

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
REPORT	DATE: 01 MAR 2022
TABBED BY: OF	DAY: TUE
CLERK AT THE TABLE:	LOM
	G Chebet

THE AUDITOR-GENERAL

ON

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

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



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

REPORTS AND FINANCIAL STATEMENTS

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

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LUGARI 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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

Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

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

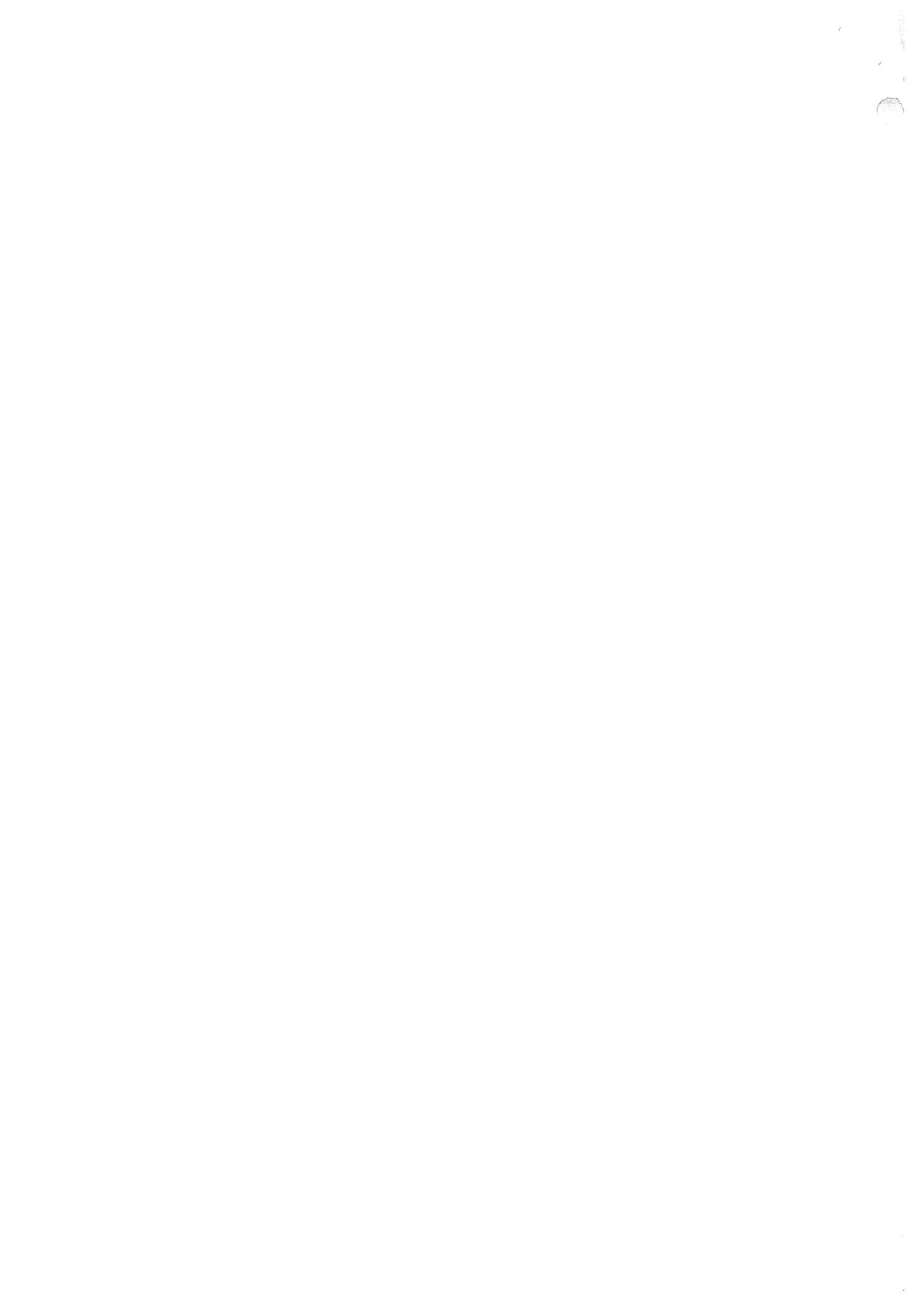
No	Designation	Name
1.	A.I.E holder	ALEX MOI LWAMBA
2.	Sub-County Accountant	AGNES KISEMBE
3.	Chairman NGCDFC	AGREY JEREMIAH
4.	Member NGCDFC	Beatrice Shirandula

(d) Fiduciary Oversight Arrangements

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

NGCDF Office Building.
P.O Box 700
30106
TARBO.



