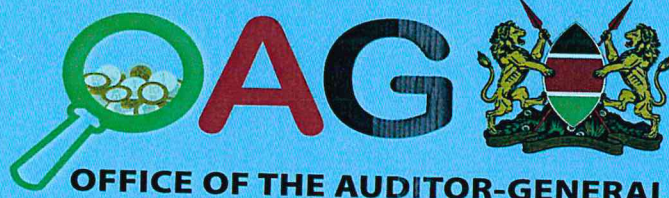


REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
<b>REPORT</b>	
DATE:	01 MAR 2022
	TUE
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OF	
BY THE TABLE:	G. Chebet.

**THE AUDITOR-GENERAL**

**ON**

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

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







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

**05 FEB 2021**

*Revised Template 30<sup>th</sup> June 2020*



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –KANGUNDO  
CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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



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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) (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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)  
KANGUNDO 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 KANGUNDO 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 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Willis Mwenda Mbabu
2.	Sub-County Accountant	Susan Ndanu Mwalimu
3.	Chairman NGCDFC	John Nzuki Kituku
4.	Member NGCDFC	Catherine Mary Ngila

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -KANGUNDO 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 KANGUNDO Constituency Headquarters**

P.O. Box 1035 -90100  
Kangundo NG CDF Office  
Behind Kangundo Sub County Administrators Office, Next to Kangundo Police Station  
Kangundo, Kenya



**(f) NGCDF Kangundo Constituency Contacts**

Telephone: (254) 724 781 421  
E-mail: [cdfkangundo@ngcdf.go.ke](mailto:cdfkangundo@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF Kangundo Constituency Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
  
2. Equity Bank Limited  
Tala Branch  
P.O. Box 343-90131  
Tala, Kenya

**(h) Independent Auditors**

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

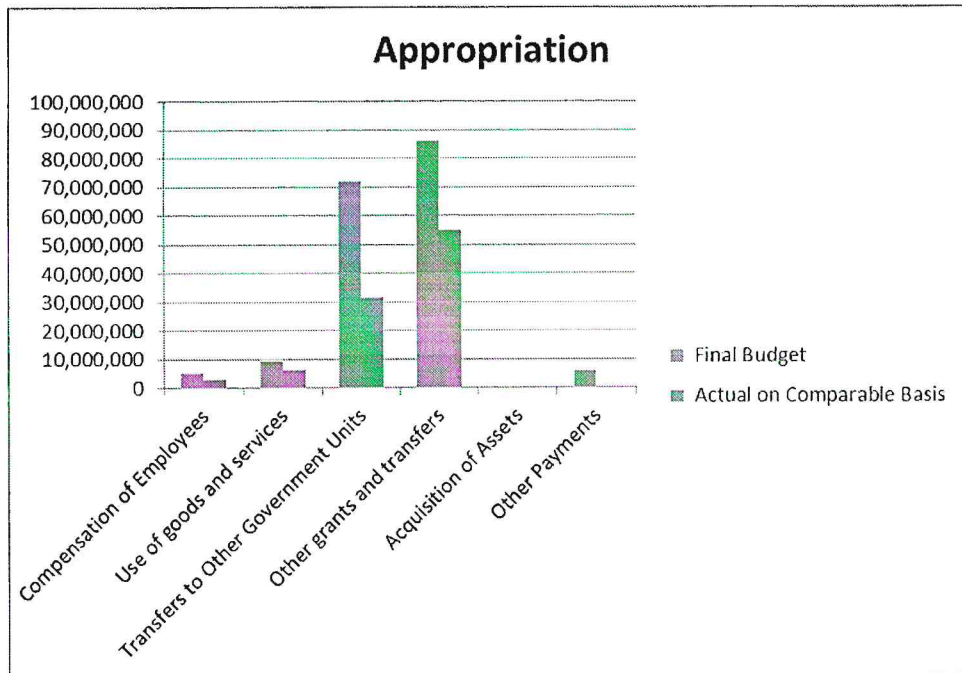
**(i) Principal Legal Adviser**

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

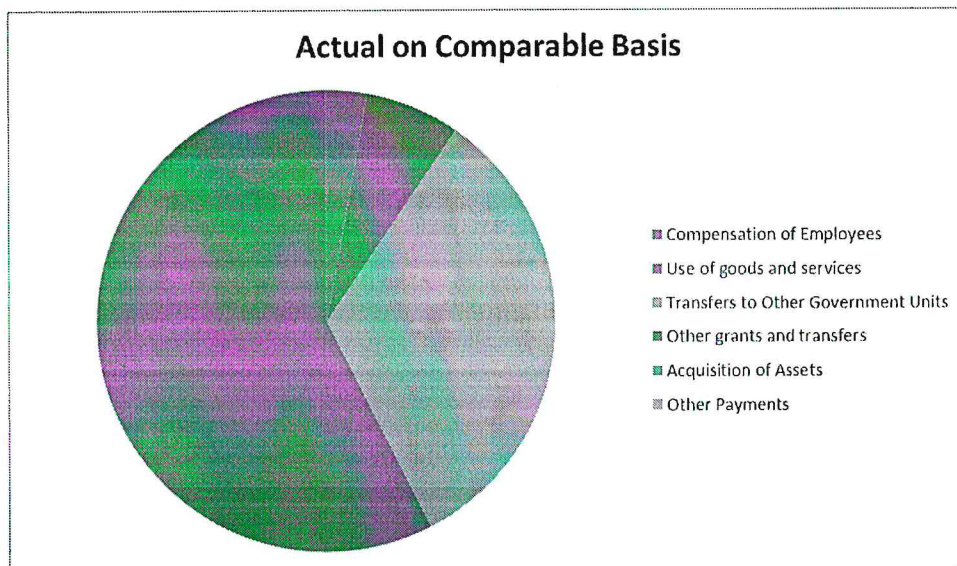
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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For the year ended June 30, 2020**

**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

NGCDF Kangundo has had a successful year other than the Covid-19 pandemic which has disrupted activities. The organisation was able to receive Kshs 72,809,788 as funding from the board during the financial year. Together with the balance brought forward the organisation had an actual budget of Kshs 109,146, 270 out of which we succeeded to utilize Kshs 95,377,414 which is a 87% utilization rate. As compared to the final budget, however, the utilization rate was 53.4% which is low due to the funds that have not been received from the board. Below is a chart detailing the actual expenditure as compared to the final budget.



Below is a pie chart showing the actual expenditure based on economic classification.





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**KANGUNDO CONSTITUENCY**

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The organisation managed to implement several projects within the year some of which are shown below.

Mulingana Assistant Chief's Office- Construction of a 2no. door toilet and half-tiled urinal, Kshs 300,000





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Manyatta Primary School- Construction of a 8-door toilet, Kshs 1,000,000

