

REPORT

OF

THE AUDITOR-GENERAL

ON

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

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

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 23 FEB 2023 DAY: THURSDAY

TABLED BY: Leader of Majority Party (Lom)

CLERK AT THE TABLE: Joyce Lemerele





MARAGUA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

AMMENDED 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)



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

	Page
Table of Content	
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	2
II. NG-CDFC CHAIRMAN’S REPORT	5
<i>Sign</i>	9
CHAIRMAN NG-CDF COMMITTEE	9
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY’S PREDETRMINED OBJECTIVES	10
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	12
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	16
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- MARAGUA CONSTITUENCY</i>	17
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	18
VIII. STATEMENT OF ASSETS AND LIABILITIES	19
IX. SUMMARY STATEMENT OF APPROPRIATION	21
X. BUDGET EXECUTION BY SECTORS AND PROJECTS	23
XI. SIGNIFICANT ACCOUNTING POLICIES	30
XII. NOTES TO THE FINANCIAL STATEMENTS.....	33

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 MARAGUA Constituency NGCDF 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	ALEX MURIMI MWANGI
2.	Sub-County Accountant	KAGO GICHOHI
3.	Chairman NGCDFC	SIMON KIRAGU
4.	Member NGCDFC	SIMON KARANJA

(d) Fiduciary Oversight Arrangements

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

**NG-CDF Office Building
P.O. Box 643-10205
Maragua**

(f) MARAGUA Constituency NGCDF Contacts

Telephone: (254) 0723146230
E-mail: cdfmaragua@ngcdf.go.ke

(g) MARAGUA Constituency NGCDF Bankers

Equity Bank (A/C 0220291029972)
Branch KENOL
P.o Box 443
KENOL

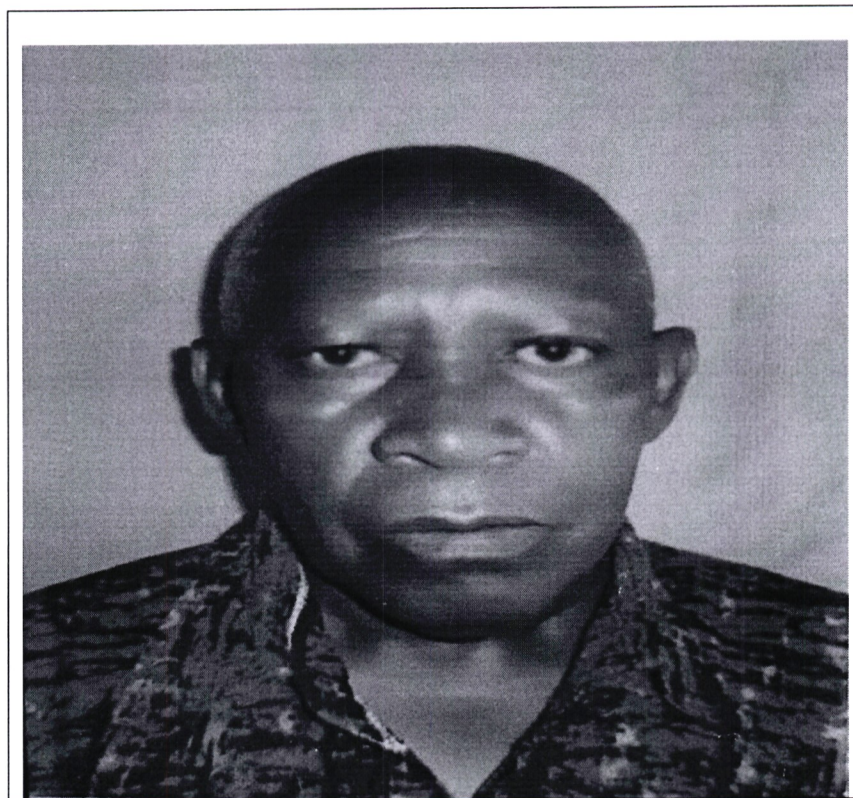
(h) Independent Auditors

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

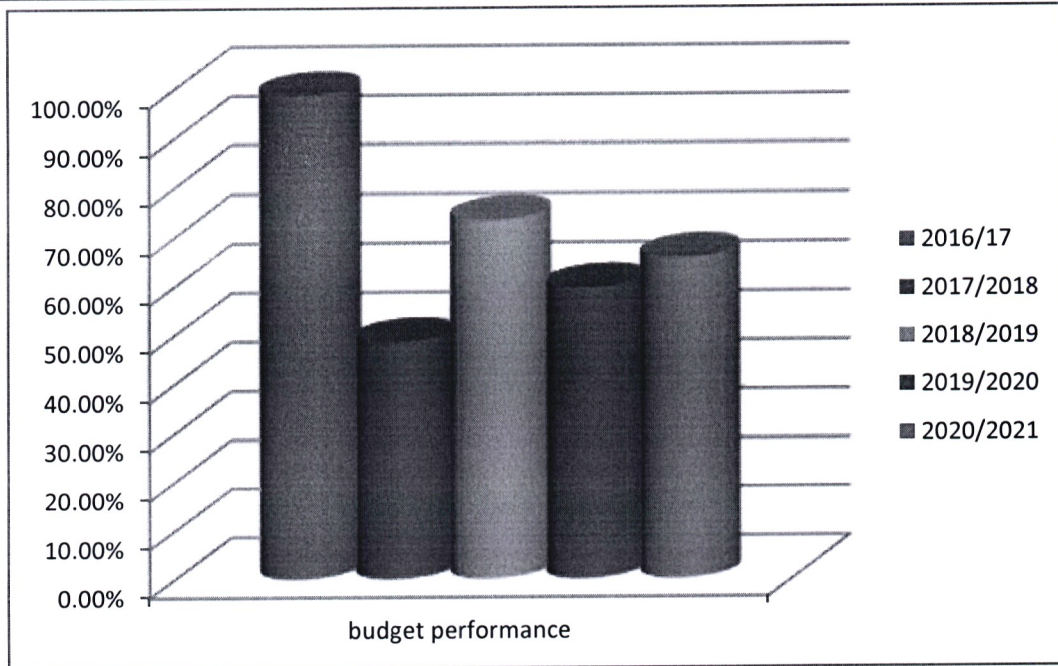
II. NG-CDFC CHAIRMAN'S REPORT



Simon Kiragu Wachira- chairman Maragua NG-CDF

Achievements of Maragua NG CDF

On behalf of the NG-CDF Maragua committee and the management, I am pleased to inform you that Maragua NG CDF, managed to disburse of Kes.120 million towards various projects for the year under review. This translates to increase in budget performance to 65.6% from the previous year's performance of 59.6% this therefore results to higher budget absorption. This is despite the COVID 19 pandemic, uncertainty in politics and delayed disbursement of funds.