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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For the year ended June 30, 2020

(f) NGCDF LUGARI Constituency Contacts

Telephone: (254) 720320263
E-mail: cdflugari@ngcdf.go.ke
Website: www.lugaringcdf.go.ke

(g) NGCDF LUGARI Constituency Bankers

1. Cooperative Bank of Kenya
P.O Box 2948 Webuye
A/C 01120086153600

(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

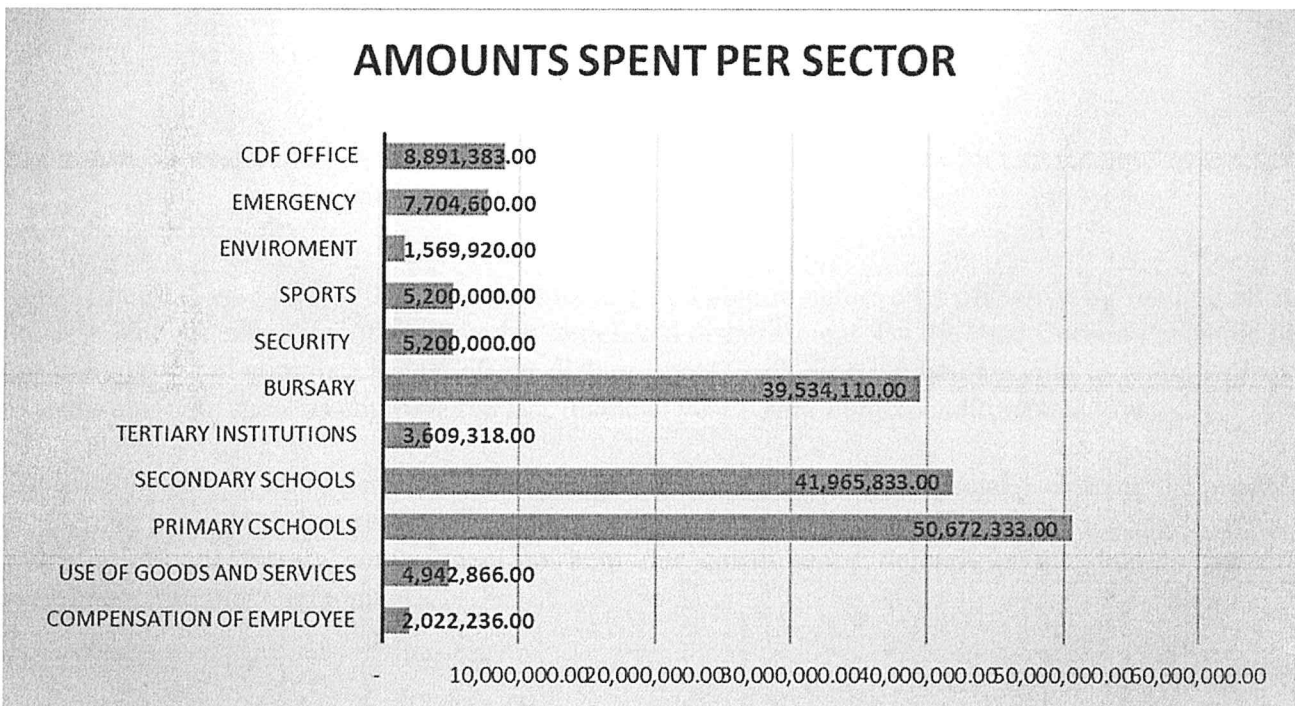
II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

It is my pleasure to present to you LUGARI NGCDF’s annual report and financial statements for the financial year 2019/2020. In the year under review, our overall performance has gone high as compared to last financial year due to quick disbursement of funds from the CDF Board.

By the end of the financial year 2019/2020 the CDF Board had disbursed Kshs 192,447,782 which includes balances from the previous financial years. From the amount disbursed we managed to spend Kshs 169,639,953 which is more than 80% of the received funds.

The difference is due to the time the funds were received which was towards the closure of the financial year, therefore we could not get enough time to spend the funds.

COMPARISON OF SECTORAL EXPENDITURE IN 2019-2020



From the table shown above, we spent more funds in primary schools with Kshs 50,672,333 going for construction of primary schools. Most of our primary schools have less classrooms due to increased enrolments and some have mud classrooms.

Schools are a priority to our constituency that is why it has a lions share in our allocations. We have also funded police posts in places where we need to beef up security and will continue to do the same in the coming financial years.

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in secondary schools; construction/rehabilitation of toilet blocks in both primary and secondary schools; leveling of playing fields in selected primary and secondary schools; and provision of water harvesting structures to schools.

Provision of bursary to needy and bright secondary school/tertiary institutions' students. The constituency allocation for bursary has been increasing since 2013/14, from Kshs. 12 million to Kshs. 20.5 million in 2016/17, representing 70.8 per cent increase. In the five years, Kshs. 130 million will be disbursed.

2. Security

Enhancing security in the constituency by constructing chiefs' and sub-chiefs' offices, AP housing units, police patrol bases; constructing/rehabilitating of administrators', chiefs' offices, police stations, and police housing units, among other initiatives.

3. Youth and Sports

Harnessing youth talent by funding youth sporting initiatives, creating awareness on the establishment of youth groups, on seeking development fund loans, and promoting youth talent.

4. Environment

Promoting environment in the constituency by organizing tree planting days. In the NGCDF Act 2015, environmental activities may be considered as development projects, provided the allocation to such activities does not exceed two percent (2%) of the total allocation of the constituency in any financial year.

5. Emergency Support

Catering for any unforeseen occurrences in the constituency (*emergency support*).

