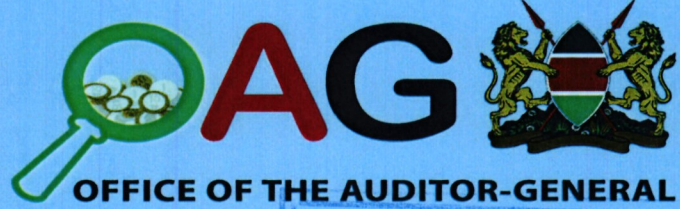


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Enhancing Accountability

THE NATIONAL ASSEMBLY

DATE: 01 MAR 2022

REPORT

BY: LOM

CLERK AT THE TABLE: G. Chebet.

TUE

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
MACHAKOS TOWN CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2020**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -MACHAKOS TOWN
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

31 MAR 2021

RECEIVED

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

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KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MACHAKOS CONSTITUENCY
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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Paul K. Mugwe
2.	Sub-County Accountant	Rose Ireri
3.	Chairman NGCDFC	Sylvester M. Mumo
4.	Member NGCDFC	Jacinta K. Mulwa

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF Machakos Town Constituency Headquarters

P.O. Box 2521-90100
Elice Centre Building
Machakos Town,
Kenya.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MACHAKOS CONSTITUENCY
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For the year ended June 30, 2020**

(f) NGCDF Machakos Town Constituency Contacts

Telephone: (254) 722 167 753
E-mail: cdfmachakostown@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Machakos Town Constituency Bankers

Equity Bank
P.O. Box 2453-90100
Machakos, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I have the pleasure to forward the financial statements of NG-CDF Machakos Town Constituency for the financial year 2019/2020 which represents a true record of the activities undertaken within the year.

The key achievement for NG-CDF Machakos town constituency was being able to utilise pending balances from the previous financial year ending 30th June 2019 plus balances of the previous financial year ending 30th June 2018 within a short period of time. This was as a result of proper cooperation through teamwork within the NG-CDFC, the F.A.M, Treasury, Office staff and the beneficiaries.

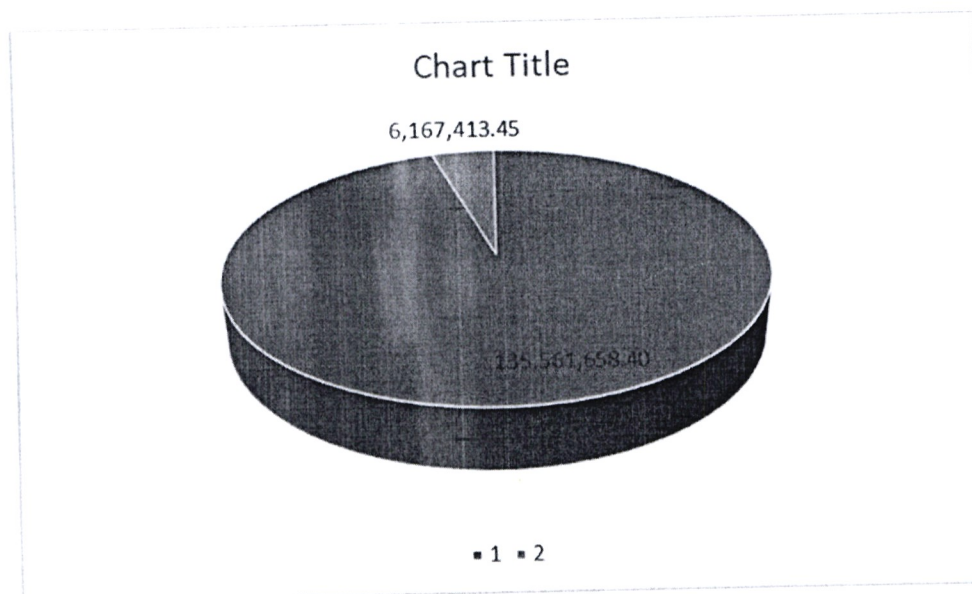
However, there have been emerging issues affecting project implementation namely:

1. Political issues.
2. Economic issues.
3. Legal issues.
4. Social issues.
5. Global challenges.
6. Late disbursement of funds.
7. Late approval of reallocations.
8. Late approval of project proposals.
9. Covid-19 Epidemic

Some of these challenges require situational decisions and co-operation with stakeholders as well as sound guidelines. Timely disbursement of approved funds and reallocation is paramount for better performance.

The NG-CDFC Machakos Town is happy with the fund and would like to thank the Board for its efforts.

NG-CDF Machakos town received A.I.Es for Ksh 128,640,875.50 within the financial year 2019/2020 and cash book balance brought forward of Ksh 6,920,782.90 totalling to Ksh 135,561,658.40 of which Ksh 129,394,244.95 was utilised translating into a budget performance of 95% as shown in the pie chart below



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Below are also some of the successful projects undertaken in the financial year 2019/2020