Key Achievements

Within the year under review Maragua NG-CDF has managed to fully sponsor 45 bright and needy students throughout their secondary education. Maragua NGCDF has also been able to pay bursary fees for 6000 students in secondary schools therefore disbursing Ksh 25 million and also ksh 17 million for those who joined universities in the month of August. In terms of project implementation, 25 projects allocated during the first disbursement are fully completed and in use as shown below.





Sampled complete projects in use. (Kiambamba primary school Administration block, Snr Chief Gichohi Secondary administration block, Maragua Ridge Secondary School bus, Kangangu assistant chiefs' office and newly gazetted Kenol law courts.)

Emerging issues relating to NG CDF

Maragua like any other public institution is faced with emerging issues and this relates to increase in the bursaries request. We attribute this to the hard economic times parents are faced with as well as increase in the school fees. Most parents are finding it difficult to afford school fees for both secondary and tertiary education at the same time. This we find poses a great danger to our education sector and much effort is needed.

Implementation challenges and recommended way forward.

Project Management Committees procurement process still poses a greater challenge to the committee. We shall continuously endeavour to train and build PMCs capacity in order to appreciate the laws and regulations governing procurement and project implementation.

Appreciation

The great progressive success that Maragua NG CDFC has achieved has been because of invaluable support from Maragua Constituents, and in this regard and on behalf of the NG CDFC, I wish to take this opportunity to thank all and request you to continue with the same spirit for many years to come, so that our constituency becomes a centre stage for development.

Allow me to also recognise and thank NG-CDFB, KENAO, MP Hon. Mary Waithera Wamaua, MCAs and Sub- County heads in Maragua who have given us support and all other stakeholders who stood with us all along. Finally, I would like to appreciate the contribution and individual dedication of Maragua NG CDF staff towards our success.

Sign



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.

The key development objectives of *MARAGUA Constituency 2018-2023* plan are to:

- a) To mobilise more resources for community development.
- b) To improve school performance in national examinations and transition.
- c) To improve security in the constituency.
- d) To improve food security, agricultural production and access to safe water.
- e) To improve the health standards of the constituency.
- f) To include people living with disability, youth and women participation in development.
- g) To improve infrastructure within the constituency.
- h) To build capacity of the community to implement development project.
- i) To promote community cohesiveness, peace and tranquillity.
- j) To tap, recognise, nurture and promote talents.

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	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	In FY 20/21 -we increased number of classrooms, dormitories, laboratories etc from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	Equip, facilitate and enhance capacity of	Develop and enhance provincial	Number of usable physical infrastructure	Number of renovated chiefs' offices

MARAGUA Constituency

National Government Constituencies Development Fund (NGCDF)

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

	provincial administration and other security organs in order to improve service delivery	administration and other security organs infrastructure to enhance service delivery	built in locations, sub locations and police stations	increased from 9 to 12 Number of assistant chiefs' offices increased from 1 to 8 Number of police lines increased from 2 to 5
Environment	To enhance environment conservation by increasing the tree cover.	Increased tree cover	The number of trees planted within the constituency	Number of trees planted within the environment programme increased from 7,000 to 12,000.
Sports	Empower and develop youth and special groups to	Reduced dependence and spur economic growth through sports	Number of youths groups benefitting from the sports programme	Number of youths groups benefitting from the sports programme increased from 10 to 30
Emergency	Cater for unforeseen occurrences in the constituency	Swift response to unforeseen occurrences	The number of unforeseen events addressed within the financial year	Number of projects unforeseen increased from 7 to 12



IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

MARAGUA 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 MARAGUA NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** MARAGUA 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; NGCDF 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

1. Environmental policy and action plan

Protection of the environment in which we live and operate is part of MARAGUA NG-CDF initiatives

Care for the environment is one of our key responsibilities and an important aspect in the way in which we carry out our operations

Our environmental policy

In this policy statement MARAGUA NG-CDF commits to:

- Comply with all relevant environmental legislation, regulations and approved codes of practice
- Protecting the environment by striving to prevent and minimize our contributions to pollution of land, air and water.
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all wastage in a responsible manner ;
- Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- Regularly communicating our environmental performance to our employee and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance
- Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

Our environmental action plan

MARAGUA NG-CDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts.

These four areas together with our approach and targets for each are shown below:

Impact area	Approach
capacity building	<ul style="list-style-type: none"> • Promote environment awareness by sensitising the MARAGUA NG-CDFC , NG-CDFC staff and PMCs on good conversations practices • To encourage through regular communication to MARAGUA NG-CDFC, staff and other stakeholders' changes in individual behaviour to reduce usage.
Conservation of energy and recourses	<ul style="list-style-type: none"> • To maximize use of available technologies to remove the need to use paper • To encourage our clients to engage with us using electronic means where possible • To maximize on rain water harvesting • To make energy efficiency a key factor in the selection of any new energy device being purchased • To invest in available energy saving technologies and devices within our existing premises
Environmental protection and conservation	<ul style="list-style-type: none"> • To promote use of volt guards to control power surges • We have constructed culverts and gabions to prevent soil erosion • To encourage tree planting in the constituency to improve the forest cover • To promote purchase and installation of fire extinguishers to aid in extinguishing and controlling fires.
Pollution control and waste management	<ul style="list-style-type: none"> • To ensure that all paper wastes are recycled • To ensure segregation of waste • To ensure proper human waste disposal through construction of pit latrines septic and soak pit tanks

3. Employee welfare

We invest in providing the best working environment for our employees. MARAGUA 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. MARAGUA 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.