6. Tracking of Results and Institutional Strengthening

Improving the tracking of implementation NGCDF programmes. In the NGCDF Act 2015, monitoring and evaluation of ongoing, projects and capacity building of various operatives has been considered as a development project provided that not more than three percent (3%) is allocated for this purpose; and

Promoting performance management and smooth running of the NGCDF office.

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:

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Constituency Program	Objective	Outcome	Indicator	Performance
Access to quality Education	Improve performance, reduce dropout rates and increase primary, secondary and higher education transition rates	Develop and enhance school's infrastructure to enhance facilities and provide conducive learning environment for children	Number of usable physical infrastructure built in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	Number of classrooms increased from 15 to 36 Number of laboratories increased from 2 to 3 Number of dormitories increased from 4 to 5 Number of administration blocks increased from 13 to 22
Security	Enhancing security in the constituency by constructing chiefs' and sub-chiefs' offices, AP housing units, police patrol bases; constructing/rehabilitating of administrators', chiefs' offices, police stations, and police housing units, among other initiatives.	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	Number of build chiefs' offices increased from 4 to 2, Number of police posts build are 2
Youth and Sports	Empower and develop youth and special groups	to Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme increased from 10 to 30
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Drill boreholes to promote access to clean and safe water Equip schools and public facilities with sanitation	Number of water collection tanks in primary and secondary Number of trees planted	Number of tanks done were 24 in 12 schools



II. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – LUGARI Constituency just like any Government entity has the responsibility of ensuring public involvement in project identification, prioritization of projects and adequate allocation of funds to the projects. In undertaking the aforementioned, the LUGARI NG-CDF Committee always highlights Corporate Responsibility as a tool with relevance for public policy actualization with the aim of enhancing sustainable and inclusive development programmes in the constituency. The financial prudence has a lot of weight in development agenda which drives on a delicate thread of enormous community expectations. In enhancing the financial trust in various sectors, we assessed the risks factors, long term and short-term performance. We further looked at performance on responsible leadership with clear undertone on the interest of the constituents and stakeholders and sufficient respect for environmental, social and governance issues.

1. SUSTAINABILITY STRATEGY AND PROFILE

The Lugari NG-CDF Committee endeavoured to work within the existing policy guidelines that helped in focusing on the service deliver and drive to better performance with the involvement of both internal and external stakeholders on matters development.

The relevance of this was attributed to our vision, mission and core values as provided for in our strategic plan.

Model	Definition	Relevance to sustainable strategy
Vision	Model Constituency in Development Experience and Education Outcomes”	What the constituency is striving for in the future that influence the strategies, purpose and aspirations put in place
Mission	To implement national government strategies towards affording Lugari Residents quality education and reliable security services through prudent management, and effective and efficient utilization of allocated funds	This communicates what the office does to attain sustainable developments
Core Values	1) Honesty and Integrity: The constituency leadership shall promote openness, uprightness and reliability while executing their mandate;	These are the norms, principles and beliefs that the office upholds in order to follow the right path towards attainment of

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	<p>2) Efficiency and Effectiveness: The constituency leadership will promote high productivity, competence and usefulness of resources;</p> <p>3) Innovativeness and Creativity: The constituency leadership is committed to resourcefulness and visionary planning and service delivery;</p> <p>4) Inclusiveness: The constituency leadership is committed to uphold citizen driven and focused service delivery;</p> <p>5) Equity and Equality: The constituency leadership will promote fairness and equal distribution of resources and services;</p> <p>6) Accountability and Transparency: The constituency shall conduct its business and lend services to its stakeholders in a transparent and accountable manner.</p>	<p>the set objectives</p>
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To realize effective suitability, the constituency relied on the set targets as a sign of performance ambition. The Goals as provided in our strategic plan remained the focal point for inside and outside Stakeholders with a clear set of objectives for management, and a yardstick by which external audiences can judge our progress and achievements against their expectations. The frameworks under which we operated included projects identification, allocation of funds, approval, implementation and monitoring

2. ENVIRONMENTAL PERFORMANCE

Environment Policy and Action Plan

Protection of the environment in which we live and operate is part of LUGARI NG-CDF initiatives Care for the environment is one of our key responsibilities and an important aspect in the way in which carry out our operations. Our Environmental Policy In this policy statement LUGARI NG-CDF commits to:

- Comply with all relevant environmental legislation, regulations and approved codes of practice
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources.
- Managing and disposing of all wastage in a responsible manner.
- Providing training for our CDFC and staff so that we all work in accordance with this and



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within an environmentally aware culture

- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.
- Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

3. EMPLOYEES WELFARE TERMS AND CONDITIONS OF SERVICE

This highlights the general rules governing employment of NG-CDFC staff in such matters as appointments, promotions and related matters.

The appropriate staffing levels require effective human resource planning, starting with recruitment, selection, deployment, development and exit. In this connection, the following is the staff establishment of LUGARI NGCDF office. However, it should be noted that the implementation of this strategic plan is a collective effort of all in the constituency.

