

REPORT

OF

THE AUDITOR-GENERAL

ON

THE NATIONAL ASSEMBLY
PARLIAMENTARY COMPLEX
DATE: 15 FEB 2023
DAY: Wed
TABLED BY: Deputy Majority Leader
CLERK-AT-THE-TABLE: F. Muniuki

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



KANDARA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT
FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KANDARA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The Kandara Constituency NG-CDF 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 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Susan Nthiri
2.	Sub-County Accountant	Mary Nyambura Kamau
3.	Chairman NGCDFC	Peter Kagichu Njoroge
4.	Member NG-CDFC	Esther Wangui

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Kandara Constituency NG-CDF . 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.

*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

(e) Kandara Constituency NG-CDF Headquarters
P.O. Box 111-01034
Murang'a, KENYA

Kandara Constituency NGCDF Contacts
Telephone: (254) 0709894000
E-mail: kandara@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) Kandara Constituency NGCDF Bankers
Cooperative Bank of Kenya
Thika Branch
P.O. Box 1815-01000
Thika, Kenya

(g) **Independent Auditors**
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(h) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. NG-CDFC CHAIRMAN'S REPORT

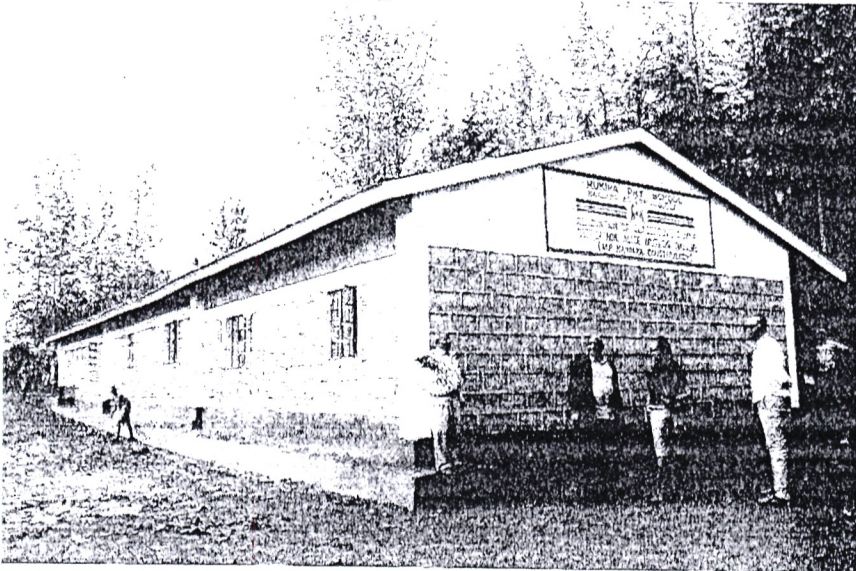


The constituency has had key achievements. The constituency has successfully completed two security projects, either build or renovated classrooms in 12 secondary schools and either build or renovated classrooms in 15 primary schools. Some of the outstanding project photos are as below:-

GITURU DAY SECONDARY SCHOOL



RUKIRA PRIMARY SCHOOL



KEY ACHIEVEMENTS OF KANDARA NG-CDF

- Kandara NG-CDFC has paid school fees in the form of bursaries thus achieved higher retention of students in learning institutions and enhancing performance.
- Construction and renovation in education institutions leading to improved learning environments and thus performance.
- Construction of OCPD and DCIO offices thus leading to enhanced security and better living conditions.

EMERGING ISSUES

- Covid 19 pandemic which led to a lot of Kandara NG-CDF activities coming to a halt to stop the spread of the deadly virus.

IMPLEMENTATION CHALLENGES AND HOW TO OVERCOME THEM

- Insufficient funding to constituency as compared to the requirements
- Local politics surrounding project implementation
- Inflation leading to increase in project cost.
- Poor record keeping by PMC'S
- Lack of co-operation by PMC'S
- Covid-19 pandemic
-

Signature

**Peter K. Njoroge
CHAIRMAN NGCDF COMMITTEE**

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	Provision of physical facilities for learning institutions	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure built in primary and secondary schools	In FY 20/21 we increased number of classrooms through renovations, dormitories, laboratories in 18 primary, 12 secondary schools.
	Improve learning, retention and transition of learners	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of bursary beneficiaries at all levels	We funded bursary with Ksh. 52,050,176 with a total of 9,508 beneficiaries
Security	Provision of physical infrastructure in security installations	Develop and improve physical facilities for National Administration and Installing electricity to various places	Number of security and National Administration offices constructed	In F/Y 20/21 we have funded OCPD and DCIO Offices
	Improve security	Enhance	Train bodaboda	In 2020 we trained