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-

MARAGUA 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-

MARAGUA NGCDF 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.

MARAGUA 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-MARAGUA 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-MARAGUA 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- MARAGUA 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 NGCDF MARAGUA 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- MARAGUA Constituency financial statements were approved and signed by the Accounting Officer on 3/9/2021 2021.

Chairman NGCDF Committee
Name: Simou Kiragu

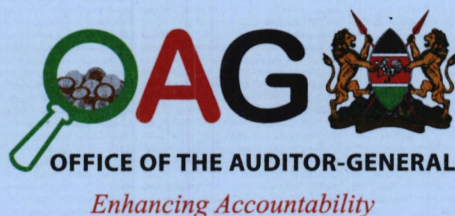


Fund Account Manager
Name: Alex Mwangi



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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MARAGUA 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, the Public Finance Management Act, 2012 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

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Fund - Maragua Constituency set out on pages 18 to 58, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts

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

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, 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 Fund - Maragua 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 Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

Unsupported Prior Year Adjustments

The statement of financial assets and liabilities and as disclosed in Note 14 to the financial statements reflects prior year adjustments amount of Kshs.3,482,448. However, the nature of the adjustment has not been disclosed in Note 14 to the financial statements as required by the reporting template issued by Public Sector Accounting Standards Board. Further, the prior year adjustments has not been included in the statement of cash flows.

In the circumstances, the accuracy of the prior year adjustments amounting to Kshs.3,482,448 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects a final receipts budget and actual amounts on comparable basis of Kshs.208,229,698 and Kshs.167,850,172 respectively resulting to an under funding of Kshs.40,379,526 or 19% of the budget. Similarly, the statement reflects a final expenditure budget amount of Kshs.210,002,792 against actual

expenditure of Kshs.137,806,702 resulting in an under expenditure of Kshs.72,196,090 or 34% of the budget.

The underfunding and under expenditure may have negatively impacted on service delivery to the public.

Further, the Fund's summary statement of appropriation reflects Kshs.208,229,698 and Kshs.210,002,792 in respect to approved revenue and expenditure budgets respectively resulting to Kshs.1,773,094 budget imbalance contrary to Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that budget revenue and expenditure appropriations shall be balanced.

In the circumstances, Management is in breach of the law.

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 for Conclusion

1. Incomplete Projects

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers of Kshs.63,954,302, out of which, Kshs.1,500,000 was disbursed to Thangira Administration Police Houses Project. However, physical verification of the project in April, 2022 revealed that the project had been completed but had not been put to use.

Further, the Kimorori Primary School project which entailed the renovation and partitioning of four (4) classrooms including roof repair, plaster, windows, doors, flooring, glazing and painting at a cost of Kshs.5,000,000 for conversion to police offices was complete. However, physical verification of the project in April, 2022 revealed that the cells and plumbing works were incomplete making the operations of the police station difficult.

In the circumstances, the value for money of the Kshs.6,500,000 expenditure on the two (2) projects could not be confirmed.

2. Staff Salaries

The statement of receipts and payments and as disclosed in Note 4 to the financial statements reflects compensation of employees of Kshs.1,774,899 which includes Kshs.451,572 relating to review of salaries for four (4) Fund employees in August, 2018.

However, the expenditure was contrary to the National Government Constituencies Development Fund Board Circular reference. No. CDF Board/ Circular/ Vol/1.1/166 dated 24 June, 2013 which recommended remuneration of various positions and job groups of the employees at flat rate.

In the circumstances, the propriety of Kshs.451,572 expenditure could not be confirmed and Management is in breach of the law.

3. Unutilized Project Management Committee Funds

Review of project implementation status (PIS) report and bank statements for twenty (20) sampled project files revealed credit balances in the respective bank accounts amounting to Kshs.3,499,485 whose projects had been completed. However, the respective bank accounts had not been closed and fund balances transferred to the Constituency bank account. This is contrary to the requirements of Section 12(8) of the National Government Constituencies Development Fund Act, 2015, which requires that all unutilized funds of the project management committee shall be returned to the Constituency account.

In the circumstances, the value for money held in completed projects' accounts could not be confirmed and Management is 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, 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 overall governance.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in

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

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


02 September, 2022

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
	Note	2020 - 2021	2019 - 2020
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	164,367,724	68,500,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	3,482,448	-
TOTAL RECEIPTS		167,850,172	68,500,000
PAYMENTS			
Compensation of employees	4	1,774,899	1,667,376
Use of goods and services	5	14,709,471	11,420,757
Transfers to Other Government Units	6	56,780,530	42,025,000
Other grants and transfers	7	63,954,302	52,790,893
Acquisition of Assets	8	587,500	1,316,349
Other Payments	9	-	-
TOTAL PAYMENTS		137,806,702	109,220,375
SURPLUS/DEFICIT		26,561,022	(40,720,375)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 31/9/2021 and signed by:


Fund Account Manager
Name: 


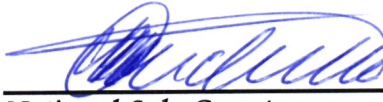


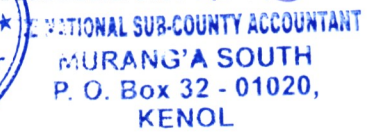



National Sub-County
Accountant
Name: BENSON K GICHOTHU
ICPAK M/No: 25013
THE NATIONAL SUB-COUNTY ACCOUNTANT
MURANG'A SOUTH
P. O. Box 32 - 01020,
KENOL


Chairman NG-CDF Committee
Name: Simon Kiragu


VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021 Kshs	2019 - 2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	31,816,565	1,773,095
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		31,816,565	1,773,095
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		31,816,565	1,773,095
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		31,816,565	1,773,095
REPRESENTED BY			
Fund balance b/fwd 1st July...		1,773,095	42,493,470
Prior year adjustments	14	3,482,448	
Surplus/Deficit for the year		26,561,022	(40,720,375)
NET FINANCIAL POSITION		31,816,565	1,773,095