Staff Establishment

S/No	Designation	Establishment	In Post
1.	Fund Manager	1	1
2.	Clerk of Works	1	1
3.	Secretary	1	1
4.	Ass. Accountant	1	1
5.	Support Staff	1	1
6.	Driver	1	1
Total		6	6

Recruitment Procedure

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

- Job title
- Main purpose of the job
- A brief description of the key responsibilities of the job
- Education, experience, skills and competencies required for the job
- Location of the job
- Clear instructions on how to apply and information to be submitted in the application
- Closing date for receipt of applications

Appointment of a selection and Interview subcommittee

A selection and interview subcommittee are appointed to oversee the selection strategy for application review, determination of testing methodology, administration of tests and scoring, and

reference check criteria.

Interviews: Interviews for staff employment are conducted in a manner that complies with the office's commitment to equal employment opportunity, to ensure that qualified candidates are not discriminated based on ethnicity, religion, gender, age, disability, status etc.

Offer of Appointment A person appointed to the office will be given the appropriate letter of offer of appointment, as the case may be, which may be accepted or rejected by the candidate within the stipulated time.

4. HEALTH, SAFETY AND WELL BEING

This provides guidelines on the health, safety and well-being of the office staff.

Guidelines to General Safety: The office has maintained healthy and safe working conditions for its employees to ensure there is no personal injury caused by accidents. All the staff must always consider safety to themselves and others when performing their duties. They should not compromise on quality, cause injury, ill health, loss or environmental damage.

Emergency Preparedness: Every Department depending on the nature of work and services shall plan for foreseeable incidents such as accidents, explosions, fire, floods etc. and prepare and outline procedures to be followed in such events. Fire precautions The fire protection facilities have been provided both inside and outside the building and they are adequate and maintained annually General information on fire precautions and fire equipment is contained in stickers on the wall next to the fire extinguishers Provision of protective equipment and clothing The Fund Account Manager ensures that officers who are employed in any process involving exposure to wet or to any injurious or offensive substances are provided with adequate, effective and suitable protective clothing and appliances.

Health Care Services: The staff, including spouses and children, are eligible to affordable health care services and to benefit from the NHIF medical scheme as statutory deductions are done and remitted on a monthly basis

HIV/AIDS: HIV and AIDS is a major challenge facing officers in and out of the Institute. It poses a big threat to the individual, the family and the public Service. It is in cognizance of this that the Institute has put in place care and support programs for the infected and affected officers to enable them remain productive.

HIV/AIDS shall be treated like any other challenging issue at the workplace. All officers of the Institute shall have a role to play in the wider struggle to mitigate the effects of the pandemic. An officer shall not be discriminated or stigmatized on the basis of HIV status. It is an offence for any person to discriminate another on the ground of actual, perceived or suspected HIV status.



NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)

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IV. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-LUGARI 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-LUGARI 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-LUGARI 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-LUGARI 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-LUGARI Constituency financial statements were approved and signed by the Accounting Officer on _____ 2020.



Fund Account Manager
Name: ALEX LWAMBA

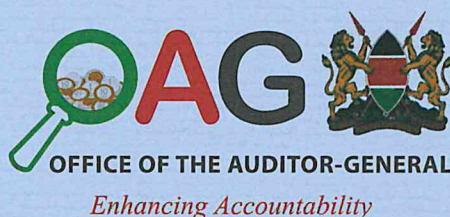


Sub-County Accountant
Name: AGNES KISEMBE
ICPAK Member Number: 8815



REPUBLIC OF KENYA

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NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Lugari Constituency set out on pages 1 to 30, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 - Lugari Constituency as at 30 June, 2020 and 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 Constituencies Development Fund Act 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Variations Between the Ledger and Financial Statements

As disclosed in Note 7 to the financial statements, the statement of receipts and payments reflects acquisition of assets amount of Kshs.7,891,383 which includes purchase of motor vehicles and construction of buildings expenditure of Kshs.6,212,936 and Kshs.1,052,447, respectively. However, schedules provided to support the expenditure reflects an amount of Kshs.5,659,673 and Kshs.2,605,710 on the same resulting to unexplained variance amounting to Kshs.553,263 and Kshs.1,553,263, respectively.

In the circumstances, the completeness and accuracy of the expenditure on acquisition of assets amounting to Kshs.7,891,383 could not be confirmed.

2. Inaccuracies in the Financial Statements

Examination of the financial statements reflects the following inaccuracies in the presentation and disclosure:-

- i. The statement of receipts and payments reflects prior year expenditure on use of goods and services and transfers to other government entities amounting to Kshs.10,260,042 and Kshs.50,732,440, respectively. However, the prior year audited financial statements reflects an amount of Kshs.10,779,528 and Kshs.50,212,954 against the expenditure resulting to unexplained variance amounting to Kshs.519,486,
- ii. As disclosed in Note 5 and 6 to the financial statements, the statement of receipts and payments reflects transfers to other government units and other grants and transfers expenditure of Kshs.102,197,484 and Kshs.52,585,984, respectively which differs with the statement of appropriation: recurrent and development balance of Kshs.96,247,484 and Kshs.58,535,984, respectively resulting to a variance amounting to Kshs.5,950,000,
- iii. As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects other grants and transfers balance of Kshs.52,585,984 which includes an amount of Kshs.14,519,710 on bursary to tertiary institutions which was not supported with schedules.
- iv. As disclosed in Note 8 to the financial statements, the statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.25,359,546. However, the cash book balance has a figure of Kshs.23,768,129 resulting to unexplained variance amounting to Kshs.1,591,417.
- v. The statement of cashflows reflects cash and cash equivalents at end of the year balance of Kshs.23,768,129 being the net financing assets instead of the actual cash and bank balances as at the end of the financial year balance of Kshs.25,359,546 resulting to a variance amounting to Kshs.1,591,417.

