

REPUBLIC OF KENYA



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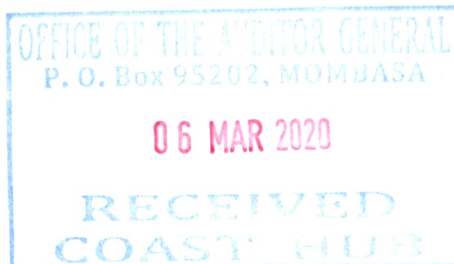
THE NATIONAL ASSEMBLY PART II	
REPORT	
OCT 2021	
DAY: Thursday	
TABLED BY:	LoMP
CLERK-AT THE-TABLE	OF Mr Maira Wanjiku

THE AUDITOR-GENERAL

ON

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

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



Revised Template 30th June 2019



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

Table of Contents

key constituency information and management	1
Forward by the chairman Kaloleni NGCDF committee.....	4
Statement of entity management responsibilities	11
Statement of receipts and payments	12
Statement of assets and liabilities	13
Statement of cash flow	14
Summary statement of appropriation.....	15
Budget execution by programmes and sub-programmes.....	17
Significant accounting policies	20
Notes to the financial statements.....	24
Other important disclosures	29
Annexetures	31
progress on follow up of auditor's recommendations	37

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

- i.) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- ii.) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- iii.) 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;
- iv.) 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;
- v.) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- vi.) 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;
- vii.) 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;
- viii.) 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;
- ix.) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- x.) 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
- xi.) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

b. Key Management

The NGCDF Kaloleni 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	Elisha M. Ade
2.	Sub-County Accountant	Eric Mutuku
3.	Chairman NGCDFC	Lennoxeny Mtengo
4.	Member NGCDFC	Aisha Baya

d. Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -Kaloleni 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. NGCDFKaloleni

Constituency Headquarters
P.O. Box 222-80105
NGCDF Kaloleni Building
Off Walea Road
KALOLENI-GIRYAMA, KENYA

- f. NGCDF Kaloleni Constituency Contacts
P.O Box 222-80105
KALOLENI
E-mail: ngcdfkaloleni@ngcdf.go.ke
Website: www.go.ke
- g. NGCDF Kaloleni Constituency Bankers
Cooperative Bank of Kenya Ltd
Mariakani Branch
A/C No. 01141253838300
P.O BOX 435-80113
MARIAKANI
- h. Independent Auditors
Auditor-General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA.
- i. Principal Legal Adviser
The Attorney-General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA.

**II. FORWARD BY THE CHAIRMAN KALOLENI NGCDF COMMITTEE
BACKGROUND INFORMATION OF THE CONSTITUENCY**

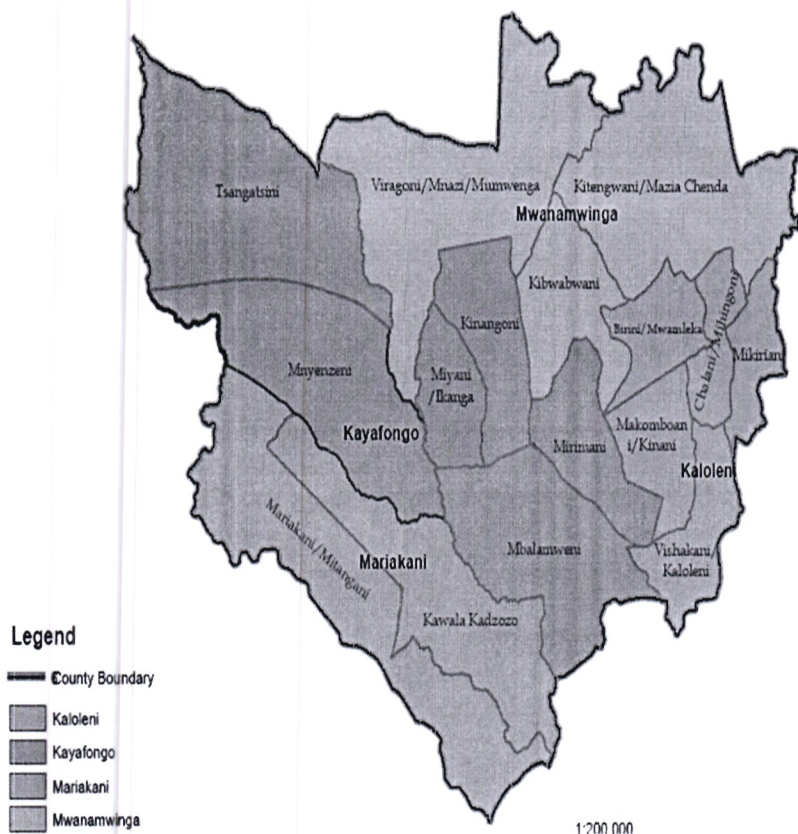
Location of the constituency

Kaloleni Constituency is located in Kilifi County in the coastal region of Kenya. It is constituency no. 013 and in a coverage area of approximately 686.2 sq.km. The Constituency has four (4) wards as listed below

Total population as per (2009) census

Ward No.	Ward	Population (2009 National Census)
1. 63	Mariakani	43,199
2. 64	Kayafungo	35,040
3. 65	Kaloleni	56,026
4. 66	Mwanamwinga	21,474
	Total Population	155,739

Kaloleni Constituency (013) map



Information On Public Primary and Secondary Schools

The Constituency has 68 registered public primary schools and 22 registered public secondary schools

Brief on Financial Performance

During the year under review NGCDF Kaloleni had an original budget amounting to ksh.109,040,876. The Constituency through village/ward public participation distributed this original budget allocation to various projects within the constituency. The code list was approved by the board which majored on renovation and building of schools, issuance of bursaries and purchase of school desks. The target being to improve the level of literacy within the constituency. The NG-CDFC believes an educated nation is a liberated nation.

The Constituency was also actively involved on sporting and environmental improvement activities. At the beginning of the year under review we had unutilized funds amounting to Ksh. 27,229,311 and we also owed to the Board Ksh. 54,784,483. This total amounts was available for use during the year.