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MACHAKOS CONSTITUENCY***
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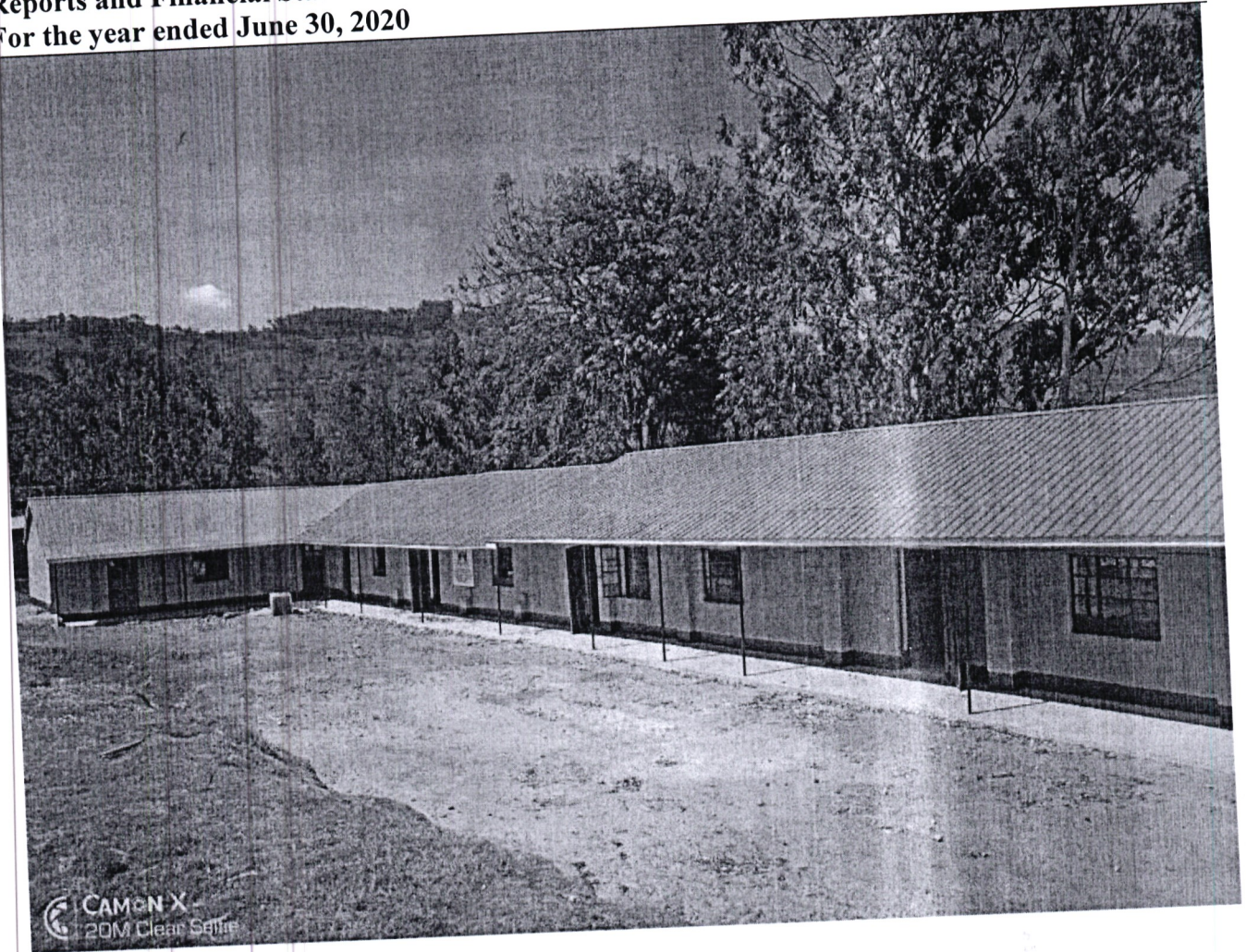
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MACHAKOS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**



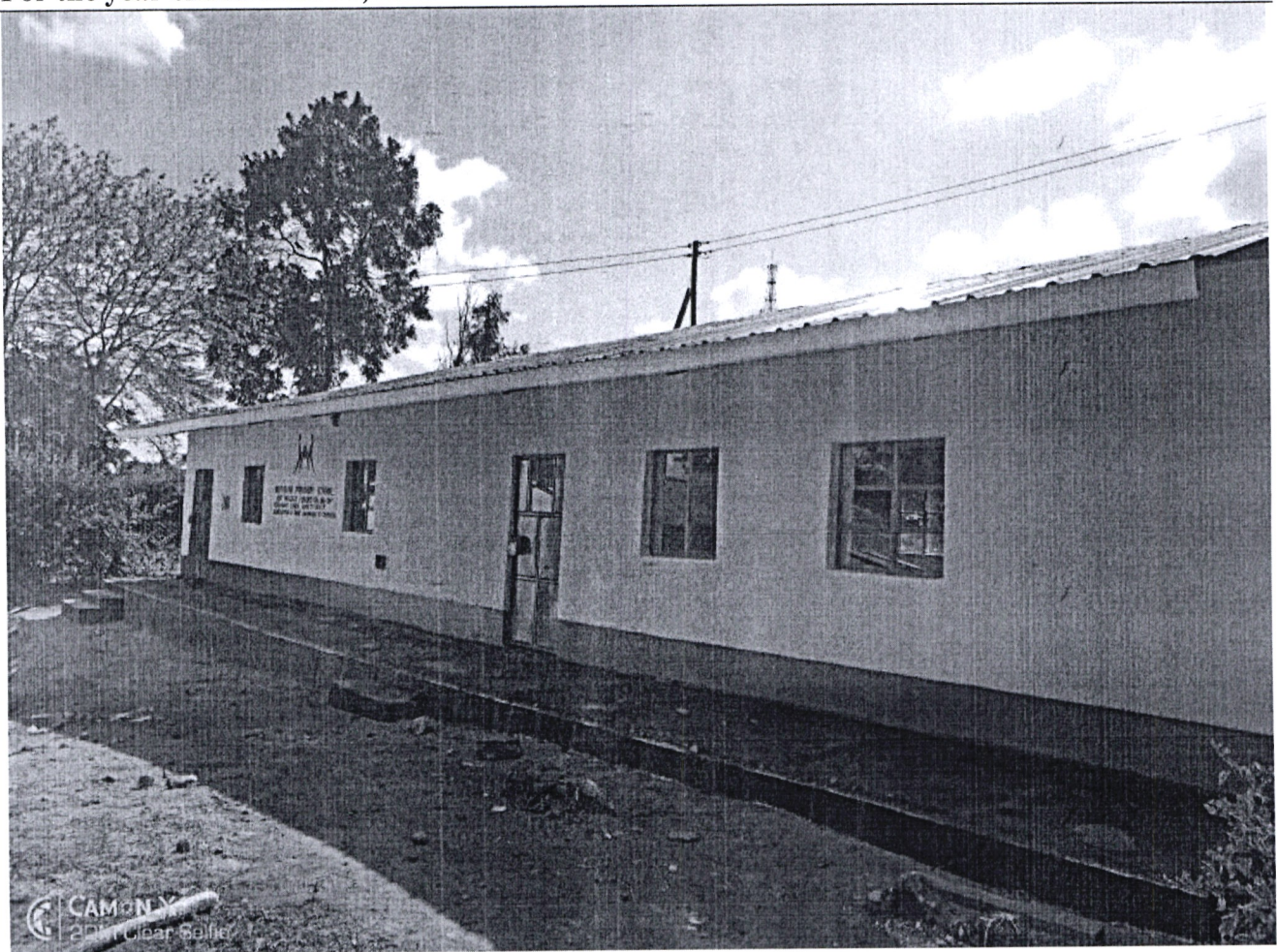
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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For the year ended June 30, 2020



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MACHAKOS CONSTITUENCY
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MACHAKOS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020



Sign

Sylvester M. Mumo

CHAIRMAN NG-CDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MACHAKOS CONSTITUENCY
Reports and Financial Statements
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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 NGCDF-Machakos Town Constituency's *2018-2022* plan are to:

- a) To activate development activities at the constituency level in order to reduce poverty
- b) To promote equity sharing of national resources
- c) To reduce imbalances in regional development
- d) To provide opportunities for local communities to get involved in development in project planning, identification, implementation and monitoring

Progress on attainment of Strategic development objectives

- a) Activating development activities

NG-CDF Machakos Town Constituency is promoting development by improving and developing schools infrastructure by carrying out renovations and construction of classrooms and dormitories.