Kandara Constituency

National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

	and safety	compliance and safety	riders on acquisition of safety skills	over 100 bodaboda riders worth Ksh. 900,000
Environment	Enhance environmental conservation	Protect environmentally degraded areas	Plant trees and organize tree planting activities.	In 2020/21 we have funded construction of tanks and gutters to 10 institutions
Sports	Supporting and coordinating sporting and health activities	Upgrade sporting facilities, Ensure tournaments are organized, Promote participative sporting	Plan for football and volleyball tournaments, purchase and supply of sports uniform & equipment, grade and level sports ground	In 2020/21 we have funded sports activities for Ksh1,500,000.00
Disaster Management	Create more awareness on disaster management	Enhance stakeholder awareness	Hold disaster management sensitization forum	Due to Covid-19 pandemic we did not hold a sensitization forum

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KANDARA NG-CDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of Kandara NG- CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Kandara NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NG-CDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

Kandara environment policy is aimed at reducing wastage and conserving the environment. Through implementation of this policy Kandara Constituency has embarked on construction of tanks and gutters in all public primary and secondary schools. This helps in conservation of water

once the rains come. The Kandara Committee after implementing the projects hands over the project to the respective schools for sustainability.

3. Employee welfare

We invest in providing the best working environment for our employees. Kandara constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Kandara constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues. Kandara constituency also has bursary programs aligned to the NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Kandara NGCDF Constituency is committed to fair and ethical market practises. The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests

5. Community Engagements-

*Kandara Constituency
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Kandara NG-CDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG-CDF Board in accordance with the Act.

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG-CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings.

Kandara NG-CDF have continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.

V. STATEMENT OF 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-Kandara 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, 2021. 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-Kandara 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 constituency's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Kandara Constituency further confirms the completeness of the accounting records maintained for the constituency, 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 NG-CDFKandara Constituency confirms that the *constituency* 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 constituency'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-Kandara Constituency financial statements were approved and signed by the Accounting Officer on SEPT, 2021.



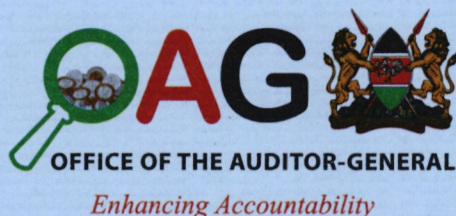
Chairman NGCDF Committee
Name: Peter K. Njoroge Name:



Fund Account Manager
Susan Nthiiri

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KANDARA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund Kandara Constituency set out on pages 15 to 44,

Report of the Auditor-General on National Government Constituencies Development Fund – Kandara Constituency for the year ended 30 June, 2021

which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Kandara Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government-Constituency Development Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.218,683,498 and Kshs.161,556,619 respectively, resulting to an underfunding amounting to Kshs.57,126,879 or 26% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.218,683,498 and Kshs.147,832,004 respectively, resulting to an underperformance amounting to Kshs.70,851,494 or 32 % of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


29 July, 2022


*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

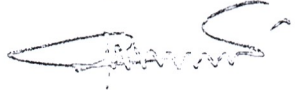
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	149,367,724	123,040,876
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		<u>149,367,724</u>	<u>123,040,876</u>
PAYMENTS			
Compensation of employees	4	2,508,468	2,248,812.00
Use of goods and services	5	7,804,316	5,718,691.00
Transfers to Other Government Units	6	68,643,324	63,762,426.00
Other grants and transfers	7	66,294,356	46,394,554.00
Acquisition of Assets	8	2,581,540	438,500.00
Other Payments	9		
TOTAL PAYMENTS		147,832,004	118,562,983
SURPLUS/(DEFICIT)		<u>1,535,720</u>	<u>4,477,893</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANDARA Constituency financial statements were approved on 30th SEP 2021 and signed by:


