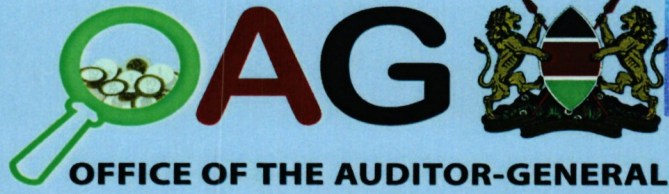



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 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING	
REPORT DATE: 03 MAR 2022	DAY: THURSDAY
TABLED BY: LDM	
OFFICER-AT-THE-TABLE:	C. Ndlovu

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
KISUMU CENTRAL CONSTITUENCY**

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

Revised Template 30th June 2020



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
KISUMU CENTRAL 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)

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

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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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 Kisumu Central 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:

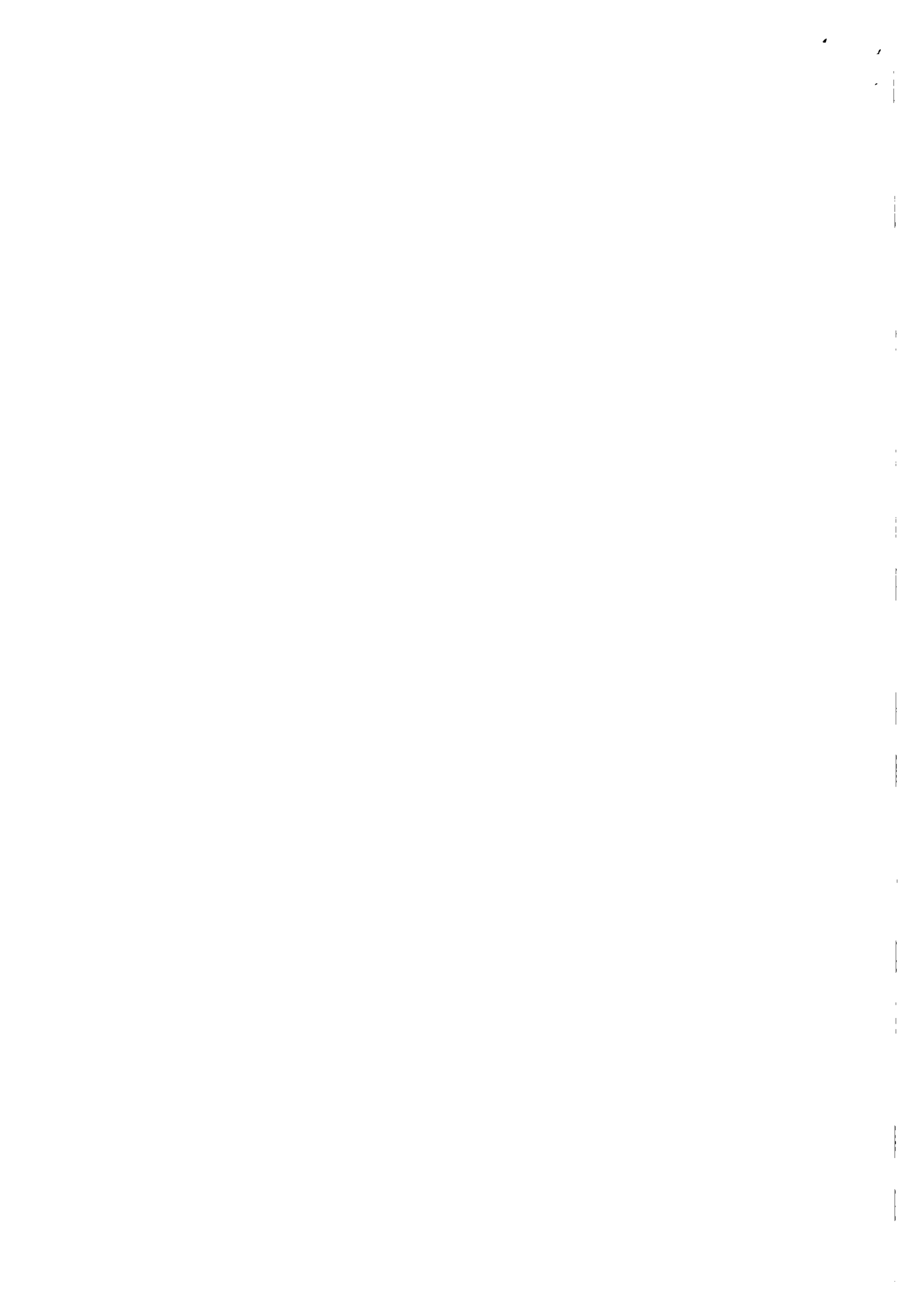
No	Designation	Name
1.	A.I.E holder	Henry Samson Juma Opilo
2.	Sub-County Accountant	Lee Odhiambo Omanje
3.	Chairman NGCDFC	Samson Oketch Nyawanda
4.	Member NGCDFC	Anita Nyagaya Ogutu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Kisumu Central 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 Kisumu Central Constituency Headquarters

P.O. Box 1077-40100
Tom Mboya Estate
Behind Golden Elites Premier school
Kisumu, Kenya



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY
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(f) NGCDF Kisumu Central Constituency Contacts