Consequently, the completeness, accuracy, presentation and disclosure of the financial statements could not be confirmed.

3. Lack of Tittle Deed on Purchase of Land

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects transfers to other Government entities expenditure of Kshs.102,197,484 which includes an amount of Kshs.8,100,000 allocated for purchase of various parcels of Land. Out of this amount is an expenditure of Kshs.2,400,000 spent on purchase of parcels of land for two schools which title deeds have never been issued.

Consequently, the ownership of the expenditure on purchase of land amounting to Kshs.2,400,000 could not be confirmed. Further, the schools risk losing the parcels of land in future.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final expenditure budget and actual on comparable basis expenditure of Kshs.201,868,899 and Kshs.169,639,953, respectively resulting to an under-funding amounting to Kshs.32,228,946 or 16% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Misallocation of Emergency Funds

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects other grants and transfers balance of Kshs.52,585,984. However, examination of records revealed that the balance includes an amount of Kshs.5,950,000 incurred in respect of five (5) emergency projects during the year. It was noted that the projects, though classified as emergency projects, did not meet the set criteria of emergency projects as per Section 8 (3) of the NG-CDF Act, 2015 as they were projects which could have been planned for at the beginning of the year.

Further the balance includes an allocation balance of Kshs.7,198,241 to emergency account during the year. However, the Constituency spent a total of Kshs.7,704,600 as reflected in the financial statements, resulting to an over expenditure of Kshs.506,359.

Consequently, the Fund contravenes Section 8 (3) of the NG-CDF Act, 2015.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intentions to abolish the Fund.

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 money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

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

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

to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

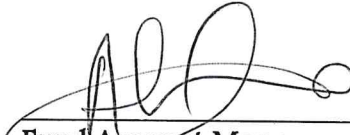
Nairobi


08 February, 2022

vi. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	192,447,782	65,978,160
	2		54,000
TOTAL RECEIPTS		192,447,782	66,032,160
PAYMENTS			
Compensation of employees	3	2,022,236	1,644,032
Use of goods and services	4	4,942,866	10,260,042
Transfers to Other Government Units	5	102,197,484	50,732,440
Other grants and transfers	6	52,585,984	34,230,879
Acquisition of Assets	7	7,891,383	-
TOTAL PAYMENTS		169,639,953	96,867,393
SURPLUS/(DEFICIT)		22,807,829	(30,835,233)

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


 Fund Account Manager
 Name: ALEX LWAMBA


 National Sub-County Accountant
 Name: AGNES KISEMBE
 ICPAK Member Number: 8815

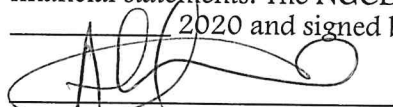


**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)
LUGARI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

VII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8	25,359,546	960,300
Total Cash and Cash Equivalents		25,359,546	960,300
TOTAL FINANCIAL ASSETS			
FINANCIAL LIABILITIES			
Accounts Payable-Retention	9	1,591,417	-
NET FINANCIAL ASSETS		23,768,129	960,300
REPRESENTED BY			
Fund balance b/fwd 1st July 2019	10	960,300	31,795,533
Surplus/Deficit for the year		22,807,829	(30,835,233)
NET FINANCIAL POSITION		23,768,129	960,300

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



Fund Account Manager
Name: ALEX LWAMBA
ICPAK Member Number: 8815



National Sub-County Accountant
Name: AGNES KISEMBE




NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)**LUGARI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****VIII. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	192,447,782	65,978,160
Other Receipts	2		<u>54,000</u>
Total receipts		192,447,782	66,032,160
Payments for operating expenses			
Compensation of Employees	3	2,022,236	1,644,032
Use of goods and services	4	4,942,866	10,260,042
Transfers to Other Government Units	5	102,197,484	50,732,440
Other grants and transfers	6	52,585,984	34,230,879
Total payments		161,748,570	96,867,393
Net income from Operations			
Net cash flow from operating activities		30,699,212	(30,835,233)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(7,891,383.)	00
Net cash flows from Investing Activities		(7,891,383.)	00
NET INCREASE IN CASH AND CASH EQUIVALENT		22,807,829.	(30,835,233)
Cash and cash equivalent at BEGINNING of the year	10	960,300	31,795,532
Cash and cash equivalent at END of the year		23,768,129	960,300