Fund Account Manager
Name: Susan Nthiri


National Sub-County
Accountant
Name: Mary N. Kamau
ICPAK M/No: 20897



Chairman NG-CDF Committee
Name: Peter K. Njoroge


*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
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VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 – 2021	2019 - 2020
		Kshs	K shs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	13,724,615	12,188,895
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalents		13,724,615	12,188,895
Accounts Receivable			
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		<u>13,724,615</u>	<u>12,188,895</u>
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A		
Gratuity	12B		
TOTAL FINANCIAL LIABILITES			
NET FINANCIAL ASSETS		<u>13,724,615.</u>	<u>12,188,895</u>
REPRESENTED BY			
Fund balance b/fwd	13	12,188,895	7,711,002
Prior year adjustments	14		
Surplus/Deficit for the year		1,535,720	4,477,893
NET FINANCIAL POSITION		<u>13,724,615</u>	<u>12,188,895</u>

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Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
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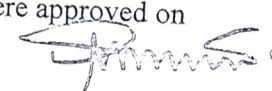
STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	149,367,724	123,040,876
Other Receipts	3		
Total receipts		149,367,724	123,040,876
Payments for operating activities			
Compensation of Employees	4	2,508,468	2,248,812
Use of goods and services	5	7,804,316	5,718,691
Transfers to Other Government Units	6	68,643,324	63,762,426
Other grants and transfers	7	66,294,356	46,394,554
Other Payments	9		
Total payments			
Total Receipts Less Total Payments		145,250,465	118,124,483
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14		
Net Cash Flow from Operating Activities		4,117,260	4,916,393
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(2,581,540)	(438,500)
Net cash flows from Investing Activities		(2,581,540)	(438,500)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,535,720	4,477,893
Cash and cash equivalent at BEGINNING of the year	10	12,188,895	7,711,002
Cash and cash equivalent at END of the year		<u>13,724,615</u>	<u>12,188,895</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF KANDARA Constituency financial statements were approved on SEP 2021 and signed by:


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*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
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IX. SUMMARY STATEMENT OF APPROPRIATION

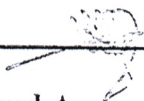
Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
RECEIPTS	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,126,879	12,188,895	69,367,724	218,683,498	161,556,619	57,126,879	73.9%
Proceeds from Sale of Assets							
Other Receipts							
TOTALS	137,126,879	12,188,895	69,367,724	218,683,498	161,556,619	57,126,879	73.9%
PAYMENTS							
Compensation of Employees	3,136,500	340,900	2,000,000	5,477,400	2,508,468	2,968,932	45.8%
Use of goods and services	9,201,499	1,418,217	4,400,000	15,019,716	7,804,316	7,215,400	52.0%
Transfers to Other Government Units	61,676,193	697,935	40,568,731	102,942,859	68,643,324	34,299,535	66.7%
Other grants and transfers	62,812,687	6,417,356	22,398,993	91,629,035	66,294,356	25,334,680	72.4%
Acquisition of Assets	-	3,307,635	-	3,307,635	2,581,540	726,095	78.0%
Other Payments	-	6,852	-	6,852	-	6,852	0%
Funds pending approval	300,000			300,000		300,000	
TOTALS	137,126,879	12,188,895	69,367,724	218,683,498	147,832,004	70,851,494	67.6%


- i. Budget utilization; Compensation of Employees 45.8%, use of goods and services 52.0% Transfers to Other Government Units 66.7%, other grants and transfers 72.4%. *This is because, the constituency is yet to receive part of the other disbursement of the year's allocation.*


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National Government Constituencies Development Fund (NGCDF)
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Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	70,851,494
Less: undisbursed funds receivable from the Board as at 30th June 2021	57,126,879
	13,724,615
Add: Accounts payable	
Less: Accounts Receivable	
Add/Less: Prior Year Adjustments	
Cash and Cash Equivalents at the end of the FY 2020/2021	13,724,615

The NGCDF-KANDARA Constituency financial statements were approved on 30th June 2021 and signed by:


Fund Account Manager
Name: Susan Nthiri


National Sub-County
Accountant
Name:
ICPAK M/No: 20897


Chairman NG-CDF Committee
Name: Peter K. Njoroge

*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
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X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021	
	Kshs		Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,136,500	340,900	2,000,000	5,477,400	2,508,468	2,968,932
1.2 Committee allowances	3,088,833	323,935	1,000,000	4,412,768	2,059,475	2,353,293
1.3 Use of goods and services	2,000,000	92,883	600,000	2,692,883	2,624,278	68,605
TOTALS	8,225,333	757,718	3,600,000	12,583,051	7,192,221	5,390,831
2.0 Monitoring and evaluation						
2.1 Capacity building	1,662,861	414,566	2,000,000	4,077,427	543,700	3,533,727
2.2 Committee allowances	1,449,805	369,805	800,000	2,619,610	1,548,280	1,071,331
2.3 Use of goods and services	1,000,000	217,028	-	1,217,028	1,028,584	188,444
TOTALS	4,112,666	1,001,399	2,800,000	7,914,065	3,120,564	4,793,502
3.0 Emergency						
3.0 Emergency	7,192,207		(343,730.00)	6,848,477	4,644,180	2,204,297
3.1 Primary Schools					-	-
3.2 Secondary schools					-	-
3.3 Tertiary institutions					-	-
3.4 Security projects					-	-
TOTALS	7,192,207	-	(343,730.00)	6,848,477	4,644,180	2,204,297
4.0 Bursary and Social Security						
4.1 Secondary Schools	18,260,288	2,659,225	7,995,368	28,914,881	24,520,176	4,394,705
4.2 Tertiary Institutions	16,011,932	2,220,865	12,000,000	30,232,797	27,530,000	2,702,797
4.3 Universities						

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				-		-
TOTALS	34,272,220	4,880,090	19,995,368	59,147,678	52,050,176	7,097,502
5.0 Sports						
	2,741,778		2,747,355	5,489,133	1,500,000	3,989,133
5.1				-		-
5.2				-		-
TOTALS	2,741,778	-	2,747,355	5,489,133	1,500,000	3,989,133
6.0 Environment						
6.1	2,741,778.			2,741,778	-	2,741,778
6.2				-		-
TOTALS	2,741,778	-		2,741,778	-	2,741,778
7.0 Primary Schools Projects (List all the Projects)						
7.1 Gaichanjiru Primary School			3,516,786.00	3,516,786		3,516,786
7.2 GATHUGU PRIMARY SCHOOL	3,207,015		-	3,207,015		3,207,015
7.3 GITHIGIA PRIMARY SCHOOL	3,659,397			3,659,397	1,500,000	2,159,397
7.4 GITURU PRIMARY SCHOOL	4,590,936			4,590,936	-	4,590,936
7.5 KAGIRA PRIMARY SCHOOL	3,422,949			3,422,949	-	3,422,949
7.6 KAGUTH PRIMARY SCHOOL	2,702,290			2,702,290	1,500,000	1,202,290
7.7 KANYERI-INI PRIMARY SCHOOL	2,687,864			2,687,864	2,687,864	-
7.8 KARIKO PRIMARY SCHOOL	2,853,218			2,853,218	-	2,853,218
7.8 KAWANJERU PRIMARY SCHOOL	3,305,505			3,305,505	1,500,000	1,805,505
7.9 NAARO PRIMARY SCHOOL	1,628,046			1,628,046	1,628,046	-
7.10 NGAAINI PRIMARY SCHOOL	3,487,911			3,487,911	2,300,000	1,187,911
7.11 RIANDEGWA PRIMARY SCHOOL	1,088,793			1,088,793	1,088,793	-
7.12 Kagongo Primary School	-		3,500,000.00	3,500,000	3,500,000	-
7.13 Kagundu Primary School	-		1,921,689.00	1,921,689	1,921,689	-
7.14 Kahiga Primary School	-		3,789,009.00	3,789,009	3,789,009	-
7.15 Karigu-ini Primary						