Our total budget absorption rate was at 52.4%. This average performance was attributed by a huge amount owed to the board at year end otherwise we would have performed better. The amount owed to the board at closure of financial 2018-2019 was Ksh. 64,840,876.

CHALLENGES

Funds allocated to Constituencies are insufficient posing a challenge to project implementation. This includes funds allocated to bursary. Our constituency is big in terms of geographical coverage and population hence there is need to increase our allocation.

- PMC members have a problem understanding the procurement procedures.
- PMC members changing project activities that were already approved by the NG-CDF Board, hence delaying project implementation.
- Insufficient allocation of funds to projects delays project completion. This is mostly attributed to PMCs submitting project proposals without actual cost estimates from the Public Works Department.
- Allocation to bursary is not sufficient because the constituency is very vast with many needy students.
- Delay in funds disbursement from the NG-CDF Board delays project implementation. Kshs 64,840,875 was owed to the board at the closure of financial year.
- Delays by the board in approval of re-allocation requests.

RECOMMENDATIONS

The CDF Board should consider disbursing more funds to Constituencies.

- PMCs should be trained more on project planning and implementation skills
- NGCDFCs should only consider prioritizing proposals that have realistic cost estimates and BQs from the public works officer

CONSTITUENCY ACHIEVEMENTS

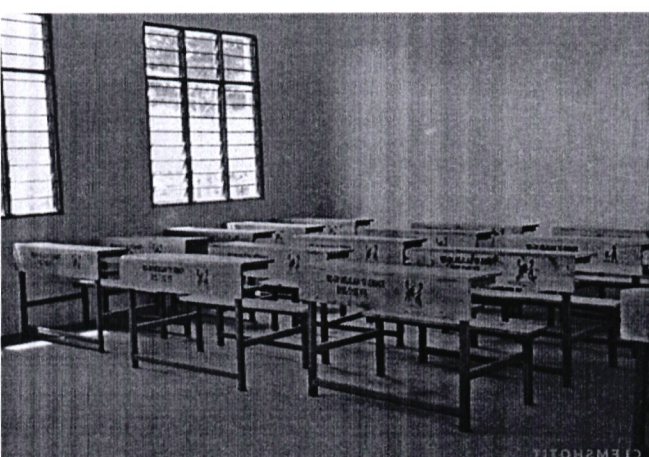
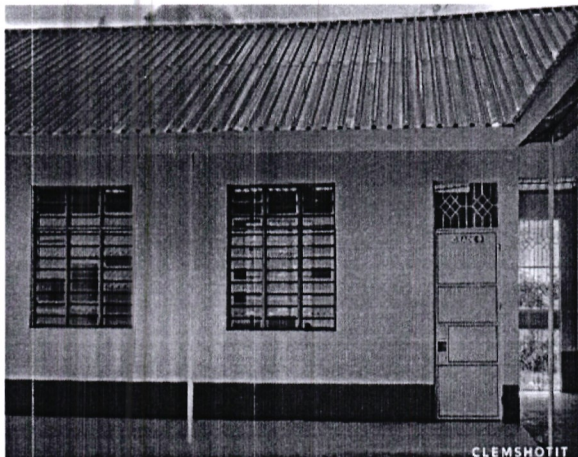
a) Education

We endeavors in provision of better learning environment through construction and renovation of classrooms, construction of dormitories, construction and renovation of administration blocks, construction of toilet blocks among others

The NG CDF Kaloleni managed to do projects to primary and secondary school totaling to a tune of Kshs 35,909,921

All projects are now completed and in use. We expect these projects to positively contribute to the improvement of education within the area.

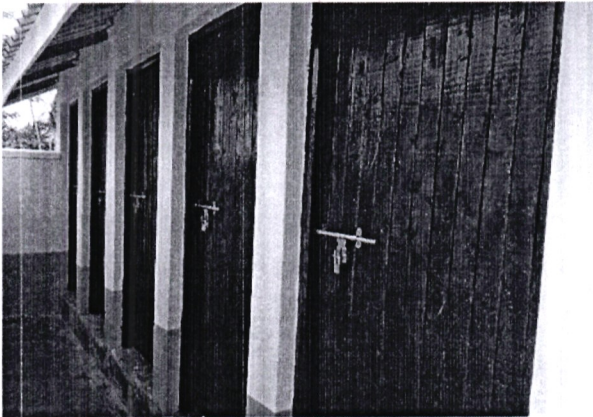
Gogoraruhe primary school – Administration block, library, 4No Classrooms and desks.



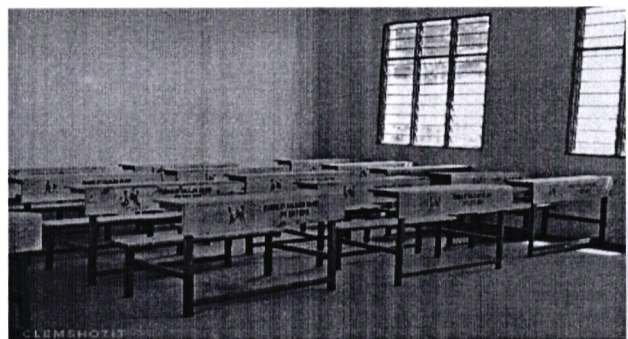
St. Michael Primary School – Modern dormitory with washrooms-funded by NGCDF



Makomboani secondary school- 10 no toilets



Desk projects



b) Bursaries

During the year under review the NG-CDFC managed to distribute bursaries to a tune of Ksh. 27,024,000. The bursaries are expected to Increase school retention rates of our learners throughout the year. The bursaries were issued to needy and deserving students. The NG-CDF fully sponsors several needy students to various learning institution.

c) Sports

In Kaloleni Constituency, many sports clubs, primary and secondary schools participated in various sports activities. The NGCDF was fully involved in the co-curriculum school activities within the area and we facilitated these activities by purchasing sporty gears, uniforms and other sporting equipment. The NGCDF Kaloleni believes in nurturing of talents and making our students busy throughout the year. This makes our learners busy and actively involved in positive activities hence they have little time to do unnecessary things like being involved drugs.

