


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY REPORT	
DATE: 21 OCT 2021	DAY: Thursday
TABLED BY:	LOMP
OF CHIEF-AT THE-TABLE:	Mawa Wanjiku

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
KITUI EAST CONSTITUENCY**

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



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND –KITUI EAST
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST 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 Kitui East Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Patterson A. Munyao
2.	Sub-County Accountant	CPA Nicholas Mumo
3.	Chairman NGCDFC	Edward Kitheka
4.	Member NGCDFC	Reinhard Munyotu

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –KITUI EAST 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 Kitui East Constituency Headquarters

P.O. Box 1199
NG-CDF Office building at Chuluni market
Kitui-Mutomo road
Kitui Kenya.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

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For the year ended June 30, 2019

(f) NGCDF Kitui East Constituency Contacts

Telephone: (254) 710186925
E-mail: cdfkituieast@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Kitui East Constituency Bankers

1. Equity Bank Ltd.
Kitui Branch
0720267343213
PO Box 1453,
Kitui

(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

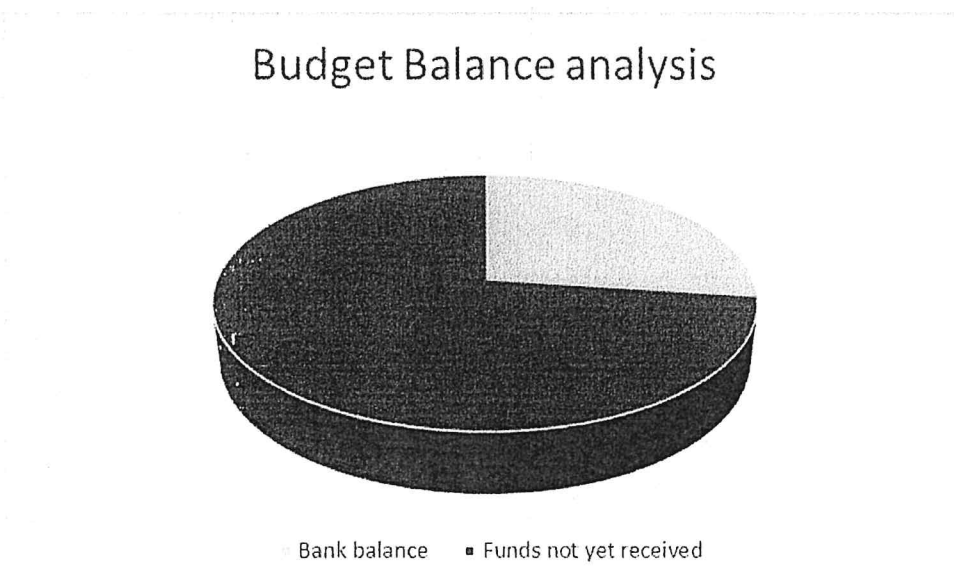
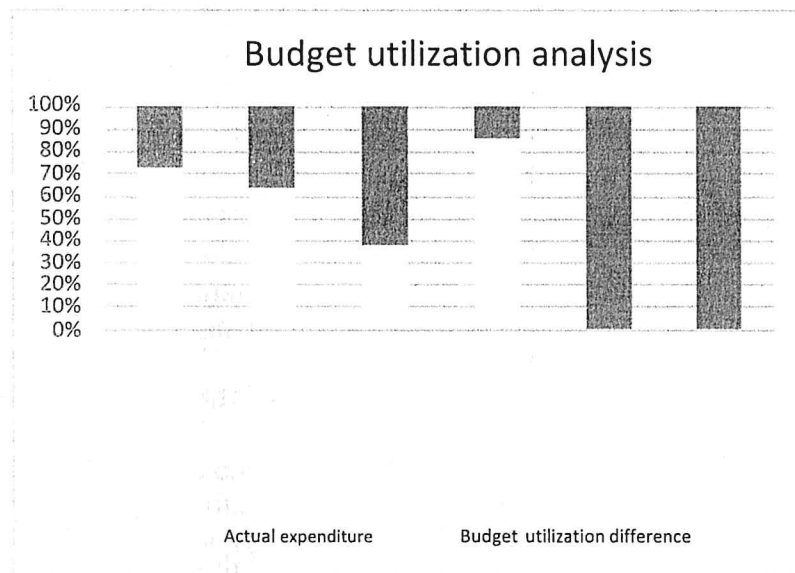


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Presented is the constituency Annual Report and Financial Statements for the year ended 30th June 2019. The actual receipt from the NGCDF board for the year 2018/2019 was Kshs. 108,784,483.15 against the budget of Kshs 174,833,296.32. The opening balance which also formed part of the budget was 6,007,937.65. By the closure of the financial year, a balance of Ksh 81,128,518.12 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).





**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

**Reports and Financial Statements
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The following sample photos portray the projects that were achieved in the just ended FY 18/19;



Sign

Edward Kitheka

CHAIRMAN NG-CDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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


The Accounting Officer in charge of the NGCDF-Kitui East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the NGCDF-Kitui East Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-KITUI EAST 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-Kitui East 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

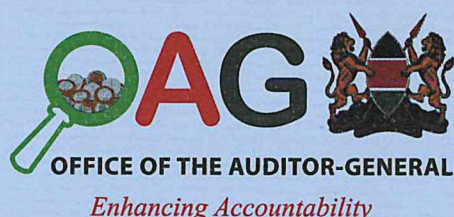
The NGCDF-Kitui East Constituency financial statements were approved and signed by the Accounting Officer on 30th Sept, 2019.


Fund Account Manager
Name: Anthony Muniyao P.