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 31/9/2021 and signed by:

		
_____ Fund Account Manager Name: <u>Sheila Mwangi</u>	_____ National Sub-County Accountant Name: <u>BENSON K GICHOTHU</u> ICPAK M/No: <u>25013</u>	_____ Chairman NG-CDF Committee Name: <u>Simon Kiragu</u>
		

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

STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	164,367,724	68,500,000
Other Receipts	3	3,482,448	-
		167,850,172	68,500,000
Payments for operating activities			
Compensation of Employees	4	1,774,899	1,667,376
Use of goods and services	5	14,709,471	11,420,757
Transfers to Other Government Units	6	56,780,530	42,025,000
Other grants and transfers	7	63,954,302	52,790,893
Other Payments	9	-	-
		137,219,202	107,904,026
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		30,630,970	(39,404,026)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(587,500)	(1,316,349)
Net cash flows from Investing Activities		(587,500)	(1,316,349)
NET INCREASE IN CASH AND CASH EQUIVALENT		30,043,470	(40,720,375)
Cash and cash equivalent at BEGINNING of the year	10	1,773,095	42,493,470
Cash and cash equivalent at END of the year		31,816,565	1,773,095

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MARAGUA Constituency financial statements were approved on 5/9/2021 and signed by:

Fund Account Manager
Name: Alex Mwanja
Sign: Alex Mwanja
18 MAY 2022
 P. O. Box 643 - 10205, MARAGUA

National Sub-County Accountant
Name: BENSON K GICHOTHU
ICPAK M/No: 25073
THE NATIONAL SUB-COUNTY ACCOUNTANT
MURANG'A SOUTH
P. O. Box 32 - 01020,
KENOL

Chairman NG-CDF Committee
Name: Simon Kiragu

NG-CDF MARAGUA CHAIRMAN
18 MAY 2022
 P. O. Box 643 - 10205, MARAGUA

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget		Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	b	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
RECEIPTS	2020/2021				2020/2021	30/06/2021		
		Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NG-CDF Board	137,088,879	1,773,095	69,367,724		208,229,698	164,367,724	43,861,974	78.9%
Proceeds from Sale of Assets					0	-	-	0.0%
Other Receipts					0	3,482,448	(3,482,448)	
TOTAL RECEIPTS	137,088,879	1,773,095	69,367,724		208,229,698	167,850,172	40,379,526	80.6%
PAYMENTS								
Compensation of Employees	2,560,000	300,000	1,723,340		4,583,340	1,774,899	2,808,441	38.7%
Use of goods and services	9,190,499	409,292	5,186,337		14,786,128	14,709,471	76,657	99.5%
Transfers to Other Government Units	53,660,000	1,063,803	37,217,460		91,941,263	56,780,530	41,211,263	55.2%
Other grants and transfers	71,090,879		27,013,682		98,104,561	63,954,302	28,099,729	71.4%
Acquisition of Assets	587,500				587,500	587,500	-	100.0%
Other Payments	0				0	-	-	
TOTAL	137,088,878	1,773,095	71,140,819		210,002,792	137,806,702	72,196,090	65.6%

- (a) For the item indicated as other receipts relates to reversed stale bursary that have since been issued in the subsequent financial year ksh 3,482,448.
(b) The underutilization of compensation of employees relates to a cdsc staff who resigned midyear and the vacancy was not immediately filled.
(c) The under expenditure on transfer to other government units and other grants and transfer was as a result of slow receipt of funds to the constituency as at the close of financial year.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	72,196,090
Less undisbursed funds receivable from the Board as at 30 th June 2021	40,379,526
	31,816,564
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2020/2021	31,816,564

The NGCDF-MARAGUA Constituency financial statements were approved on 5/9/21 2021 and signed by:



[Signature]
National Sub-County
Accountant
Name: BENSON K GICHOTH
ICPAK M/No: 25013
THE NATIONAL SUB-COUNTY ACCOUNTANT
MURANG'A SOUTH
P. O. Box 32 - 01020,
KENOL

[Signature]
Chairman NG-CDF Committee

Name: Simon Kiragu



X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2020/2021			2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	2,560,000	300,000	723,340.00	3,583,340	1,774,899.45	1,808,441	50
1.2 Committee allowances	3,200,000			3,200,000	2,800,000.00	400,000	13
1.3 Use of goods and services	1,877,832	409,292	6,186,337.00	8,473,461	8,459,471.45	13,990	0
Total	7,637,832	709,292	6,909,677.00	15,256,801	13,034,370.90	2,222,430	15
2.0 Monitoring and evaluation							
2.1 Capacity building	1,350,000			1,350,000	1,350,000.00	-	100
2.2 Committee allowances	1,662,666			1,662,666	1,000,000.00	662,666	60
2.3 Use of goods and services	1,100,000			1,100,000	1,100,000.00	-	100
Total	4,112,666	-	-	4,112,666	3,450,000.00	662,666	84
3.0 Emergency							
3.1 Primary Schools	7,192,207		4,853,475.86	12,045,683	11,319,090.00	726,593	94

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

3.2 Secondary schools																					
3.3 Tertiary institutions																					
3.4 Security projects																					
3.5 Unutilised																					
Total		7,192,207	-	4,853,475.86	12,045,683	11,319,090.00		726,593		94											
4.0 Bursary and Social Security																					
4.1 Secondary Schools		19,236,336		5,328,399.12	24,564,735	24,497,980.00		66,755		100											
4.2 Tertiary Institutions		22,000,000		1,228,993.00	23,228,993	17,063,990.00		6,165,003		73											
4.3 Social Security																					
4.4 Special Needs																					
Total		41,236,336	-	6,557,392.12	47,793,728	41,561,970.00		6,231,758		13											
5.0 Sports																					
5.1		2,741,778		2,747,354.48	5,489,132	2,747,354.45		2,741,778		50											
Total		2,741,778	-	2,747,354.48	5,489,132	2,747,354.45		2,741,778		50											
6.0 Environment																					
6.1		2,632,106		1,423,171.99	4,055,278	2,056,670.00		1,998,608		51											
Total		2,632,106	-	1,423,171.99	4,055,278	2,056,670.00		1,998,608		51											
7.0 Primary Schools Projects																					
Kihara primary		3,000,000.00																			