Sponsoring Chanagande Primary School during kids national athletic games.



Sponsoring St John's Girls secondary school on their international hockey tournament in Arusha Tanzania.



Kaloleni NGCDFC chairman issuing sports gear to St John's Girls Secondary team



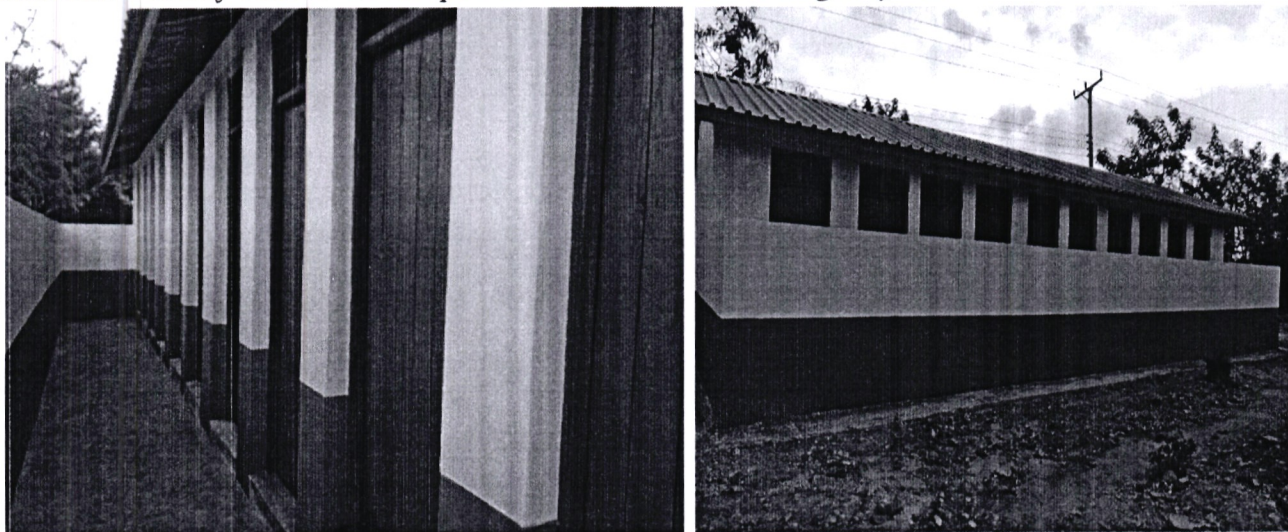
d) Environmental

In Kaloleni there are some areas which are very dry and receive very little rainfall, so we supplied some school with tree seedlings to be planted to increase the plant vegetation. This exercise will contribute to positive climatic change within the Kaloleni Constituency and also create conducive learning environment within the Schools.

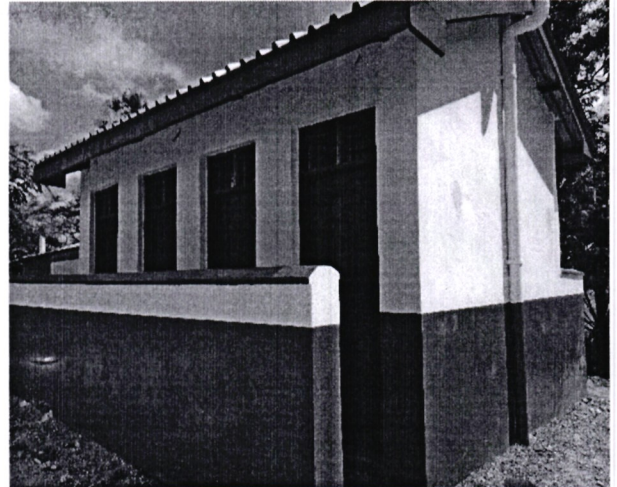
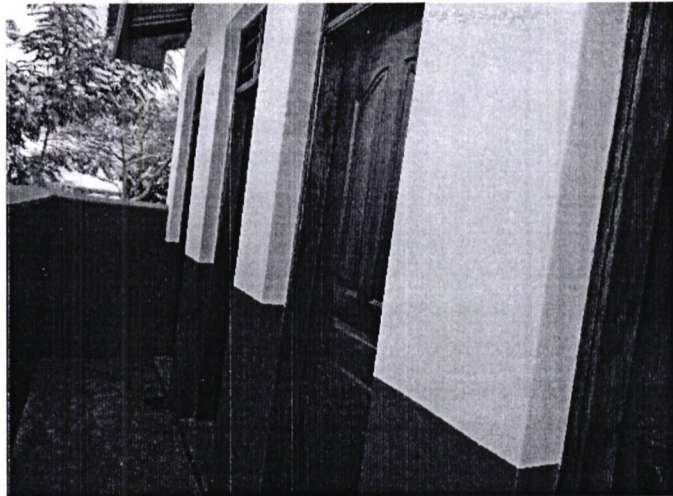
e) Emergency

National disasters and calamities e.g. strong winds, floods, heavy rainfall did not spare us all. Roofs of some school we blown off. Toilets were damaged and sunk(pit latrines).There was need therefore to construct for them new ones at a tune of Kshs 6,900.000.00.These projects are now complete and in use.