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School	-		1,921,689.00	1,921,689	1,921,689	-
7.16 Karumu Primary School	-		1,155,000.00	1,155,000		1,155,000
7.17 Kirirwa Primary School	-		3,320,783.00	3,320,783	3,320,783	-
7.18 Mahutia Primary School	-		3,562,508.00	3,562,508	3,562,508	-
7.19 Matira-ini Primary School	-		3,150,294.00	3,150,294	3,150,294	-
7.20 Kosiamu Primary School	-		-		1,155,000	
7.21 Gachanjiru Primary School	-		-		1,800,000	
7.22 Muhuria Primary School	-		-		697,935.00	
7.23 Gaichanjiru Primary School	-		-		1,716,786	
TOTALS	32,633,924	-	25,837,758	58,471,682	38,740,396	25,101,007
8.0 Secondary Schools Projects (List all the Projects)						
8.1 GAKUI SECONDARY SCHOOL	4,205,000	-		4,205,000	2,200,000	2,005,000
8.2 GITHUMU DAY SECONDARY SCHOOL	3,150,000	-		3,150,000	-	3,150,000
8.3 KARIGU-INI SECONDARY SCHOOL	3,859,791	-		3,859,791	2,171,953	1,687,838
8.4 MUGECHA SECONDARY SCHOOL	3,150,000	-		3,150,000	-	3,150,000
8.5 MURUKA SECONDARY SCHOOL	3,150,000	-		3,150,000	1,500,000	1,650,000
8.6 NGURWE-INI SECONDARY SCHOOL	6,300,000	-		6,300,000	6,300,000	-
8.7 WAITUA SECONDARY SCHOOL	5,227,478	-		5,227,478	3,000,000	2,227,478
8.2 Gatitu Secondary School	-		2,100,000	2,100,000	2,100,000	-
8.3 GITHIGIA SECONDARY	-		1,649,543	1,649,543	0	1,649,543
8.4 Githumu Boys High School	-		3,156,430	3,156,430	-	3,156,430
8.6 Kaguthi Secondary School	-		1,050,000.00	1,050,000	1,050,000	-
8.8 Kiranga Secondary School	-		2,100,000.00	2,100,000	2,100,000	-
8.13 Ngararia Girls High School	-		3,675,000.00	3,675,000	3,675,000.	-
8.15 ST CHARLES LWANGA	-		1,000,000	1,000,000	1,000,000	-
8.16 Githumu Boys Secondary School	-		-	-	3,156,431	-
8.17 Garagia Secondary School	-		-	-	1,649,543	-
TOTALS	29,042,269	-	14,730,973	43,773,242	29,902,927	18,676,289

Kandara Constituency

'National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

9.0 Tertiary institutions Projects (List)						
9.1 Kandara Technical Training Institute		697,935	-	697,935		697,935
TOTALS	-	697,935	-	697,935	-	697,935
10.0 Security Projects						
10.1 Electricity	2,000,000			2,000,000	950,000	1,050,000
10.2 Gathumu Police Station	3,100,000			3,100,000	2,600,000	500,000
10.3 Makenji Police Post	2,295,563			2,295,563		2,295,563
10.4 Matira Police Post	1,050,000			1,050,000		1,050,000
10.5 OCPD Office	7,419,141			7,419,141	4,500,000	2,919,141
10.6 Kiawambutu Junction/ Ngamba/ Mutunduni villages	-	1,000,000	-	1,000,000		1,000,000
10.7 Electricity project - Mathiuthi, Kagogo/Mukerenju village	-	537,266	-	537,266		537,266
TOTALS	15,864,704	1,537,266	-	17,401,970	8,050,000	9,351,970
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)	-	-	-	-	-	-
11.2 Construction of CDF office	-	70.00		70.00		70.00
12.4 Construction of gate and cabro at CDF office	-	3,306,065		3,306,065	2,581,539	724,526
11.3 Purchase of furniture and equipment	-	1,500		1,500		1,500
11.4 Purchase of computers	-	-		-	-	-
11.5 Purchase of land	-	-		-	-	-
TOTALS	-	3,307,635		3,307,635	2,581,539	726,096
12.0 Others						
12.1 Strategic plan	-	5,000		5,000		5,000
12.2 Innovation hub	-	1,852		1,852		1,852
TOTALS	-	6,852		6,852	-	6,852
13.0 Unallocated fund						
Unapproved projects	300,000			300,000		300,000
AIA				-		-
PMC savings						

*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
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TOTALS	300,000	-	-	300,000	-	300,000
Total	137,088,879	12,188,895	69,367,724	218,646,498	147,832,004	70,851,494

Kandara Constituency

National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

STATEMENT OF APPROPRIATION EXTRACT (FOR COMPARISON OF APPROPRIATION STATEMENT PAYMENTS TOTALS AND BUDGET EXECUTION TOTALS)

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 %
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
PAYMENTS							
Compensation of Employees	3,136,500	340,900	2,000,000	5,477,400	2,508,468	2,968,932	46%
Use of goods and services	9,201,499	1,418,217	4,400,000	15,019,716	7,804,316	7,215,400	52%
Transfers to Other Government Units	61,676,193	697,935	40,568,731	102,942,859	73,287,504	29,655,355	67%
Other grants and transfers	62,812,687	6,417,356	22,398,993	91,629,036	61,650,176	29,978,860	72%
Acquisition of Assets	-	3,307,635	-	3,307,635	2,581,540	726,095	78%
Other payments	-	6,852	-	6,852	-	6,852	
UNALLOCATED FUND	300,000	-	-	300,000	-	300,000	
TOTAL	137,088,879	12,188,895	69,367,724	218,646,498	147,832,004	70,851,494	68%

XI. 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 (gratuity 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-KANDARA 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.