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

school					3,000,000		3,000,000	-
P.K primary school	2,800,000.00				2,800,000		2,800,000	-
Gathaiti primary school	3,800,000.00				3,800,000		3,800,000	-
Kiambamba primary school	3,500,000.00				3,500,000	3,500,000.00	-	100
mutithi primary school	2,000,000.00				2,000,000		2,000,000	-
Kamakuri primary school	2,900,000.00				2,900,000	2,900,000.00	-	100
igikiro primary school	1,000,000.00				1,000,000	1,000,000.00	-	100
githarji primary school	160,000.00				160,000		160,000	-
ndorome primary school	1,000,000.00				1,000,000	1,000,000.00	-	100
nyagacugu primary school	1,000,000.00				1,000,000	1,000,000.00	-	100
ihiga-ini primary school	800,000.00				800,000		800,000	-
gakoigo primary school	500,000.00				500,000	500,000.00	-	100
saba saba assistant chiefs office		1,063,803			1063803		1,063,803	-
Irembu primary school			1,250,000.00		1,250,000	1,250,000.00	-	100
College primary school			500,000.00		500,000	500,000.00	-	100
Kawamanda primary school			3,700,000.00		3,700,000	3,700,000.00	-	100
Marema primary			2,000,000.00		2,000,000	2,000,000.00	-	100
Nyati primary school			1,000,000.00		1,000,000	1,000,000.00	-	100

Kirimiri primary school			1,500,000.00	1,500,000	1,500,000.00	-	100
Maji koboko primary school			2,000,000.00	2,000,000	2,000,000.00	-	100
Kitune primary school			3,500,000.00	3,500,000	3,500,000.00	-	100
Maganjo primary school			300,000.00	300,000	300,000.00	-	100
Kahaini primary school			1,000,000.00	1,000,000	1,000,000.00	-	100
wathiani primary school			2,000,000.00	2,000,000	2,000,000.00	-	100
muhohoyo primary school			550,000.00	550,000	550,000.00	-	100
ihumbu primary school			700,000.00	700,000	700,000.00	-	100
kinoo primary school			400,000.00	400,000	400,000.00	-	100
Gathanga primary school			1,530,000.00	1,530,000	1,530,000.00	-	100
Total	22,460,000	1,063,803	21,930,000.00	45,453,803	31,830,000	13,623,803	30
8.0 Secondary Schools Projects							
ichagaki mixed secondary school	7,500,000.00			7,500,000		7,500,000	-
P.K secondary school	7,500,000.00			7,500,000		7,500,000	-
Saba Saba secondary school	3,000,000.00			3,000,000		3,000,000	-
Karia-ini	1,000,000.00						



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

secondary school						1,000,000		1,000,000	-
snr chief gichohi secondary school	4,500,000.00					4,500,000		4,500,000	-
Muchagara secondary school	2,500,000.00					2,500,000	1,000,000.00	1,500,000	40
Gikomora secondary school	2,000,000.00					2,000,000		2,000,000	-
Snr. Gichohi secondary school					2,500,000.00	2,500,000	2,500,000.00	-	100
Maganjo secondary school					1,500,000.00	1,500,000	1,500,000.00	-	100
Maragua ridge secondary school					7,000,000.00	7,000,000	7,000,000.00	-	100
Muchagara secondary					1,000,000.00	1,000,000	1,000,000.00	-	100
nginda mixed secondary					2,500,000.00	2,500,000	2,500,000.00	-	100
kambiti secondary					400,000.00	400,000	400,000.00	-	100
itaaga sec school					500,000.00	500,000	500,000.00	-	100
igikiro mixed secondary					1,000,000.00	1,000,000	1,000,000.00	-	100
Gikomora secondary school					2,500,000.00	2,500,000	2,500,000.00	-	100
Total	28,000,000	-	-	-	18,900,000.00	46,900,000	19,900,000.00	27,000,000	42
9.0 Tertiary institutions Projects						-		-	
muranga technical training institute(maragua)	3,200,000					3,200,000		3,200,000	-
Total	3,200,000	-	-	-	-	3,200,000		3,200,000	-

10.0 Security Projects											
Adu Police Station											
Ichangai police post	4,200,000.00				4,200,000					4,200,000	
Muranga south DCC Hall	4,500,000.00				4,500,000					4,500,000	
Kenol police station	3,500,000.00				3,500,000			3,500,000.00			100
Iganjo assistant chiefs office	300,000.00				300,000					300,000	
Mutithi assistant chiefs office	75,000.00				75,000					75,000	
itaaga assistant chiefs office	75,000.00				75,000					75,000	
Maragua a.c.c hall				2,400,000.00	2,400,000			2,400,000.00			100
Kiambaa A.P post				400,000.00	400,000			400,000.00			100
Thangira A.P houses				1,500,000.00	1,500,000			1,500,000.00			100
Kenol police station				3,000,000.00	3,000,000			3,000,000.00			100
Methi chiefs hall				519,747.55	519,748			519,747.55			100
Total	12,650,000			7,819,747.55	20,469,748			11,319,747.55		9,150,000	55
11.0 Acquisition of assets											
11.1 Motor Vehicles											
11.2 Construction of CDF office											
11.3 Purchase of furniture and	457,500				457,500			457,500.00			100



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-MARAGUA 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 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 period as the financial statements. The original budget was approved by Parliament on 30 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.