Telephone: (254) 721967624
E-mail: ksmucentral.ngcdf.go.ke
Website: www.go.ke

(g) NGCDF Kisumu Central Constituency Bankers

1. Cooperative Bank of Kenya
Kisumu East Branch
P.O. Box
Kisumu, Kenya

(h) Independent Auditors

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

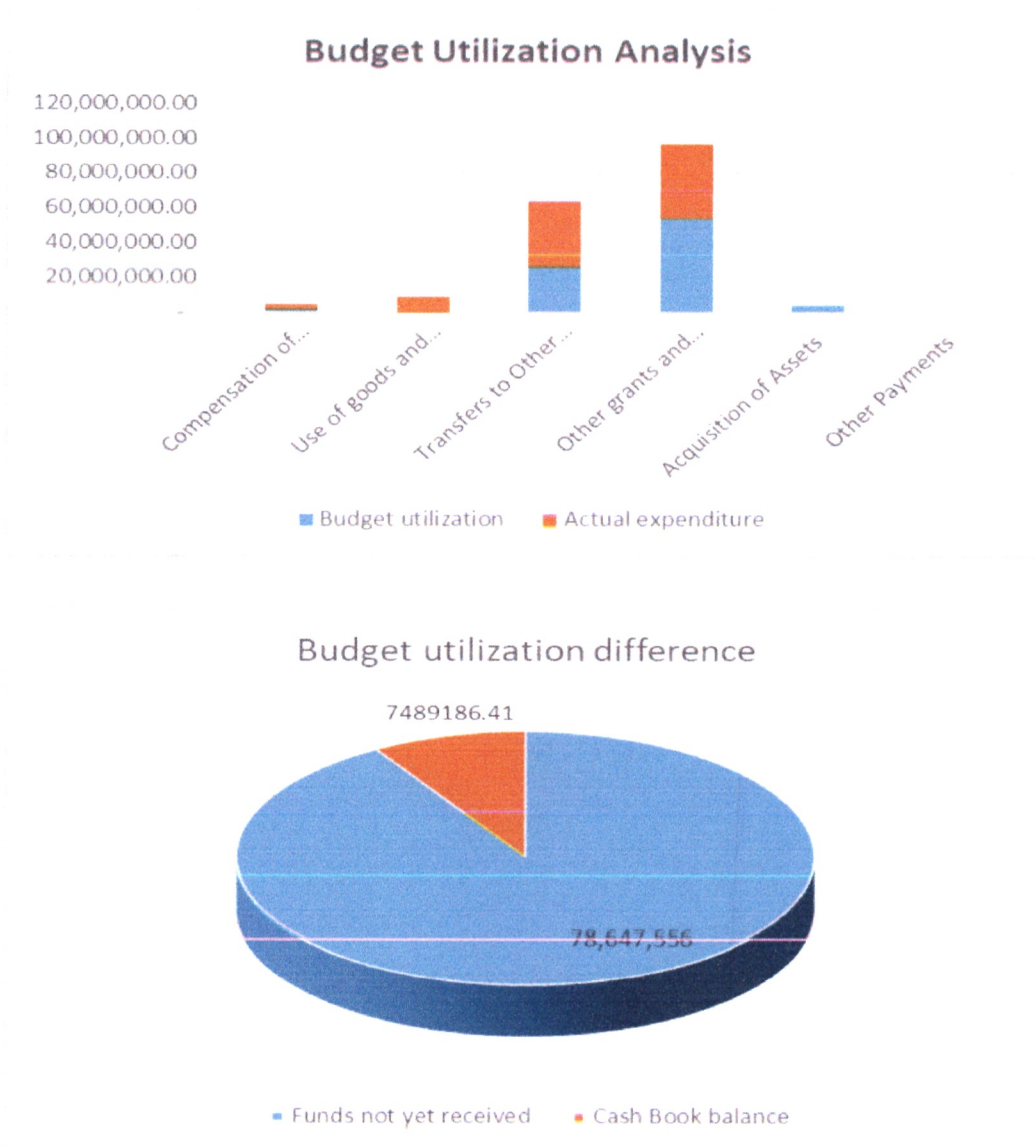
(i) Principal Legal Adviser

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

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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Once again, I present our constituency Annual Report and Financial Statements for the year ended 30th June 2020. The actual receipt from the NGCDF board for the year 2019/2020 was **Kshs. 70,500,000** against the annual budget (allocation) of **Kshs137,367,723**. An additional Kshs. 26,032,554.25 was received in relation to the previous financial years. By the closure of the financial year, a balance of Ksh 78,647,556 of the allocated fund including balances not received from previous years had not been received as elaborated in the appropriate summary (see graph on appropriation of the budget utilization). Even so, the absorption rate was above average with a utilization rate of 56% overall as indicated by the appropriation analysis summary (see the graphs below). This is a decrease of 17.0% from last year absorption rate pointing to a range of operational difficulties majorly caused by the Covid-19 pandemic.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Our commitment to achieve our dream of being the model constituency in Kenya by bringing all the essential services to the people has been our main motivation for the continued good performance under the difficult operating environment.

Some of the key achievements during this financial year included allocation of funds to different government agencies, that is, 9 primary schools (Ksh. 28, 600,054), and 5 secondary schools (Kshs. 38,000,000) thus giving total budgeted transfer to other government institutions of Kshs. 66,600,054. Of the budget, we were able to disburse a total of Kshs 23,100,054 to primary schools and Kshs. 14,500,000 to various secondary schools. Besides, bursary was issued to secondary and tertiary institutions benefitting about 200 students who are fully sponsored thus indicating how education wise the NG-CDF fund is impacting on lives of the Kenyans with specific reference to Kisumu Central constituents.

The following sample photos portrays the projects that were achieved in the just ended FY 19/20;



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY
Reports and Financial Statements
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VICTORIA PRIMARY SCHOOL



Sign

A handwritten signature in blue ink, consisting of a stylized, circular scribble.