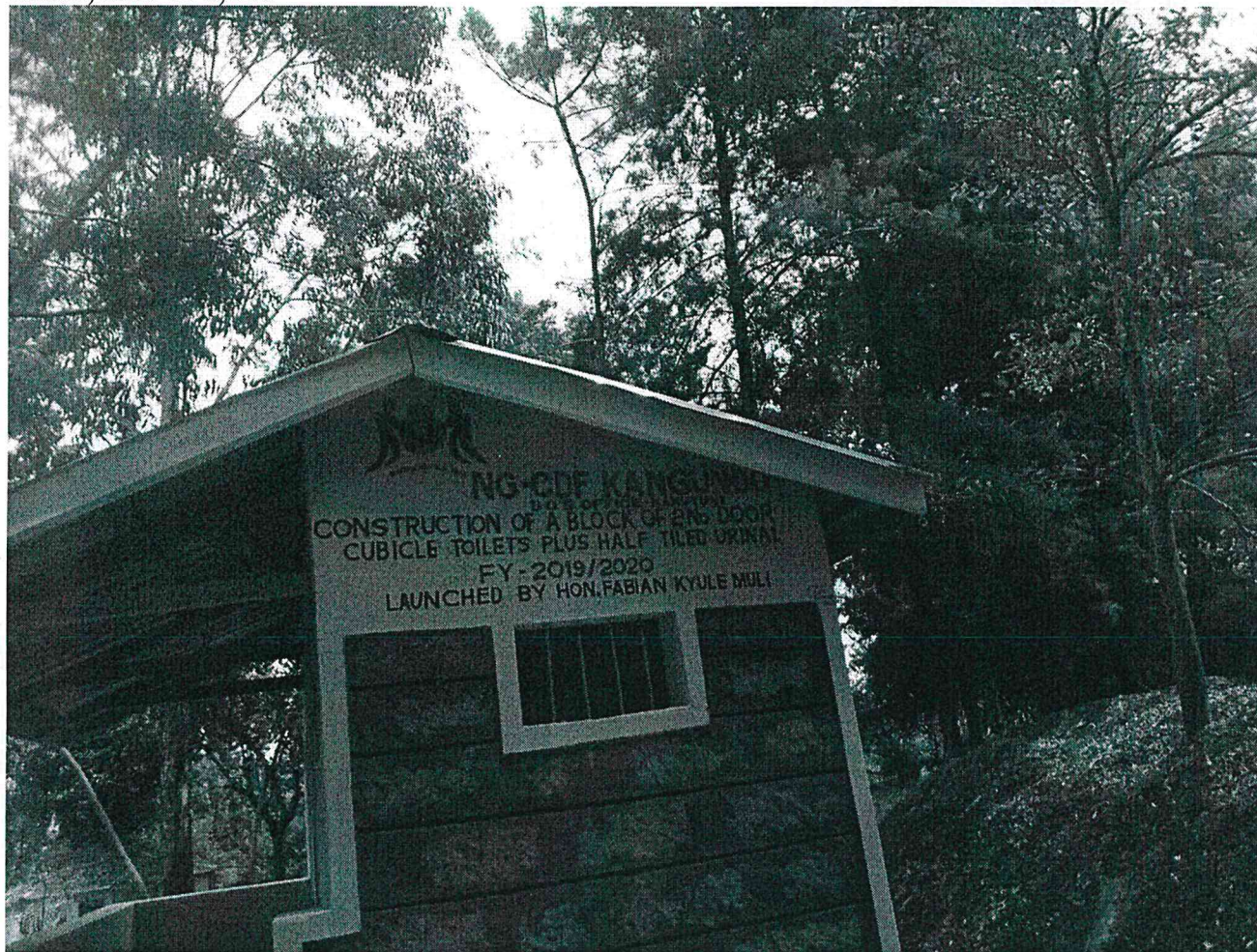




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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Kakuyuni Assistant County Commissioner's Office- Construction of a 2-door toilet and half-tiled urinal, Kshs 301,463



**JOHN KITUKU NZUKI**

**CHAIRMAN NGCDF COMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S  
PREDETERMINED 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-Kangundo Constituency's *2018-2022* plan are to:

- a) To improve access to and quality of education
- b) To improve school performance in national examinations and transitioning to higher levels of learning
- c) To increase security in the constituency
- d) To build capacity in monitoring and evaluation of development projects

**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 access to and quality of education	Increased enrolment in primary schools, secondary schools and tertiary institutions	Number of usable physical infrastructure built in primary, secondary, and tertiary institutions, numbers of schools and students	Number of physical infrastructure in schools has increased
	To improve school performance in national examinations and transitioning to higher levels of learning	Better grades leading to improved transition to secondary schools and tertiary institutions	% increase in the number of students joining secondary schools and tertiary institutions	Number of students joining secondary schools and tertiary institutions has increased only that Covid-19 has disrupted learning

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

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<b>Constituency Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Security	To increase security in the constituency	Less crime in the area	Number of crimes reported, numbers of security projects completed	Security projects have been implemented
Monitoring and evaluation	To build capacity in monitoring and evaluation of development projects	Better built projects with a greater impact	Number of completed projects in use	NGCDFC and PMC training has been undertaken

**IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

NGCDF – Kangundo 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 –**

NGCDF Kangundo strives to conduct its activities in a sustainable way. We have done this by focusing on long term rather than short term goals. Sustainability for us means meeting the needs of the present without compromising the ability of future generations to meet their needs. Our projects have been implemented in a manner that they are sustainable for future generations and in so doing the highest quality of standards has gone into them. The organisation also strives to achieve the sustainability of society through funding the education of young people who are the future of tomorrow

**2. Environmental performance**

NGCDF Kangundo is committed to better sanitation, improvement of the biodiversity and maintenance of the environment. The organisation has made various strides in environment performance by improving the sanitation of various schools and security offices than previously was. This has been done by constructing pit latrines and installation of water tanks in various schools and security offices.

**3. Employee welfare**

NGCDF Kangundo is committed to the proper welfare of its employees. The organisation has improved the welfare of its employees by looking into their compensation within laid out limits in public service. We have also improved the skill level of our employees by engaging them in training that impacts their day-to- day work. We continue to be committed to the welfare of our employees by regularly making statutory deductions such as NSSF and NHIF in time to ensure that welfare of our employees is safeguarded. The organisation is an equal and fair employer and meets the two-thirds gender rule in employing staff.

**4. Market place practices-**

NGCDF Kangundo maintains best practice in procurement of goods, works and services by diligently following the Public Procurement and Asset Disposal Act. This ensures that our procurement process is free, fair and competitive



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

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making it accessible to Kenyans of all walks of life and creating value for public funds. The organisation also ensures that it supports local businesses by making payments in time as soon as goods, services and works are delivered, rendered or completed.

**5. Community Engagements-**

NGCDF Kangundo regularly engages with the community by holding public participation meetings where the community is invited to give their views on projects they would like to be undertaken. The organisation also maintains an open door policy where community members are welcome to the office to make their suggestions and complains and also hand in project proposals. The organisation promotes the welfare of the community through issuing bursaries to needy students

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**V. 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.

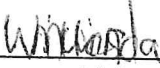
The Accounting Officer in charge of the NGCDF-Kangundo Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. 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-Kangundo 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 in charge of the NGCDF-Kangundo 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.

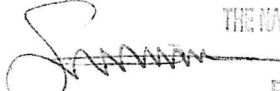
The Accounting Officer in charge of the NGCDF-Kangundo Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-Kangundo Constituency financial statements were approved and signed by the Accounting Officer on 16/9/2020

  
Fund Account Manager  
Name: Willis Mwenda Mbabu



  
THE NATIONAL SUB-COUNTY ACCOUNTANT  
KANGUNDO  
P. O. Box 1059 - 90115,  
KANGUNDO  
Sub-County Accountant  
Name: Susan Mwalimu Ndanu  
ICPAK Member Number: 20392





# REPUBLIC OF KENYA

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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 - KANGUNDO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Kangundo Constituency set out on pages 14 to 49, 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 then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kangundo Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Inaccuracy of Cash and Cash Equivalents Balances

As disclosed under Note 10A to the financial statements, The Statement of assets and liabilities reflects Kshs.13,768,856 in respect to bank balances as at 30 June, 2020. A review of the bank's reconciliation statement for the month of June 2020, provided for audit, revealed unrepresented cheques amounting to Kshs.5,949,728 which include stale cheques as at 30 June, 2020 totalling Kshs.52,866 that had not been written back in the cash book.



No explanation was provided for the failure to write back the stale cheques. Consequently, the accuracy of cash and cash equivalents balance of Kshs.13,768,856 as at 30 June, 2020 could not be confirmed.

## **2.0 Unsupported Training Expense**

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.6,413,999 as disclosed under Note 5 to the financial statements. This amount includes Kshs.389,000 which was incurred on staff training held in August, 2019 at a local hotel. However, no adequate relevant supporting documents including attendance registers and back to office reports were provided to confirm that the training took place.

In the absence of adequate supporting documents, the validity and accuracy of the expenditure of Kshs.389,000 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 - Kangundo 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 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, reflects a receipts budget and actual amounts on comparable basis of Kshs.178,513,994 and Kshs.109,146,270 respectively, resulting in an under-funding of Kshs.69,367,724 or 39% of the approved budget. Similarly, the Fund spent Kshs.95,377,414, against an approved budget of Kshs.178,513,994 resulting in under absorption of the Kshs.83,136,580 47% of budget.

The under-funding and under absorption of the budget implies that some of the planned projects and programmes were not implemented and may have negatively impacted on service delivery to the public.