Sub-County Accountant
Name: CPA. Nicholas Mumo,
ICPAK Member Number:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KITUI EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kitui East Constituency set out on pages 8 to 41, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the 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 National Government Constituencies Development Fund - Kitui East Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Inaccuracy of Unutilized Funds

The summary statement of appropriation: recurrent and development combined reflects unutilized fund balance on transfers to other government entities of Kshs.58,020,000. However, Note 15.3 to the financial statements reflects an amount of Kshs.59,220,000 on the same account resulting to a variance of Kshs.1,200,000. Although Management explained that the variance resulted from duplicate payments made to two (2) primary schools, supporting documents to evidence refunds were not made available.

Consequently, the accuracy of the unutilized fund balance on transfers to other government entities of Kshs.58,020,000 as at 30 June, 2019 could not be confirmed.

2. Net Liabilities

The statement of financial assets and liabilities reflects total financial assets balance of Kshs.22,287,643 and nil total financial liabilities as at 30 June, 2019. However, contrary to the guidelines issued by the Public Sector Accounting Standards Board, the statement of financial assets and liabilities shows at the bottom net liabilities instead of net financial position of Kshs.22,287,643. No explanation was given for this anomaly.

3. Unsupported Prior Year Adjustments

The statement of assets and liabilities includes an amount of Kshs.1,200,000 described as prior year adjustments and as disclosed under Note 14 to the financial statements. However, no disclosure has been included on the nature and basis for prior adjustments contrary to paragraph 54 of IPSAS 3.

Consequently, it has not been possible to ascertain the validity of the prior year adjustments of Kshs.1,200,000 and the accuracy of the statement of assets and liabilities as at 30 June, 2019.

4. Inaccuracies in the Fixed Assets

Annex 4 to the financial statements discloses historical cost of fixed assets of Kshs.11,829,271;(2018-Kshs.9,829,271) indicative of additions in the year of Kshs.2,000,000. However, the statement of receipts and payments reflects nil expenditure on acquisition of assets during the year. Further, the asset register presented in support of the balance reflects a cost of Kshs.12,861,913 resulting to an unexplained difference of Kshs.1,032,642.

In the circumstances, the accuracy of the disclosed fixed assets balance of Kshs.11,829,271 as at 30 June, 2019 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 - Kitui East 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. Budget Control and Performance

The summary statement of appropriation: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.174,833,296 and

Report of the Auditor-General on National Government Constituencies Development Fund - Kitui East Constituency for the year ended 30 June, 2019

Kshs.114,792,421 respectively resulting to an under-funding of Kshs.60,040,876 or 34% of the budget. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery for the constituents of Kitui East.

Further, out of the actual receipts amount of Kshs.114,792,421 only Kshs.93,704,778 was absorbed resulting to an under absorption of Kshs.21,087,643 or 18 % of the actual receipts.

No satisfactory explanations have been rendered contrary to the values and principles of public service as provided for under Article 232 (1– c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

In the circumstances, the constituents have not received the services as planned.

2. Project Implementation Status

A review of the project implementation status report as at 30 June 2019 indicated that ninety (90) projects with a funding allocation of Kshs.169,446,555 were at different implementation statuses as detailed out below: -

Project Status	Count	Amount (Kshs.)
Complete and in use	35	95,626,555
Incomplete-Ongoing	27	29,600,000
Not started	28	44,220,000
Total	90	169,446,555

Thirty five (35) projects with a budget of Kshs.95,626,555 were complete and in use, while fifty five (55) projects with funding allocation Kshs.73,820,000 were either incomplete and ongoing or not started.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1. Unsatisfactory Project Implementation

A review of the project implementation status report as at 30 June 2019 indicated that ninety (90) projects with funding allocation of Kshs.169,446,555 were scheduled for implementation for the year under review. However, out of the total, nine (9) projects with

funding allocation of Kshs.15,008,750 were sampled for verification during the month of March, 2020. The following observations were made for the specific projects: -

Project Beneficiary and Details	Cost (Kshs.)	Observations
Kyululu Secondary School - Construction of classroom	800,000	Signage and branding not done while letters of regret to unsuccessful bidders were not made available.
Ngaaka Yakwa Mixed Secondary School - Construction of two (2) class rooms	1,600,000	Signage and branding not done while letters of regret to unsuccessful bidders not availed.
Ngaaka Yakwa Mixed primary School - Renovation of two (2) classrooms	600,000	Signage board and branding not done.
Matia primary school- Renovation of three (3) class rooms and supply of twenty-five (25) desks	1,050,000	Signage board and branding not done
Malatani Mixed Secondary School - Construction of two (2) class rooms	1,600,000	Signage board and branding not done, window sills costing Kshs.7,000 were not installed.
Ngelani primary school -Renovation of two (2) class rooms	900,000	Signage board and branding not done
Tiko Primary School -Renovation of two (2) class rooms	600,000	Signage board and branding not done while cracks had started to appear on the walls.
Kabati Secondary School - Construction of two (2) class rooms	1,600,000	Signage board and branding not done while cracks had started to appear on the walls. Contract agreement and completion certificate not availed for audit review.
Construction of Matia Administration Police Line - Construction of four (4) rooms office and two (2) door latrines	1,500,000	Office rooms were not fully completed while the construction of the pit latrines had not started. PMC bank balances and bills of quantities (BQ) were not availed.
Total	15,008,750	

No satisfactory explanations were rendered for the deficiencies in implementation of the projects.

Consequently, value for money from the unsatisfactorily implemented projects valued at Kshs.15,008,750 for the year ended 30 June, 2019 could not be ascertained.

2. Excessive Project Administration Costs on Sports

Note 7 to the financial statements discloses expenditure on sports of Kshs.1,700,421 of which Kshs.169,000, representing approximately 10% of the total was used in administration of the sports projects. This is contrary to Section 9 of National Government Constituencies Development Fund Act, 2015 which limits project administration costs not to exceed 5% of the project allocation.

To that extent, the Fund is in breach of the law.