Samson Oketch Nyawanda

CHAIRMAN NG-CDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY
Reports and Financial Statements
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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 NGCDF-Kisumu Central Constituency's 2018-2022 plan are to:

- a) To institutionalize and to continue to build capacity of Kisumu Central Constituency
- b) To increase access to education and training opportunities
- c) To develop infrastructure aimed at improving living conditions of the constituents
- d) To promote social and cultural development
- e) To promote access to information, communication and technology to accelerate development and skills development
- f) To reduce insecurity within the constituency
- g) To improve the environment

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 Program	Objective	Outcome	Indicator	Performance
Education	To improve learning facilities by renovating dilapidated structures, modernising libraries and laboratories, construction of ablution and administration blocks, better management of bursary funds	-Increase access to education and training opportunities	- Students benefits from bursary yearly - Number of Primary schools, secondary schools and tertiary institution projects	-In FY 19/20 number of new classrooms increased by 27, in the following schools/institutions; Kudho Secondary School, Bishop Abiero Shaurimoyo Sec, Dunga Primary and Magadi Sec ~ More than 3,900 students benefited from bursary -20 primary schools, 14 secondary schools and 1 tertiary institution benefited
Security	Construction of Police quarters,	-Availability of security in the	-Number of Police stations	Construction of 3 chief's offices is on

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Reports and Financial Statements

For the year ended June 30, 2020

	Dos office, chief and Assistant chief's office across the constituency	communities to curb criminal activities	infrastructure - Number of Chiefs offices - Number of DO's offices	going. Kondele police station has been improved
Environment	Planting trees, supplying and installation of tanks	-Planting trees -Tanks installed	Number of institution that have benefited from Trees planting -Number of schools with water reserves	-In FY 2019/2020 over 10 tanks have been installed in secondary and primary schools
Sports	Empower and develop youth and special groups	- Number of youth groups benefiting from the sports programme	-Number of sports tournament sponsored by the constituency fund -Number of teams who benefited from sports uniforms	-In FY 2019/2020, sports uniforms were bought and issued to more than 15 teams within the constituency
Disaster Management	Avoid potential losses from hazards	Eliminate/reduce possibility of risk occurring	Preparedness by budgeting for emergency funds	-In FY 2019/2020 emergency activities were implemented; purchase and distribution of dry cereals to constituents

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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**Reports and Financial Statements
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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Kisumu Central 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.

1. Sustainability strategy and profile

Efforts were made by Kisumu Central NG-CDF Committee to implement most of the constituency’s planned activities within the existing constitutional procedures which aided in remaining objective and thus enhancing performance and also encouraging community participation. The latter was greatly dependent on our strategic plan as depicted in our vision, mission and core values.

	Description	Relevance to sustainability strategy
Vision	A constituency with service deliverables and efficiencies that meet world best practise	Kisumu Central Constituency is striving to augment the national agenda through the locals
Mission	To use CDF resources in cost effective manner in provision of quality response to the challenges facing the residents of Kisumu Central Constituency and also foster, develop and utilize a strong stakeholder involvement and community participation in many facets of CDF Operations	Kisumu Central Constituency is ensuring this by involving community participation in meeting grass root challenges in line with the identified strategic focus by United Nations and at National level

2. Environmental performance

Environmental policy is the commitment of an organization or government to the laws, regulations and other policy mechanisms concerning environmental issues. Kisumu central NG-CDF has drafted an environmental policy on:-

- a) Increasing of the number of trees in the constituency by ensuring that in every year funds on planting of trees are allocated to schools and parks within he constituency.
- b) Ensuring that the constituency observe the international environmental day every year.
- c) Ensuring that water reserves are installed every year on CDF projects to promote harvesting of water.

Success of the policy.

Due to continued planting of trees especially in parks, primary and secondary schools, the ground cover has been enhanced reducing the soil erosion. Besides, it is evident that the weather patterns have been enhanced due to the increased number of trees in the constituency. The communities have been aroused on the need to conserve environment based on the benefits witnessed over time.

Short comings

One of the shortcomings of the environmental policy in Kisumu central is sustainability of the projects. Majority of the trees planted in parks are left to the County Government and thus follow

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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**Reports and Financial Statements
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ups are supposed to be done by the local authorities which leaves the trees planted prone to drying. Schools administration have perceptions that the planted trees are for the CDF and therefore, they don't engage to the extent required in ensuring that planted trees are maintained thus many trees end up drying with the ones which survives getting retarded growth. Finally, getting approvals from environmental projects is a challenge being that environmental project is under CDF while the point of implementation is at the devolved units therefore causing delays.

Management of biodiversity.

Kisumu central NG-CDF believe in maintaining the ground cover which is an ecosystem favourable to human and organisms. The air we breathe is an integral part of wider benefits derived from conserving the environment and other earth fauna assist in breaking down humus into nutrients consumable by plants and eventually plants become food to human.

It is therefore imperative that management of biodiversity is the key objective advanced by Kisumu central NG-CDF ensuring that environmental conservation through tree planting is a priority.

Waste Management

Waste management include the activities and actions required to manage waste from its inception to its final use. Kisumu central NG-CDF is looking forward at implementing bio-digest ablution blocks in schools in the forthcoming years.

3. Employee welfare

Classes of Employment

Kisumu Central NG-CDFC offers only classes of employment, which are Contract employees who are employed for 3 years on a renewable contract and they are eligible for employee benefits in line with the constitutional requirements.

Casual employees are hired to perform specific duties on a daily or weekly basis on a piece rate payment system of which they not allowed to work continuously for more than three (3) months and are not eligible for any employee benefits.

Recruitment Procedure

The Fund Account Manager declares vacancies in the office through the NG-CDFC, an approval is then sought for advertisement within the constituency to be done.

The Advertisement contains the following:

- i. Job title
- ii. Main purpose of the job
- iii. A brief description of the key responsibilities of the job
- iv. Education, experience, skills and competencies required for the job
- v. Location of the job

A sub-committee is formed to handle recruitment procedures until the required candidate is placed on the job.

As regards to performance appraisal, the employees are given set targets which are evaluated at the end of the period and employees ranked in order of performance and rewarded at the end of the year by the NG-CDFC committee.