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance 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 constituency 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 constituency 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 constituency includes such value in the statement of receipts and

*Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

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 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 (gratuity 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. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. 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 are 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 financial 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 which is accounted for on an accrual basis), the same accounts classification basis, and for the same

Kandara Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

period as the financial statements. The original budget was approved by Parliament on 30th June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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 2021.

14. Errors

Material prior period errors are 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

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
B104764	40,000,000	
B104544	29,367,724	
B124535	9,000,000	
B124965	8,500,000	
B119820	12,000,000	
B128110	6,900,000	
B128422	7,000,000	
B138834	12,000,000	
B126129	7,000,000	
B126419	11,600,000	

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B132166		6,000,000	
BO47172			51,040,876
BO47422			4,000,000
BO41285			18,000,000
BO47706			5,000,000
BO47908			6,000,000
BO49290			14,000,000
B104314			21,000,000
TOTALS		149,367,724	123,040,876

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total		

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents		
Hire of plant/equipment/facilities		
Unutilized funds from PMCs		
Other Receipts Not Classified Elsewhere		

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,039,804	1,687,344
Personal allowances paid as part of salary		
House Allowance		
Transport Allowance		

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Leave allowance			
Gratuity to contractual employees			
Employer Contributions Compulsory national social security schemes	435,064	527,868.	
Total	33,600	33,600.	
	2,508,468	2,248,812	

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	431,020	-
Electricity	95,205	-
Water & sewerage charges	7,905	-
Committee Expenses	786,279	86,756
Communication, supplies and services	10,100	69,720
Printing, advertising and information supplies & services	442,000	-
Training expenses	1,019,700	-
Hospitality supplies and services	-	100,000
Other committee expenses	286,000	863,000
Committee allowance	1,959,475	1,962,970
Insurance costs	167,726	145,803
Specialised materials and services	-	-
Office and general supplies and services	366,060	718,392
Fuel, oil & lubricants	200,000	800,000
Other operating expenses	968,000	265,000
Bank service commission and charges	87,559	-
Other Operating Expenses	66,360	-
Security operations	35,927	-
Routine maintenance - vehicles and other transport equipment	875,000	707,050
Routine maintenance- other assets		-
	7,804,316	5,718,691

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to Primary Schools	38,740,396	33,875,255
Transfers to Secondary Schools	29,902,927	25,769,111
Transfers to Tertiary Institutions	-	4,118,060
TOTAL	68,643,324	63,762,426

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7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	24,520,176	15,306,000
Bursary -Tertiary (see attached list)	27,580,000	6,877,000
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)		
Security Projects (see attached list)	8,050,000	5,473,942
Sports Projects (see attached list)	1,500,000	-
Environment Projects (see attached list)	-	4,928,172
Emergency Projects (see attached list)	4,644,180	11,186,895
Other Capital grants and transfers		2,622,545
TOTAL	66,294,356	46,394,554

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Construction of Gate & Cabrone Road	2,581,540	
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Purchase of Bicycles & Motorcycles		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of office furniture and and General Equipment		
Purchase of computers ,printers and other IT equipments		
Purchase of ICT Equipment, Software and Other ICT Assets		438,500
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
TOTAL	2,581,540	438,500

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan		
ICT Hub		

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs (30/6/2021)	Kshs (30/6/2020)
Name of Bank, Cooperative	13,724,615	12,188,895
Account No.		
Total	13,724,615	12,188,895
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
Total		
[Provide cash count certificates for each]		

11: OUTSTANDING IMPRESTS

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

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12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)		
Retention held during the year (B)		
Retention paid during the Year (C)		
Closing Retention as at 30 th June D= A+B-C		

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)		
Gratuity held during the year (B)		
Gratuity paid during the Year (C)		
Closing Gratuity as at 30 th June D= A+B-C		