3. Irregular Recruitment of a Driver

The Fund recruited a driver in the year 2018 who has been idle since then, as the Fund did not have an operational motor vehicle. In the circumstances, value for money has not been realized from the employee costs being incurred on the driver whilst idle.

4. Grounded and Vandalized Vehicle

Included in the historical cost of fixed assets disclosed at Annex 4 to the financial statements is a motor vehicle acquired in the year 2009 at a cost Kshs.3,285,000. However, the vehicle has been grounded since February, 2015 at the Deputy County Commissioner's parking yard despite having incurred repair costs of Kshs.619,440 in December, 2014. Available information indicates that the vehicle has been vandalized. No explanation was rendered on why the vehicle was grounded soon after the repairs and actions being taken to deter further vandalism.

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

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operation.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

01 October, 2021

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**


Reports and Financial Statements

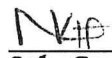
For the year ended June 30, 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019	2017-2018
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board	1	108,784,483	74,353,447
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	207,000
TOTAL RECEIPTS		108,784,483	74,560,447
PAYMENTS			
Compensation of employees	4	2,889,520	2,289,587
Use of goods and services	5	7,278,861	7,068,984
Transfers to Other Government Units	6	35,000,000	27,000,000
Other grants and transfers	7	48,536,397	36,956,500
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		93,704,778	73,315,071
SURPLUS/DEFICIT		15,079,705	1,245,376

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


Fund Account Manager
Name: Anthony Munyao P.

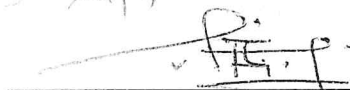

Sub-County Accountant
Name: CPA. Nicholas Mumo,
ICPAK Member Number:

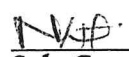


NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND**(NGCDF) KITUI EAST CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2019****V. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	22,287,643	6,007,938
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		22,287,643	6,007,938
Current Receivables			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		22,287,643	6,007,938
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
NET FINANCIAL ASSETS		22,287,643	6,007,938
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	6,007,938	4,762,562
Surplus/Deficit for the year		15,079,705	1,245,376
Prior year adjustments	14	1,200,000	-
NET LIABILITIES		22,287,643	6,007,938

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


Fund Account Manager
Name: Anthony Munyao P.


Sub-County Accountant
Name: CPA. Nicholas Mumo,
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

VI. STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2018 - 2019	2017 - 2018
Receipts		Kshs	Kshs
Transfers from CDF Board	1	108,784,483	74,353,447
Other Receipts	3	-	207,000
Total Receipts		108,784,483	74,560,447
Payments			
Compensation of Employees	4	2,889,520	2,289,587
Use of goods and services	5	7,278,861	7,068,984
Transfers to Other Government Units	6	35,000,000	27,000,000
Other grants and transfers	7	48,536,397	36,956,500
Other Payments	9	-	-
Total Payments		93,704,778	73,315,071
Total Receipts Less Total Payments		15,079,705	1,245,376
Adjusted for:			
Outstanding Imprest	11	-	-
Retention	12A	-	-
Gratuity Payable	12B	-	-
Prior Year adjustment	14	1,200,000	-
Net Adjustments		1,200,000	-
Net cash flow from operating activities		16,279,705	1,245,376
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		16,279,705	1,245,376
Cash and cash equivalent at BEGINNING of the year	13	6,007,938	4,762,562
Cash and cash equivalent at END of the year		22,287,643	6,007,938

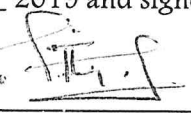


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND
(NGCDF) KITUI EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KITUI EAST Constituency financial statements were approved on 24th April, 2019 and signed by:



Fund Account Manager

Name: Anthony Munyao P.



Sub-County Accountant

Name: CPA. Nicholas Mumo,
ICPAK Member Number:

VII 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						
Transfers from CDF Board	109,040,876	65,792,421	174,833,296	114,792,421	60,040,876	65.7%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTAL RECEIPTS	109,040,876	65,792,421	174,833,296	114,792,421	60,040,876	65.7%
PAYMENTS						
Compensation of Employees	3,286,400	677,040	3,963,440	2,889,520	1,073,920	72.9%
Use of goods and services	6,527,279	4,957,571	11,484,850	7,278,861	4,205,989	63.4%
Transfers to Other Government Units	55,120,000	37,900,000	93,020,000	35,000,000	58,020,000	37.6%
Other grants and transfers	44,107,196	12,580,783	56,687,979	48,536,397	8,151,582	85.6%
Acquisition of Assets	-	5,000,000	5,000,000	-	5,000,000	0.0%
Other Payments	-	4,677,027	4,677,027	-	4,677,027	0.0%
TOTAL	109,040,876	65,792,421	174,833,296	93,704,778	81,128,518	53.6%

(a) During the year, we were only able to receive part of the funding which was fully utilized. If the funds could have been received as budgeted, the utilization could have exceeded the current thus the low absorption rate is as a result of late receipt of funds from the NG-CDF board.




**REPORTS AND FINANCIAL STATEMENTS
For the year ended June 30, 2019**

The NGCDF-KITUI EAST Constituency financial statements were approved on 30th July, 2019 and signed by:



Fund Account Manager
Name: Anthony Munyao P.