The following workplace policies on safety program are practised:-

- a) Employees are trained on roles relating to safety measures.
- b) Different hazard control methods have been identified and kept on standby
- c) Documentation of safety data and hazard analysis and standard operating procedures Put in place.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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4. Market place practices-

a) Responsible competition practice.

NGCDF Kisumu central ensure responsible competition practise by adhering to the requirements of the Public Procurement and Asset Disposal Act (2020). Besides provisions of the constitution and the CDF Act (2016) is applied to enable responsible political involvement among others. Local contractors are used in the CDF services and works to ensure that the main aim of the fund which is equitable distribution and poverty alleviation is achieved within the constituency.

b) Responsible Supply chain and supplier relations

NGCDF Kisumu central ensure responsible supply chain and supplier relations by transferring funds to the project management committee account, guiding the tendering process to ensure that locals benefits adequately.

5. Community Engagements -

Community participation include involvement of members of the beneficiary community in development, empowering people and helping them make decisions on desired developmental outcomes. During the financial 2019/2020, NG-CDF Kisumu Central conducted food items distribution to the constituents as evidenced in the following photos. This was achieved by involving the community coordinators who worked with the local youth to distribute the food items.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY**

**Reports and Financial Statements
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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

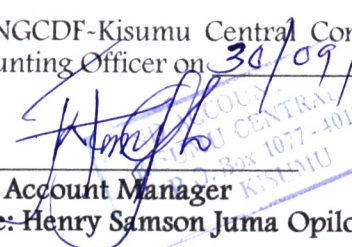
The Accounting Officer in charge of the NGCDF-Kisumu Central Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 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; and (vi) making accounting estimates that are reasonable in the circumstances.

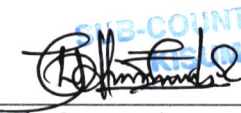
The Accounting Officer in charge of the NGCDF-Kisumu Central Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Kisumu Central Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-Kisumu Central 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-Kisumu Central Constituency financial statements were approved and signed by the Accounting Officer on 30/09/ 2020.


Fund Account Manager
Name: Henry Samson Juma Opilo


Sub-County Accountant
Name: Lee Odhiambo Omanje 9066
ICPAK Member Number:.....



REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kisumu Central Constituency set out on pages 16 to 46, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year the 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 the National Government Constituencies Development Fund - Kisumu Central 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) comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Inaccuracies of Cash and Cash Equivalents

The statement of assets and liabilities as at 30 June, 2020 reflects bank balances of Kshs.7,489,186 which is in respect of an account held at a local Bank. However, the bank reconciliation statement for the account for the month of June, 2020 reflects unrepresented cheques totalling to Kshs.3,700,700 out of which Kshs.220,358 were stale. These cheques had not been reversed in the cashbook and no explanation was provided for the anomaly.

Consequently, the validity, accuracy and completeness of the cash and cash equivalent balance of Kshs.7,489,186 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 the National Government Constituencies Development Fund - Kisumu Central 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 of the current year. There are no key audit matters to report in the year under review.

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined for the year under review reflects total budgeted receipts and actual receipts on comparable basis of Kshs.178,879,024 and Kshs.96,532,554 respectively resulting to a budget shortfall of Kshs.82,346,470 or (46%) of the budget. Similarly, the summary statement of appropriation reflects final budgeted payments of Kshs.178,879,024 against actual payments of Kshs.92,742,282 resulting in a budget under-absorption of Kshs.86,136,742 or 48% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Compliance with 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

Poor Workmanship on Renovation Works at Arya Primary School

As disclosed under Note 6 to the financial statement, the statement of receipts and payments reflects transfer to other government units of Kshs.37,600,054. Included in this figure is transfer to primary schools of Kshs.23,100,054. A review of the financial records indicates that Arya Primary School was allocated Kshs.6,500,000 for the renovations of six classrooms out of which, Kshs.3,000,000 was paid to the School's Project

Management Committee (PMC) account in the year under review. However, physical verification of the project in the month of February, 2021 revealed defects on the ongoing works as was evidenced by floor tiles breakages, broken glass window panes and defects on replaced ceiling boards indicating poor workmanship.

Consequently, the propriety and value for money of Kshs.3,000,000 expenditure for the year ended 30 June, 2020 could not be ascertained.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements, 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 SYSTEMS

Conclusion

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

Basis for Conclusion

Bursary Policy

As disclosed under Note 7 to the financial statement, the statement of receipts and payments for the year ended 30 June, 2020 reflects other grants and other payments of Kshs.42,569,325 which includes Kshs.19,498,565, in respect of bursary for the needy students. However, the criteria for application, review of the applications, determination of the rates and final award of the bursaries to both secondary and tertiary beneficiaries was not expressly defined in the NG-CDF minutes as stipulated in Section 12(5) of the NG-CDF Act, 2015.

In the circumstance it is not clear whether there was fairness in bursary allocation for the 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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 as a going concern or 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

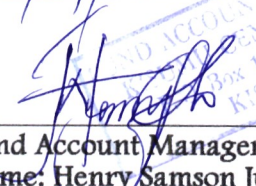
11 February, 2022


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

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	96,532,554	92,607,800
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		96,532,554	92,607,800
PAYMENTS			
Compensation of employees	4	3,496,020	4,553,990
Use of goods and services	5	9,076,883	10,284,316
Transfers to Other Government Units	6	37,600,054	60,495,000
Other grants and transfers	7	42,569,325	42,955,967
Acquisition of Assets	8	-	2,000,000
Other Payments	9	-	-
TOTAL PAYMENTS		92,742,282	120,289,273
SURPLUS/DEFICIT		3,790,272	(27,681,473)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisumu Central Constituency financial statements were approved on 30/09/2020 and signed by:


Fund Account Manager
Name: Henry Samson Juma Opilo

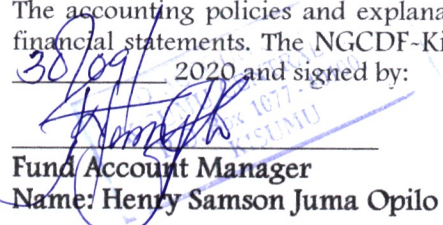

SUB-COUNTY ACCOUNTANT
KISUMU CENTRAL
National Sub-County Accountant
Name: Lee Odhiambo Omanje
ICPAK Member Number:.....9066

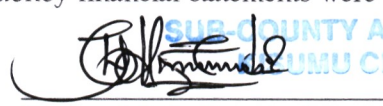
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

VIII. 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	7,489,186	3,698,914
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		7,489,186	3,698,914
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		7,489,186	3,698,914
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12A		
Gratuity	12B	-	-
NET FINANCIAL ASSETS		7,489,186	3,698,914
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	3,698,914	30,940,067
Surplus/Deficit for the year		3,790,272	(27,681,473)
Prior year adjustments	14		440,320
NET FINANCIAL POSITION		7,489,186	3,698,914

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisumu Central Constituency financial statements were approved on 30/09/2020 and signed by:


Fund Account Manager
Name: Henry Samson Juma Opilo

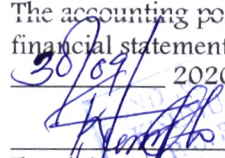

National Sub-County Accountant
Name: Lee Odhiambo Omanje 9066
ICPAK Member Number:.....

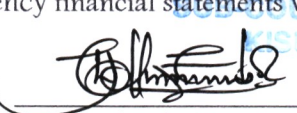
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
KISUMU CENTRAL CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2020

IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	96,532,554	92,607,800
Other Receipts	3	-	-
		96,532,554	92,607,800
Payments for operating expenses			
Compensation of Employees	4	3,496,020	4,553,990
Use of goods and services	5	9,076,883	10,284,316
Transfers to Other Government Units	6	37,600,054	60,495,000
Other grants and transfers	7	42,569,325	42,955,967
Other Payments	9	-	-
		92,742,282	118,289,273
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15		
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	440,320
Net Adjustments		-	440,320
Net cash flow from operating activities		3,790,272	(25,241,153)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8	-	(2,000,000)
Net cash flows from Investing Activities		-	(2,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		3,790,272	(27,241,153)
Cash and cash equivalent at BEGINNING of the year	13	3,698,914	30,940,067
Cash and cash equivalent at END of the year		7,489,186	3,698,914

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Kisumu Central Constituency financial statements were approved on 30/09/2020 and signed by:


Fund Account Manager
Name: Henry Samson Juma Opilo


National Sub-County Accountant
Name: Lee Odhiambo Omanje
ICPAK Member Number:.....9066.....

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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,723	41,511,300	178,879,024	96,532,554	82,346,469	54%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL RECEIPTS	137,367,723	41,511,300	178,879,024	96,532,554	82,346,469	54%
PAYMENTS						
Compensation of Employees	3,795,180	1,676,010	5,471,190	3,496,020	1,975,170	64%
Use of goods and services	8,567,915	937,923	9,505,839	9,076,883	428,955	96%
Transfers to Other Government Units	61,000,000	5,600,054	66,600,054	37,600,054	29,000,000	57%
Other grants and transfers	64,004,628	29,797,314	93,801,942	42,569,325	51,232,617	45%
Acquisition of Assets	-	3,500,000	3,500,000	-	3,500,000	0%
Other Payments	-	-	-	-	-	-
TOTAL	137,367,723	41,511,300	178,879,024	92,742,282	86,136,742	52%

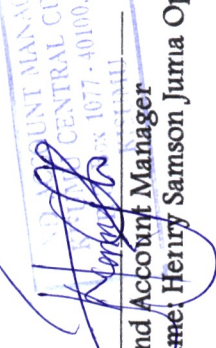
(a) Underutilization (below 90% of utilization)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISUMU CENTRAL CONSTITUENCY

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

- i. **Compensation of employees:** The employees were remunerated during the year. However, the utilization was 64% as a result of rollover funds from the previous financial year.
- ii. **Transfer to other government units:** Funds were transferred to other government units. However, funds were transferred to other institutions partially as a result of delay of disbursement of funds from the NG-CDF Board thus utilisation of 57%.
- iii. **Other Grants and transfers:** Utilisation was partially achieved up to 45% since bursary funds were not fully disbursed as a result of the Covid-19 pandemic which lead to the schools being closed. Besides, re-allocations request had been placed and are pending approvals from the NG-CDF Board.

The NGCDF-Kisumu Central Constituency financial statements were approved on 30/09 2020 and signed by:


Fund Account Manager
Name: Henry Samson Jurnia Opilo


**SUB-COUNTY ACCOUNTANT
KISUMU CENTRAL**

Sub-County Accountant
Name: Lee Odhiambo Omanje 9066
ICPAK Member Number:.....

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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB - PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,795,180	1,676,010	5,471,190	3,496,020	1,975,170
1.2 Committee allowances	1,560,000	-	1,560,000	1,557,600	2,400
1.3 Use of goods and services	2,886,883	937,923	3,824,806	3,450,513	374,293
1.4 Acquisition of assets	-	-	-	-	0.00
Sub-total	8,242,063	2,613,933	10,855,996	8,504,133	2,351,863
2.0 Monitoring and evaluation					
2.1 Capacity building	1,534,000	-	1,540,000	1,537,913	2,087
2.2 Committee allowances	1,248,000	-	1,248,000	1,202,815	45,185
2.3 Use of goods and services	1,333,032	-	1,333,032	1,328,042	4,990
Sub-total	4,115,032	-	4,121,032	4,068,770	52,262
3.0 Emergency					
3.4 Security projects	7,198,241	-	7,198,241	7,167,709	30,532
4.0 Bursary and Social Security					
4.1 Primary Schools	-	-	-	-	0.00
4.2 Secondary Schools	25,000,000	4,299,999	29,300,000	10,684,293	18,615,706
4.3 Tertiary Institutions	17,811,678	2,983,997	20,795,675	8,794,270	12,001,405
4.4 Universities	-	-	-	-	-
4.5 Social Security	-	-	-	-	-
Sub-total	42,811,678	7,283,996	50,095,674	19,478,563	30,617,111