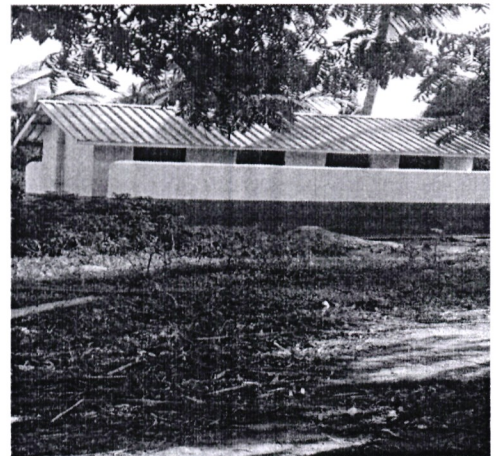
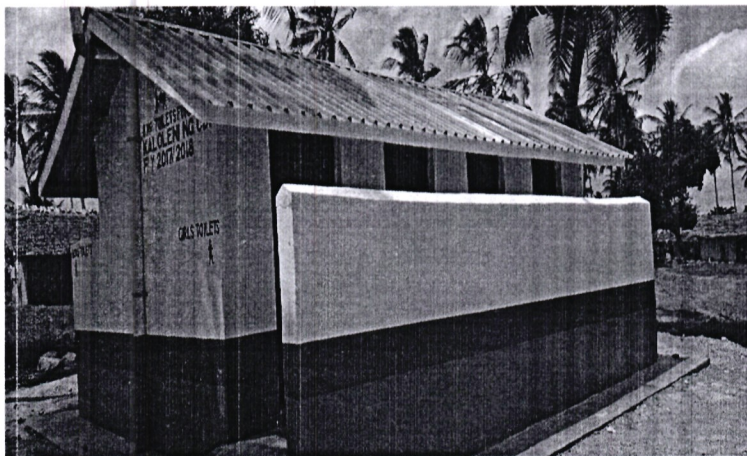
Kadzonzo Primary School- 20 no. pit latrine funded from emergency kit.



Kibaokiche primary school- 8 no. toilets



Mahenzo Primary school- 10 no. toilets.



Lennoxeny Mtengo

A handwritten signature in blue ink, appearing to read "Lennoxeny Mtengo".

Chairman NG-CDF Committee-Kaloleni

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

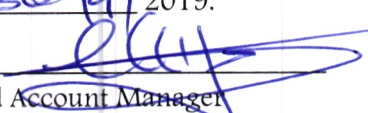
The Accounting Officer in charge of the NGCDF-Kaloleni Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. 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.

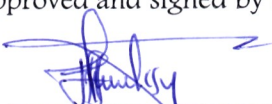
The Accounting Officer in charge of the NGCDF-Kaloleni Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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-Kaloleni 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-Kaloleni 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

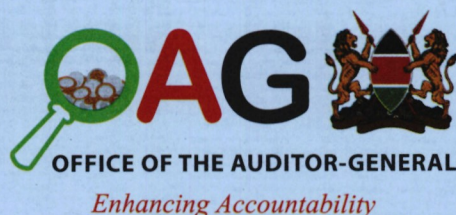
The NGCDF-Kaloleni Constituency financial statements were approved and signed by the Accounting Officer on 20/9/2019 2019.


Fund Account Manager
Elisha Ade


National Sub-County Accountant
CPA Eric Mutuku
ICPAK No.20668

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KALOLENI 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 - Kaloleni Constituency set out on pages 12 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 - Kaloleni 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

Unreconciled Bank Balance

The statement of assets and liabilities as at 30 June, 2019 reflects a bank balance of Kshs.26,366,205. However, reflected in the supporting reconciliation statement as at 30 June, 2019 are unrepresented cheques amounting to Kshs.816,962, of which bank statements to confirm subsequent clearance by the bank were not provided for audit verification. Further, the reconciliation reflects payments in bank statement not yet recorded in cash book of Kshs.10,000. No explanation has been provided for the failure to record the payments in the cash book.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.26,366,205 as at 30 June, 2019 could not be ascertained.

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

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

Other Matter

Budgetary Control and Performance

The Fund's revenue budget for the year under review was Kshs.191,194,670 against total actual receipts of Kshs.126,353,794, resulting to budget under funding of Kshs.64,840,875 or 34%. The under collection of the budget is an indication that projects have not been funded as planned.

In addition, the Fund's overall expenditure budget for the year under review was Kshs.191,194,670 against total actual expenditure of Kshs.99,987,589, resulting to budget under absorption of Kshs.91,207,080 or 48% of the budget. The under absorption of the budget is an indication of improper planning and implementation of projects.

The under collection and underutilization of funds may have impacted negatively on the delivery of goods and services to the citizens of Kaloleni.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1.0 Project Implementation Status

1.1 Projects Not Started

A review of the project implementation status report as at 30 June, 2019 revealed that two (2) projects with a total budget of Kshs.5,281,511 had not started as summarized below:

Financial Year	Name of Project	Activity to be Done	Project Cost (Kshs.)	Status
2016/2017	Mnanzi Mwenga Secondary School bus Project	Purchase of a school bus	3,000,000	Project not started
2017/2018	Kaloleni NG CDF Environment	Tree seedlings	2,281,511	Project not started
Total			5,281,511	

The above state of affairs is an indication of lack of proper planning and prioritizing citizens' needs in the budget making process. Service delivery to the residents of Kaloleni Constituency and the intended purpose of the projects may not be realized.

1.2. Delay in Project Completion

During the year under review, ten (10) projects costing Kshs.37,791,045 were inspected by our audit team in the month of January, 2020. However, out of the ten (10) projects, eight (8) projects costing Kshs.25,157,557 were complete and in use, one (1) project costing Kshs.9,633,488 was complete but not in use while one (1) project costing Kshs.3,000,000 had not started. The ongoing project and the project not started are as detailed below;

S.No	Project Title	Project Activities / Detailed Specifications	Budget (Kshs.)	Year of Allocation	Project Cost (Kshs.)	Status
1	Proposed construction of dormitory at St. Michael Primary	Construction of dormitory at St. Michael Primary	10,000,000	2017/2018	9,633,488	Complete but not in use. Awaiting installation of water
2	Purchase of a school bus - Mnazi-mwenga Secondary School	Purchase of a school bus	3,000,000	2016/2017	3,000,000	Not done, awaiting completion of procurement process
Total			13,000,000		12,633,488	

Failure to complete the projects in a timely manner is an indication of poor planning and implementation of approved projects. Delay in use of the completed dormitory at St. Michael's Primary School means value for money totalling Kshs.9,633,488 spent on the same for the year ended 30 June, 2019 could not be realized by the residents and students of Kaloleni Constituency.