## **3.0 Presentation and Disclosures in the Financial Statements**

Review of the financial statements presented for audit revealed the following anomalies in the presentation of the financial statements:

- 3.1 Financial statements show inconsistencies in paging of financial report as page numbering starts from page 1 to 28, then starts again on page 18 thus duplication.
- 3.2 The headers on the page 18 on significant accounting policies reads 'Gilgil Constituency' instead of Kangundo Constituency.
- 3.3 There is no disclosure in the financial statements regarding ownership of land where NG-CDF Kangundo Offices are erected.

In the circumstances, presentation and disclosures of the financial statements do not fully comply with the reporting template issued by the Public Sector Accounting Standards Board.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

#### 1.0 Failure to Remit Pay as You Earn (P.A.Y.E) Deductions

The statement of receipts and payments reflects compensation of employees amount of Kshs.2,745,926. A review of compensation of employees records revealed that the Fund failed to remit Pay As You Earn (P.A.Y.E.) deductions for the months of March and April, 2020 to Kenya Revenue Authority within the stipulated timelines. As a result, penalties and interest amounting to Kshs.694,372 were levied on the Fund bringing the total outstanding P.A.Y.E. to Kshs.1,028,103 as at 30 June, 2020. No explanation was provided for the anomaly.

Failure to remit PAYE within the stipulated timelines is a contravention of the provisions Income Tax Act Cap. 470.

#### 2.0 Project Implementation Status

##### 2.1 Delay in Completion of Projects

During the year under audit, a total of Kshs.137,767,724 was allocated for implementation of one hundred and sixteen (116) projects. Review of the project implementation status revealed that, fifty (50) projects worth Kshs.9,750,000 were completed during the year while thirty-four (34) projects with a total cost of Kshs.80,150,040 were on-going. The



remaining thirty-two (32) projects, worth Kshs.47,867,684 had not commenced. No explanation was given for the anomaly.

## 2.2 Contract for Renovation of Dining Hall at Kathithyamaa Secondary School

Included in transfers to other government entities balance disclosed under Note 6 to the financial statements is transfers to secondary schools balance of Kshs.9,443,370 which includes an amount of Kshs.3,800,000 transferred to the (Project Management Committee (PMC) of Kathithyamaa Secondary School for the renovation of a dining hall. The contract for the renovation works was awarded on 30 June, 2020 at a contract sum of Kshs.3,610,000. Physical inspection conducted in January, 2021 revealed that plumbing and drainage works for gutters and downward pipes worth Kshs.210,000 had not been done despite the contractor having been paid the total contract sum of Kshs.3,610,000 including the retention money.

In the circumstances, no value for money may not have been realized from the Kshs.210,000 which was paid for work not done.

## 2.3 Unsupported Payments for Provisional Sums and Contingencies

During the year under review, the Fund paid Kshs.7,192,208 on account of three (3) projects which included Kshs.230,000 paid as provisional sums for which no relevant supporting documents were provided as detailed out in table below;

<b>Project Details</b>	<b>Contractor</b>	<b>Contract sum paid Kshs.</b>	<b>Provisional Sums Kshs.</b>
Renovation of 4 classrooms at Kilalani Township Primary School.	Vithek Enterprises Ltd	1,517,396	50,000
Construction of three classrooms at Kakuyuni Secondary School.	M/s Southern Atlas International Co. Ltd	3,397,814	120,000
Construction of 2 classrooms at ABC Katatha Maweu Primary School	M/s Lamana Global Technology	2,276,998	60,000
<b>Total Amount (Kshs.)</b>		<b>7,192,208</b>	<b>230,000</b>

Consequently, it has not been possible to confirm the validity and value for money from the Kshs.230,000 payment on the projects.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

**Nairobi**

**11 February, 2022**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**KANGUNDO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

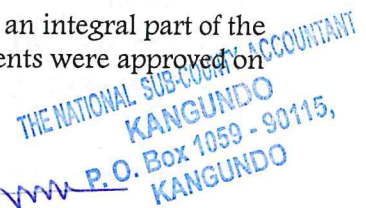
	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	72,809,788	118,239,368
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	20,000	13,000
<b>TOTAL RECEIPTS</b>		<b>72,829,788</b>	<b>118,252,368</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,745,926	2,584,703
Use of goods and services	5	6,413,999	8,991,724
Transfers to Other Government Units	6	33,872,719	44,643,515
Other grants and transfers	7	52,344,770	35,919,978
Acquisition of Assets	8	-	447,578
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>95,377,414</b>	<b>92,587,498</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(22,547,627)</b>	<b>25,664,870</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANGUNDO Constituency financial statements were approved on 16/9/2020 2020 and signed by:

Willis Mwenda  
Fund Account Manager  
Name: Willis Mwenda Mbabu



Susan Mwalimu Ndanu  
National Sub-County Accountant  
Name: Susan Mwalimu Ndanu  
ICPAK Member Number: 20392



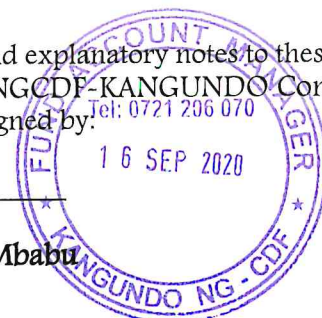
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
KANGUNDO CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2020**

**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020 Kshs	2018-2019 Ksh
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	13,768,856	36,316,482
Cash Balances (cash at hand)	10B	-	
<b>Total Cash and Cash Equivalents</b>		<b>13,768,856</b>	<b>36,316,482</b>
Accounts Receivable			
Outstanding Imprests	11	-	
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,768,856</b>	<b>36,316,482</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable			
Retention	12A	-	
Deposits (Gratuity)	12B	-	
<b>TOTAL FINANCIAL LIABILITES</b>		<b>-</b>	<b>-</b>
<b>NET FINANCIAL ASSETS</b>		<b><u>13,768,856</u></b>	<b><u>36,316,482</u></b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	<b>13</b>	36,316,482	10,651,611
Prior year adjustments	14	-	
Surplus/Defict for the year		(22,547,627)	25,664,871
<b>NET FINANCIAL POSITION</b>		<b><u>13,768,856</u></b>	<b><u>36,316,482</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANGUNDO Constituency financial statements were approved on 16/9/2020 and signed by: Willis Mwenda Mbabu Tel: 0721 296 070

Fund Account Manager  
Name: Willis Mwenda Mbabu



National Sub-County Accountant  
Name: Susan Mwalimu Ndanu  
ICPAK Member Number: 20392



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**KANGUNDO CONSTITUENCY**

**Reports and Financial Statements**


**For the year ended June 30, 2020**

**IX. STATEMENT OF CASHFLOW**

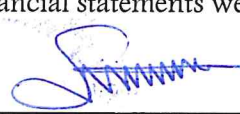
		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	72,809,788	118,239,368
Other Receipts	3	20,000	13,000
<b>Total receipts</b>		<b>72,829,788</b>	<b>118,252,368</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,745,926	2,584,703
Use of goods and services	5	6,413,999	8,991,724
Transfers to Other Government Units	6	33,872,719	44,643,515
Other grants and transfers	7	52,344,770	35,919,978
Other Payments	9	-	-
<b>Total payments</b>		<b>95,377,414</b>	<b>92,139,920</b>
<b>Total Receipts Less Total Payments</b>			
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
<b>Net cash flow from operating activities</b>		<b>(22,547,627)</b>	<b>26,112,448</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	(447,578)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(447,578)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(22,547,627)</b>	<b>25,664,870</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>36,316,482</b>	<b>10,651,612</b>
<b>Cash and cash equivalent at END of the year</b>		<b>13,768,856</b>	<b>36,316,482</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-KANGUNDO Constituency financial statements were approved on

16/9/2020 2020 and signed by: 0721 206 070

  
Fund Account Manager  
Name: Willis Mwenda Mbabu



  
National Sub-County Accountant  
Name: Susan Mwalimu Ndanu  
ICPAK Member Number: 20392