Sub-County Accountant
Name: CPA. Nicholas Mumo,
ICPAK Member Number:

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

4

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

Ngumbwa Primary School						400,000.00	
Ngelani Secondary School						600,000.00	
Hon. Mluvi Secondary School						120,000.00	
Kitho Secondary School						200,000.00	
Kawala Mixed Sec						100,000.00	
Kathande Sec School						100,000.00	
Ithangathi Girls Secondary School						210,000.00	
Nguuni Secondary School						50,000.00	
Ithangathi Primary School						100,000.00	
Twalimu Primary School						50,000.00	
Makutano Primary School						50,000.00	
Kwa Tundu Primary						600,000.00	
Zombe DCC Office						400,000.00	
Syou Assistant Chief Office						600,000.00	
Nzambani Police Post						91,181.20	
Kyango Police Post						1,200,000.00	
Malalani Police Post						600,000.00	
Sub-Total	5,738,993.45	3,833,861.62	9,572,855.07	9,290,181.20	282,673.87		
Bursary							
Bursary Secondary Schools	17,508,203.00	1,600,000.00	19,108,203.00	19,100,045.00	8,158.00		
Bursary Tertiary Schools	10,000,000.00	1,446,500.00	11,446,500.00	11,445,750.00	750.00		
Sub-Total	27,508,203.00	3,046,500.00	30,554,703.00	30,545,795.00	8,908.00		
Sports							
Sports	2,180,000.00	1,700,421.00	3,880,421.00	1,700,421.00	2,180,000.00		
					0.00		
Sub-Total	2,180,000.00	1,700,421.00	3,880,421.00	1,700,421.00	2,180,000.00		
Environment							
Ivovye River Sand Dam	700,000.00		700,000.00	-	700,000.00		



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

Kwa Kingele Stream Sand Dam	700,000.00			700,000.00	-	700,000.00
Mathini Stream Sand Dam	780,000.00			780,000.00	-	780,000.00
Sub-Total	2,180,000.00	-		2,180,000.00	-	2,180,000.00
Primary School Projects						
Ikisaya Primary School	3,000,000.00	0.00		3,000,000.00	-	3,000,000.00
Ikyatine Pri School		600,000.00		600,000.00	600,000.00	0.00
Imbuvu Primary School	800,000.00	0.00		800,000.00	-	800,000.00
Kaayo Primary School	150,000.00	450,000.00		600,000.00	600,000.00	0.00
Kabati Pri School		1,000,000.00		1,000,000.00	1,000,000.00	0.00
Kalinga Primary School	800,000.00	0.00		800,000.00	600,000.00	200,000.00
Kaluasi Primary School	3,000,000.00	0.00		3,000,000.00	-	3,000,000.00
Kaluli Primary School	800,000.00	0.00		800,000.00	600,000.00	200,000.00
Kamale Primary School	1,000,000.00	0.00		1,000,000.00	-	1,000,000.00
Kathamba Primary School	1,400,000.00	0.00		1,400,000.00	-	1,400,000.00
Kathua Primary School		800,000.00		800,000.00	-	800,000.00
Kathungu Primary School		1,300,000.00		1,300,000.00	1,300,000.00	0.00
Kaumu Primary School		600,000.00		600,000.00	-	600,000.00
Kavaani Pri School		1,000,000.00		1,000,000.00	-	1,000,000.00
Kavutei Primary School		600,000.00		600,000.00	600,000.00	0.00
Kemwaa Pri School		600,000.00		600,000.00	-	600,000.00
Kilimboni Primary School	800,000.00	200,000.00		1,000,000.00	1,000,000.00	0.00
Kinanie Pri School		800,000.00		800,000.00	800,000.00	0.00
Kithanake Primary School		600,000.00		600,000.00	600,000.00	0.00
Kivaki Primary School	800,000.00	0.00		800,000.00	-	800,000.00
Kivumbu Pri School		600,000.00		600,000.00	600,000.00	0.00
Kunguluni Pri School		900,000.00		900,000.00	900,000.00	0.00
Kwa Amutei Pri Sch		600,000.00		600,000.00	-	600,000.00
Kwa Tundu Pri School		1,500,000.00		1,500,000.00	400,000.00	1,100,000.00
Kyululu Pri School		900,000.00		900,000.00	800,000.00	100,000.00

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

Kyusyani Primary School			1,200,000.00	1,200,000.00	1,200,000.00	0.00
Makayauni Pri School			1,500,000.00	1,500,000.00	1,500,000.00	0.00
Makuka Primary School	3,000,000.00		0.00	3,000,000.00	1,700,000.00	1,300,000.00
Makutano Primary School	800,000.00		0.00	800,000.00	800,000.00	0.00
Malatani Primary School	370,000.00		1,350,000.00	1,720,000.00	800,000.00	920,000.00
Manyoeni Primary School	300,000.00		0.00	300,000.00	-	300,000.00
Masikalini Primary School	150,000.00		0.00	150,000.00	-	150,000.00
Masungu Primary School	3,000,000.00		0.00	3,000,000.00	1,650,000.00	1,350,000.00
Matia Primary School	1,600,000.00		1,050,000.00	2,650,000.00	800,000.00	1,850,000.00
Matundu Primary School	150,000.00		0.00	150,000.00	-	150,000.00
Mavia Maiu			1,600,000.00	1,600,000.00	-	1,600,000.00
Mendene Pri School			1,050,000.00	1,050,000.00	1,050,000.00	0.00
Mutito Pri School			600,000.00	600,000.00	-	600,000.00
Musukini Primary School	600,000.00		600,000.00	1,200,000.00	800,000.00	400,000.00
Nduani Pri School			1,000,000.00	1,000,000.00	800,000.00	200,000.00
Nduluni Pri School			600,000.00	600,000.00	600,000.00	0.00
Ndulikye Pri School			600,000.00	600,000.00	-	600,000.00
Ngaaka Yakwa Pri School			1,000,000.00	1,000,000.00	1,000,000.00	0.00
Ngelani Primary Schhol			600,000.00	600,000.00	600,000.00	0.00
Ngumbwa Primary School	800,000.00		0.00	800,000.00	600,000.00	200,000.00
Ngungi Primary School			600,000.00	600,000.00	600,000.00	0.00
Nzungui Primary School	800,000.00		0.00	800,000.00	600,000.00	200,000.00
Itangani Pri School			1,000,000.00	1,000,000.00	-	1,000,000.00
Itiko Pri School			600,000.00	600,000.00	600,000.00	0.00
Sub-Total	24,120,000.00		28,000,000.00	52,120,000.00	26,100,000.00	26,020,000.00
Secondary School Projects						
Aic Kwa Amutei Secondary School	600,000.00		-	600,000.00	-	600,000.00
Chuluni Girls Secondary School	500,000.00		-	500,000.00	-	500,000.00