2. Idle PMC Bank Balances

Annex 5 to the financial statements for the year ended 30 June, 2019 reflects project management committee bank balances amounting to Kshs.20,997,178, out of which bank balances of Kshs.231,646 held in Co-operative Bank of Kenya Limited were lying idle in the bank accounts since the projects had been completed as detailed below:

No.	Project Management Committee (PMC) Unutilized Fund Balances	Bank Balance as at 30 June, 2019 (Kshs.)
1.	Kaloleni NG-CDF Emergency Water	13,075
2.	Mwambani Primary School	4,221
3.	Shangia Primary School	517
4.	Kidzini Primary School	869
5.	Migunduni Primary School	1,230
6.	Kizuruni Primary School	2,271
7.	Mtulu Primary School	4,116
8.	Bikidzaya Primary School	2,720
9.	Kibao Kiche Prmary School	59
10.	Mwareni Secondary School	1,259
11.	St.John's Girls Sec School	88,887
12.	Mariakani's Chief Office	996
13.	Chanagande Primary School	847
14.	Mbalamweni Assistant Chief's Office	110,579
Total		231,646

This is contrary to Section 12(8) of National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the Project Management Committee shall be returned to the constituency account.

Therefore, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 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 Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the Fund's 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 Fund's 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 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

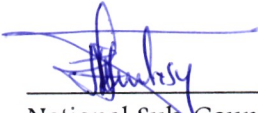
04 October, 2021

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

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	98,984,483	74,353,447
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	<u>140,000</u>	<u>70,000</u>
TOTAL RECEIPTS		99,124,483	74,423,447
PAYMENTS			
Compensation of employees	4	1,308,400	1,625,600
Use of goods and services	5	5,901,447	8,167,813
Transfers to Other Government Units	6	35,909,921	10,600,000
Other grants and transfers	7	52,536,787	34,021,474
Acquisition of Assets	8	4,331,034	-
Other Payments	9	-	-
TOTAL PAYMENTS		99,987,589	54,414,887
SURPLUS (DEFICIT)		(863,106)	20,008,560


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KALOLENI Constituency financial statements were approved on 30/9/2019 2019 and signed by:

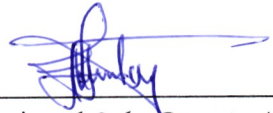

Fund Account Manager
Elisha Ade


National Sub-County Accountant
CPA Eric Mutuku
ICPAK No.20668

V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE 2019			
	Note	2018-2019	2017-2018
FINANCIAL ASSETS		Kshs	Kshs
Bank Balances	10A	26,366,205	27,229,311
Cash Balances	10B	-	-
Total Cash and Cash Equivalents		26,366,205	27,229,311
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		26,366,205	27,229,311
FINANCIAL LIABILITIES			
Accounts Payables			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS		26,366,205	27,229,311
Represented by			
Fund balance b/f	13	27,229,311	7,220,751
Surplus/Deficit for the year		(863,106)	20,008,560
Prior Year Adjustment	14	-	-
NET LIABILITIES		26,366,205	27,229,311

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kaloleni Constituency financial statements were approved on 20/9/2019 2019 and signed by:


 Fund Account Manager
 Elisha Ade


 National Sub-County Accountant
 CPA Eric Mutuku
 ICPAK No: 20668

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

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts		Kshs	Kshs
Transfers from NGCDF Board	1	98,984,483	74,353,447
Other Receipts	3	140,000	70,000
Total receipts		99,124,483	74,423,447
Payments			
Compensation of Employees	4	1,308,400	1,625,600
Use of goods and services	5	5,901,447	8,167,813
Transfers to Other Government Units	6	35,909,921	10,600,000
Other grants and transfers	7	52,536,787	34,021,474
Total payments		(95,656,555)	(54,414,887)
Total Receipts Less Total Payments		3,467,928	20,008,560
Net cash flow from operating activities		3,467,928	20,008,560
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(4,331,034)	-
Net cash flows from Investing Activities		(4,331,034)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(863,106)	20,008,560
Cash and cash equivalent at BEGINNING of the year	13	27,229,311	7,220,751
Cash and cash equivalent at END of the year		26,366,205	27,229,311

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-Kaloleni Constituency financial statements were approved on 30/9/2019 2019 and signed by:

Fund Account Manager
 Elisha Ade

National Sub-County Accountant
 CPA Eric Mutuku
 ICPAK No: 20668

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDING 30TH JUNE, 2019

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	109,040,876	82,013,793	191,054,669	126,213,794	64,840,875	66.1%
Other Receipts- Rent	-	140,000	140,000	140,000	-	100%
TOTAL	109,040,876	82,153,793	191,194,669	126,353,794	64,840,875	66.1%
PAYMENTS						
Compensation of Employees	4,218,253	-	4,218,253	1,308,400	2,909,853	31.0%
Use of goods and services	5,595,426	3,123,732	8,719,158	5,901,447	2,817,711	67.7%
Transfers to Other Government Units	44,033,488	33,676,433	77,709,921	35,909,921	41,800,000	46.2%
Other grants and transfers	55,193,709	30,712,594	85,906,303	52,536,787	33,369,516	61.2%
Acquisition of Assets	-	14,131,034	14,131,034	4,331,034	9,800,000	30.6%
unallocated collected AIA - rent of office	-	510,000	510,000	-	510,000	0%
TOTALS	109,040,876	82,153,793	191,194,669	99,987,589	91,207,080	52.3%

(a) The CDFC have not sought authority from the board to appropriate the collected AIA from rent. The total AIA is still intact in the account. Total rent collection is Ksh. 510,000.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

Reports and Financial Statements


For the year ended June 30, 2019

- (b) Significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
- i. Included in the adjustment Column on receipt side is balance carried forward from previous years (Ksh. 27,229,311) (i.e unutilized funds and accumulated banked revenues (Ksh, 370,000) as at the beginning of the year, 01/07/2018), and owing from the board at the beginning of the financial year (Ksh. 54,784,483) and revenue collected in the year (Ksh.140,000).
 - ii. At the end of the financial year 2018-2019 the Constituency owed the board Ksh. 64,840,876. This resulted to budget utilization of transfers from board of 66.1%
 - iii. Utilization of compensation for employees expenses was at 31.0% because we reduced our contracted employees to manageable level
 - iv. Transfer to other government units and other transfers utilization was at 46.2% and 61.2% respectively because of the large amount owed from the board and pending re-allocations
 - v. The NGCDFC owed the board Kshs. 9,800,000 for acquisition of office motor vehicle from financial year 2017-2018. This affected negatively budget utilization on acquisition of assets (30.6%)