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO	1	18,000,000	4,000,000
AIE NO	2	26,000,000	500,000
AIE NO	3	25,367,724.10	18,000,000
AIE NO	4	9,000,000	8,000,000
AIE NO	5	10,000,000	9,000,000
AIE NO	6	13,000,000	20,000,000
	7	6,900,000	9,000,000
	8	6,000,000	
	9	6,000,000	
	10	12,000,000	
	11	7,100,000	
	12	10,000,000	
	13	15,000,000	
TOTAL		164,367,724.10	68,500,000

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	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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		
Reversed stale bursary cheques	3,482,448	
Total	3,482,448	

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,535,348	1,621,131
Personal allowances paid as part of salary		
House Allowance		
Transport Allowance		
Leave allowance		
Gratuity to contractual employees	239,551	46,245
Employer Contributions Compulsory national social security schemes		
Total	1,774,889	1,667,376

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	1,589,170	1,434,730
Electricity	0	13,834
Water & sewerage charges	9,035	1,060
Office rent		-
Communication, supplies and services	872,846	0
Domestic travel and subsistence	0	0
Printing, advertising and information supplies & services	0	0
Rentals of produced assets		-
Training expenses	2,096,000	2,963,000
Hospitality supplies and services	0	0
Other committee expenses	2,546,900	3,424,130
Committee allowance	3,707,000	2,803,500
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services	0	0
Fuel, oil & lubricants	700,000	501,753
Other operating expenses	1,660,600	0
Bank service commission and charges	200,000	0
Other Operating Expenses	-	-
Security operations		-
Routine maintenance - vehicles and other transport equipment	179,200	278,750
Routine maintenance- other assets	1,148,720	0
Total	14,709,471	11,420,757

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	33,000,530	17,675,000
Transfers to secondary schools (see attached list)	23,780,000	21,850,000
Transfers to tertiary institutions (see attached list)		2,500,000
TOTAL		
	56,780,530	42,025,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	24,497,980	21,854,826
Bursary – tertiary institutions (see attached list)	17,063,990	4,064,052
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Social Security programs (NHIF)		
Security projects (see attached list)	14,568,308	18,550,000
Sports projects (see attached list)	2,747,354	2,180,818
Environment projects (see attached list)	2,056,670	2,385,000
Emergency projects (see attached list)	3,020,000	3,756,197
Total	63,954,302	52,790,893

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		1,316,349.47
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	457,500	
Purchase of ICT Equipment, Software and Other ICT Assets	130,000	
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	587,500	1,316,349

9. OTHER PAYMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity Bank kenol branch, Account No. 0220291029972</i>	31,816,564.66	1,773,095
Total	31,816,564.66	1,773,095
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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				-

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

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	-	-

[Provide short appropriate explanations as necessary.]

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	-	-

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	1,773,095	42,493,470
Cash in hand		
Imprest		
Total	1,773,095	42,493,470

[Provide short appropriate explanations as necessary]

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	1,773,095	3,482,448	5,255,543
Cash in hand	-		-
Accounts Payables	-	-	-
Receivables	-		-
Others (<i>specify</i>)	-		-
TOTAL	1,773,095	3,482,448	5,255,543

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING 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	-	-

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 - 2019
	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 payables D= A+B-C	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	265,561	348,842
Others (<i>specify</i>)		
	265,561	348,842

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	1,208,441	1,023,340
Use of goods and services	676,655	6,595,628.76
Amounts due to other Government entities (see attached list)	43,823,803	41,893,803
Amounts due to other grants and other transfers (see attached list)	24,714,095.99	21,628,047
Acquisition of assets		
Others (<i>specify</i>)		
Funds pending approval		
	70,422,995	71,140,819

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	9,181,471.39	3,013,785
TOTALS	9,181,471.39	3,013,785

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

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2020 d=a-c	Comments
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1. PETER NGIGI	DRIVER	10/1/2018	27,000	
2. MARGRET NJERI GITAU	SECRETARY	10/1/2018	22,828	
3. MARTIN WANDERI	RECORDS	10/1/2018	22,828	
4. JANE WAIRIMU	ACCOUNTS	02/9/2019	90,905	
5. FAITH WANJIRU NDUNGU	OFFICE	3/9/2018	102,000	
Sub-Total			265,561	
Grand Total			265,561	

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	N/A			N/A
Buildings and structures	10,814,095			10,814,095
Transport equipment	5,020,000			5,020,000
Office equipment, furniture and fittings	2,004,411	457,500		2,461,911
ICT Equipment, Software and Other ICT Assets	748,759	130,000		878,759
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	18,587,265	587,500		19,174,765

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

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

PMC	BANK	ACCOUNT NUMBER	BANK BALANCES
Sabasaba primary school cdf/pmc account	Equity Kenol Branch	890262345961	18,307.75
Matanya primary school cdf/pmc account	Equity Kenol Branch	890264391537	1,590.00
Kambiti Primary school cdf/pmc account	Equity Kenol Branch	890264487860	32,839.00
Ichagaki primary school cdf/pmc account	Equity Kenol Branch	890270885093	13,485.00
Mungu-ini primary school cdf/pmc account	Equity Kenol Branch	890270885792	1,267.00
Itaara primary school cdf/pmc account	Equity Kenol Branch	890272197464	61,097.00
Wairuri primary school cdf/pmc account	Equity Kenol Branch	890262366583	22,223.75
Mithini primary school cdf/pmc account	Equity Kenol Branch	890269253967	46,320.00
Githuya primary school cdf/pmc account	Equity Kenol Branch	890270188582	5,627.00
Gathuri primary school cdf/pmc account	Equity Kenol Branch	890262346548	5,893.75
Igikiro primary school cdf/pmc account	Equity Kenol Branch	890269235746	52,352.50
Ndorome primary school cdf/pmc account	Equity Kenol Branch	890264467805	13,877.00
Kawamanda primary school cdf/pmc account	Equity Kenol Branch	890270343430	210,045.70
Muchagara primary school cdf/pmc account	Equity Kenol Branch	220299452022	376
Irembu primary school cdf/pmc account	Equity Kenol Branch	890271953441	750.50
Kiunguini primary school cdf/pmc account	Equity Kenol Branch	890262346060	63.75
Kimorori primary school cdf/pmc account	Equity Kenol Branch	0890264455375	712.55
Mihang'o primary school cdf/pmc account	Equity Kenol Branch	890263528346	85
Marema primary school cdf/pmc account	Equity Kenol Branch	890299519601	78
Punda milia AP post	Equity Kenol Branch	890272139685	164
Kaharo AP post	Equity Kenol Branch	890272141240	516

