EMPLOYEES		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	1,913,882.00	758,332.00
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	35,200.00	12,800.00
Gratuity-Paid	-	-
Gratuity-Accrued	-	-
TOTAL	1,949,082.00	771,132.00

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

5. USE OF GOODS AND SERVICES

5 USE OF GOODS AND SERVICES		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Utilities, supplies and services	-	18,587.00
Electricity	12,500.00	63,785.00
Water & sewerage charges	-	-
Office rent	500,000.00	700,000.00
Communication, supplies and services	-	-
Domestic travel and subsistence	93,700.00	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	56,000.00	-
Hospitality supplies and services	86,600.00	-
Other committee expenses	358,000.00	-
Committee allowance	4,156,000.00	1,993,605.00
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	1,011,200.00	-
Fuel , oil & lubricants	96,000.00	-
Other operating expenses	72,400.00	-
Bank service commission and charges	69,092.57	23,250.00
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	-	-
Routine maintenance- other assets	-	-
Strategic Plan	-	-
TOTAL	6,511,492.57	2,799,227.00

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

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Transfers to Primary schools	33,522,999.00	13,356,500.00
Transfers to Secondary schools	12,352,300.00	600,000.00
Transfers to Tertiary institutions	-	-
TIVET	-	-
TOTAL	45,875,299.00	13,956,500.00

7. OTHER GRANTS AND OTHER PAYMENTS

7 OTHER GRANTS AND OTHER PAYMENTS		
Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	11,702,469.00	5,901,000.00
Bursary -Tertiary	17,803,000.00	14,544,828.00
Bursary-Special schools	-	-
Mocks & CAT	-	-
Security	8,796,600.00	765,000.00
Sports	-	1,736,180.00
Environment	2,180,817.00	1,736,206.90
Emergency Projects	6,573,993.45	4,300,000.00
TOTAL	47,056,879.45	28,983,214.90

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

8. ACQUISITION OF ASSETS

8 ACQUISITION OF ASSETS		
<u>Non Financial Assets</u>	2018-2019	2017 - 2018
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	1,076,421.00	-
Purchase of computers ,printers and other IT equipments	-	-
Purchase of photocopier	-	-
Purchase of other office equipments	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
TOTAL	1,076,421.00	-

9. OTHER PAYMENTS

9 Other Payments		
ICT HUB	-	-
specify	-	-
specify	-	-
TOTAL	-	-



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

11: OUTSTANDING IMPRESTS

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

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

12A. RETENTION

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

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2018-2019	2017 - 2018
	(1/7/2018)	(1/7/2017)
	Kshs	Kshs
Bank accounts	15,063,441.48	8,237,382.00
Cash in hand		-
Imprest	-	-
TOTAL	15,063,441.48	8,237,382.00

[Provide short appropriate explanations as necessary]



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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14. PRIOR YEAR ADJUSTMENTS

	PRIOR YEAR ADJUSTMENTS		
		2018-2019	2017 - 2018
		Kshs	Kshs
Bank accounts		-	-
Cash in hand		-	-
Imprest		-	-
TOTAL			-

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

15. OTHER IMPORTANT DISCLOSURES

15.3: UNUTILIZED FUND (See Annex 1)

	2018-2019	2017 - 2018
	Kshs	Kshs
Compensation of employees	1,554,714.52	1,015,486.00
Use of goods and services	4,767,125.65	3,031,393.00
Amounts due to other Government entities	47,319,577.90	1,839,261.00
Amounts due to other grants and other transfers	8,952,149.05	2,351,242.00
Acquisition of assets	-	
Others (<i>specify</i>)	7,000,000.00	-
	69,593,567.12	8,237,382.00

15.4: PMC account balances (See Annex 2)