The NGCDF-Kaloleni Constituency financial statements were approved on 30/9/2019 and signed by:



Fund Account Manager
Elisha Ade



National Sub-County Accountant
CPA Eric Mutuku
ICPAK No: 20668

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019		Adjustments		Final Budget 2018/2019		Actual on comparable basis 30/06/2019		Budget utilization difference	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Compensation of Employees	4,218,253	-		4,218,253		1,308,400		2,909,853		
2.0 Use of goods and services	5,595,426	3,123,732		8,719,158		5,901,447		2,817,711		
3.0 Emergency										
3.1 Primary & secondary school	5,738,994	8,400,008		14,139,002		6,900,000		7,239,002		
4.0 Bursary and Social Security										
4.1 Secondary Schools and tertiary, universities	34,893,080	4,884,407		39,777,487		27,024,000		12,753,487		
5.0 Sports										
5.1 Kaloleni const. sports project	2,180,818	2,700,724		4,881,542		4,881,542		-		
6.0 Environment										
6.1 NG-CDF Kaloleni environment project	2,180,818			2,180,818		2,180,818		-		
7.0 Primary Schools Projects (List all the Projects)										
7.1 Baraka Primary School	11,000,000			11,000,000		11,000,000		11,000,000		
7.2 Migwaleni Primary School	11,000,000			11,000,000		11,000,000		8,700,000		
7.3 Mwanawiji Primary School	11,000,000			11,000,000		11,000,000		11,000,000		

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
7.4 St. Michaels Primary School- re allocation from, Maandani 3m, audit fee 500,000,emergency 200,000	3,033,488.	1,000,000	4,033,488	4,033,488	-
7.5 Mariakani Primary sch		3,700,000	3,700,000	3,700,000	-
7.6 Gogoraruhe Primary sch		10,276,433	10,276,433	10,276,433	-
7.7 Mariakani primary sch		2,500,000	2,500,000	2,500,000	-
7.9 Kibao Kiche Primary sch					-
7.10 St. Michaels Primary sch		4,000,000	4,000,000	4,000,000	-
7.11 Mariakani Primary sch		2,400,000	2,400,000	2,400,000	-
7.13 St. Michaels Primary sch – Re allocation from Pangayambopri. School		1,600,000	1,600,000	1,600,000	-
7.14 Gogoraruhe Primary sch-Re-allocation from MnyezeniPri Sch.		1,400,000	1,400,000	1,400,000	-
7.15 Kinani Primary School sch		3,000,000	3,000,000	3,000,000	-
8.0. Kayafungo ACC office		3,000,000	3,000,000	-	3,000,000
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Mnazimwenga sec sch. Re-allocation from mnyezeniPri. Sch		3,000,000	3,000,000	3,000,000	-
8.2 Mwijo Secondary School	9,000,000		9000,000	900,000	8,100,000
9.0 Desks					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
9.1kaloleni NG - CDF desk project	10,200,000	14,050,428	24,230,482	11,550,428	8,700,000
10.0 Acquisition of assets					
10.1 Motor Vehicles		9,800,000	9,800,000	-	9,800,000
10.2 Renovation of NG-CDF office	-	2,831,034	2,831,034	2,831,034	-
10.3 Purchase of furniture and equipment	-	900,000	900,000	900,000	-
10.4 construction of office pit latrine		600,000	600,000	600,000	
11.0 Others					
11.2 Innovation Hub	-	4,677,027	4,677,027	-	4,677,027
12.0 Other Payments- unallocated collected AIA- rent of office		510,000			510,000

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-Kaloleni 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 recognizes 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.

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 criterion is applied for loans received in the form of a direct payment.

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

Other Receipts

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

b. Recognition of Payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-Kind Contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

X. NOTES TO THE FINANCIAL STATEMENT

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
NGCDF Board		
AIE NO. B005161	33,605,173	
AIE NO. B005374	11,379,310	
AIE NO. B030064	10,000,000	
AIE NO. B006360	6,000,000	
AIE NO. A699177	11,000,000	
AIE NO. B030418	15,000,000	
AIE NO. B030418	12,000,000	
AIE NO. A855837		5,500,000
AIE NO. A892578		30,948,275
AIE NO. A892947		37,905,172
	98,984,483	74,353,447
TOTAL		

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs	Kshs
N/A		
Total	-	-

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Rent income	140,000	70,000
Total	140,000	70,000

4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	1,286,000	1,625,600
Leave allowance	10,000	-
Employers NSSF contribution	12,400	-
Total	1,308,400	1,625,600

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee allowance expense	1,537,000	2,911,000
Utilities, supplies and services	58,000	324,403
Electricity and other electrical related expenses	58,680	-
Water and sewerage expenses	52,072	-
Communication, supplies and services	211,810	18,500
Domestic travel and subsistence	232,200	276,000
Printing, advertising and information supplies & services	312,180	26,470
Training expenses	1,491,500	728,000
Hospitality supplies and services	10,100	-
Office and general supplies and services	235,215	412,360
Other operating expenses	-	634,340
Fuel, Oil and Lubricant	650,000	170,000
Routine maintenance – other assets	170,750	166,740
Other committee related expenses	864,000	-
Bank Service commission and charges	17,940	
Strategic Plan		2,500,000
Total	5,901,447	8,167,813

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools	32,909,921	10,600,000
Transfers to secondary schools	3,000,000	-
TOTAL	35,909,921	10,600,000

7. OTHER GRANTS AND PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools	24,336,000	23,214,500
Bursary – tertiary institutions	2,688,000	6,904,250
Sports projects	4,881,542	901,000
Environment projects	2,180,818	2,001,724
Emergency projects	6,900,000	780,0000
Desks Project	11,550,428	-
Total	52,536,787	34,021,474