Itiko Secondary School	1,000,000.00	800,000.00	1,800,000.00	800,000.00	1,000,000.00
Ithangathi Girls Secondary School	1,000,000.00	-	1,000,000.00	-	1,000,000.00
Kabati Mixed Sec	-	1,600,000.00	1,600,000.00	1,600,000.00	-
Kaliku Secondary School	6,500,000.00	-	6,500,000.00	-	6,500,000.00
Kamwii Secondary School	800,000.00	-	800,000.00	-	800,000.00
Kanduti Secondary School	500,000.00	-	500,000.00	-	500,000.00
Kathande Sec School	-	800,000.00	800,000.00	800,000.00	-
Kasunguni Secondary School	800,000.00	-	800,000.00	-	800,000.00
Kawala Mixed Sec	-	800,000.00	800,000.00	800,000.00	-
Kikuu Sec School	-	200,000.00	200,000.00	-	200,000.00
Kiluku Sec School	-	900,000.00	900,000.00	900,000.00	-
Kyanzai Secondary School	800,000.00	-	800,000.00	-	800,000.00
Kyululu Sec School	-	800,000.00	800,000.00	-	800,000.00
Kyuukuni Secondary School	800,000.00	-	800,000.00	-	800,000.00
Makuka Secondary School	600,000.00	-	600,000.00	-	600,000.00
Malatani Mixed Secondary School	3,600,000.00	1,600,000.00	5,200,000.00	1,600,000.00	3,600,000.00
Mutito Mixed Secondary School	1,200,000.00	-	1,200,000.00	-	1,200,000.00
Ngaaka Yakwa Sec School	-	1,600,000.00	1,600,000.00	1,600,000.00	-
Nzunguni Secondary School	800,000.00	-	800,000.00	-	800,000.00
Thua Secondary School	500,000.00	-	500,000.00	-	500,000.00
Voo Secondary School	1,000,000.00	800,000.00	1,800,000.00	800,000.00	1,000,000.00
Sub-Total	21,000,000.00	9,900,000.00	30,900,000.00	8,900,000.00	22,000,000.00
Tertiary Institution Projects					
Kitui East Technical & Training Institute	10,000,000.00	-	10,000,000.00	-	10,000,000.00
Sub-Total	10,000,000.00	-	10,000,000.00	-	10,000,000.00
Security Projects					



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

Matia Police Post			1,500,000.00	1,500,000.00	1,500,000.00	-
Imuumba Police Post			1,000,000.00	1,000,000.00	1,000,000.00	-
Kanguu Ap Line	500,000.00		-	500,000.00	-	500,000.00
Kinanie Police Post			1,000,000.00	1,000,000.00	1,000,000.00	-
Mwembe Tayari Assis Chiefs			500,000.00	500,000.00	500,000.00	-
Thua Division Acc Office	2,000,000.00		-	2,000,000.00	-	2,000,000.00
Zombe Acc Office	4,000,000.00		-	4,000,000.00	3,000,000.00	1,000,000.00
Sub-Total	6,500,000.00	4,000,000.00	4,000,000.00	10,500,000.00	7,000,000.00	3,500,000.00
Others					-	
ICT Hubs		0.00	4,677,027.20	4,677,027.20	-	4,677,027.20
Strategic Plan		0.00	2,900,000.00	2,900,000.00	1,740,000.00	1,160,000.00
Audit Fee		0.00	-	-	-	-
Sub-Total		-	7,577,027.20	7,577,027.20	1,740,000.00	5,837,027.20
NGCDF Vehicle			5,000,000.00	5,000,000.00	-	5,000,000.00
Sub-Total		-	5,000,000.00	5,000,000.00	-	5,000,000.00
Grand Totals	109,040,875.52	65,792,420.80	174,833,296.32	93,704,778.20	81,128,518.12	

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IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-KITUI EAST 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.

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 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

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 Constituency's bank account and at Constituency's bank account 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 CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

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 2018 for the period 1st July 2018 to 30th June 2019 as required by Law. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Description | | 2018-2019 | 2017 - 2018 |
|---------------------------------|-----------|-----------------------|----------------------|
| | | Kshs | Kshs |
| Normal Allocation | B 005167 | 49,584,483.15 | |
| | B005378 | 5,200,000.00 | |
| | B030189 | 10,000,000.00 | |
| | B030456 | 12,000,000.00 | |
| | B 006402 | 8,000,000.00 | |
| | A 699142 | 11,000,000.00 | |
| | B 042919 | 13,000,000.00 | |
| | | | |
| | A855879 | | 5,500,000.00 |
| | A A892587 | | 30,948,275.10 |
| | | | 37,905,172.00 |
| | | | |
| | | | |
| Conditional grants | AIE NO... | | - |
| | | | - |
| Receipt from other Constituency | | | - |
| TOTAL | | 108,784,483.15 | 74,353,447.10 |

2. PROCEEDS FROM SALE OF ASSETS

| | 2018-2019 | 2017-2018 |
|--|-----------|-----------|
| | Kshs | Kshs |
| Receipts from sale of Buildings | | |
| Receipts from the Sale of Vehicles and Transport Equipment | - | - |
| Receipts from sale of office and general equipment | - | - |
| Receipts from the Sale Plant Machinery and Equipment | - | - |
| | | |
| Total | - | - |