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	12,188,895	7,711,002
Cash in hand		
Imprest		
Total	12,188,895	7,711,002

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
TOTAL			

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
closing accounts in account receivables D= A+B-C		

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020-2021	2019-2020
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account receivables D= A+B-C		

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff (Gratuity)		
Others (<i>specify</i>)	608,108	
	608,108	

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	2,968,932	2,340,900
Use of goods and services	7,215,400	5,818,21
Amounts due to other Government entities (see attached list)	34,299,535	32,991,348
Amounts due to other grants and other transfers (see attached list)	25,334,680	40,404,652
Acquisition of assets	726,026	1,500
Others (<i>specify</i>)	6,852	
Funds pending approval	300,000	
	70,851,494	81,556,619

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	8,954,336	11,410,465



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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
5.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1. Jacqueline Njoki Wanyoike			79,980.00	Gratuity Unpaid
2. Daniel Ndekei King'ori			65,360.00	Gratuity Unpaid
3. Joseph Kuria Kimani			65,360.00	Gratuity Unpaid
4. Amos Kahare Kinuthia			137,232.00	Gratuity Unpaid
5. Stephen Murigi Nyoi			112,232.00	Gratuity Unpaid
6. James Gicheru Wanjiku			79,980.00	Gratuity Unpaid
7. Nancy Njambi Nganga			67,964.00	
Sub-Total				
Grand Total			608,108	

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees		2,968,932	2,340,900	
Use of goods & services		7,215,400	5,818,219	
Amounts due to other Government entities				
Transfers to Primary Schools		15,087,106	14,730,974	
Transfers to Secondary Schools		13,870,315	697,935	
Transfers to Tertiary Institutions		697,935	25,837,758	
Sub-Total		39,839,688	41,266,666	
Amounts due to other grants and other transfers				
Bursary - Secondary		4,394,704		
Bursary - Tertiary		2,702,797		
Security Projects		9,351,970		
Sports Projects		3,989,133	2,747,355	
Environment Projects		2,741,778		
Emergency Projects		6,848,477		
Other Capital grants and transfers		0.00		
Sub-Total		30,028,860	28,816,349	
Acquisition of assets		70	70	
Construction of CDF office		724,526	3,306,065	
Construction of gate and cabro at CDF office		1,500	1,500.00	
Purchase of furniture and equipment				
Sub-Total		726,096	3,307,635	
Others (specify)				
Strategic plan		5,000	5,000	
Innovation hub		1,852	1,852	
Sub-Total		6,852	6,852	
Funds pending approval		300,000	0.00	
Grand Total		70,851,494	81,900,351	

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				-
Buildings and structures		2,581,540		2,581,540
Transport equipment	7,898,000	-		7,898,000
Office equipment, furniture and fittings	495,984	-		495,984
ICT Equipment, Software and Other ICT Assets	706,650	-		706,650.00
Other Machinery and Equipment	-	-		-
Heritage and cultural assets	-	-		-
Intangible assets	-	-		-
Total	9,100,634	2,581,539	-	11,682,173

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
GAICHANJIRU HIGH SCHOOL	EQUITY	0890278882500	1,200	176,150
GAKOIGO PRIMARY SCHOOL	EQUITY	0890271509277	43	281,367
GICHAGI-INI PRIMARY SCH	EQUITY	0890278653013	705	61,218
GITHUYA PRIMARY SCHOOL	EQUITY	0890264153225	148,097	148,097
GITURU DAY SEC SCH	EQUITY	0890265477517	259,445	259,445
KANDARA DCIO OFFICE	EQUITY	0890278986686	7,189	7,189
KANDARA TECHNICAL AND TRAINING COLLEGE	EQUITY	0890278757284	746,477	2,730,060
MUKERENJU SEC SCH	EQUITY	0890265677096	20,070	27,920
RUKIRA PRIMARY SCHOOL	EQUITY	0890272203702	-	1,036
ST CHARLES LWANGA SEC SCH	EQUITY	0890278987281	19,309	5,742
WAITUA SECONDARY SCHOOL	EQUITY	0890277714745	172,420	216,540
GITHIGIA PRIMARY SCH	EQUITY	0890279651018	988	35,640
GITHIGIA SECONDARY SCH	EQUITY	0890279867571	181,963	1,500,000
KANDARA MIXED SECONDARY SCHOOL	EQUITY	0890268045302	214	2,782
KANDARA OCPD OFFICE	EQUITY	0890279865293	4,500,102	122,254
KANDARA PRIMARY	EQUITY	0890279867585	30,278	57,489
KANDARA TECHNICAL AND VOCATIONAL COLLEGE	EQUITY	0890279814418	25	554,098
KARIGU-INI PRIMARY SCHOOL	EQUITY	0890263705464	1,435	14,174
KARIKO PRIMARY	EQUITY	0890279866472	29,918	57,129
KARUGIA PRIMARY	EQUITY	0890266771223	542,588	1,599,753
KIAWAMBUTU PRIMARY SCHOOL	EQUITY	0890279651054	221,045	1,155,520
KIHARO PRIMARY SCHOOL	EQUITY	0890278987305	9,825	282,048
KIRUNGURU SECONDARY SCHOOL	EQUITY	0890279393681	181,825	1,016,827
MAHURIA PRIMARY SCHOOL	EQUITY	0890279358767	43,708	195,620