8. ACQUISITION OF ASSETS

Non-Financial Assets	2018-2019	2017-2018
	Kshs	Kshs
Construction of Buildings- pit latrine	600,000	-
Refurbishment of Buildings	2,831,034	-
Purchase of Office Furniture and General Equipment	900,000	-
Total	4,331,034	-

9. OTHER PAYMENTS

2018-2019 2017-2018
 Kshs Kshs

TOTAL

- -

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency

2018-2019 2017-2018
 Kshs Kshs

Co-operative bank -Mariakani A/c 01141253838300

26,366,205 27,229,311

Total

26,366,205 27,229,311

10B: CASH IN HAND

Location 1 N/A

- -

Total

26,366,205 27,229,311

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution N/A</i>	<i>dd/mm/yy</i>	-	-	-
Total		-	-	-

12A. RETENTION

2018 - 2019 2017-2018
 Kshs Kshs

Supplier 1 N/A

- -

Total

- -

12B. STAFF GRATUITY OUTSTANDING

2018 - 2019 2017-2018
 Kshs Kshs

Name 1 N/A

- -

Total

- -

13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank account	27,229,311	7,220,751
Total	27,229,311	7,220,751

14. PRIOR YEAR ADJUSTMENTS

	2018 - 2019	2017-2018
	Kshs	Kshs
Name 1 N/A	-	-
Total	-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: Pending Staff Payables (Annex 1)

	Kshs	Kshs
NGC DFC Staff-Gratuity	1,085,440	875,060
Total	1,085,440	875,060

15.2: Unutilized Fund (Annex 2)

	Kshs	Kshs
Administration	3,710,008	406,257
Monitoring & Evaluation	2,314,712	321,796
Amounts due to other Government entities (see attached list)	45,000,000	7,500,000
Amounts due to other grants and other transfers (see attached list)	29,872,360	8,631,258
Acquisition of Assets	9,800,000	-
Others (accumulated unallocated AIA collected- <i>Rent income-</i>)	510,000	370,000
	91,207,080	27,229,311

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (Annex 4)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	20,997,178	4,833,282
	<u>20,997,178</u>	<u>4,833,282</u>

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

16. ANNEXTURES

ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
NG-CDFC Employed Staff	A	B	C	d=a-c	
1. Rabbi Ramadhan	153,760	Before 31.1.2020	nil	153,760	Provision for gratuity
2. Dickson Juma Yeri	158,720	Before 31.1.2020	nil	158,720	Provision for gratuity
3. James Mweri Charo	143,840	Before 31.1.2020	nil	143,840	Provision for gratuity
4. Bakari Ulenje	141,360	Before 31.1.2020	nil	141,360	Provision for gratuity
5. Harman Mwaringa	141,360	Before 31.1.2020	nil	141,360	Provision for gratuity
6. Rosemary fwaki	136,000	Before 31.1.2020	nil	136,000	Provision for gratuity
7. Nzingo Kirao	136,000	Before 31.1.2020	nil	136,000	Provision for gratuity
8. Raymond Karisa Kazungu	74,400	Before 31.1.2020	nil	74,400	Provision for gratuity
Grand-Total	1,085,440			1,085,440	

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

ANNEX 2: Unutilized Funds Per Vote Item

		2018-2019	2017-2018
		Kshs 30/6/2019	Kshs 30/6/2018
Amounts due to other Government entities	Brief transaction description		
St Michaels primary school	Renovation of school dormitory	-	1,000,000
Mandani primary school	Construction of 2no classrooms	-	3,000,000
Pangayambo primary school	Construction of 2no classrooms	-	3,000,000
Mnyenzi primary school	Construction of 2no classrooms	-	3,000,000
Kinani primary school	Construction of 2no classrooms	-	3,000,000
Makomboani primary sc (audit fee)	Renovation of school classrooms	-	500,000
Migwaleni primary School	Construction of administration block , library	8,700,000	-
St. Michael Primary School	Renovation of school dormitory	-	1,000,000
Kayafungo Ward ACC office	Construction of Acc's Office	3,000,000	3,000,000
Baraka Primary school	Construction of administration block , library	11,000,000	-
Mwanawaji Primary School	Construction of administration block , library	11,000,000	-
Mwijo secondary scool	Construction of administration block , library	8,100,000	-
Amounts due to other grants and other transfers (see attached list)			
Sports	Purchase of sports equipment		736,931
Bursary	school bursary to needy student	12,753,487	2,011,652
Kaloleni NG-CDF desks project	Purchase of desks and lockers	8,700,000	4,050,428

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

Kaloleni NGCDF emergency project	To cater for unforeseen	7,239,002	1,832,247
Constituency Innovation Hub	To create ict centres	4,677,027	-
Compensation for employees	Payment of staff salaries	2,909,853	406,257
Use of goods and services	M & E and other recurrent expenditure	2,817,711	321,796
Accumulated AIA collection – Rent	Rental Income	510,000	370,000
Acquisition of Assets	Purchase of Motor Vehicle	9,800,000	-
TOTAL		91,207,080	27,229,311

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

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
Buildings and structures	18,899,960	3,431,034	-	22,330,994
Transport equipment- Motor Vehicle	4,200,000		-	4,200,000
Office equipment, furniture and fittings	148,540	900,000	-	1,048,540
ICT Equipment, Software and Other ICT Assets	350,000		-	350,000
Total	23,598,500	4,331,034	-	27,929,534