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

| Description | 2018-2019 | 2017 – 2018 |
|--|-----------|----------------|
| | Kshs | Kshs |
| Interest Received | - | - |
| Rents | - | - |
| Sale of Tender Documents | - | 207,000 |
| Other Receipts Not Classified Elsewhere
(specify) | - | - |
| TOTAL | - | 207,000 |

4. COMPENSATION OF EMPLOYEES

| Description | 2018-2019 | 2017 - 2018 |
|---|---------------------|---------------------|
| | Kshs | Kshs |
| Basic wages of contractual employees | 2,853,680.00 | 1,087,808.00 |
| Basic wages of casual labour | - | - |
| Personal allowances paid as part of salary | | |
| House allowance | - | 205,100.00 |
| Transport allowance | - | 185,950.00 |
| Leave allowance | - | - |
| Other personnel payments | - | - |
| Employer contribution to NSSF | 35,840.00 | 11,400.00 |
| Gratuity-Paid | - | 799,329.00 |
| Gratuity-Accrued | - | - |
| TOTAL | 2,889,520.00 | 2,289,587.00 |

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

| Description | 2018-2019 | 2017 - 2018 |
|--|---------------------|---------------------|
| | Kshs | Kshs |
| Utilities, supplies and services | 868,331.00 | |
| Electricity | - | - |
| Water & sewerage charges | 300,000.00 | - |
| Office rent | - | - |
| Communication, supplies and services | 26,000.00 | 24,085.00 |
| Domestic travel and subsistence | 452,300.00 | 473,700.00 |
| | - | - |
| Printing, advertising and information supplies & services | | |
| Rentals of produced assets | - | 5,000.00 |
| Training expenses | 497,000.00 | 881,800.00 |
| Hospitality supplies and services | 113,830.00 | - |
| Other committee expenses | - | - |
| Committee allowance | 2,960,400.00 | 5,501,500.00 |
| Insurance costs | - | - |
| Specialised materials and services | - | - |
| Office and general supplies and services | 321,000.00 | 175,915.00 |
| Fuel , oil & lubricants | - | - |
| Other operating expenses | - | 6,984.20 |
| Bank service commission and charges | | |
| Security operations | - | - |
| | - | - |
| Routine maintenance - vehicles and other transport equipment | | |
| Routine maintenance- other assets | - | - |
| Strategic Plan | 1,740,000.00 | - |
| TOTAL | 7,278,861.00 | 7,068,984.20 |



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

| Description | 2018-2019 | 2017 - 2018 |
|------------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Transfers to Primary schools | 26,100,000.00 | 23,200,000.00 |
| Transfers to Secondary schools | 8,900,000.00 | 3,800,000.00 |
| Transfers to Tertiary institutions | - | - |
| TIVET | | |
| TOTAL | 35,000,000.00 | 27,000,000.00 |

7. OTHER GRANTS AND OTHER PAYMENTS

| Description | 2018-2019 | 2017 - 2018 |
|-------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Bursary -Secondary | 19,100,045.00 | 20,122,500.00 |
| Bursary -Tertiary | 11,445,750.00 | 7,923,000.00 |
| Bursary-Special schools | - | - |
| Mocks & CAT | - | |
| Security | 7,000,000.00 | 6,000,000.00 |
| Sports | 1,700,421.00 | - |
| Environment | - | 1,551,000.00 |
| Emergency Projects | 9,290,181.20 | 1,360,000.00 |
| TOTAL | 48,536,397.20 | 36,956,500.00 |

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

| Non-Financial Assets | 2018-2019 | 2017 – 2018 |
|--|------------------|--------------------|
| | Kshs | Kshs |
| Renovation of Buildings | - | - |
| Construction of Buildings | - | - |
| Refurbishment of Buildings | - | - |
| Purchase of ICT equipment | - | - |
| Purchase of Bicycles & Motorcycles | - | - |
| Overhaul of Vehicles | - | - |
| Purchase of office furniture and fittings | - | - |
| Purchase of computers ,printers and other IT equipment | - | - |
| Purchase of photocopier | - | - |
| Purchase of other office equipment | - | - |
| Purchase of soft ware | - | - |
| Acquisition of Land | - | - |
| TOTAL | - | - |

9. OTHER PAYMENTS

| Description | 2018-2019 | 2017 – 2018 |
|--------------------|------------------|--------------------|
| | Kshs | Kshs |
| ICT HUBS | - | - |
| TOTAL | - | - |

EAST CONSTITUENCY**Reports and Financial Statements****For the year ended June 30, 2019****NOTES TO THE FINANCIAL STATEMENTS (Continued)****10A: Bank Accounts (cash book bank balance)**

| Name of Bank, Account No. & currency | Account Number | 2018-2019 | 2017 - 2018 |
|--|----------------|------------------|------------------|
| | | Kshs (30/6/2019) | Kshs (30/6/2018) |
| Equity Bank, account no
0720261343213 | 720261343213 | 22,287,642.60 | 6,007,937.65 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

| <i>Name of Officer</i> | | <i>Amount
Taken</i> | <i>Amount
Surrendered</i> | <i>Balance
(30/6/2019)</i> |
|------------------------|---------------------------|-------------------------|-------------------------------|--------------------------------|
| | Date imprest taken | Kshs | Kshs | Kshs |
| | | | - | - |

12A. RETENTION

| Supplier/Contractor | PV No. | 2018-2019 | 2017 - 2018 |
|----------------------------|---------------|------------------|--------------------|
| | | | |
| TOTAL | | - | - |

12B. STAFF GRATUITY OUTSTANDING

| | 2018 - 2019 | 2017-2018 |
|--------------------|--------------------|------------------|
| | Kshs | Kshs |
| Name 1 | - | - |
| Name 2 | - | - |
| Name 3 | - | - |
| Add as appropriate | | |
| Total | - | - |