- b) Promote equity sharing of national resources

This has been attained by the issuing of bursary funds to applicants who make applications equally.

- c) Reducing imbalances in regional development

NG-CDF Machakos has facilitated the construction and starting of new schools in remote areas to ensure development across the constituency is well balanced

- d) NG-CDF Machakos Town carries out public Barazas where individuals attend and suggest project proposals for project planning and implementations.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Machakos Town Constituency 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.

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

STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-Machakos Town 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, 2020. 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
- vi. Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Machakos Town 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 NG-CDF Machakos Town constituency financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Machakos Town Constituency further confirms the completeness of the accounting records maintained for NGCDF-Machakos Town 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.

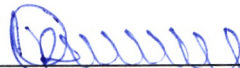
The Accounting Officer in charge of the NGCDF-Machakos Town Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-Machakos Town Constituency financial statements were approved and signed by the Accounting Officer on 30/03 2020.



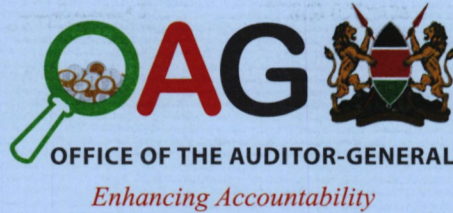
Fund Account Manager
Name: Paul K. Mugwe



Sub-County Accountant
Name: Rose Ireri
ICPAK Member Number: 18138

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MACHAKOS TOWN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Machakos Town Constituency set out on pages 17 to 52, which comprise the statement of assets and liabilities as at 30 June, 2020 and statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Machakos Town Constituency as at 30 June, 2020 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Undisclosed Comparative Balances

As disclosed in Note 17.3 under other important disclosures is a balance of Kshs.78,035,137 for the year under review and a comparative balance of Kshs.62,558,596 relating to the year 2018/2019. However, Annex 3 (analysis of unutilized fund) which is attached to support Note 17.3 does not reflect the comparative balances of Kshs.62,558,596.

In the circumstances, the balance of Kshs.78,035,137 disclosed in Note 17.3 and Annex 3 to the financial statements could not be confirmed.

2. Receipts from the NG-CDF Board

The Statement of receipts and payments reflects a balance of Kshs.128,640,876 being transfers from the NGCDF Board. However, the amount reflected in the summary statement of appropriation: recurrent and development combined is Kshs.137,561,658 resulting to unexplained variance of Kshs.8,920,782.

In the circumstances, receipts from NG-CDF Board of Kshs.128,640,876 as at 30 June 2020 could not be confirmed.

3. Prior Year Adjustments

As disclosed under Note 14 to the financial statements, the Statement of assets and liabilities for the year under review reflects prior years adjustments balance of Kshs.2,000,000 against the requirement of IPSAS 3 which states "An entity is now required to correct (where practicable) material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery. Further, no details or explanation was provided to ascertain the nature and the reason for the prior year adjustments of the said amount.

In the circumstances, it has not been possible to confirm the nature and fair statement of the prior year adjustments of Kshs.2,000,000.

4. Bank Balances

As disclosed in Note 10A to the financial statements, the Statement of assets and liabilities reflects bank balances of Kshs.8,167,413. Review of the supporting bank reconciliations statements for June, 2020 revealed unrepresented cheques totaling Kshs.59,608,483 issued to various Secondary Schools and Tertiary Institutions. Further, stale cheques totaling Kshs.3,977,000 as at 30 June, 2020 had not been reversed in the cashbook.

In the circumstance, the accuracy and completeness of bank balance of Kshs.8,167,413 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The Summary statement of appropriation: Recurrent and Development combined reflects budgeted and actual receipts for the year of Kshs.207,429,383 and Kshs.137,561,658 respectively, resulting in underfunding of Kshs.69,867,725 or 34% of the approved budget. Further, out of the realized receipts of Kshs.137,561,658 only Kshs.129,394,245 was utilized during the year resulting in under-absorption of Kshs.8,167,413 or about 6% of the available funds.

Failure to receive the budgeted funds from the Board and the under-absorption of the available receipts implies that some of the planned programmes were not executed thereby denying effective services to the residents.

2. Unresolved Prior Year Audit Matters

In the report of the previous year, several issues were raised under report on Financial Statements and report on lawfulness and effectiveness in use of public resources. However, although the Management has indicated that all the issues have been resolved, the matters remain unresolved as the National Assembly has yet to deliberate on the audit report for 2018/2019.

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. Errors of Presentation and Disclosures in Financial Statements

Review of the financial statements submitted for audit by the Fund management revealed errors of presentation and misstatements as detailed out below:

- i. Use of Roman numbering system has not been adopted for information appearing before the elements of the financial statements.
- ii. The numbering of the main headings from I to XIII has not been adopted as required as per the prescribed reporting template.
- iii. Background information in Page 3 indicates the Headquarters of the Fund as Elite Centre Building instead of Machakos Town CDF Office.
- iv. All the dates of signing of the financial statements were wrongly indicated as 2020 instead of 2021 and corrected by hand but the alterations were not counter signed.

2. Unutilized Project Management Committee (PMC) Balances

As disclosed under Note 17.4 and Annex 5 to the financial statements a bank balances of Kshs.9,531,388 relating to Project Management Committee (PMC) as at 30 June, 2020. These balances are held contrary to the provisions of Section 12(8) of the National Government Constituency Development Fund (NGCDF) Act, 2015 which stipulates that unutilized funds of the Project Management Committee shall be returned to the constituency account.

In the circumstances, the 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 overall governance were not effective.