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – KISUMU CENTRAL CONSTITUENCY

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

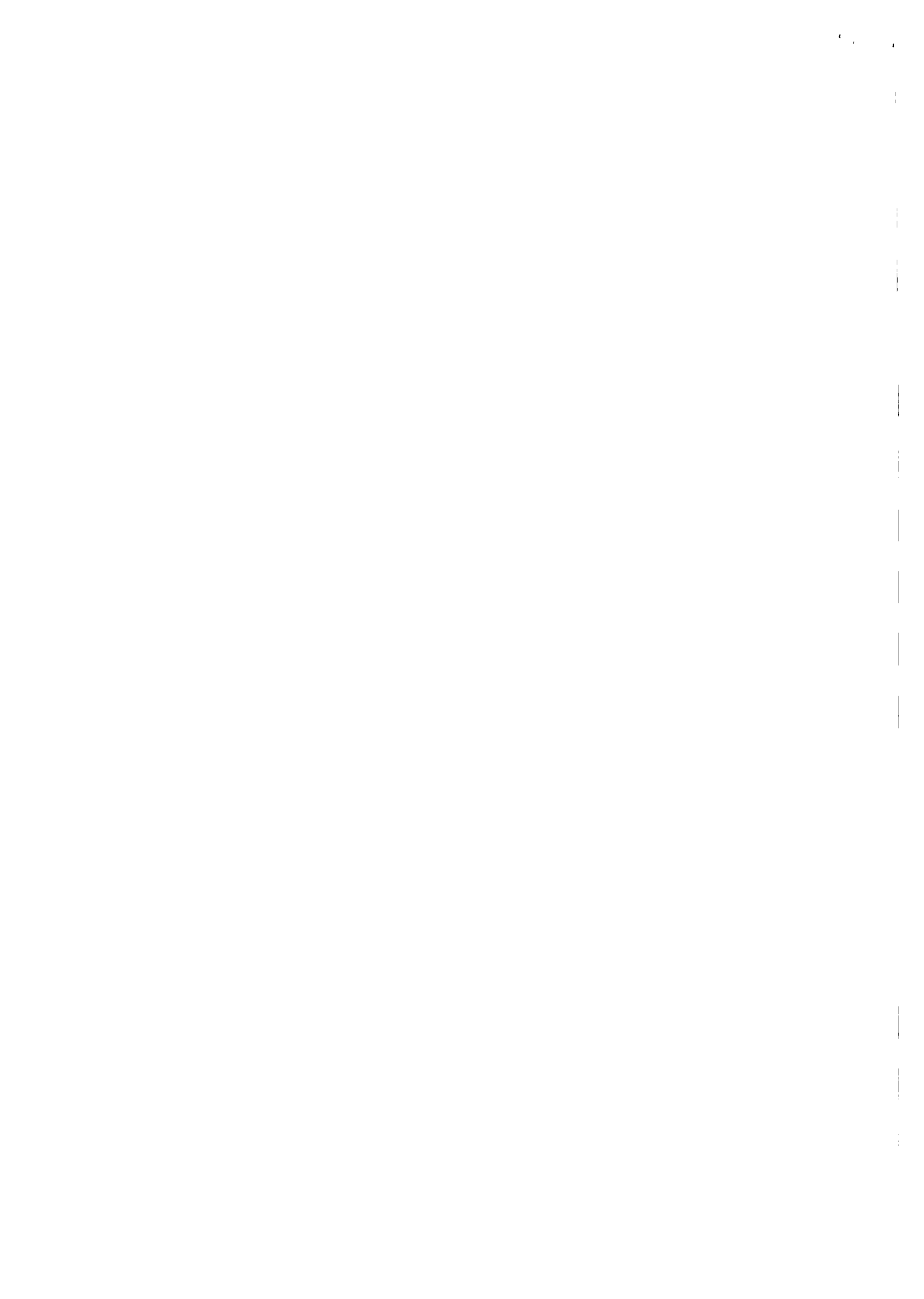
10.0 Security Projects									
	10.1								
11.0 Acquisition of assets									
11.1 Motor Vehicles									
11.2 Construction of CDF office		3,500,000			3,500,000				3,500,000
11.3 Purchase of furniture and equipment									
11.4 Purchase of computers									
					3,500,000				3,500,000
12.0 Roads									
Westgate-metrological road		3,001,616			3,001,616			3,001,616	
Florida-Obunga Police post road		1,999,144			1,999,144			1,999,144	
Fiveways junction -Kilo Ringroad Orphanage access road		3,199,280			3,199,280			3,199,280	
Joel Omino-Got owak road		2,518,518			2,518,518			1,500,308	1,018,210
Arina primary round about-Chiefs camp road		3,712,366			3,712,366				3,712,366
Nanga Kapuothe- Nanga Primary access Road		2,001,232			2,001,232			2,001,232	
Afya-Maua road		2,400,000			2,400,000				2,400,000
Dunga beach- Dunga primary access road		1,500,344			1,500,344			1,500,344	
Callbox Centre-White Gate centre access road		2,500,000			2,500,000				2,500,000
Gudka estate-Corner Maji centre access road		3,000,000			3,000,000				3,000,000
Ombinju primary-Kona Mbaya centre access road		3,000,000			3,000,000				3,000,000
Sub-total		8,500,000		20,332,500	28,832,500		13,201,924		15,630,576
12.1 Strategic Plan									
12.2 Innovati on Hub									



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISUMU CENTRAL CONSTITUENCY

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

12.2 TIVET							
TOTAL	137,367,723	41,511,301	178,879,024	92,742,282	86,136,742	-	86,136,742



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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
KISUMU CENTRAL CONSTITUENCY***

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 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.