13. BALANCES BROUGHT FORWARD

| | 2018-2019 | 2017 - 2018 |
|---------------|---------------------|---------------------|
| | (1/7/2018) | (1/7/2017) |
| | Kshs | Kshs |
| Bank accounts | 6,007,937.65 | 4,762,561.75 |
| Cash in hand | - | - |
| Imprest | - | - |
| TOTAL | 6,007,937.65 | 4,762,561.75 |

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

14. PRIOR YEAR ADJUSTMENTS

| | 2018-2019 | 2017 - 2018 |
|--------------|------------------|--------------------|
| | Kshs | Kshs |
| Bank | 1,200,000 | - |
| Cash in hand | - | - |
| Imprest | - | - |
| TOTAL | | |
| | 1,200,000 | |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

| | 2018-2019 | 2017 - 2018 |
|-----------------------------|-----------|-------------|
| | Kshs | Kshs |
| Construction of buildings | - | - |
| Construction of civil works | - | - |
| Supply of goods | - | - |
| Supply of services | - | - |
| TOTAL | - | - |

15.2: PENDING STAFF PAYABLES (See Annex 2)

| | 2018-2019 | 2017 - 2018 |
|------------------|-----------|-------------|
| | Kshs | Kshs |
| NGCDFC Staff | - | - |
| Others (specify) | - | - |
| | - | - |
| | | |

15.3: UNUTILIZED FUND (See Annex 3)

| | 2018-2019 | 2017 - 2018 |
|---|-------------------|-------------------|
| | Kshs | Kshs |
| Compensation of employees | 1,073,920 | 677,040 |
| Use of goods and services | 4,205,989 | 4,957,571 |
| Amounts due to other Government entities | 59,220,000 | 37,900,000 |
| Amounts due to other grants and other transfers | 8,151,582 | 12,580,783 |
| Acquisition of assets | 5,000,000 | 5,000,000 |
| Others (specify) | 4,677,027 | 4,677,027 |
| | 82,328,518 | 65,792,421 |

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI
EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)**

15.4: PMC account balances (See Annex 5)

| | 2018-2019 | 2017-2018 |
|--|---------------|---------------|
| | Kshs | Kshs |
| | 10,259,812.30 | 30,921,755.15 |
| PMC account Balances (see attached list) | | |
| | | |
| | | |

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2019 | 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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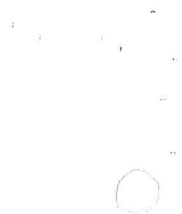
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

| Name of Staff | Job Group | Original Amount | Date Payable Contracted | Amount Paid To-Date | Outstanding Balance 2019 | Comments |
|------------------------------|-----------|-----------------|-------------------------|---------------------|--------------------------|----------|
| Senior Management | | a | b | c | d=a-c | |
| 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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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KITUI EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 3 – UNUTILIZED FUND

| Name | Brief Transaction Description | Outstanding Balance 2018/19 | Outstanding Balance 2017/18 | Comments |
|---|-------------------------------|-----------------------------|-----------------------------|----------|
| Compensation of employees | | | | |
| Use of goods & services | | 1,073,920 | 677,040 | |
| Amounts due to other Government entities | | 4,205,989 | 4,957,571 | |
| Transfers to Primary schools | | 27,220,000 | | |
| Transfers to Secondary schools | | 22,000,000 | | |
| Transfers to Tertiary institutions | | 10,000,000 | | |
| Sub-Total | | 59,220,000 | 37,900,000 | |
| Amounts due to other grants and other transfers | | | | |
| Bursary – Secondary | | 8,158 | | |
| Bursary – Tertiary | | 750 | | |
| Security | | 3,500,000 | | |
| Sports | | 2,180,000 | | |
| Environment | | 2,180,000 | | |
| Emergency | | 282,674 | | |
| Sub-Total | | 8,151,582 | 12,580,783 | |
| Acquisition of assets | | 5,000,000 | 5,000,000 | |
| Others (<i>specify</i>) | | | | |
| ICT HUBS | | 4,677,027 | 4,677,027 | |
| Sub-Total | | 9,677,027 | 9,677,027 | |
| Grand Total | | 82,928,518 | 65,792,421 | |

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

| Asset class | Historical Cost b/f
(Kshs)
2017/18 | Additions during the
year (Kshs) | Disposals during
the year (Kshs) | Historical Cost
(Kshs)
2018/19 |
|---|--|-------------------------------------|-------------------------------------|--------------------------------------|
| 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 | - | - | - |
| Other Machinery and Equipment | - | - | - | - |
| Heritage and cultural assets | - | - | - | - |
| Intangible assets | - | - | - | - |
| Total | 9,829,271 | 2,000,000 | | 11,829,271 |