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MAIRUNGI PRY SCHOOL	EQUITY	0890264499985	580	580
MANJUU SEC SCH	EQUITY	0890279651,047	2,208	2,720
MUIRI-INI SECONDARY SCHOOL	EQUITY	0890279133825	2,816	2,816
NAARO PRIMARY SCHOOL	EQUITY	0890279645028	1,655,692	229,203
NGUTHURU SECONDARY	EQUITY	0890279358788	173,731	339,098
RUONA PRIMARY SCHOOL	EQUITY	0890279358672	10	202,677
THAGARI PRIMARY SCHOOL	EQUITY	0890279405465	440	125,273
TOTAL			8,954,336	11,410,465

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 and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.0	Accuracy of the financial statement cannot be confirmed.	It is true as observed by the auditor the total of Kshs 2,847,495 was omitted from the financial statements. The error has since been rectified and financial statements amended. As observed by the auditor there were undisclosed receipts of Kshs. 29,000 resulting from the sale of tenders. The receipts has however been disclosed and financial statements amended	Resolved	Resolved
4.1	During the period under review, the NGCDF implemented about forty (40) projects during the year under review. However, in almost all the Bills of Quantities (BOQ) for these projects included provisional sums for contingencies averaging Kshs. 55,000. The contingencies catered for with these monies were usually not detailed when payments were being made..	It is true as observed by the auditor that some of the payments did not detail the contingencies. However, these sums were not paid and were still in the PMC Accounts. The contingencies monies are paid after authorization of works done by the works officer	Resolved	Resolved
4.3	During the Financial Year under review, NGCDF Kandara disbursed Kshs. 22,183,000 to various learning institutions as bursaries. However, it was noted that most of the bursary payments were not acknowledged by	It is true as observed by the auditor that some of the bursary monies receipts had not been acknowledged. The NG CDFC Kandara constituency has taken up measures that include	Resolved	Resolved

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	the recipients.	partnering with Posta to ensure that bursary receipts are returned to the office for accountability. This will ensure more bursary receipts are returned to the office for accountability		
4.4	The Financial Statements under review shows Use of Goods and Services expenditure balance of Kshs. 5,718,691. This balance includes committee allowances expenses amounting to Kshs. 1,962,970. However, these allowances were not supported by transactional records including monitoring and evaluation reports, tender opening registers, and journey evidence for official travels.	The balance vouchers amounting to Kshs 1,962,970 may have been an omission during the audit. The Vouchers are herein attached for audit	Resolved	Resolved
4.5	The Financial Statements under review reflects Other Grants and Transfersexpenditure of Kshs. 46,394,554. This balance includes an emergency fund spending of Kshs. 11,186,896 for emergency projects. Audit review shows that these projects were awarded to six(6) schools at a total contract sum of Kshs. 5,679,445. However, upon inspection, the projects audit team were shown were not labelled with a plaque, signage or any form of labelling indicating they were implemented by the CDF and which period they relate to.	It is true as observed by the auditor that some of the projects had not been labelled, however the projects have since been labelled	Resolved	Resolved
4.6	Kandara NGCDF did not provide evidence of public participation during the Financial Year under review. Consequently, it was not possible confirm whether the projects carried out were based on the opinion of the members of public for Kandara Constituency as required by law.	Kandara NG CDFC carried out public participation for the financial year under review, the ward report attached in Annex 8 may have been omitted at the time of audit	Resolved	Resolved