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANGUNDO CONSTITUENCY**

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 %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	137,367,724	41,126,270	178,493,994	109,126,270	69,367,724	61.1%
Proceeds from Sale of Assets		0		-	-	0.0%
Other Receipts(AIA)	137,367,724	20,000	178,513,994	109,146,270	69,367,724	61.1%
<b>PAYMENTS</b>						
Compensation of Employees	4,141,739	916,206	5,057,945	2,745,926	2,312,019	54.3%
Use of goods and services	8,221,356	1,119,058	9,340,414	6,413,999	2,926,415	68.7%
Transfers to Other Government Units	61,426,979	10,546,074	71,973,053	33,872,719	38,100,335	47.1%
Other grants and transfers	62,271,654	23,828,821	86,100,475	52,344,770	33,755,705	60.8%
Acquisition of Assets	0	0	0	-	-	
Other Payments	1,305,996	4,736,111	6,042,107	-	6,042,107	0.0%
<b>TOTALS</b>	137,367,724	41,146,270	178,513,994	95,377,414	83,136,580	53.4%

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

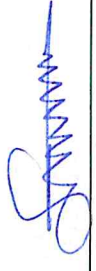
(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]


- i. The utilization of most votes is below 90% because more than half of the 2019/2020 budget is yet to be received from the board. Specifically Kshs 69,367,724.14 is yet to be received out of a budget of Kshs 137,367,724.14. This means that 50.5% of the budget is yet to be received and this is the reason why the average utilization is below 90%. However, when we look at the utilization of actual funds received that stands at 87%


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

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.*

*The changes between the original and final budget are a result of the bank balance at the opening of the year; funds received during the year that were supposed to be received in previous years and revenue received through sale of tender documents.*

The NGCDF-KANGUNDO Constituency financial statements were approved on 16/9/ 2020 and signed by Willis Mwendia Mbabu  
  
Fund Account Manager  
Name: Willis Mwendia Mbabu  
ICPAK Member Number: 20392







**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANGUNDO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization difference
	2019/2020 Kshs		2019/2020 Kshs	comparable basis 30/06/2020 Kshs	
<b>1.0 Administration and Recurrent</b>					
Employees' salaries	3,821,739	648,791	4,470,530	2,567,336	1,903,194
Goods and services	2,000,000	38,240	2,038,240	1,752,869	285,371
NSSF	200,000	165,715	365,715	119,140	246,575
NHIF	120,000	101,700	221,700	59,450	162,250
Committee Allowances	2,100,324	357,479	2,457,803	2,435,630	22,173
<b>Sub Total</b>	<b>8,242,063</b>	<b>1,311,925</b>	<b>9,553,988</b>	<b>6,934,425</b>	<b>2,619,563</b>
<b>2.0 Monitoring and evaluation</b>					
Goods and services	100,000	458	100,458	51,500	48,958
Committee Allowances	2,721,032	577,382	3,298,413	1,836,000	1,462,413
NG/CDF /PMC Capacity Building	1,300,000	145,500	1,445,500	338,000	1,107,500
<b>Sub Total</b>	<b>4,121,032</b>	<b>723,340</b>	<b>4,844,371</b>	<b>2,225,500</b>	<b>2,618,871</b>
<b>3.0 Emergency</b>					
Emergency Balance(2019-2020)	6,898,241	-	6,898,241		6,898,241
Kangundo Police Station (2019-2020)	300,000		300,000	300,000	
<b>Sub- Total</b>	<b>7,198,241</b>	<b>-</b>	<b>7,198,241</b>	<b>300,000</b>	<b>6,898,241</b>
<b>4.0 Bursary and Social Security</b>					
Bursary Secondary Schools	33,000,000	2,228,101	35,228,101	27,633,990	7,594,111

**Reports and financial statements  
For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	30/06/2020	Kshs		Kshs
Bursary Tertiary Schools	15,078,703		15,493,757		30,572,460		21,328,500		9,243,960	
Mocks and CAT			3,219		3,219		-		3,219	
<b>Sub-Total</b>	<b>48,078,703</b>		<b>17,725,077</b>		<b>65,803,780</b>		<b>48,962,490</b>		<b>16,841,290</b>	
<b>5.0 Sports</b>										
Sports Fund(2018-2019)			3,627		3,627				3,627	
Sports Fund	2,747,354		-		2,747,354				2,747,354	
<b>Sub- Total</b>	<b>2,747,354</b>		<b>3,627</b>		<b>2,750,981</b>		<b>-</b>		<b>2,750,981</b>	
<b>6.0 Environment</b>										
St. Michael Unyuani Secondary School	343,419		-		343,419		-		343,419	
St. Francis Misyani Primary School	343,419		-		343,419		-		343,419	
Kitwii Girls Primary School,	343,419		-		343,419		-		343,419	
Mukunike A.I.C Primary School	343,419		-		343,419		-		343,419	
Kitongi Primary School	343,419		-		343,419		-		343,419	
Kwakathule Primary School	343,419		-		343,419		-		343,419	
Kinyungu Primary School	343,419		-		343,419		-		343,419	
Kangundo DEB Primary School	343,419		-		343,419		-		343,419	
Malatani Primary School(2018-2019)	-		363,470		363,470		363,470		0	
Ngomani Primary School (2018-2019)	-		363,470		363,470		363,470		0	
Kwandi Primary School (2018-2019)										



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANGUNDO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	30/06/2020	Kshs	2019/2020	Kshs
	-		363,470		363,470		363,470		0	
Unywani Primary School (2018-2019)	-		363,470		363,470		363,470		0	
Kanzalu Hill Primary School (2018-2019)	-		363,470		363,470		363,470		0	
Matitihini Secondary School (2018-2019)	-		363,470		363,470		363,470		0	
Sub- Total	2,747,354		2,180,818		4,928,172		2,180,817		2,747,355	
<b>7.0 Primary Schools Projects</b>										
Kangundo DEB Primary School(2018-2019)	-		2,185,674		2,185,674		2,185,674		-	
Mikoikoni Primary School(2018-2019)	-		1,500,000		1,500,000		673,575		826,425	
Manyatta Primary School(2018-2019)	-		1,000,000		1,000,000		1,000,000		-	
Kakutha Primary School(2018-2019)	-		1,000,000		1,000,000		1,000,000		-	
Kathithyamaa Primary School	195,000		-		195,000		195,000		-	
Kilalani Primary School	195,000		-		195,000		195,000		-	
Kanzokea H.G.M Primary School	195,000		-		195,000		195,000		-	
Matetani A.I.C Primary School	195,000		-		195,000		195,000		-	
Kyai Primary School	195,000		-		195,000		195,000		-	
Kyaaka Primary School	195,000		-		195,000		195,000		-	
Kangundo AIC Primary School	195,000		-		195,000		195,000		-	
Ngulini A.I.C Primary School	195,000		-		195,000		195,000		-	
Kambai Primary School	195,000		-		195,000		195,000		-	



**Reports and financial statements  
For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	30/06/2020	Kshs		Kshs
Mbondoni Primary School	195,000		-		195,000		195,000		-	
Kwanwilile Primary School	195,000		-		195,000		195,000		-	
St Francis Misyani Primary School	195,000		-		195,000		195,000		-	
Ituusya Primary School	195,000		-		195,000		195,000		-	
Mbilini Primary School	195,000		-		195,000		195,000		-	
Masewani Primary School	195,000		-		195,000		195,000		-	
Kitwii Girls Primary School	195,000		-		195,000		195,000		-	
Kwambalu Primary School	195,000		-		195,000		195,000		-	
Kawauni Primary School	195,000		-		195,000		195,000		-	
Kangundo DEB Primary School	195,000		-		195,000		195,000		-	
Mikoikoni Primary School	195,000		-		195,000		195,000		-	
Kivuluni Primary School	195,000		-		195,000		195,000		-	
Kwandi Primary School	195,000		-		195,000		195,000		-	
Kamutonga DEB Primary School	195,000		-		195,000		195,000		-	
Kanzalu Hill Primary School	195,000		-		195,000		195,000		-	
Kikambuani Primary School	195,000		-		195,000		195,000		-	
Matungulu A.I.C Primary School	195,000		-		195,000		195,000		-	
Kyelendu Primary School	195,000		-		195,000		195,000		-	195,000
Kitwii Boys primary school			-							