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 2020.

14. Errors

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

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

15. Related Party Transactions

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

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

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

DESCRIPTION		2019 - 2020	2018 - 2019
		Kshs	Kshs
NG-CDF BOARD			
AIE NO. B 005050	1		8,579,310
AIE NO. B 030077	2		10,000,000
AIE NO. B 030452	3		20,000,000
AIE NO. B 006398	4		6,000,000
AIE NO. A 699138	5		11,000,000
AIE NO. B 042776	6		7,000,000
AIE NO. B047591	7		30,028,490
AIE NO. B 104350	8	9,000,000	
AIE NO. B 047933	9	9,000,000	
AIE NO. B 047479	10	4,000,000	
AIE NO. B 041299	11	20,000,000	
AIE NO. B 041390	12	7,500,000	
AIE NO. B 047719	13	7,000,000	
AIE NO. B 047151	14	2,800,000	
AIE NO. B049326	15	19,000,000	
AIE NO. B047326	16	15,732,554	
AIE NO. B047272	17	2,500,000	
TOTAL		96,532,554	92,607,800

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		-	-

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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 temporary employees	3,425,100	3,356,660
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	70,920	67,788
Gratuity-contractual employees	-	1,129,542
TOTAL	3,496,020	4,553,990

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5. USE OF GOODS AND SERVICES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Utilities, supplies and services	5,721,928	5,247,244
Electricity	-	-
Water & sewerage charges	-	-
Office rent	-	-
Communication, supplies and services	-	443,110
Domestic travel and subsistence	-	349,600
Printing, advertising and information supplies & services	131,100	37,230
Rentals of produced assets	-	-
Training expenses	200,000	-
Hospitality supplies and services	-	455,932
Other committee expenses	1,202,815	-
Committee allowance	1,557,600	2,579,200
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	-	-
Fuel , oil & lubricants	-	42,000
Other operating expenses	-	-
Bank service commission and charges	113,440	-
Other Operating Expenses	-	-
Security operations	150,000	480,000
Strategic plan	-	650,000
Routine maintenance- other assets	-	-
TOTAL	9,076,883	10,284,316

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Transfers to Primary Schools	23,100,054	22,535,000
Transfers to Secondary Schools	14,500,000	33,360,000
Transfers to Tertiary Institutions	-	4,600,000
Transfers to Health Institutions	-	-
TOTAL	37,600,054	60,495,000

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Bursary - Secondary	10,684,293	17,366,020
Bursary -Tertiary	8,794,270	13,447,312
Bursary- Special Schools	-	40,000
Mocks & CAT	-	-
Water	-	-
Food Security	-	-
Electricity	-	-
Security	-	-
Roads and Bridges	13,201,924	2,500,000
Sports	2,721,129	2,180,818
Environment	-	2,180,818
Cultural Projects	-	-
Agriculture	-	-
Emergency Projects	7,167,709	5,241,000
TOTAL	42,569,325	42,955,967

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8. ACQUISITION OF ASSETS

Non-Financial Assets	2019 - 2020	2018 - 2019
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	-	2,000,000
Purchase of computers ,printers and other IT equipment	-	-
Purchase of photocopier	-	-
Purchase of other office equipment	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
TOTAL	0	2,000,000

9. OTHER PAYMENTS

Strategic Plan	-	-
ICT Hubs	-	-
		-
TOTAL	-	-

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10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2019 - 2020	2018 - 2019
		Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Cooperative Bank of Kenya, Kisumu East Branch. Kisumu Central CDF</i>	<i>A/C no.01141495135700</i>	7,489,186	3,698,914

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10B: CASH IN HAND		
	2019 - 2020	2018 - 2019
	Kshs	Kshs
	(30/6/2019)	(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>
	Date imprest taken	Kshs	Kshs	Kshs
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-

12A. RETENTION

Supplier/Contractor	PV No.	2019 - 2020	2018 - 2019
TOTAL			

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate		
Total	-	-

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13. BALANCES BROUGHT FORWARD

	2019 - 2020	2018 - 2019
	Kshs (1/7/2019)	Kshs (1/7/2018)
Bank accounts	3,698,914	30,939,667
Cash in hand	-	400
Imprest	-	-
TOTAL	3,698,914	30,940,067

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY2019 - 2020 per Financial statements	Adjustments	Adjusted balance b/f 2018 - 2019
Description of the error	Kshs	Kshs	Kshs
Bank accounts balances	-	-	440,320
Cash in hand	-	-	-
Accounts Payable	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
TOTAL	-	-	-

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 RETENTIONS

	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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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: 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	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019 - 2020	2018 - 2019
	Kshs	Kshs
Staff salaries	-	-
Staff Gratuity	-	-
Others (specify)	-	-
	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2019 - 2020	2018 - 2019
	Kshs	Kshs
Compensation of Employees	1,975,170	1,676,010
Use of goods and services	428,955	937,923
Transfers to Other Government Units	29,000,000	5,600,054
Other grants and transfers	51,232,617	29,797,314
Acquisition of Assets	3,500,000	3,500,000
Other Payments	-	-
TOTAL	86,136,742	41,511,300

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2019 - 2020	2018 - 2019
	Kshs	Kshs
PMC Balances as annexed	18,447,613	29,575,279