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


Fund Account Manager
Name: ALEX LWAMBA


National Sub-County Accountant
Name: AGNES KISEMBE
ICPAK Member Number: 8815



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

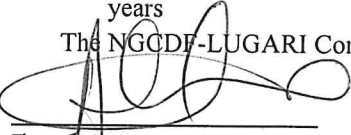
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	64,501,175	201,868,899	193,408,082	8,460,817	95.8%
PAYMENTS	137,367,724	64,501,175	201,868,899	193,408,082.00	8,460,817	95.8%
Compensation of Employees	2,351,000	-	2,351,000	2,022,236	328,764	86%
Use of goods and services	10,012,095	0	10,012,095	4,942,866	5,069,229	49%
Transfers to Other Government Units	69,511,680	40,720,657	110,232,337	96,247,484	13,984,853	87%
Other grants and transfers	53,492,949	17,280,518	70,773,467	58,535,984	12,237,483	83%
Acquisition of Assets	2,000,000	6,500,000	8,500,000	7,891,383	608,617	93%
Other Payments						
TOTALS	137,367,724	64,501,175	201,868,899	169,639,953	32,228,946	84.0%

As indicated in the table above, there was good utilization of funds due to full disbursement of funds from the Board where percentage utilization was 84% which is an Improvement from 66% for the last financial year. All the sectors performed well above 70% utilization.

1. Compensation of Employees was underutilized by 14%. This was over budgeted by Kshs 328,764
2. Use of goods and services was underutilised by 51% because it was overbudgeted for.
3. Transfers to Other Government Units was underutilized by 33% which is Kshs 33,483,094 due late disbursement of funds
4. Other grants and transfers were underutilized by 17% which translates to Kshs 1,239,242 which is due late disbursement of funds
5. Acquisition of assets was fully utilised to purchase the CDF vehicle and the balance of Kshs 608,617 remained in the vote for payment of insurance
6. The original and final budget are not the same due to the balance brought forward from the previous financial years

The NGCDF-LUGARI Constituency financial statements were approved on _____ 2020 and signed by:


Fund Account Manager
Name: ALEX LWAMBA


National Sub-County Accountant
Name: AGNES KISEEMBE
ICPAK Member Number: 8815



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

LUGARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

x. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,351,000	0	2,351,000	2,022,236	328,764
1.2 Committee allowances	2,000,000	0	2,000,000	2,000,000	0
1.3 Use of goods and services	3,891,063	0	3,891,063	3,891,063	0
	0		0	0	0
2.0 Monitoring and evaluation			0	0	0
2.1 Capacity building	1,800,000		1,800,000	1,800,000	0
2.2 Committee allowances	1,500,000		1,500,000	1,500,000	0
2.3 Use of goods and services	821,032		821,032	821,032	0
3.0 Emergency	0	2,944,029	2,944,029	2,944,029	0
Emergency Primary Schools			0	0	0
AYUB SAVULA SEC. SCHOOL (EMERGENCY)	1,593,641	0	1,593,641	2,100,000	(506,359)
SIPANDE SEC. SCHOOL	800,000		800,000	800,000	0
AIC SIPANDE SEC. SCHOOL	1,000,000		1,000,000	1,000,000	0
AIC SIPANDE SEC. SCHOOL	850,000		850,000	850,000	0
MAVAKA PRI. SCHOOL	350,000		350,000	350,000	0
VULAN SUPPLIES	1,028,276		1,028,276	1,028,276	0
NG-CDF LUGARI -RETENTION FEE	120,000		120,000	120,000	0
COMM. OF DOMESTIC TAX	20,690		20,690	20,690	0
COMM. OF INCOME TAX	31,034		31,034	31,034	0
MESIBLESINGA CO. LTD	684,600		684,600	684,600	0
MESIBLESINGA CO. LTD	720,000		720,000	720,000	0
4.0 Bursary and Social Security	0		0	0	0
4.1 Secondary Schools	7,040,000		7,040,000	7,040,000	0
4.2 Tertiary Institutions and Universities	21,000,000	8,534,110	29,534,110	21,913,332	7,620,778
4.3 Social Security	6,960,000		6,960,000	2,960,000	4,000,000
5.0 Sports	0		0		0
TEE POINT TRADERS	0	780,000	780,000	780,000	0
KATRON JOY GENERAL SUPPLIERS	1,213,760		1,213,760	1,213,760	0
KATRON JOY GENERAL SUPPLIERS	1,533,594		1,533,594	1,533,594	0
	0		0		0
6.0 Environment		2,747,354	2,747,354		2,747,354
Sipande Secondary			0	0	0