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANGUNDO CONSTITUENCY**

**Reports and Financial Statements  
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Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020 Kshs	Kshs	2019/2020 Kshs	30/06/2020 Kshs	Kshs
	195,000		195,000	195,000	-
Unywani Primary School	195,000	-	195,000	195,000	-
Mulingana Primary School	195,000	-	195,000	195,000	-
Kikondeni Primary School	195,000	-	195,000	195,000	-
Syanamu Primary School	195,000	-	195,000	195,000	-
Mbusyani Primary School	195,000	-	195,000	195,000	-
Kikalu Primary School	195,000	-	195,000	195,000	-
Kawethei HGM Primary School	195,000	-	195,000	195,000	-
Kitongi Primary School	195,000	-	195,000	195,000	-
Kathaana Primary School	195,000	-	195,000	195,000	-
Syanthi S.A Primary School	195,000	-	195,000	195,000	-
Kwandeto Primary School	195,000	-	195,000	195,000	-
Kawethei SA Primary School	195,000	-	195,000	195,000	-
Mukunike A.I.C Primary School	195,000	-	195,000	195,000	-
Kathome Primary School	195,000	-	195,000	195,000	-
Kyevaluki Primary School	195,000	-	195,000	195,000	-
Kilindiloni Primary School	195,000	-	195,000	195,000	-
Kiomo Primary School	195,000	-	195,000	195,000	-
Kwakathule Primary School	195,000	-	195,000	195,000	-

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

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	30/06/2020	Kshs		Kshs
Kathiini SA Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kwamwenze Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kamwanyani Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kakutha Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kakuyuni Primary School	195,000	195,000	-	-	195,000	195,000	-	-	195,000	195,000
Kithunthi S.A Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kavilinguni Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kithini DEB Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kivi DEB Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kamanzi SA Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Manyatta Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Matithini Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Mususye Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Ngomani Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kinyungu Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Miu ABC Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Kithuiani Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Malatani Primary School	195,000	195,000	-	-	195,000	195,000	195,000	195,000	-	-
Iialtune Primary School			-	-						



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KANGUNDO CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization difference
	2019/2020 Kshs		2019/2020 Kshs	30/06/2020 Kshs	
	195,000		195,000	195,000	-
Mukuyuni S.A Primary School	195,000	-	195,000	195,000	-
Kivaani Township Primary School	195,000	-	195,000	195,000	-
ABC Katatha Maweu Primary School	195,000	-	195,000	195,000	-
Kwandi Primary School	2,500,000	-	2,500,000	-	2,500,000
Ihuuya Primary School	2,800,000	-	2,800,000	-	2,800,000
Kikambuani Primary School	3,600,000	-	3,600,000	-	3,600,000
Kwamwilile Primary School	1,000,000	-	1,000,000	-	1,000,000
Mikoikoni Primary School	3,600,000	-	3,600,000	-	3,600,000
Mulingana Primary School	1,200,000	-	1,200,000	-	1,200,000
Kyaaka Primary School	1,000,000	-	1,000,000	-	1,000,000
Kambai Primary School	2,500,000	-	2,500,000	-	2,500,000
Kilalani Primary School	1,600,000	-	1,600,000	1,600,000	-
ABC Katatha Maweu Primary School	2,400,000	-	2,400,000	2,400,000	-
Manyatta Primary School	1,100,000	-	1,100,000	-	1,100,000
Kivaani Township Primary School	2,400,000	-	2,400,000	2,400,000	-
Matithini Primary School	2,400,000	-	2,400,000	-	2,400,000
Katheini Primary School	1,600,000	-	1,600,000	-	1,600,000
Kwakathule Primary School	2,400,000	-	2,400,000	-	2,400,000

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Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	30/06/2020	Kshs	30/06/2020	Kshs
Kwandeto Primary School	3,600,000		-		3,600,000		-		3,600,000	
Kathaana Primary School	1,000,000		-		1,000,000		-		1,000,000	
Ngomani Primary School	1,386,979		-		1,386,979		-		1,386,979	
Misyani Purchase of Land			431,430		431,430		-		431,430	
ABC Katatha Maweu Primary School(2016-2017)			300,000		300,000		300,000		-	
<b>Sub-Total</b>	<b>51,346,979</b>		<b>6,417,104</b>		<b>57,764,083</b>		<b>24,429,249</b>		<b>33,334,834</b>	
<b>8.0 Secondary Schools Projects</b>										
St. Francis Misyani Girls High School	5,000,000		-		5,000,000		-		5,000,000	
Mulingana Secondary School	1,000,000		-		1,000,000		-		1,000,000	
Maitithini Secondary School	480,000		-		480,000		-		480,000	
Kakuyuni Secondary School	3,600,000		-		3,600,000		3,600,000		-	
Kikambuani Secondary School (2018-2019)			480,000		480,000		480,000		-	
Kathithiyamaa Secondary School (2018-2019)			3,800,000		3,800,000		3,800,000		-	
Makuyuni Secondary School (2016-2017)			1,328,970		1,328,970		1,200,000		128,970	
Uhyuani Secondary School (2016-2017)			363,470		363,470		363,470		0	
Kawauni Secondary School (2016-2017)			363,470		363,470		-		363,470	
Kawauni Secondary School (2016-2017)			273,061		273,061		-		273,061	
<b>Sub- Total</b>	<b>10,080,000</b>		<b>6,608,970</b>		<b>16,688,970</b>		<b>9,443,470</b>		<b>7,245,501</b>	



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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
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>					
Kshs 5,985,674 re allocated to Kathithyamaa Sec sch and Kangundo Pry sch 3.8m and 2,185,674 Respectively					
<b>10.0 Security Projects</b>					
Kawauni Assistant Chiefs office	500,000	-	500,000	-	500,000
Kwakathule Assistant chiefs office	1,000,000	-	1,000,000	-	1,000,000
Mauini Assistant Chief(2018-2019)	-	300,000	300,000	300,000	-
Mtulingana Assistant Chief (2018- 2019)	-	300,000	300,000	300,000	-
Kakuyuni Assistant Chief (2018-2019)	-	301,463	301,463	301,463	-
Security Balances	-	537,836	537,836	-	537,836
<b>Sub-Total</b>	<b>1,500,000</b>	<b>1,439,299</b>	<b>2,939,299</b>	<b>901,463</b>	<b>2,037,836</b>
<b>11.0 Acquisition of assets</b>					
<b>12.0 Others</b>					
12.1 Strategic Plan		220	220	-	220
12.2 Innovation Hub		4,677,027	4,677,027	-	4,677,027
12.3 Health		25,864	25,864	-	25,864



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Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	Kshs	Kshs	2019/2020	Kshs	30/06/2020	Kshs		Kshs
12.4 Kangundo NG-CDF Office	1,305,996				1,305,996		-		1,305,996	
12.5 Sale of Tender Documents			33,000		33,000		-		33,000	
<b>Sub-Total</b>	<b>1,305,996</b>		<b>4,796,111</b>		<b>6,042,107</b>		<b>-</b>		<b>6,042,107</b>	
<b>Total</b>	<b>137,367,724</b>		<b>41,146,270</b>		<b>178,513,994</b>		<b>95,377,414</b>		<b>83,136,580</b>	

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**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-KANGUNDO 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 30<sup>th</sup> 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) –  
KANGUNDO CONSTITUENCY  
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**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.

## **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 1<sup>st</sup> July 2019 to 30<sup>th</sup> 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 30<sup>th</sup> 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.