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

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

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Mariakani primary school NG CDF project	Co-op	01100764505100	8,703,958	1,005,028
Kadzonzo primary school NG CDF project	Co-op	01100764587500	78,145	993,000
Mahenzo primary school NG CDF project	Co-op	01141764680900	83,273	-
St Michaels pry school NG CDF project	Co-op	01100764626900	148,178	-
Gogoraruhe pry school NG CDF project	Co-op	01100764626800	2,473	-
Kibao kiche pry school NG CDF project	Co-op	01100764111200	128,680	-
Kaloleni NG CDF Desk project	Co-op	01141764626700	1,445,448	-
Kaloleni NG CDF Environment project	Co-op	01100764587100	2,281,511	101,174
Kaloleni NG CDF Sports project	Co-op	01141764626600	4,530,216	-
Makomboani secondary school NG CDF	Co-op	01141764831200	333,680	2,820
Kaloleni NG CDF strategic plan project	Co-op	01100764587200	34,970	2,500,000
Kaloleni NGCDF emergency-water	Co-op	01141252796500	13,075	13,075
Mwambani Primary sch	Co-op	01100250755600	4,221	4,221
Shangia Primary school	Co-op	01100250755600	517	517
Kidzini primary school	Co-op	01100252022700	869	869
Migunduni Primary school	Co-op	01100252119600	1,230	1,230
Kizurini Primary school	Co-op	01100252130600	2,271	2,271
Mtulu primary school	Co-op	01100252138700	4,116	4,116
Mnazimmwenga primary sch	Co-op	01141764833400	3,000,000	-
Bikidzaya Primary School	Co-op	01100253888300	2,720	2,720

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALO LENI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Kibao kiche primary school	Co-op	01100254868300	59	59
Mwareni Sec school	Co-op	01100254870500	1,259	1,259
St. Johns girls sec sch	Co-op	01117252797200	83,887	83,887
Mariakani chiefs office	Co-op	01100252176300	996	996
Chanagande primary school	Co-op	01100253925500	847	847
Mbalamweni assistance chiefs office	Co-op	01100254137500	110,579	110,579
Total			20,997,178	4,833,282

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Emergency projects (2017-2018)	<ul style="list-style-type: none"> - During the period drought was a national disaster which necessitated CDFC input. The CDFC through emergency pnc supplied water to kirumbi girls to assist in curbing the water shortage. - Water is a devolved function but we based our decision on the school management which is a national government function. Also during the time of emergency any of the government can intervene to safe the situation 	Elisha Ade (fund account manager)	Not Resolved	3 months
2	Inaccuracies In The Financial Statements (2017-2018)	The variance of Kshs 2,500,000in the appropriation account resulted as an error where funds for strategic plan project was not well reflected in the appropriation account. The issue was resolved with auditors since had no impact on audit opinion	Elisha Ade (fund account manager)	Resolved	
1.0	Other matters . budget control and	1.1 Receipts Budget. The CDFC have agreed to be implementing project promptly and also endeavor on training PMCs on project implementation skills. This	Elisha Ade (fund)	Resolved	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KALOLENI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

	performance(2017-2018)	will positively influence absorption rate of our allocated funds from the board. Since if we relieve funds from the main account, we will be able to request for additional from the board	account manager)	Resolved	
		1.2. Expenditure budget. The budget utilization was at 60%. this is because of huge money owed from the board at the closure of the financial year	Elisha Ade (fund account manager)	Resolved	
	Project implementation status. (2017-2018)	1.3. All the ongoing projects were well completed. <ul style="list-style-type: none"> - We have also undertaken training of PMCs on project implementation skills and we expected improvement on implementation and management of our projects. - We make our project proposals by conducting public participation in every award hence we are satisfied the projects we undertake have direct positive impact on people of Kaloleni 	Elisha Ade (fund account manager)	Resolved	
		Unremitted Statutory Deductions: we have sorted out our pin password problem and we have remitted all statutory deductions (PAYE, NSSF)	Elisha Ade (fund account manager)	Resolved	
5.1	Irregular Funding Of The Projects	The Mgamboni Dispensary staff house health project was done following the approval from the CDF Board for financial year 2014/15 proposals for the completion of staff house. This was an additional	Elisha Ade (fund)	Resolved	

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

		amount from the previous allocation for the approved proposals for financial year 2013/2014	account manager)		
		The NG CDF Act 2015 states that 'Emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until next financial year without harming the public interest of the constituents'. Based on this the water project funds were drawn from the emergency allocation due to demand from the community during vast drought period that hit not only Kaloleni constituency but the whole country.	Elisha Ade (fund account manager)	Resolved	
5.2	Bursaries- secondary schools	There was an error in classifying items in note 7 of the financial statement but we have corrected the error and classified every item in its category.	Elisha Ade (fund account manager)	Resolved	
5.3.1	<u>security projects</u> Jibana chief's camp	We have attached A.I.E and code list from the board that consists Jibana chief's camp as one of the project under funding, we have also attached approval from the board for your verification	Elisha Ade (fund account manager)	Resolved	
5.3.2	Kawala/ Kadzonzo assistant chief's office	The land was in dispute but the matter was settled in a court of law that's why the work progressed as planned. We have a letter from the D.C.Cs office for your verification. The excess of Kshs. 167,798 was for the Pmcs administration and branding of the project.	Elisha Ade (fund account manager)	Resolved	

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

5.3.3	Tsangatsini chiefs office	The project was successfully done as per the attached project proposal on security We have attached projects tender documents, bank statements and certificates of completion for your verification	Elisha Ade (fund account manager)	Resolved	
5.4	Sports Projects	The project was done successful, items were purchased and even some teams were sponsored on their tournaments. For your audit verification, we have attached list of items purchased, bank statements, delivery notes and list of beneficiaries.	Elisha Ade (fund account manager)	Resolved	
5.5	Environment projects	The over payment was as a result of the balance for the environment project for financial year 2015/2016. We have a distribution list and delivery notes for the same attached alongside the acceptance committee reports for your verification	Elisha Ade (fund account manager)	Resolved	
6.0	Bank Balance	As for the year ended 30 June, 2017 the stale cheques which amounted to Kshs 5,193 were subsequently cleared	Elisha Ade (fund account manager)	Resolved	
8.0	Project Management Committee Bank Balances	Annex 5 to the financial statement for the year ended 30 June 2017 reflects PMC bank balances of Kshs 291,561. This was an error, however we have corrected and the correct amount is Kshs 1,496,393. We have attached a copy of the certified bank balances dated 20/6/2017 which was the end of the transaction for that financial year for the projects under review. (See attached annex 8)	Elisha Ade (fund account manager)	Resolved	