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

Lumakanda township primary school	392,480		392,480	0	392,480
Nambilima Secondary school	392,480		392,480	392,480	0
Chimoi Primary school	392,480		392,480	0	392,480
AyubSavula Secondary	392,480		392,480	0	392,480
Mwivona Primary school	392,480		392,480	392,480	0
Lumakanda police post	392,480		392,480	392,480	0
	392,474		392,474	0	392,474
7.0 Primary Schools Projects	0	9,668,495	9,668,495		9,668,495
Mayoyo MHM Primary	600,000		600,000	600,000	0
Kwambu Primary School	300,000		300,000	300,000	0
Makina Primary School	300,000		300,000	300,000	0
St. Michael Mwilolo Primary School	900,000		900,000	900,000	0
Masasuli Primary School	900,000		900,000	900,000	0
Masasuli Primary School	300,000		300,000	300,000	0
Navalayo Primary School	900,000		900,000	900,000	0
Mutenyo Primary School	300,000		300,000	300,000	0
Mbaya Primary School	720,000		720,000	720,000	0
Mugunga Primary School	380,000		380,000	380,000	0
Marrum Primary School	1,800,000		1,800,000	1,800,000	0
Kipkarren Rural Primary School	1,000,000		1,000,000	1,000,000	0
Munyuki Primary School	500,000		500,000	500,000	0
Tekoa Primary School	1,000,000		1,000,000	1,000,000	0
Nambilima Primary School	900,000		900,000	900,000	0
Mukangu Primary School	1,800,000		1,800,000	1,800,000	0
Mavaka Primary School	2,000,000		2,000,000	2,000,000	0
Maungu Primary School	850,000		850,000	850,000	0
Kiliboti Primary School	900,000		900,000	900,000	0
Muviki Primary	900,000		900,000	900,000	0
Mulimani Special Primary School	250,000		250,000	250,000	0
Mulimani Primary School	900,000		900,000	900,000	0
Itumbu Primary School	800,000		800,000	800,000	0
Angayu Primary School	800,000		800,000	800,000	0
Frank Primary School	1,900,000		1,900,000	1,900,000	0
Nzoia Bridge Primary School	1,900,000		1,900,000	1,900,000	0
Sirende Primary School	650,000		650,000	650,000	0
LwandaLugari Primary School	650,000		650,000	650,000	0
Mufutu Primary School	522,000		522,000	522,000	0
Mukhalanya Primary School	800,000		800,000	800,000	0
St Paul Sitavita Primary	750,000		750,000	750,000	0
Kulumbeni Special Primary s	850,000		850,000	850,000	0
Makwabuye Primary School	1,500,000		1,500,000	1,500,000	0
Namarambi Muslim Primary School	511,000		511,000	511,000	0

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

Musemwa Primary	500,000		500,000	500,000	0
Mahiga Primary School	150,000		150,000	150,000	0
Lukhokho Primary	600,000		600,000	600,000	0
Murram Primary School	480,000		480,000	480,000	0
M/S AGGRAMU BUILD CONTRACTORS & ENG WORKS (RETENTION)		40,000	40,000	40,000	0
M/S HIDAYA ENTERPRISES LTD	0	566,142	566,142	566,142	0
NG-CDF LUGARI- RETENTION FEE		68,839	68,839	68,839	0
COMMISSIONER OF DOMESTIC TAXES		35,606	35,606	35,606	0
COMMISSIONER OF INCOME TAXES 3%		17,803	17,803	17,803	0
M/S VISION INSTALLATION & G. CONTRACTORS PROJECTS		845,367	845,367	845,367	0
NG-CDF LUGARI- RETENTION FEE		102,791	102,791	102,791	0
COMMISSIONER OF INCOME TAXES		26,584	26,584	26,584	0
COMMISSIONER OF DOMESTIC TAXES		53,168	53,168	53,168	0
M/S ABUSAYUB CO. LTD PROJECT		283,371	283,371	283,371	0
NG-CDF LUGARI- RETENTION FEE		34,456	34,456	34,456	0
COMMISSIONER OF INCOME TAXES		8,911	8,911	8,911	0
COMMISSIONER OF DOMESTIC TAXES		17,822	17,822	17,822	0
M/S VULANI SUPPLIERS		967,356	967,356	967,356	0
NG-CDF LUGARI- RETENTION FEE		117,624	117,624	117,624	0
COMMISSIONER OF DOMESTIC TAXES		60,840	60,840	60,840	0
NG-CDF LUGARI- RETENTION FEE		59,594	59,594	59,594	0
COMMISSIONER OF INCOME TAX		15,412	15,412	15,412	0
COMMISSIONER OF DOMESTIC TAXES		30,824	30,824	30,824	0
LUMAKANDA DEB PRI. SCHOOL		3,680,000	3,680,000	3,680,000	0
ST. MICHAELS MWILOLO PRI. SCHOOL		500,000	500,000	500,000	0
ROLL TECH COMPANY LTD		82,282	82,282	82,282	0
NG-CDF LUGARI - RETENTION FEE		10,000	10,000	10,000	0
COMMISSIONER OF DOMESTIC TAX		5,172	5,172	5,172	0