			2018-2019	2017- 2018
PMC	BANK	A/C NO	Kshs	Kshs
			-	-

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 1 - ANALYSIS OF UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18
Compensation of employees		1,554,714.52	1,015,486.00
Use of goods & services		4,767,125.65	3,953,249.94
Amounts due to other Government entities			
7.1 Hagar Jareer Primary School		2,000,000.00	
7.2 Madina Primary School		2,000,000.00	
7.3 Bullo Primary School		2,000,000.00	
7.4 Shanta Abaq Primary School		200,000.00	
7.5 Geylab Primary School		2,000,000.00	
7.6 Illan Primary School		500,000.00	
7.8 Barfin Primary School		1,000,000.00	
7.9 Dihle Noor Primary School		2,000,000.00	
7.10 Maalimin Primary School		1,000,000.00	
7.11 Maalimin 1 Primary School		1,000,000.00	
7.12 Afweine Primary School		2,000,000.00	
7.13 Gurufa Primary School		1,000,000.00	
7.14 Jilango Primary School		2,000,000.00	
7.15 Kambi Samaki Primary School		750,000.00	
7.16 Illante Primary School		2,000,000.00	
7.17 Skansa Primary School		1,000,000.00	
7.18 Barkuke Primary School		750,000.00	

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

7.19 Illan Primary School	500,000.00
7.20 Janju Primary School	1,800,000.00
7.36 Geylab Primary Sch	33,000.00
7.37 Barkuke Primary Sch	81,350.00
7.38 Garse Primary Sch	81,350.00
7.39 Tokojo Primary Sch	81,350.00
7.40 Jilango Pri.Sch	156,350.00
7.41 Afweine Pri Sch	30,000.00
7.42 Afweine Pri.Sch	30,000.00
7.43 Maalimin Pri.Sch	81,350.00
7.44 Ellan Pri.Sch	93,850.00
7.45 Benane Pri.Sch	33,000.00
7.48 Baraki Pri. Sch	40,000.00
7.50 Togdub Pri.Sch	50,000.00
7.51 Jilango Pri Sch	635,405.44
7.52 Barkuke Pri Sch	635,405.44
7.53 Afweine Pri Sch	635,405.44
7.54 Modogashe Pri Sch	635,405.44
7.55 Gurufa Pri Sch	635,405.44
7.62 Illan Pri Sch	55,000.00
7.63 Barfin Pri Sch	38,250.00
7.64 Fredrick Wesonga	(730,000.00)
8.1 Modogashe Secondary School	5,000,000.00
8.2 Modogashe Girls Secondary School	5,000,000.00
8.3 Shanta Abaq Secondary School	2,000,000.00
8.7 Benane Secondary School	4,000,000.00
8.8 Benane Sec Sch	750,000.00

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

8.9 Shanta Abaq Sec Sch		156,350.00	
9.0 Modogashe Sec Sch		81,350.00	
9.3 Shanta Abaq Sec Sch		1,500,000.00	
	Sub-Total	47,319,577.20	45,828,527.20
Amounts due to other grants and other transfers			
Emergency		2,931.03	
9.1 Nhif Cover		1,200,000.00	
5.1 Sport Activities		2,180,817.51	
10.2 Modogashe Chief's Office		1,800,000.00	
10.3 Barkuke Chief's Office		2,000,000.00	
10.4 Shanta Abaq Administration Police		500,000.00	
10.5 Modogashe Police Station		233,000.00	
10.6 Eldere Chief's Office		965,000.00	
10.7 Kambi Samaki Chief's Office		70,400.00	
	Sub-Total	8,952,148.54	11,148,181.15
Acquisition of assets			
			1,076,421.06
Others (specify)			
11.2 Construction of CDF office		7,000,000.00	
	Sub-Total	7,000,000.00	
	Grand Total	69,593,565.91	63,021,865.35

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	300,000.00	1,076,421.00	-	1,376,421.00
ICT Equipment, Software and Other ICT Assets	79,000.00	-	-	79,000.00
Other Machinery and Equipment	21,000.00	-	-	21,000.00
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	400,000.00	1,076,421.00	-	1,476,421.00

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NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