Basis for Conclusion

1. Delays in Project Implementation

Review of the approved code list and project implementation status report revealed that the Fund had budgeted to implement a total of one hundred and four (104) projects worth Kshs.135,617,724. However, only 17 projects valued at Kshs.15,350,000 were completed during the year while nineteen (19) projects worth Kshs.77,267,724 were ongoing. The remainder of sixty-eight (68) projects with a combined allocation of Kshs.43,000,000 had not started.

Failure to implement projects which were allocated funds during the year denied the residents effective services and may be indicative of poor project planning and implementation skills on the part of the Fund Management.

2. Lack of Approved Bursary Allocation Criteria

The Statement of receipts and payments reflects other grants and transfers expenditure of Kshs.56,913,958 as disclosed under Note 7 to the financial statements. The expenditure includes amounts of Kshs.26,848,000 and Kshs.18,258,000 in respect of bursaries disbursed to Secondary Schools and Tertiary Institutions respectively.

However, the Fund management did not provide for audit, approved criterion for selection and award of bursaries to the beneficiaries.

Consequently, it has not been possible to ascertain that bursaries were awarded in a fair and transparent manner to needy and deserving applicants.

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 continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of intention to liquidate the Fund or to cease operations or have no realistic alternative but to do so.

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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level

of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to

the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities 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


08 February, 2022

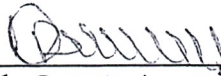
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MACHAKOS CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	128,640,876	108,784,483.00
Proceeds from Sale of Assets	2	-	-
Other receipts	3	-	-
TOTAL RECEIPTS		128,640,876	108,784,483.00
PAYMENTS			
Compensation of employees	4	2,853,309	1,123,089
Use of goods and services	5	3,593,363	5,953,712
Transfers to Other Government Units	6	61,873,897	27,100,000
Other grants and transfers	7	56,913,958	58,939,000
Acquisition of Assets	8	43,130	7,038,701
Other Payments	9	4,116,588	3,883,312
TOTAL PAYMENTS		129,394,245	104,037,814
SURPLUS/DEFICIT		(753,369)	4,746,669

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Machakos Town Constituency financial statements were approved on 30/06/2020 and signed by:


 Fund Account Manager
 Name: Paul K. Mugwe



 Sub-County Accountant
 Name: Rose Ileri
 ICPAK Member Number: 18138

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

STATEMENT OF ASSETS AND LIABILITIES			
	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,167,413	6,920,782
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		8,167,413	6,920,782
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		8,167,413	6,920,782
FINANCIAL LIABILITES			
Accounts Payable-Retention	12		
TOTAL FINANCIAL LIABILITIES		-	-
NET FINANCIAL ASSETS		<u>8,167,413</u>	<u>6,920,782</u>
REPRESENTED BY			
Fund balance b/fwd 1st July 2019	13	6,920,782	2,174,113
Surplus/Defict for the year		(753,369)	4,746,669
Prior Year Adjustments		2,000,000	-
NET FINANCIAL POSITION		8,167,413	6,920,782

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Machakos Town Constituency financial statements were approved on 30/03 2020 and signed by:

Fund Account Manager
 Name: Paul K. Mugwe


 Sub-County Accountant
 Name: Rose Ireri
 ICPAK Member Number: 18138

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

STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from CDF Board	1	128,640,876	108,784,483
Proceeds from Sale of Assets	2	-	-
Other receipts	3	-	-
Total Receipts		128,640,876	108,784,483
Payments for operating expenses			
Compensation of Employees	4	2,853,309	1,123,089
Use of goods and services	5	3,593,363	5,953,712
Transfers to Other Government Units	6	61,873,897	27,100,000
Other grants and transfers	7	56,913,958	58,939,000
Other Payments	9	4,116,588	3,883,312
Total Payments		129,351,115	96,999,113
Total Receipts Less Total Payments		(710,239)	11,785,370
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16		
Prior year Adjustments	14	2,000,000	
Net Adjustments		2,000,000	
Net cash flow from operating activities		1,289,761	11,785,370
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(43,130)	(7,038,701)
Net cash flows from Investing Activities		(43,130)	(7,038,701)
NET INCREASE IN CASH AND CASH EQUIVALENT		1,246,631	4,746,670
Cash and cash equivalent at BEGINNING of the year	13	6,920,783	2,174,113
Cash and cash equivalent at END of the year		8,167,414	6,920,783

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Machakos Town Constituency financial statements were approved on 30/03 2020 and signed by:

Fund Account Manager
Name: Paul K. Mugwe

Sub-County Accountant
Name: Rose Ileri
ICPAK Member Number: 18138

Reports and Financial Statements
For the year ended June 30, 2020

SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						66%
Transfers from CDF Board	137,367,724	70,061,658	207,429,383	137,561,658	69,867,724	
Other Receipts	-	-	-	-	-	66%
TOTAL RECEIPTS	137,367,724	70,061,658	207,429,383	137,561,658	69,867,724	
PAYMENTS						54%
Compensation of Employees	2,145,479	3,125,531	5,271,010	2,853,309	2,417,701	70%
Use of goods and services	5,059,616	75,800	5,135,416	3,593,363	1,542,053	49%
Transfers to Other Government Units	67,350,000	59,623,897	126,973,897	61,873,897	65,100,000	91%
Other grants and transfers	57,654,629	4,872,992	62,527,621	56,913,958	5,613,663	3%
Acquisition of Assets		1,322,026	1,322,026	43,130	1,278,896	66%
Other Payments	5,158,000	1,041,412	6,199,412	4,116,588	2,082,824	
TOTAL	137,367,724	70,061,658	207,429,382	129,394,245	78,035,137	

(a) There was no AIA for the financial year 2019-2020

(b) The changes between the original and final budget are as a result of adjustments from previous financial years (2016/2017 & 2017/2018) funds allocation received in the current financial year.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2020**

i. Compensations of employees 54%

Utilization is at 47% due to spending of previous year allocations before starting to utilize current year allocation.

ii. Receipts 66%

Funds received are at 66% due to Ksh 69,867,724 yet to be disbursed from NG-CDF Board.

iii. Use of goods and Services 70%

Utilization is at 70% due to pending procurement of goods and services which is still ongoing.

iv. Transfer to other government units 49%

Utilization is at 49% due to Ksh 69,867,724 yet to be disbursed from NG-CDF Board.