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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
AIE NO. A855842	1		11,379,310
AIE NO. B 030144	2		10,000,000
AIE NO. -B 030423	3		12,000,000
AIE NO. -B 006451	4		8,000,000
AIE NO.A 699121	5		11,000,000
AIE NO. B 042901	6		13,000,000
AIE NO. B 047549	7		52,860,058
AIE NO. A047199	1	2,180,818	
AIE NO. B 047445	2	4,000,000	
AIE NO. -B 041286	3	18,000,000	
AIE NO. -B 047707	4	6,000,000	
AIE NO.A 047910	5	7,000,000	
AIE NO. B 041379	6	2,628,970	
AIE NO. B 104317	7	14,000,000.00	
AIE NO. A855842	8	19,000,000.00	
<b>TOTAL</b>		<b>72,809,788</b>	<b>118,239,368</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2019-2020	2018-2019
	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	-	-
<b>Total</b>	<b>-</b>	<b>-</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	20,000	13,000
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>20,000</b>	<b>13,000</b>

**4. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,178,486	1,490,519
<b>Personal allowances paid as part of salary</b>		
House allowance	234,300	215,250
Transport allowance	214,000	71,000
Leave allowance	-	-
Other personnel payments	-	-
Employer contribution to NSSF	119,140	231,334
Gratuity-contractual employees	-	576,600
<b>Total</b>	<b>2,745,926</b>	<b>2,584,703</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. USE OF GOODS AND SERVICES**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services	9,450	365,765
Electricity	2,250	34,822
Water & sewerage charges	22,800	31,050
Office rent	-	-
Communication, supplies and services	134,500	148,693
Domestic travel and subsistence	126,100	138,570
Printing, advertising and information supplies & services	-	151,563
Rentals of produced assets	-	-
Training expenses	218,000	857,000
Hospitality supplies and services	678,740	103,874
Other committee expenses	337,000	0
Committee allowance	3,266,000	6,157,218
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	1,192,410	165,613
Fuel , oil & lubricants	200,000	450,000
Other operating expenses	-	138,757
Bank service commission and charges	15,299	13,342
Other Operating Expenses	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	191,950	106,082
Routine maintenance- other assets	19,500	129,375
<b>Total</b>	<b>6,413,999</b>	<b>8,991,724</b>

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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 National Government entities	-	-
Transfers to primary schools (see attached list)	24,429,249	26,323,513
Transfers to secondary schools (see attached list)	9,443,470	12,576,726
Transfers to tertiary institutions (see attached list)	-	5,743,276
Transfers to health institutions (see attached list)	-	-
<b>TOTAL</b>	<b>33,872,719</b>	<b>44,643,515</b>

7. **OTHER GRANTS AND OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	27,633,990	10,868,500
Bursary – tertiary institutions (see attached list)	21,328,500	12,929,000
Bursary – special schools (see attached list)	-	112,000
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	901,463	6,841,720
Sports projects (see attached list)	-	2,180,818
Environment projects (see attached list)	2,180,817	-
Emergency projects (see attached list)	300,000	2,987,940
<b>Total</b>	<b>52,344,770</b>	<b>35,919,978</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	447,578
Purchase of Specialised Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	-	447,578

**9. OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10A: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Equity Bank- Tala Branch, Account No. 0900297884246</i>	13,768,856	36,316,482
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
<b>Total</b>	13,768,856	36,316,482
<b>10B: CASH IN HAND</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>specify</i> )	-	-
<b>Total</b>	-	-
<i>[Provide cash count certificates for each]</i>		

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<i>Name of Officer or Institution</i>	dd/mm/yy	-	-	-
<b>Total</b>				<b>-</b>

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

**12A. RETENTION**

	<b>2019 - 2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide short appropriate explanations as necessary]*

**12B. GRATUITY DEPOSITS**

	<b>2019 - 2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate		-
<b>Total</b>	<b>-</b>	<b>-</b>

*[Provide short appropriate explanations as necessary]*



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**13. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	36,316,482	10,651,612
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>36,316,482</b>	<b>10,651,612</b>

*[Provide short appropriate explanations as necessary]*

**14. PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
	-	-	-

**15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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**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	-	-
	-	-

**17.2: PENDING STAFF PAYABLES (See Annex 2)**

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff Gratuity	1,036,020	1,036,020
Others ( <i>specify</i> )	-	-
	1,036,020	1,036,020

**17.3: UNUTILIZED FUND (See Annex 3)**

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,312,019.00	916,206
Use of goods and services	2,926,415.00	1,119,058
Amounts due to other Government entities (see attached list)	40,580,334.60	10,097,922
Amounts due to other grants and other transfers (see attached list)	31,275,703.60	20,137,903
Acquisition of assets	-	
Others ( <i>specify</i> )	6,042,107.00	6,213,211
	83,136,579.20	38,484,300.00

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**17.4: PMC account balances (See Annex 5)**

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	23,130,850	5,634,493
	<b>23,130,850</b>	<b>5,634,493</b>



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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	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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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
<b>Senior Management</b>		a	b	c	d=a-c	
1.						
2.						
<b>Sub-Total</b>						
<b>Middle Management</b>						
3.						
4.						
<b>Sub-Total</b>						
<b>Unionisable Employees</b>						
5.						
6.						
7.						
<b>Sub-Total</b>						
<b>Others (Former NGCDFC Staff)</b>						
8. Benard Kasema	K	261,950	1/5/2014	0	261,950	
9. Boniface Mbithi	G	122,450	1/5/2014	0	122,450	
10. Margaret Munyaka	G	68,200	1/5/2014	0	68,200	
11. Patrick Muia	G	220,100	1/5/2014	0	220,100	
12. John Nzomo	G	220,100	1/5/2014	0	220,100	
13. John Ngali	G	143,220	1/5/2014	0	143,220	
<b>Sub-Total</b>		<b>1,036,020</b>			<b>1,036,020</b>	
<b>Grand Total</b>		<b>1,036,020</b>			<b>1,036,020</b>	

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**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		2,312,019	916,206	
Use of goods & services		2,926,415	1,119,058	
<b>Amounts due to other Government entities</b>				
Transfers to Primary Schools		33,334,834	1,931,430	
Transfers Secondary School		7,245,500	-	
Transfers to Tertiary KMTC		-	8,166,488	
<b>Sub-Total</b>		<b>40,580,835</b>	<b>10,097,918</b>	
<b>Amounts due to other grants and other transfers</b>				
Emergency 2019-2020		6,898,241	3,381,463	
Bursary Secondary Schools		7,594,111	824,848	
Bursary Tertiary Schools		9,243,960	15,393,757	
Mocks and CAT		3,219	954	
Sports vote balance previous years		3,627	3,627	
Sports Fund-2019-2020		2,747,354	-	
Environment 2019-2020		2,747,354	-	
Security 2019-2020		1,500,000	-	
Security vote balances		537,836	537,836	
<b>Sub-Total</b>		<b>31,275,704</b>	<b>20,142,485</b>	
<b>Sub-Total</b>		<b>77,094,472</b>	<b>32,275,667</b>	
<b>Acquisition of assets</b>				
<b>Others (specify)</b>				
12.1 Strategic Plan		220	220	
12.2 Innovation Hub		4,677,027	4,677,027	
12.3 Health		25,864	25,863	
12.4 Kangundo NG-CDF Office		1,305,996		



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Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
12.5 Revenue (Sale of tender document)		33,000		
12.5 Others			1,505,523	
	<b>Sub-Total</b>	6,042,107	6,208,633	
	<b>Grand Total</b>	83,136,579	38,484,300	

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land				
Buildings and structures	14,494,491			14,494,491
Transport equipment	3,213,500			3,213,500
Office equipment, furniture and fittings	1,713,852			1,713,852
ICT Equipment, Software and Other ICT Assets	1,364,057			1,364,057
Other Machinery and Equipment	0			0
Heritage and cultural assets	0			0
Intangible assets	0			0
<b>Total</b>	<b>20,785,900</b>			<b>20,785,900</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020**

PMC	Bank	Account No.	2019/20	2018/19
Kathithyamaa Primary School	Equity	0900277303692	205,027.00	
Kavilinguni Primary School	Equity	0900277303973	200,794.75	
Kithunthi Primary School	Equity	0900297580630	216,334.00	
Kyevaluki Primary School	Equity	0900268233642	394,861.00	
Kiomo Primary School	Equity	0900277310632	204,793.35	
Kathome Primary School	Equity	0900277310670	205,347.50	
Kawethei SA Primary School	Equity	0900295300875	247,892.00	
Kawethei HGM Primary School	Equity	0900299359843	195,282.50	
Kyelendu Primary School	Equity	0900294420309	422,830.00	
IIA Itune Primary School	Equity	0900277303997	262,520.00	
Kikambuani Primary School	Equity	0900297697149	227,579.50	
Mukuyuni Primary School	Equity	0900277304009	225,575.00	
Kitwii Boys Primary School	Equity	0900299279199	196,165.50	
Syanthi S.A Primary School	Equity	0900272853889	225,720.00	
Kwamwilile Primary School	Equity	0900266698147	224,235.00	
Mususye Primary School	Equity	0900267232186	225,365.00	
Kivuluni Primary School	Equity	0900263653648	195,935.00	
Miu ABC Primary School	Equity	0900277310601	195,170.00	
Kamutonga DEB Primary School	Equity	0900269921856	226,495.00	
Kangundo AIC Primary School	Equity	0900277310478	198,440.00	
Matetani A.I.C Primary School	Equity	0900263537552	225,100.00	
Mbusyani Primary School	Equity	0900269800105	438,375.14	784,681.88
Kamanzi SA Primary School	Equity	0900273283926	195,975.00	1,155.00
Mbilini Primary School	Equity	0900277503809	195,230.00	410.00
Ngulini A.I.C primary School	Equity	0900262211462	246,501.50	51,501.50
Kitwii Girls Primary School	Equity	0900299286970	202,800.40	7,980.00
Kikondeni Primary School	Equity	0900263717079	196,045.00	1,225.00
Kawauni Primary School	Equity	0900294342635	195,107.00	107.00
Kambai Primary school	Equity	0900294450124	198,665.25	
Kinyungu Primary School	Equity	0900297182276	195,396.15	
Manyatta Primary school	Equity	0900269806773	854,019.50	
Malatani Primary school	Equity	0900294436546	211,447.86	