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KISUMU CENTRAL CONSTITUENCY
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost Kshs lb/f 2019/2018	Additions during the year	Disposals during the year	Historical Cost Kshs 2019/2020
Land	-	-	-	-
Buildings and structures	900,000	-	-	900,000
Transport equipment	7,730,103	-	-	7,730,103
Office equipment, furniture and fittings	2,000,000	-	-	2,000,000
ICT Equipment, Software and Other				
ICT Assets	1,199,168	210,000	-	1,409,168
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	11,829,271	210,000	-	12,039,271



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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/2020	Bank Balance 2018/19
Pand pieri Primary	KCB BANK	1 238974953	829	286,433
Kibuye mixed primary	ABC BANK	00 4224001000869	235	175,151
St Pauls Kanyakwar Primary	ABC BANK	00 4239001000113	41,945	49,145
Joel Omino primary	ABC BANK	00 4224001000868	43	1,362,981
Manyatta Primary	KCB BANK	1 161424598	115	391,214
Shaurimoyo Primary	ABC BANK	00 4224001000870	40	96,850
Kaloleni-Muslim primary	ABC BANK	00 4239001000110	1,096	997,065
Kondele primary	KCB BANK	11 45795145	996	65,061
Mathew Ondiek primary school	ABC BANK	00 4224001000914	98	54,358
White boards provision	ABC BANK	00 4224001000943	-18	510
Kisumu Union primary School	COOP BANK	0 1141739179800	3,962	314,177
Central Primary School	ABC BANK	00 4224001000976	537,380	1,600,000
Victoria primary school	ABC BANK	00 4224001000974	295	2,305,000
Xaverian primary school	COOP BANK	0 1141870137300	2,150	2,500,000
Kisumu girls	EQUITY BANK	0 29023043077	97,059	97,059
St John Chrisostom Kudho sec	KCB BANK	1259628213	3,000,813	2,500,000
Bishop Abiero sec	ABC BANK	00 4224001000877	2,005	3,205
St John Chrisostom Kudho sec	ABC BANK	00 4224001000875	565	1,525
St Ignatius Loyola Magadi Sec	NATIONAL BNK	0 1025025602502	15,159	3,974,457
St Ignatius Loyola Magadi Sec	ABC BANK	00 4224001000876	423	1,262
Ken Obura Sec	ABC BANK	00 4224001000912	18,360	166,706
Gretta Adult learning center	ABC BANK	00 4224001000872	1,100	2,060
Bishop Abiero Sec	COOP BANK	0 1139295151000	3,329,604	2,500,000
Kisumu day High School	COOP BANK	0 1141662875200	999	1,223,564
St Peters Nanga Sec	KCB BANK	1 112861548	3,667	3,363,000
Lions High school	ABC BANK	00 4224001000975	1,323	1,700,000
NG-CDF Office furniture	ABC BANK	00 4224001000941	1,470	2,250
Desiltation of Auji River	ABC BANK	00 4224001000940	-28	100
Ezra Gumbe Primary school	ABC BANK	00 4224001000977	22.5	836,000
Sports Projects	ABC BANK	00 4224001000934	69	690
Kibuye winners chapel road	ABC BANK	00 4215001005073	2,724	2,722
Lake Victoria MTC	ABC BANK	00 4215001005165	7	502,734
St Ignatius Loyola Magadi Sec	NATIONAL BNK	0 1025025602502	110,550	
Victoria primary school	ABC BANK	00 4224001000974	295	
Xaverian primary school	COOP BANK	0 1141870137300	2,150	
St John Chrisostom Kudho sec	KCB BANK	1259628213	3,000,813	
St. Theresa's Gils Secondary School	EQUITY BANK	0290279441335	2,502,500	
Bishop Abiero Sec School	COOP BANK	0 1139295151000	3,306,252	
Westgate Metrological Road- Kisumu Central CDF	ABC BANK		904	

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Nanga Kapuothe-Nanga Primary Access road	ABC BANK		292	
Florida Obunga police Post Road	ABC BANK		758	
Fiveways Junction-Kilo Ringroad Orphanage	ABC BANK		97	
Dunga Beach-Dunga Primary Access Road	ABC BANK		15	
Joel Omino-Got Owak Road	ABC BANK		254	
St. Vitalis Nanga Primary School	ABC BANK		724,487	
M.M Shah Primary School	ABC BANK		1,599,563	
Arya Primary School	ABC BANK		2,999,563	
Highway Primary School	ABC BANK		1,599,563	
Arina Primary School	ABC BANK		2,599,563	
Total			25,512,127	29,575,279



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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)
4.3	Understatement of other payments-Bank charges The statement of assets as at 30 June 2019 reflects bank balance of Kshs.3, 698,914. However, a review of bank reconciliation statement for the month of June 2019 indicated payments in bank statement not yet recorded in the cash book of Kshs.56,720.No reasons was provided for not recording payments in bank statement in the cash book and inclusion of the payments in the financial statements.	The amount of misstatement/error of Ksh. 56,720 relates to the bank charges incurred during the financial year and has since been included in the cashbook.	DA/FAM	Resolved- awaiting certificate	Feb 2020
4.6	Budget performance The Fund's approved budget for the year 2018/2019 amounted to Kshs.161, 360,253 comprising of 2018/2019 allocation of Kshs.92,	1. Under absorption of funds resulted from the late release of funds from the NG-CDF board to Kisumu Central CDF	NG-CDF BC/ARD	On-going	On-going

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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)
	607,800 and balance brought forward from 2017/2018 of Kshs.75, 574,138. During the period, the Fund incurred an expenditure of Kshs. 120,289,273 representing 75% of the approved budget and resulting in under-absorption by Kshs.41,070,980 of the approved budget. Consequently, failure to utilize all funds as budgeted/disbursed is an indication that programs and activities are not implemented as planned hence not achieving the intended objective of improving delivery of goods and services to the residents of Kisumu Central Constituency.	account. 2. Delay in project approvals also resulted to under absorption of funds. However, most of the late approvals have since been implemented.			