v. Acquisition of Assets 3%

Expenditure is at 3% as a result of pending payment for construction of NG-CDF office perimeter wall as at 30-06-2020

vi. Other payments 66%

Utilization is at 66% due to pending training and capacity building for NG-CDFC, NG-CDF Staff and P.M.C which was yet to be held as at 30-06-2020 due to the Covid- 19 pandemic

The NGCDF-Machakos Town Constituency financial statements were approved on 30/03 2020 and signed by:



Sub-County Accountant

Name: Rose Ireri

ICPAK Member Number: 18138

Fund Account Manager

Name: Paul K. Mugwe

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2020**

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Compensation of Employees	2,145,479	3,125,531	5,271,010	2,853,309	2,417,701
Use of goods and services	5,059,616	75,800	5,135,416	3,593,363	1,542,053
Transfers to Other Government Units					
Primary Schools Projects	1,500,000		1,500,000		1,500,000
Mikono Primary School	500,000		500,000		500,000
Mbusyani Primary School	500,000		500,000	500,000	-
Kikumbo primary school	800,000		800,000		800,000
St. Johns Academy Primary School	500,000		500,000		500,000
Kyamuthinza Primary School	900,000		900,000		900,000
Malooni primary school	500,000		500,000		500,000
Minyalala Primary School	500,000		500,000		500,000
Ivutini Primary School	500,000		500,000		500,000
Ulaani Primary School	750,000		750,000		750,000
Kyangala Primary School	500,000		500,000		500,000
Kisueni Primary School	500,000		500,000		500,000
Mbevo Primary School	500,000		500,000		500,000
Miwani Primary School	500,000		500,000		500,000
Kimutwa Primary School	600,000		600,000		600,000
Makaveti Primary School	600,000		600,000		600,000
Mang'auni primary school	600,000		600,000		600,000
Kyanzasu Primary School	750,000		750,000	750,000	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Kamweleni Primary School	500,000		500,000		500,000	500,000
Konza Primary School	750,000		750,000		750,000	750,000
Katheka kai Primary School	750,000		750,000		750,000	750,000
Ujini Primary School	2,100,000		2,100,000		2,100,000	2,100,000
St. Francis Kavovi Primary School	700,000		700,000		700,000	700,000
Kathaayoni Primary School	700,000		700,000		700,000	700,000
Muthini Primary School	500,000		500,000		500,000	500,000
Kivandini Primary School	750,000		750,000		750,000	750,000
Mikuini Primary School	600,000		600,000		600,000	600,000
Machakos Primary School	500,000		500,000		500,000	500,000
Kyambuuko Primary School	500,000		500,000		500,000	500,000
Kusyomuomo Primary School	750,000		750,000		750,000	750,000
Misakwani Primary School	500,000		500,000		500,000	500,000
Kathese Primary School	700,000		700,000		700,000	700,000
Kyanguli Primary School	500,000		500,000		500,000	500,000
Mbukoni Primary School	700,000		700,000		700,000	700,000
Kasaini Primary School	800,000		800,000		800,000	800,000
Mutituni S.A Primary School	750,000		750,000		750,000	750,000
Kivutini Primary School	500,000		500,000		500,000	500,000
Yakamete Primary School	800,000		800,000		800,000	800,000
Kamuthanga Primary School	500,000		500,000		500,000	500,000
Kithima Primary School	500,000		500,000		500,000	500,000
Keaa Primary School	500,000		500,000		500,000	500,000
Kwa Kitaa Primary School	500,000		500,000		500,000	500,000
Kyasila Primary School	600,000		600,000		600,000	600,000
Kyaani Primary School	500,000		500,000	500,000	500,000	-
Mua Farm Primary School	1,800,000		1,800,000		1,800,000	1,800,000
Kasinga Primary School	2,000,000		2,000,000		2,000,000	2,000,000
Kivani primary school	700,000		700,000		700,000	700,000
	32,850,000	-	32,850,000	1,750,000	32,850,000	31,100,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Secondary Schools Projects	700,000	-	700,000	-	700,000
Ngelani secondary school	1,000,000		1,000,000		1,000,000
Kitonyini Secondary School	500,000		500,000		500,000
Kanyongo Secondary School	700,000		700,000		700,000
Mutyu Secondary School	800,000		800,000		800,000
Mbukuni Secondary School	700,000		700,000		700,000
Upper Kitanga Secondary School	500,000		500,000		500,000
Kiima Kimwe Secondary School	700,000		700,000		700,000
Katoloni Secondary School	500,000		500,000		500,000
Kitulu Secondary School	1,000,000		1,000,000		1,000,000
Kaseve Secondary School	500,000		500,000		500,000
Machakos Secondary School for the Deaf	1,000,000		1,000,000		1,000,000
ABC Iveti Hills Secondary School	1,500,000		1,500,000		1,500,000
Ikokani Secondary School	6,800,000		6,800,000		6,800,000
Kasinga Secondary School	900,000		900,000		900,000
Miwongoni Secondary School	1,000,000		1,000,000		1,000,000
Ngomeni Secondary School	500,000	500,000	500,000		-
Metuma Secondary School	700,000		700,000		700,000
Kyanda Secondary School	1,000,000		1,000,000		1,000,000
Kyasila Secondary school	1,000,000		1,000,000		1,000,000
Mua Farm secondary school	1,800,000		1,800,000		1,800,000
Kyasila Secondary school	6,800,000		6,800,000		6,800,000
Kikumbo Secondary School	1,500,000		1,500,000		1,500,000
Kyanguli Secondary School	700,000		700,000		700,000
Mua Hill Girls high School	700,000		700,000		700,000
Katamani Secondary School	1,000,000		1,000,000		1,000,000
Muvuti Boys High School	34,500,000	-	34,500,000	500,000	34,000,000
total	67,350,000	59,623,897	126,973,897	61,873,897	65,100,000
Acquisition of Assets					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