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Kilindiloni Primary School	Equity	0900272807246	195,790.50	
Kakutha Primary School	Equity	0900272807364	281,637.57	
Mukunike A.I.C Primary School	Equity	0900266653710	197,754.00	
Kivi DEB Primary School	Equity	0900272853918	271,978.07	
Kanzalu Hill Primary School	Equity	0900272853550	223,067.75	
Kithini D.E.B Primary school	Equity	0900262741677	194,969.30	
ABC Katatha Maweu Primary School	Equity	0900268364134	2,845,268.37	33,365.55
Kwamwenze Primary School	Equity	0900272806414	198,301.05	
Kanzokea H.G.M Primary School	Equity	0900279002200	198,274.84	
Kangundo DEB Primary School	Equity	0900279025860	198,809.72	
Mikoikoni primary School	Equity	0900272853615	195,141.55	
Kwambalu Primary School	Equity	0900262296794	269,068.11	
Kyai Primary School	Equity	0900268836538	200,527.04	
Mbondoni Primary School	Equity	0900265704791	238,239.04	
Kivaani Township Primary	Equity	0900263766583	2,673,332.47	
Matungulu A.I.C Primary School	Equity	0900297633783	200,083.07	
St. Francis Misyani Primary School	Equity	0900277247615	195,943.30	13,287.83
Kamwanyani Primary school	Equity	0900295047598	198,871.30	



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Kithuiani Primary School	Equity	0900264186783	224,041.75	
Masewani primary school	Equity	0900278660925	197,828.86	
Kwandeto primary school	Equity	0900268487038	202,804.16	
Ituusya Primary School	Equity	0900279685897	195,000.00	
Unyuani Primary school	Equity	0900271573839	205,435.70	
Kwandi Primary School	Equity	0900279332663	205,170.70	
Ngomani Primary School	Equity	0900279368673	209,186.82	
Kilalani Primary School	Equity	0900279853182	1,785,400.00	
Kathiini S.A Primary School	Equity	0900279881572	195,000.00	
Kyaaka Primary School	Equity	0900294868632	195,719.30	
Kathaana DEB Primary School	Equity	0900279890852	195,000.00	
Mulingana Primary School	Equity	0900295784425	4,267.00	
Matithini Primary School	Equity	0900279897573	0.00	
Kitongi Primary School	Equity	0900263477812	195,417.00	
Syanamu Primary School	Equity	0900267991888	3,899.00	
Kwakathule Primary School	Equity	0900279887897	196,000.00	
Mukuyuni S.A Secondary school	Equity	0900278735862	247,507.20	3,557,767.50
ABC Kathithyamaa Secondary School	Equity	0900279092412	1,658.20	
A.I.C Kikambuani Secondary School	Equity	0900264222069	345,354.56	429,577.59
AIC Matithini mixed Secondary School	Equity	0900269556072	26,982.17	
Kawauni Secondary School	Equity	0900279643714	-1,066.20	
St. Michael Unyuani Secondary School	Equity	0900263451533	30,168.68	18,127.62
Kangundo high School	Equity	0900297440167	2,534.71	
DEB Kangundo Secondary School		0900269537176	43.50	
Kakuyuni Secondary School	Equity	0900262548677	42,963.00	

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Kakuyuni Assistant County Commissioner	Equity	0900279678883	293,188.85	
Kanzalu Chiefs Office	Equity	0900265036098	676.00	
Mulingana Chiefs office	Equity	0900265508581	296,139.55	
Kyevaluki chiefs office	Equity	0900273013281	17.55	
Kangundo Cdf Office	Equity	0900276382620	3,886.00	
Kangundo CDF Sports	Equity	0900276382771	17,880.00	60,180.00
KMTC	Equity	0900262705557	68,776.96	210,838.81
Maiuni Chiefs Office	Equity	0900269932079	304,648.00	
Kangundo Chiefs office	Equity	0900278861035	18,006.57	
Miu Assistant Chiefs Office	Equity	0900278729624	100,287.50	403,767.50
Ndunduni Adminstration Police post	Equity	0900263498516	-39.66	
Kitwii chiefs office	Equity	0900276382821	92,985.07	
Kakuyuni Police Station	Equity			51,290.74
Kangundo DCC Residence	Equity			9,229.00
<b>Total</b>			<b>23,130,850</b>	<b>5,634,493</b>



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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)	Time frame (Period when you expect the issue to be resolved)
1.1.1	Note 15.3 to the financial statements reflects unutilized funds balance of Kshs.40,665,118 while the corresponding analysis in Annex 3 showed balances totaling Kshs.38,484,300 resulting to unexplained variance of Kshs.2,180,818. Further, the analysis on unutilized fund balances provided in Annex 3 lacked details on account of each amount as required.	The difference in the unutilized funds is brought about by an erroneous addition of the balance remaining from the Board of Kshs 2,180,818. The amount should not have been part of the unutilized funds. The amount of Kshs 38,484,300 is also supported from the statement of appropriation.	Fund Account Manager	Resolved	
1.1.2	The financial statements have repeated Annex 4 but information therein is unrelated. The first one has a summary of fixed assets while in the second annex has details on PMC Bank Balances.	The annex that refers to PMC bank balances was erroneously named as Annex 4. It should have been annex 5.	Fund Account Manager	Resolved	
1.1.3	Notes 6&7 to the financial statements on transfer to other government entities and other grants and other payments do not have supporting list of detailed projects funded.	We have provided a soft copy attachment of the projects	Fund Account Manager	Resolved	
1.1.4	Note 4 to the financial statements reflects	During the year 2013-2017, the NG CDFC staff contracts	Fund Account Manager	Resolved	



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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)
	Kshs.2,584,703 for compensation of employees and includes Kshs.576,600 referred to as other personnel payments which was not supported.	ended; however, there was delay in processing of their gratuity payment, so that money was paid in the year ended as disclosed in note 12B. Find attached file indicated 4.1.6			
1.1.5	Available records showed that the Fund Management outstanding gratuities totaling Kshs.1,036,020 whose disclosure was omitted on the financial statements.	The gratuity was disclosed in the note 15.2 and expounded in Annex 2	Fund Account Manager	Resolved	
1.1.6	The analysis provided in Annex 4 for PMC bank balances lacks details for 2017/2018 balances.	The balances have been provided in soft copy	Fund Account Manager	Resolved	
1.1.7	There is no disclosure on ownership of land where NG-CDF Kangundo offices are erected.	The property with which the NG CDF office was donated by the county government and it's a public land. Ownership still lies with the county government.	Fund Account Manager	Resolved	
1.2.2	Note 15.4 and Annex 4 to the financial statements reflects Kshs.5,634,492 as Project Management Committee account balances for the year ended 30 June 2019. However, bank statements for PMC Bank accounts amounting to Kshs.535,555.00 were not	Management has provided the PMC bank statements for the period 1 <sup>st</sup> June 2018 to 31 <sup>st</sup> July 2019.	Fund Account Manager	Resolved	