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

Kiambaa AP post	Equity Kenol Branch	890272137871	7775
Thangira secondary school cdf/pmc account	Equity Kenol Branch	890299719701	290,072.50
Mwangaza secondary school cdf/pmc account	Equity Kenol Branch	0890263551235	67,898.00
Nginda secondary school cdf/pmc account	Equity Kenol Branch	890272204665	798,752.00
Mungu-ini secondary school cdf/pmc account	Equity Kenol Branch	890263469559	75,711.00
Ichagaki secondary school cdf/pmc account	Equity Kenol Branch	890261651001	9,708.25
Senior chief gichohi primary school cdf/pmc account	Equity Kenol Branch	90192429990	47,483.70
Percy davis primary school cdf/pmc account	Equity Kenol Branch	890262345894	8,733.75
Muhohoyo primary school cdf/pmc account	Equity Kenol Branch	890299421499	2,275.00
Kinoo primary school cdf/pmc account	Equity Kenol Branch	890263683913	92,893.00
Maji kiboko primary school cdf/pmc account	Equity Kenol Branch	890261630521	57,058.75
punda milia primary school cdf/pmc account	Equity Kenol Branch	890263718690	78,480.00
Kaharo primary school cdf/pmc account	Equity Kenol Branch	890264496893	1,695.00
Maragua primary school cdf/pmc account	Equity Kenol Branch	890272138521	2,874.50
Ikundu primary school cdf/pmc account	Equity Kenol Branch	890272140348	1,035.00
Nginda primary school cdf/pmc account	Equity Kenol Branch	890270948692	39,221.00
Mutithi sec school	Equity Kenol Branch	0890297471689	10,535.00
Snr chief Gichohi secondary	Equity Kenol Branch	0890277517690	113,885.00
Irembu mixed seondaryc school	Equity Kenol Branch	0220298996218	63,468.25
Kaharo boys secondary school	Equity Kenol Branch	0890266004280	146,666.00
Ichagaki mixed secondary school	Equity Kenol Branch	0890261651001	9,708.25
Karia ini secondary school	Equity Kenol Branch	0890263542188	14,880.00
Maranjau primary school	Equity Kenol Branch	0890264025202	51,732.00
Maganjo secondary school	Equity Kenol Branch	0890264467387	204,563.00
Ikundu secondary school	Equity Kenol	0890278851233	694,401.00

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

	Branch		
Thaara primary school'	Equity Kenol Branch	0890265935527	3,120.00
Mithini primary school cdf/pmc account	Equity Kenol Branch	0890269253967	46,320.00
Kagaa primary school	Equity Kenol Branch	0890297456021	4,751.00
Karung'ang'I primary school	Equity Kenol Branch	0890270347719	7,964.00
Mihang'o primary school cdf/pmc account	Equity Kenol Branch	0890263528346	85
Gikomora primary school	Equity Kenol Branch	0890273283720	4,412.50
Mutithi primary school	Equity Kenol Branch	0890270369411	19,915.00
Kitune primary school	Equity Kenol Branch	0890297403659	1,087.45
Githanji primary school	Equity Kenol Branch	0890262345419	495.8
Kangangu primary school	Equity Kenol Branch	0890278830988	280
Githanji AP post	Equity Kenol Branch	0890270210909	210
igikiro mixed sec	Equity Kenol Branch	0890261522977	224,848.75
Itaaga sec school	Equity Kenol Branch	0890263459730	384
Kamuiru primary school	Equity Kenol Branch	0890262729371	320
Kamuiru Ass Chiefs offices	Equity Kenol Branch	0220269426195	13,543.70
Kangangu Sec school	Equity Kenol Branch	0890297471689	10,535.00
Kianjiru-ini Sec school	Equity Kenol Branch	0890262365917	22,313.00
Makuyu Do's hall	Equity Kenol Branch	0890271069779	435
Maragua Acc Hall	Equity Kenol Branch	0890279378640	1,857.00
Maranjau Secondary School	Equity Kenol Branch	0890293494755	99,101.75
Methi Chiefs Hall	Equity Kenol Branch	0890280609195	3,297.55
Mutithi sec school	Equity Kenol Branch	0890297471689	10,535.00
Thangira Dos Office	Equity Kenol Branch	0890277718800	42,745.00
Thangira AP Houses	Equity Kenol Branch	0890280253706	0

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

Wathiani Primary School	Equity Kenol Branch	0890262761170	657
Gathera Secondary School	Equity Kenol Branch	0220297870086	582.5
Kimorori Ap Post	Equity Kenol Branch	0890269356737	1,045.00
Githanji primary school	Equity Kenol Branch	0890262345419	495.8
Kamahuha Girls	Equity Kenol Branch	0890297639809	31,373.23
Karung'ang'I Secondary School	Equity Kenol Branch	0890296965932	27.7
Kitune primary school	Equity Kenol Branch	0890297403659	1,087.45
Maganjo Primary	Equity Kenol Branch	0890272198990	26
Gakoigo Security Light	Equity Kenol Branch	0890279127698	18,920.00
Nginda Education zone office	Equity Kenol Branch	0890279086582	16,240.00
Sabasaba police post	Equity Kenol Branch	0890279304541	417,840.00
Huho-ini Sec School	Equity Kenol Branch	0890279787632	101,235.00
Kamakuri Primary School	Equity Kenol Branch	0890279665595	480,773.00
Kambiti Secondary School	Equity Kenol Branch	0890293264028	49,799.00
Kawamanda primary school cdf/pmc account	Equity Kenol Branch	0890270343430	210,045.75
Kihara Primary	Equity Kenol Branch	0890270662129	1,909.00
Kirimiri Primary School	Equity Kenol Branch	0890299933290	9,493.50
Kiyo Primary School	Equity Kenol Branch	0890279695781	9,640.00
Makuyu Girls	Equity Kenol Branch	0890263515479	14,080.00
Muchagara Secondary School	Equity Kenol Branch	0890263459600	109,067.50
punda milia primary school cdf/pmc account	Equity Kenol Branch	0890263718690	78,480.00
Nyagacugu Primary School	Equity Kenol Branch	0890280819758	480
Murang'a Technical Training Institute	Equity Kenol Branch	0890280263688	1,604,746.50
Maragua sub-county HQs	Equity Kenol Branch	0890279078382	73,120.00
Maragua Sub-county treasury	Equity Kenol	0890277475617	20