		1,322,026	1,322,026	43,130	1,278,896
Other Payments					
Committee expenses	2,808,000	248,500	3,056,500	3,056,500	-
NG-CDFC/PMC Capacity Building	2,350,000	792,912	3,142,912	1,060,088	2,082,824
	5,158,000	1,041,412	6,199,412	4,116,588	2,082,824
Other grants and transfers					
Security Projects					
Assistant county Commissioners office – Kalama Division.	1,500,000		1,500,000		1,500,000
Kiima Kimwe Police Post	1,000,000		1,000,000		1,000,000
Mbilini Assistant Chiefs Office	250,000		250,000		250,000
Mwanyani Assistant Chiefs Office	600,000		600,000		600,000
Machakos County Commissioners residence	1,000,000		1,000,000	1,000,000	-
Mungala Assistant Chiefs Office	500,000		500,000		500,000
	4,850,000	-	4,850,000	1,000,000	3,850,000
Bursary and Social Security					
Secondary Schools	27,106,388		27106387.59	27,106,000	387.59
Tertiary Institutions	18,000,000		18000000	18,000,000	0
	45,106,388	-	45,106,388	45,106,000	388
Environment					
Machakos Primary School	50,000		50000		50000
Miwongoni Secondary School	50,000		50000		50000
Mikuyu Primary School	50,000		50000		50000
Kaseve Primary School	50,000		50000		50000
Kyaani Primary School	50,000		50000		50000
Iiyuni Primary School	50,000		50000		50000
Love Primary School	50,000		50000		50000
Kivandini Secondary School	50,000		50000		50000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MACHAKOS CONSTITUENCY

**Reports and Financial Statements
For the year ended June 30, 2020**

Miwani Secondary School	50,000		50000		50000
Kavyuni Primary School	50,000		50000		50000
	500,000	-	500,000	-	500,000
Emergency	7,198,241			5,300,000	1,898,241
Sub total	57,654,629	4,872,992	62,527,621	56,913,958	5,613,663
GRAND TOTAL	137,367,724	70,061,658	207,429,382	129,394,245	78,035,137

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

SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-Machakos Town 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 Exchequer

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. Cash and Cash Equivalents

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

6. 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.

7. Accounts Payable

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

8. 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

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

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.

9. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

10. Comparative Figures

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

11. 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 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

TRANSFERS FROM OTHER GOVERNMENT ENTITIES			
Description		2019-2020	2018-2019
		Kshs	Kshs
	AIE NO.		
Normal Allocation	B005172		43,405,173
	B005282		11,379,310
	B030195		10,000,000
	B030487		13,000,000
	B006434		6,000,000
	A724465		11,000,000
	B042932		14,000,000
	B047134	5,600,000	
	B047243	45,040,876	
	B047331	10,000,000	
	B041115	4,000,000	
	B047603	20,000,000	
	B047962	6,000,000	
	B049362	14,000,000	
	B096527	15,000,000	
	B096601	9,000,000	
TOTAL		128,640,876	108,784,483

2 PROCEEDS FROM SALE OF ASSETS		
Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Receipts from the Sale of Buildings		-
Receipts from the Sale of Vehicles and Transport Equipment		-
Receipts from the Sale Plant Machinery and Equipment		-
Receipts from the Sale of Office and General Equipment		-
TOTAL	-	-

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

3 OTHER RECEIPTS		
Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Interest Received		-
Rents		-
Sale of Tender Documents		
Other Receipts Not Classified Elsewhere (specify)		
TOTAL	-	-
4 COMPENSATION OF EMPLOYEES		
Description	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of contractual employees	1,661,851	976,599
Personal allowances paid as part of salary		
House allowance	249,278	146,490
Transport allowance		
Leave allowance		
Other personnel payments		
Gratuity-Paid	942,180	
TOTAL	2,853,309	1,123,089
5 USE OF GOODS AND SERVICES		
Description	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	1,147,730	1,216,205
Electricity	11,959	59,520
Water & sewerage charges	3,460	7,800
Office rent	972,696	324,232
Communication, supplies and services	120,000	
Domestic travel and subsistence	144,000	
Printing, advertising and information supplies & services		69,330
Rentals of produced assets	9,450	
Training expenses		
Hospitality supplies and services		
Other committee expenses		
Committee allowance		

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Insurance costs		
Specialised materials and services		
Office and general supplies and services	383,300	9,450
Fuel, oil & lubricants	202,514	554,776
Other operating expenses (bursary cheques processing)	291,000	12,300
Bank service commission and charges	157,314	166,899
Security operations		
Routine maintenance - vehicles and other transport equipment	149,940	109,000
Routine maintenance- other assets		
Strategic Plan	-	3,424,200
TOTAL	3,593,363	5,953,712
6 TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to Primary schools	10,350,000	16,900,000
Transfers to Secondary schools	41,523,897	10,200,000
Transfers to Tertiary institutions	10,000,000	-
		-
TOTAL	61,873,897	27,100,000
7 OTHER GRANTS AND OTHER PAYMENTS		
Description	2019-2020	2018-2019
	Kshs	Kshs
Bursary -Secondary	26,848,000	13,740,900
Bursary -Tertiary	18,258,000	37,568,100
Bursary-Special schools		
Mocks & CAT		
Security	2,000,000	4,000,000
Sports		
Environment	50,000	450,000
Emergency Projects	9,757,958	3,180,000
TOTAL	56,913,958	58,939,000

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8 ACQUISITION OF ASSETS		
<u>Non-Financial Assets</u>	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		7,038,701
Refurbishment of Buildings+B165	-	-
Purchase of Vehicles		-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	1,630	
Purchase of computers, printers and other IT equipments	41,500	
Purchase of photocopier	-	-
Purchase of other office equipments	-	
Purchase of soft ware	-	-
Acquisition of Land	-	-
TOTAL	43,130	7,038,701
9 OTHER PAYMENTS		
	2019-2020	2018-2019
	Kshs	Kshs
Machakos Community water tanks	569,880	-
Capacity building	450,200	666,700
Committee expenses (Admin & M&E)	3,096,508	3,216,612
TOTAL	4,116,588	3,883,312
10A: BANK BALANCE (CASH BOOK BALANCE)		
	2019-2020	2018-2019
Name of Bank, Account No. & currency	Kshs	Kshs
	(30/6/2020)	(30/6/2019)
NG-CDFC MACHAKOS TOWN CONSTITUENCY-EQUITY BANK	8,167,413	6,920,782
Total	8,167,413	6,920,782

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10B: CASH IN HAND	2019 - 2020	2018 - 2019
	Kshs (30/6/2019)	Kshs (30/6/2018)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
TOTAL	-	-

11: OUTSTANDING IMPRESTS			
<i>Name of Officer</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2018)</i>
	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		-	-

12 RETENTION	2019 - 2020	2018 - 2019
Supplier/Contractor		
		-
TOTAL		
12B GRATUITY DEPOSITS	-	-

13 BALANCES BROUGHT FORWARD	2019-2020	2018-2019
	(1/7/2019)	(1/7/2018)
	Kshs	Kshs
Bank accounts	6,920,783	2,174,113
Cash in hand		-
Imprest		-
TOTAL	6,920,783	2,174,113