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	provided for audit review. In the circumstances, it has not been possible to confirm the accuracy and completeness of the Kshs.5,634,492 shown as PMC account balances as at 30 June 2019.				
1.	Note 7 to the financial statements reflects bursary disbursements to; secondary schools, tertiary institutions, and special schools of Kshs.10,868,500, Kshs.12,929,000 and Kshs.112,000 respectively all totaling Kshs.23,909,500. However, payment vouchers provided for audit showed bursary disbursements totaling Kshs.23,436,000 resulting to unexplained variance of Kshs.473,500. In the circumstances, the accuracy of the Kshs.23,909,500 shown in respect to bursaries payments in the financial statements could not be confirmed.	Reconciliation has been done and the payment vouchers currently provided for your verification total to Kshs 23,846,000(secondary schools Kshs 10,805,000, tertiary institutions Kshs 12,929,000 and special schools Kshs 112,000). Attached is copy of payment vouchers for your examination. File named 4.2.1	Fund Account Manger	Resolved	
2.1	The summary statement of appropriation: recurrent and development combined shows that the Fund had budgeted for receipts totalling Kshs.131,071,798 against	We have endeavoured to ensure that budgeted projects during the year are implemented during the financial year however, the	Fund Account Manager	Resolved	



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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)
	<p>actual amount realized in the year of Kshs.128,903,981 thus a Kshs.2,167,817 or 2% shortfall. The statement further shows that the Fund had budgeted to spend a total of Kshs.131,071,798 but actual expenditure for the year amounted to Kshs.92,587,499 resulting to an under expenditure of Kshs.38,484,299 or about 30% of the budget. Further, the statement of receipts and payments reflects actual receipts from National Government Constituency Development Committee Board totaling Kshs.118,239,368 for the financial year 2018/2019, but the summary statement of appropriation: recurrent and development combined showed Kshs.128,890,981, resulting to an unexplained variance of Kshs.10,651,613. In the circumstances, the Constituency Development Fund may have failed to implement some of the budgeted programmes and projects in the year thus denying the constituents of Kangundo the expected benefits.</p>	<p>financial contrast affecting the National treasury and thus delays in funds disbursements. The last AIE for amounting to Kshs 52,860,058 came in late, 17<sup>th</sup> June 2019, hence the reason for the under-absorption. Find document named 4.4</p>			
2.2	Review of compensation of	The committee acknowledges	Fund Account	Resolved	



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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)	Time: (Period when you expect the issue to be resolved)
	employees files and correspondences between the Fund and Kenya Revenue Authority (KRA) revealed that statutory deductions totaling Kshs.1,148,596 relating to Pay As You Earn (PAYE) had remained outstanding over the years. This is contrary to Section 130(10) of the Income Tax Act, which requires employers to deduct PAYE from the employees and remit amounts deducted to KRA before the tenth day following the end of every month. In the circumstances, the Fund has breached the Income Tax Act, Cap 470.	that the tax liability dating back to 2013 had been identified and the committee has been working with the tax man to ensure reconciliations are done and principal paid. The committee has budgeted for the said amount in the budget of FY 2019/2020 and will negotiate for a penalty waiver on interest.	Manager		
2.3	During the year under review, the Fund incurred a total of Kshs.352,185 in respect to outpatient medical cover paid for both the NGCDF Committee and staff members and expenditure was charged to committee expenses. However, review of the supporting documents revealed that there was no requisition or budget provision for said medical cover. Further, it was not clear on what basis the insurance cover services were contracted since, the Fund committee	Every expenditure related to the committee is covered either through Monitoring and Evaluation and Sitting allowance. NG CDF Act 2015 (amended 2016) requires that any expenditure of NG CDFC has to through a minuted resolution. The cover was expenses through the approved budget of NG CDFC Vote line. Attached is document labelled 4.5	Fund Account Manager	Resolved	

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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)
	<p>members are not permanent employees, and are only entitled to sitting allowances in accordance with the National Government Constituencies Development Fund Act, 2015. In view of the foregoing, it has not been possible to ascertain the validity of Kshs.352,185 paid on account of in-patient and out-patient medical cover.</p>				
3.1	<p>The Fund spent a total of Kshs.9,180,779 on four (4) construction projects which although completed during the year they had not been put to use by the time of the audit. These projects were; completion of Kakuyuni police post -Kshs.3,761,057, construction to completion of Kitwii Chief's post - Kshs.1,765,722, construction of three (3) classrooms at Mukuyuni Secondary School - Kshs.3,654,000 and Construction of 8-door cubicle toilets for students and 2-door pit latrines - Kshs.1,199,900 at the same school. There was no satisfactory explanation from the fund management as why the projects have not been put</p>	<p>The committee is in the process with National Police Services to deploy personnel to the new station. However, for Mukuyuni Sec School, the school is the process of getting electricity for them to be able to use the learning facility. For Kitwii Chief's Office, the chief is lacking furniture to enable him move to the new office.</p>	Fund Account Manager	Resolved	



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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)	Time: (Provide date when you expect the issue to be resolved)
	to use. In the circumstances, projects may not have been a priority to the residents of Kangundo Constituency and no value for money has been realized from a total of Kshs.9,180,779 incurred on the completed but unused projects.				
3.2	Scrutiny of project management committee files, and physical inspection of selected projects revealed that four (4) projects valued at total Kshs.11,580,779 were constructed on land whose ownership status could not be confirmed. Failure to acquire land ownership documents for the land at the point of acquisition exposes the Fund to loss of the said parcels of land and the developments therein.	The fund is in the process of acquiring land ownership documents for the said pieces of land.	Fund Account Manager	Resolved	
3.3	A scrutiny of the approved budget for the year and project management committee files revealed that an amount of Kshs.1,500,000 was allocated for purchase of one (1) acre land for school infrastructural expansion at Mikoikoni Primary School during 2018/2019, but the project was not implemented by end of the financial year. Although	The challenge the committee has been facing with regards to land in this Sub county is enormous, and this has informed the delay in purchasing of Mikoikoni primary school land. The major reasons are lack of direct legal ownership since most of the land title deeds are still	Fund Account Manager	Resolved	



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	<p>the Fund management explained that the process was still ongoing, no specific reason was given for failure to implement the project within the budgeted financial year. Consequently, the benefits envisaged from the project above have not been realized casting doubt on the effectiveness of the Fund management in project planning and implementation.</p>	<p>not processed at the Lands offices in Machakos. Secondly, the heirs of the deceased land owners have not sought for succession process in order to acquire legal ownership.</p>			
3.4	<p>Section 15 (d &amp; f) of National Government Constituency Development Fund Act, 2015 requires project management committee for each project to among other things undertake project closure and labelling upon completion. However, physical inspection of projects carried out between 9 and 11 March, 2020 revealed a total of twenty-two (22) projects valued at Kshs.35,485,184 which were completed but not branded as required as shown in <b>Appendix 2</b>. In the circumstances the fund management failed to comply with Section 15 (d &amp; f) of National Government Constituency Development Fund Act, 2015, and we could</p>	<p>The committee has continuously been branding our projects using sign posts. We will however request contractors who are on site to brand with signposts and wall-labelling</p>	Fund Account Manager	Resolved	

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	not confirm whether project was implemented by the fund, or when the project was implemented.				
3.5	<p>The Constituency Development Fund- Kangundo awarded the contract for Construction of a kitchen to completion at AIC Manyatta Boarding &amp; Day Primary School, to Yorkgate Construction Company at contract sum of Kshs.1,696,198. However, it was noted that the Fund had an approved budget of Kshs.700,000 for the project. Further, the contractor's bid price was Kshs.1,696,198 but the contract agreement signed between the Fund and the contractor was for a contract price of Kshs.665,000 which was also the actual amount paid to the contractor but there was no evidence to show that the Fund management and the contractor renegotiated the contract sum. Further, the BQ supporting the construction of the project was not provided for audit. It is therefore not clear what formed the basis of the contract amount of Kshs.665,000 in the signed contract agreement. In view of the foregoing, it has not been</p>	<p>The project was funded partly in 2018/2019 with Kshs 700,000. However, the full project was to cost Kshs 1,700,000 hence the contractor bid for the full project hence the bid amount of Kshs 1,696, 198. The project has been allocated more funding in 2019/2020 and this will be used to complete the project. Find attached the approved codelist for 2018/19 and that of 2019/20 showing the additional allocation. Find document labelled 4.6.6</p>	Fund Account Manager	Resolved	



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	possible to confirm that the above contract was awarded in an open and transparent way and if value for money was realized from the Kshs.665,000 paid.				



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