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

	Branch		
Nginda Mixed Secondary	Equity Kenol Branch	0890272204665	798,752.00
Maragua Sports	Equity Kenol Branch	0890271063534	20,060.09
Makuyu Police station	Equity Kenol Branch	0890279097790	288,538.00
Nyati primary School	Equity Kenol Branch	0890264249321	7,732.00
Maganjo Primary	Equity Kenol Branch	0890272198990	26
College Primary	Equity Kenol Branch	0890263515449	62,360.42
Kenol police station ng-cdf account	Equity Kenol Branch	0890279739022	853,067.50
Gikomora Secondary school	Equity Kenol Branch	0890261650935	22,018.75
TOTAL			9,181,471.39

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)
4.1	<p>Lack of asset register</p> <p>Observation It is the responsibility of management to institute internal controls to safeguard the assets of the entity. In this wise, an asset register must be maintained and assets tagged to enable easy identification and location. However, Maragua Constituency NGCDF had no register in place and their assets untagged. This may lead to loss of assets without trace.</p>	<p>Response At the time of audit, the asset register was not availed to the auditor for review however, the asset register is now available for review. it is worth noting that the NG-CDF Board is in a process castigating unique asset tags per constituency to ensure that all constituency assets can be identified as being of a specific constituency. However, the Maragua NG-CDF had developed a way of tagging as shown in the asset register. See annex 4.1(a)</p>	resolved	30/9/2020
4.2	<p>Lack of Internal Controls in the management of stores and fuel registers</p>	<p>Response The management acknowledges the advice given by the auditor on proper</p>	resolved	30/9/2020

Maragua Constituency

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

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)
	<p>Observation</p> <p>1. Consumable stores register</p> <p>Scrutiny of the above register revealed that the register was not correctly completed in that</p> <p>a) Items procured are recorded in the same folio in the register instead of recording each item in a separate folio so that the item balances can be revealed after every transaction</p> <p>b) The details of the counter receipt voucher (S13) and counter issue voucher (S11) were not recorded in the register as required.</p> <p>c) Details and signature of both receiving officer and issuing officer should be indicated in the register</p> <p>2. Fuel Register</p> <p>Scrutiny of the above register revealed that the register was not correctly completed in that</p> <p>a) The register does not show the details of the documents used to</p>	<p>and correct recording of consumable stores register and the fuel register. This will in turn see the (S13), (S11) and L.P.O properly captured in the register, items will be recorded in separate folio in the register and details of the issuer and receiver properly captured in the register. The management also intends to undertake capacity building on proper record keeping especially on accountable documents on constituency staff and the project management committees who undertake the implementation of projects.</p>		

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

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)
	<p>purchase fuel such as local purchase order numbers and quantities of fuel purchased</p> <p>b) The register does not show the fuel balances after every transaction</p> <p>c) No details of the S13 and S11 forms were used to receive and use fuel are shown in the fuel register</p>			
4.3	<p>Inaccurate and unverifiable values in the schedule of the summary of fixed assets</p> <p>Observation The financial statements disclosure notes annexure 4 summary of fixed assets reflects an amount of Kshs. 17,273,170. it was noted that the financial figures of the prior year were constant with those of the current year apart from an addition of ICT equipment worth 127,759. There was no depreciation schedule of the items disclosed and neither were their valuation reports of the</p>	<p>Response Based on the International Public Sector Accounting Standard (IPSAS) reporting assets of an organization forms part of the disclosures. And requires that where an item is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date it is acquired. Therefore, the management maintained the fixed assets at their fair value as at the date they were acquired.</p>	resolved	30/9/2020

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)
4.4	<p>assets listed.</p> <p>Project Committees Management Bank (PMC)</p> <p>Accounts</p> <p>Observation Annex 5 to the financial statements for the year ended 30 June 2020 reflects Project Management Committee (PMC) bank accounts holding total bank balance of Kshs. 3,013,575 as at 30 June 2020. However, it was noted that some PMC bank accounts had retained amounts that were unutilized at the end of the financial year had not been returned to the CDF main account as provided for in the law.</p>	<p>Response The management acknowledges the auditor's observation that as at 30th June 2020, PMC bank accounts had retained amounts that were unutilized at the end of the financial year amounting to ksh 3,013,575 that was not returned to the main account. The reason being as at 30th June 2020 some accounts had just been disbursed and various works were ongoing at that specific time while others had retained retention money owed to contractors who had undertaken various works. The management however acknowledges the audit recommendation on returning the unutilized money to the main NG-CDF account and is in the process of identifying all the complete projects</p>	Not resolved	30/9/2021

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)
		balance for this to be done. See annex 4.4(a)		
4.5	<p>Overall underperformance</p> <p>Observation The NGCDF-Maragua constituency had a budget of Kshs. 180,361,194 for the year then ended on the 30 June 2020. However only Kshs. 110,993,470 was realized leaving out Kshs. 69,367,724 unrealized representing 39.5% under achievement. Further a budget of Kshs. 180,361,194 was approved under expenditure. However, Kshs. 109,220,376 was utilized leaving out Kshs. 71,140,818 unutilized representing 39.4% under performance. This scenario</p>	<p>Response During the year under review the maragua NG-CDF had an opening balance of ksh 42,493,470 in the cash book. During the year additional A.I.ES OF ksh 4,000,000, ksh 500,000, ksh 18,000,000, ksh 8,000,000, ksh 9,000,000, ksh 20,000,000 and ksh 9,000,000 totaling to ksh 68,500,000 thus as at 30th June 2020 the NG-CDF Board had not disbursed for implementation ksh 69,367,724 thus the reason for the budget under performance. The funds have since been received in the financial year 2020/2021 and thus is expected to be accounted for during this financial year. Attached for your perusal are the list of affected projects</p>	Not resolved	30/9/2021

Maragua Constituency

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

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)
	may affect service delivery to the constituents of Maragua Constituency	that have since been implemented and are in use. See annex 4.5(a)		