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14. PRIOR YEAR ADJUSTMENTS			
	Balance b/f FY2019 - 2020 per Financial statements	Adjustments	Adjusted balance b/f 2019 - 2020
	Kshs	Kshs	Kshs
Description of the error			
Bank accounts balances	6,920,783	2,000,000	8,920,783
Cash in hand	-	-	-
Accounts Payable			-
Receivables	-	-	-
			-
TOTAL	6,920,783	2,000,000	8,167,413

15. CHANGES IN ACCOUNTS RECEIVABLE - OUTSTANDING IMPREST		
	2019-2020	2018-2019
	Kshs	Kshs
Outstanding Imprest as at 1st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year ©	-	-
Net changes in accounts receivables (D=A+B-C)	-	-

16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION		
	2019-2020	2018-2019
	Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)	-	
Deposits and Retention held during the year (B)		
Deposits and Retention paid during the year ©	-	
Net changes in accounts payable (D=A+B-C)	-	

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OTHER IMPORTANT DISCLOSURES

PENDING ACCOUNTS PAYABLE (See Annex 1)	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
TOTAL	-	-
PENDING STAFF PAYABLES (See Annex 2)		
	2019-2020	2018-2019
	Kshs	Kshs
	-	-
	-	-
	-	-
UNUTILIZED FUND (See Annex 3)		
	2019-2020	2018-2019
	Kshs	Kshs
Compensation of Employees	2,417,701	1,944,622
Use of goods and services	1,542,053	3,531,000
Transfers to Other Government Units	65,100,000	24,400,000
Other grants and transfers	5,613,663	15,039,311
Acquisition of Assets	1,278,896	7,500,000
Other Payments	2,082,824	3,633,092
Community water tanks		569,880
Sports		1,263,664
Constituency innovation hubs project		4,677,027
TOTAL	78,035,137	62,558,596

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17.4 PMC Balances (Annex 5)

	2019-2020	2018-2019
TOTAL	9,531,388	1,054,589.13

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE					
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance	Comments
	a	b	c	2019 d=a-c	
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.					

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12.					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES							
Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance		Comments
					2018		
		a	b	c			
NGCDF Staff salary							
1.							
2.							
3.							
Sub-Total							
NGCDFC Staff gratuity							
1							
2							
Sub-Total							
Others (specify)							
1							
2							

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3							
Sub-Total							
Grand Total							

ANNEX 3 – ANALYSIS OF UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance		Comments
		2019/2020	2018/2019	
Compensation of employees	Employee salaries and Gratuity	2,417,701		
Use of goods & services	purchase of goods and services	1,542,053	3,531,000	

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Amounts due to other Government entities					
PRIMARY SCHOOLS					
	Mikono Primary School		1,500,000		
	Mbusyani Primary School		500,000		
	St. Johns Academy Primary School		800,000		
	Kyamuthinza Primary School		500,000		
	Malooni primary school		900,000		
	Minyalala Primary School		500,000		
	Ivutini Primary School		500,000		
	Ulaani Primary School		500,000		
	Kyangala Primary School		750,000		
	Kisueni Primary School		500,000		
	Mbevo Primary School		500,000		
	Miwani Primary School		500,000		
	Kimutwa Primary School		500,000		
	Makaveti Primary School		600,000		
	Mang'auni primary school		600,000		

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	Kamweleni Primary School	500,000		
	Konza Primary School	750,000		
	Katheka kai Primary School	750,000		
	Uiini Primary School	2,100,000		
	St. Francis Kavovi Primary School	700,000		
	Kathaayoni Primary School	700,000		
	Muthini Primary School	500,000		
	Kivandini Primary School	750,000		
	Mikuini Primary School	600,000		
	Machakos Primary School	500,000		
	Kyambuko Primary School	500,000		
	Kusyomuomo Primary School	750,000		
	Misakwani Primary School	500,000		
	Kathese Primary School	700,000		
	Kyanguli Primary School	500,000		
	Mbukoni Primary School	700,000		

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	Kasaini Primary School	800,000	
	Mutituni S.A Primary School	750,000	
	Kivutini Primary School	500,000	
	Yakamete Primary School	800,000	
	Kamuthanga Primary School	500,000	
	Kithima Primary School	500,000	
	Keaa Primary School	500,000	
	Kwa Kitaa Primary School	500,000	
	Kyasila Primary School	600,000	
	Mua Farm Primary School	1,800,000	
	Kasinga Primary School	2,000,000	
	Kivani primary school	700,000	
		31,100,000	
SECONDARY SCHOOLS			
	Ngelani secondary school	700,000	
	Kitonyini Secondary School	1,000,000	
	Kanyongo Secondary School	500,000	
	Mutuyu Secondary School	700,000	

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	Mbukuni Secondary School	800,000		
	Upper Kitanga Secondary School	700,000		
	Kiima Kimwe Secondary School	500,000		
	Katoloni Secondary School	700,000		
	Kitulu Secondary School	500,000		
	Kaseve Secondary School	1,000,000		
	Machakos Secondary School for the Deaf	500,000		
	ABC Iveti Hills Secondary School	1,000,000		
	Ikokani Secondary School	1,500,000		
	Kasinga Secondary School	6,800,000		
	Miwongoni Secondary School	900,000		
	Ngomeni Secondary School	1,000,000		
	Kyanda Secondary School	700,000		

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	Kyasila Secondary school	1,000,000		
	Mua Farm secondary school	1,000,000		
	Kyasila Secondary school	1,800,000		
	Kikumbo Secondary School	6,800,000		
	Kyanguli Secondary School	1,500,000		
	Mua Hill Girls high School	700,000		
	Katamani Secondary School	700,000		
	Muvuti Boys High School	1,000,000		
		34,000,000		
		65,100,000		
Sub-Total				
Amounts due to other grants and other transfers				
	Assistant county Commissioners office – Kalama Division.	1,500,000		
	Kiima Kimwe Police Post	1,000,000		

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	Mbilini Assistant Chiefs Office	250,000	
	Mwanyani Assistant Chiefs Office	600,000	
	Mungala Assistant Chiefs Office	500,000	
		3,850,000	
	Environment projects	500,000	
	Emergency	1,263,663	
		5,613,663	
Sub-Total		1,898,241	
Acquisition of assets		2,082,824	
Others	M&E/Capacity Bulding	2,082,824	
Sub-Total		78,035,137	
Grand Total			