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)
LAGDERA/INSP/C DF/7/VOL.1 (20)	Un-accounted for tertiary institutions bursary expenses- ksh.3,290,000	It's true that in our financial statements under note 7we disclosed that during the financial year under review lagdera ng-cdrc managed to disburse funds under bursary tertiary institutions amounting to ksh.14, 544,828 to bright and needy students from lagdera constituency. After going through our records and subsequent communication with the said institutions, we have managed to receive some of the acknowledgement letters and receipts. I also intended to clarify that chq no.1450 and 1456 were supposed to be kshs. 20,000 each as per the voucher and our records	FAM	Resolved	
LAGDERA/INSP/C DF/7/VOL.1 (20)	Irregular supply and delivery of sports equipments kshs 1,736,180	Lagdera national government constituency development fund allocated 2% of its allocation to sport activities within the constituency. However during the financial year we have managed to disburse the funds	FAM	Resolved	



NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

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For the year ended June 30, 2019 (Kshs'000)

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)
LAGDERA/INSP/C DF/7/VOL.1(20)	Unaccounted for food stuff and non food items	<p>after following all the public procurement procedures but we noticed after the audit exercise some of the missing documents were not attached to the payment voucher and was kept in the project file. It's now attached for verification.</p> <p>During the long rains, there were floods that affected most residence in Lagdera constituency especially those people living in low lying areas. In this rainy season several households have been washed away by the floods and the people were moved to school compounds. Upon hearing the effects of floods and discussion of the same by other stakeholders the committee agreed to send Emergency assessment team to identify magnitude of the effects of floods and report back to the committee with its recommendations. However during the audit exercise the important documents in question were with the district procurements officer who was away and they are now</p>	FAM	Resolved	

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NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs'000)

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)
LAGDERA/INSP/C DF/7/VOL.1(20)	Unaccounted for secondary school projects-ksh.2, 500,160	available for verification. See the attached documents. During the financial year under review the committee approved the payment of 320 lockers and chairs to be distributed to four secondary schools within Lagdera constituency through project management committee. However we have noticed that some of the missing documents were with project management committee but we managed to communicate with them to provide copy of the file in order to retrieve the missing documents and they are now available for review.	FAM	Resolved	
LAGDERA/INSP/C DF/7/VOL.1(20)	Use of goods and services	On 20/04/2018 the office took an imprest to cater for handing over taking over of committees. The above fund was used to facilitate the incoming and outgoing committee for both sitting allowances and familiarization of projects funded from 2013-2107 through ngcdf funds. Under minute no.4/29/01/2018 the both committees agreed to go for monitoring and evaluation for five days on order to	FAM	Resolved	

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

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For the year ended June 30, 2019 (Kshs'000)

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)
		establish the status of all projects funded through ngcdf funds. Therefore Project Implementation Status Report (PIS) was updated instead of monitoring and evaluation report. On the issue of fuel find the attached work ticket to show the movement of vehicles and the consumption of the fuel.			
LAGDERA/INSP/C DF/7/VOL.1(20)	under expenditure on overall budget	Lagdera national government constituency development fund submitted its proposals to the board waiting for the disbursement of funds. However as at 30 th June 2018 50% of the allocation was received from the board and we had disbursed it. We also made the request of the remaining balance to the board waiting for the disbursement. Therefore there was delayed disbursement of funds from the board.	FAM	Resolved	
LAGDERA/INSP/C DF/7/VOL.1(20)	project implementation and management	It's true that some of the proposed projects had not been implemented but it's because of delayed disbursements of the allocated funds from the board.	FAM	Resolved	

NATIONAL GOVERNMENT ENTITY - LAGDERA CONSTITUENCY

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For the year ended June 30, 2019 (Kshs'000)

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)
LAGDERA/INSP/C DF/7/VOL.1 (20)	Incomplete Asset Register	Office maintained asset register and it's available for verification (see the attached asset register)	FAM	Resolved	