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

| | EQUITY BANK | Account No. | Bank Balance AS AT
30.6.2019 |
|----|--------------------------------------|---------------|---------------------------------|
| 1 | Ikyatine Primary School | 720166008981 | 70.00 |
| 2 | St.josephs Inyuu Primary School | 0720263772237 | 24,670.00 |
| 3 | Itangani Primary School | 720268719710 | 169,810.00 |
| 4 | Itiko Primary School | 0720272202022 | 600,100.00 |
| 5 | Kabati Primary School | 0720266312991 | 65.75 |
| 6 | Kathamba Primary School | 0720277912863 | 1,050.00 |
| 7 | Kathua Primary School | 0720264119636 | 574,295.85 |
| 8 | Kathungu primary school | 0720278470421 | 528,090.00 |
| 9 | Kavaani primary school | 0720278499723 | 20,760.00 |
| 10 | Kemwaa primary school | 1670278452795 | 600,000.00 |
| 11 | Kinanie Primary school | 0720264658429 | 170,385.00 |
| 12 | Kitanga primary school | 0720278453214 | 0.00 |
| 13 | Kunguluni primary school | 0720262495546 | 270,443.75 |
| 14 | AIC Kwa Amutei D.& B. primary school | 0720278770541 | 571,280.00 |
| 15 | Kiusyani primary school | 0720268444024 | 800,604.35 |
| 16 | Makayauni primary school | 0720277818824 | 256,340.00 |
| 17 | Malatani Primary School (voo) | 720271423808 | 606,880.00 |
| 18 | Malatani primary school (zombe) | 0720277630877 | 214,825.00 |
| 19 | Mango'la primary School | 0720278868442 | 600,300.00 |
| 20 | Matia Primary School | 720262730489 | 50,895.00 |
| 21 | Matia Primary School | 0720262730489 | 50,895.00 |
| 22 | Mendene Primary School | 1670170286782 | 800,167.50 |
| 23 | Mutito Primary School | 720270614895 | 600,805.00 |
| 24 | Ndulikye primary school | 720264378025 | 179,765.00 |
| 25 | Nduluni Primary School | 1670270242208 | 180,605.00 |
| 26 | Nduuni primary school | 0720278673075 | 640.00 |
| 27 | Ngaaka Yakwa primary school | 0720264386835 | 871.00 |
| 28 | Ngelani primary school | 0720278669112 | 1,400.00 |
| 29 | Ngungi primary school | 0720277776522 | 7,760.00 |
| 30 | Mavia Maiyu primary school | 0720264495335 | 1,640.00 |
| 31 | Kavutei primary school | 0720262865901 | 5,975.00 |
| 32 | Kithanake primary school | 0720265955294 | 256,495.00 |
| 33 | Itiko Secondary School | 0720262160673 | 799,840.00 |
| 35 | Kabati mixed secondary school | 0720277825251 | 700.00 |



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| | | | |
|----|-----------------------------------|---------------|------------------------------|
| 36 | Kathande secondary school | 0720278544823 | 7,560.00 |
| 37 | Kawala Secondary School | 720268839237 | 2,520.00 |
| 38 | Kyululu secondary school | 0720278658340 | 52,560.00 |
| 39 | Malatani mixed secondary school | 0720277753352 | 650.00 |
| 40 | Ngaaka yakwa m. secondary school | 0720264386835 | 871.00 |
| 43 | Kikuu m.secondary school | 0720162704504 | 567.50 |
| 44 | Mutito girls secondary school | 0720276819882 | 25.00 |
| 45 | Kiliku primary school | 0720270791079 | 161,360.00 |
| 46 | Kyululu primary school | 0720278146906 | 161,005.00 |
| 47 | Kivumbu primary school | 0720278045640 | 1,160.00 |
| 49 | Malalani AP Line (Twambui) | 0720271346956 | 2,990.00 |
| 51 | Imuumba police post | 0720277796605 | 1,590.00 |
| 53 | Kathande primary school | 0720268866652 | 3,335.00 |
| 54 | Ithangathi primary school | 0720268835411 | 785.00 |
| 55 | Nguuni potters primary school | 0720278913804 | 87.50 |
| 56 | Hon.Muluvi girls secondary school | 0720262337085 | 119,965.25 |
| 61 | Musukini Primary School | 720270251667 | 1,880.00 |
| 63 | Kanguu AP Line | 720270095074 | 1,750.00 |
| 64 | Kivaki primary school | 720264578444 | 1,145.00 |
| 65 | Makutano primary school | 720265267511 | 40.00 |
| 67 | Malalani AP Line | 720271346956 | 2,990.00 |
| 69 | Ngumbwa primary school | 720264355981 | 3,125.35 |
| 71 | AIC Kwa amutei secondary school | 0720278770541 | 571,280.00 |
| 74 | Ithangathi girls secondary school | 0720272162868 | 212,110.00 |
| 81 | Kyaango police post | 0720278886495 | 37.50 |
| | Total | | 10,259,812.30
.70 |

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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) |
|--|--|---|--|-----------------------------------|--|
| 1. | Cash and cash equivalents- stale cheques. Included in the financial statement of assets and liabilities under financial assets is cash and cash equivalents of Ksh.9,423,902 . | It is true. The stale cheques have since been reversed in the cashbook and the bank reconciliation updated. Bank reconciliation is done on monthly basis and stale cheques reversed in time and no such stale cheques are there presently (as at 30/6/2019) | NG-CDF FAM | RESOLVED | APRIL 2019 |
| 2. | Receipts- The 4,762,561.75 which has been rounded off to 4,762,562 is unexplained. | The issue has been explained and hence has been resolved. | NG-CDF FAM | RESOLVED | April 2019 |
| 3 | Project implementation – where PMCs are not doing procurement by themselves hence being done at the constituency level | The CDF are assisting the PMCs to carry out procurement since they do not have capacity on their own. Noting that the region has only one procurement officer who serves at least five constituencies it would be impossible for him to assist all the PMCs and hence the idea of the procurement being done at the constituency level. | NGCDF-FAM | NOT RESOLVED | AS AT 30/6/2019 |

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| Referen
ce No.
on the
externa
l audit
Report | Issue / Observations from
Auditor | Management comments | Focal Point
person to
resolve the issue
(Name and
designation) | Status:
(Resolve
d / Not
Resolve
d) | Timefra
me:
(Put a
date
when
you
expect
the issue
to be
resolved) |
|---|--|--|--|---|--|
| 4 | Non compliance to Public
sector accounting standards
board guidelines. | The accountant who
signed the accounts at the
time of submission was
the deputy accountant
since the district
accountant had retired and
the national treasury had
not deployed a substantive
district accountant. | NG-CDF FAM | RESOLV
ED | DAILY
PRACTISE |
| | | | | | |



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(NCDF) -



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