ANNEX 4 SUMMARY OF FIXED ASSETS

Asset class	Historical Cost b/f		Disposals during the year (Kshs)	Historical Cost (Kshs)
	2018/19	2019/20		
Land				
Buildings and structures	20,567,864			20,567,864
Transport equipment	2,746,279			2,746,279
Office equipment, furniture and fittings	30,500	1,630		32,130
ICT Equipment, Software and Other ICT Assets	999,820	41,300		1,041,120
Other Machinery and Equipment	99,000			99,000

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Heritage and cultural assets				~
Intangible assets	-			~
Total	24,443,463	42,930	24,486,393	

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ANNEX 5 – PMC BANK BALANCES

PMC	BANK	ACCOUNT NUMBER	BANK BALANCE AS AT 30-06-2020	BANK BALANCE AS AT 30-06-2019
Kalama Deputy Commissioners Toilets	National Bank	01520226441400	212,559.00	
Machakos Baptist Primary School	National Bank	01520225597100	45,262.00	
Kikumbo Primary School	National Bank	01520226124100	1,500,500.00	
Mutituni Primary School	National Bank	01520217186300	50.00	
Machakos County Commissioners Residence	National Bank	01520225508700	362.00	
kinoi Secondary School	Equity Bank	0600293791282	32,681.55	
Mulaani Secondary School	Equity Bank	0600263431465	674.75	
Kiuu HGM Primary School	Equity Bank	0600162106116	15,083.00	
Manza Primary School	Equity Bank	0600262677535	127.50	
Machakos Community Water Tanks	Equity Bank	0600277324973	100.00	
Iiyuni Secondary School	Equity Bank	0600264736832	802,040.00	
Kyanguli Primary School	Equity Bank	0600263435420	5,520.00	
Miwani Secondary School	Equity Bank	0600295287870	47.00	
Nzaini Primary School	Equity Bank	0600263658838	243.00	
Kyeni Primary School	Equity Bank	0600264452882	69.05	
Assistant County Commissioners Office Vota Division	Family Bank	073000039672	1,000,000.00	
Kwa Kavoo Secondary School	Family Bank	073000030741	88,136.80	
Iluvya Primary School	Family Bank	073000033597	431.60	
Kyasila Secondary School	Family Bank	0730000188805	1,000,086.00	

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Ivumbuni Primary School	Family Bank	073000039894	82.00	
Metuma Secondary School	Family Bank	073000019414	35,551.00	9,165.52
Kwakatheke Primary School	Family Bank	073000029200	3,473.13	
Yakamete Primary School	Co-operative Bank	01139071251001	33,541.00	
Mutuyu Primary School	Co-operative Bank	01139072616702	300,000.00	
Kikumbo Secondary School	Co-operative Bank	01139033113802	2,102,172.50	
Ikokani Secondary School	Co-operative Bank	01139748446800	1,128,621.50	
Kitonyini Primary School	Co-operative Bank	01139071992802	400,172.50	949,810.00
Mua Farm Secondary School	Co-operative Bank	01139033226504	32,184.55	
Kyaani Primary School	Co-operative Bank	01139071152000	9,504.50	
Kiatuni Secondary School	Co-operative Bank	01139550688100	9,504.50	
Kaseveni Primary School	Co-operative Bank	01139277861501	183,922.87	
Mwanyani Primary School	Co-operative Bank	01139749051700	2,240.00	
Mikuini Secondary School	Co-operative Bank	01139033455201	17,920.60	
Mikuyu Primary School	Co-operative Bank	01139072686202	1,082.50	
Machakos School For the Deaf	Co-operative Bank	01139749601900	499,520.00	
Kyanzasu Primary School	Co-operative Bank	01139071979002	7,314.00	
Makyau Secondary School	Co-operative Bank	01139550771801	35,048.00	
Kyandili Secondary School	Sidian Bank	01018030000480	25,560.00	
St. Francis Kavovi Primary School	Sidian Bank	01018030001486	-	(11.64)
Machakos County Commissioners Office	Sidian Bank	01018150014530		677.50
Ngelani Secondary School	Equity Bank	0600264173665		835.00
Miwongoni Secondary School	KCB Bank	1118722620		904.00

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Katelembo Boys Centre of Excellence Secondary School	Family Bank	`073000015500		4,918.60
Makakoi Secondary School	KCB Bank	1171361289		87,230.00
Kyambuko Secondary School	Equity Bank	`0600270189312		170.00
Baraka S.A Kavyuni Secondary School	Equity Bank	`0600298977255		51.90
Ngunyumu Primary School	Sidian Bank	`01018150014430		77.50
Ngelani Primary School	Family Bank	`073000012890		760.75
TOTAL			9,531,388.40	1,054,589.13

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
F/Y ending June 2019	Cash and cash equivalents- unrepresented cheques amounting to Ksh 18,877,455.75 and payments in bank and not in cash book totalling to Ksh 111,480 breakdown had not been provided for audit. Hence the accuracy of the cash and cash equivalents at the end of the year could not be confirmed.	List of unrepresented cheques totalling to 18,877,455.75 and breakdown of bank charges totalling 111,480 to be provided.	Kenneth Amanyaa- F.A.M	Resolved	Immediately
	Office Rent The lease agreement for the office occupancy is not valid (has expired). So, the entity may expose itself to possible litigation should there be a disagreement between themselves and the landlord.	The office lease to be duly registered.	Kenneth Amanyaa- F.A.M	Resolved	Immediately

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	Non-provision of PMC bank balance certificates In absence of the above certificates, disclosures made in the financial statements could not be ascertained.	All current PMC bank balance certificates to be requested from the bank and submitted	Kenneth Amanyama-F.A.M	Immediately
	Irregular procurement method and process-construction of NG-CDF office block The following observations were made Restricted tender was issued preferred method being open tender B.Q was not provided Completion certificate was not provided	Open tender was used not restricted as stated. B.Q for the office block and completion certificate to be availed.	Kenneth Amanyama-F.A.M	Immediately
	Under absorption of budget- Compensation of employees Management to explain why the budgeted funds under the compensation of employees were not utilised.	The under absorption was due to pending staff gratuity which was to be paid	Kenneth Amanyama-F.A.M	Immediately