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

COMMISSIONER OF INCOME TAX		2,586	2,586	2,586	0
LUMAKANDA TOWNSHIP PRI. SCHOOL		550,000	550,000	550,000	0
KILIBOTI PRI. SCHOOL		500,000	500,000	500,000	0
ST.PAUL'S SHITIVITI PRI. SCHOOL		350,000	350,000	350,000	0
MAHIGA PRI. SCHOOL		300,000	300,000	300,000	0
KILULU PRI. SCHOOL		300,000	300,000	300,000	0
MUKUYU PRI. SCHOOL		200,000	200,000	200,000	0
KIWANJA NDEGE PRI. SCHOOL		400,000	400,000	400,000	0
KATRON JOY GENERAL SUPPLIERS		771,207	771,207	771,207	0
COMMISSIONER OF DOMESTIC TAXES		15,517	15,517	15,517	0
COMMISSIONER OF INCOME TAX		23,276	23,276	23,276	0
NG-CDF LUGARI- RETENTION FEE		90,000	90,000	90,000	0
EXMARG CONSTRUCTION CO. LTD		36,876	36,876	36,876	0
COMMISSIONER OF DOMESTIC TAX		5,172	5,172	5,172	0
COMMISSIONER OF INCOME TAX		7,759	7,759	7,759	0
NG-CDF LUGARI- RETENTION FEE		30,000	30,000	30,000	0
KATRON JOY GENERAL SUPPLIERS		114,000	114,000	114,000	0
COMMISSIONER OF DOMESTIC TAX		2,000	2,000	2,000	0
SHIL TRADING & LOGISTICS CO. LTD		171,380	171,380	171,380	0
COMMISSIONER OF DOMESTIC TAX		3,448	3,448	3,448	0
COMMISSIONER OF INCOME TAX		5,172	5,172	5,172	0
NG-CDF LUGARI- RETENTION FEE		20,000	20,000	20,000	0
KATRON JOY GEN. SUPPLIERS		170,350	170,350	170,350	0
NG-CDF LUGARI		18,927	18,927	18,927	0
COMMISSIONER OF DOMESTIC TAXES		10,324	10,324	10,324	0
KATRON JOY GENERAL SUPPLIERS RETENTION		48,926	48,926	48,926	0
GADAWAX ENTERPRISES LTD		44,150	44,150	44,150	0
MESIBLESINGA CO. LTD		40,000	40,000	40,000	0
AMANI MOSHI CO. LTD		29,797	29,797	29,797	0
KATRON JOY GENERAL SUPPLIERS RETENTION		29,546	29,546	29,546	0

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

EX MARG CONSTRUCTION (RETENTION FEE)		15,000	15,000	15,000	0
ABUSAYUB COMPANY LTD		575,690	575,690	575,690	0
NG-CDF LUGARI- RETENTION		70,000	70,000	70,000	0
COMMISSIONER OF DOMESTIC TAX		36,207	36,207	36,207	0
COMMISSIONER OF INCOME TAX		18,103	18,103	18,103	0
ABUSAYUB CO. LTD		48,461	48,461	48,461	0
NG-CDF LUGARI- RETENTION		5,544	5,544	5,544	0
COMMISSIONER OF INCOME TAX		1,434	1,434	1,434	0
VISSION INSTALLATION & GEN. CONTRACTOR - RETENTION		21,462	21,462	21,462	0
NAMARAMBI MUSLIM PRI. SCHOOL		250,000	250,000	250,000	0
M/S ROLL TECH CO. LTD- RETENTION		15,000	15,000	15,000	0
M/S STIKKEN CONSTRUCTION & SUPPLIES		59,000	59,000	59,000	0
MAVAILA PRI. SCHOOL		1,500,000	1,500,000	1,500,000	0
MARAKA PRI. SCHOOL		500,000	500,000	500,000	0
MAKHWABUYE PRI. SCHOOL		400,000	400,000	400,000	0
VULAN SUPPLIERS- RETENTION FEE		117,624	117,624	117,624	0
VISION INSTALLATION & GEN. CONTRACTORS		100,000	100,000	100,000	0
ROLL TECH CO. LTD- RETENTION FEE		15,000	15,000	15,000	0
MWILOLO PRI. SCHOOL		1,200,000	1,200,000	1,200,000	0
ST. PAUL'S SHITAVITA PRI. SCHOOL		300,000	300,000	300,000	0
KIVAYWA PRI. SCHOOL		300,000	300,000	300,000	0
ABUSAYUB CO. LTD		56,110	56,110	56,110	0
GADAWAX ENTERPRISES		44,150	44,150	44,150	0
KATRON JOY GENERAL SUPPLIERS		29,546	29,546	29,546	0
AMANI MOSHI CO. LTD - RETENTION FEE		29,797	29,797	29,797	0
EXMARG CONSTRUCTION CO. LTD		15,000	15,000	15,000	0
KATRON JOY GENERAL SUPPLIERS		41,074	41,074	41,074	0
BERYLUCK INVESTMENT LTD- RETENTION FEE		24,754	24,754	24,754	0
MUHOMO PRI. SCHOOL		300,000	300,000	300,000	0
KILULU PRI. SCHOOL		900,000	900,000	900,000	0
8.0 Secondary Schools Projects (List all the Projects)			0		0

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)
LUGARI CONSTITUENCY**

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

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

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

15. Related Party Transactions

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

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)**LUGARI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****xii. NOTES TO THE FINANCIAL STATEMENTS****1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF Board		
B041050	39,980,058	2,598,850.00
B041111	4,000,000	9,379,310.35
B041498	20,000,000	10,000,000.00
B047958	6,000,000	8,000,000.00
B049357	14,000,000	12,000,000
B04382	15,000,000	11,000,000.00
B096599	9,000,000	13,000,000.00
B096807	6,500,000	
B096787	8,600,000	
B096763	69,367,724	
TOTAL	192,447,782.00	65,978,160.35

2. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Sale of tender documents	0	54,000
Total	0	54,000

3. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,523,583	1,454,248
Pension and other social security contributions (Gratuity)	317,855	0
Employer contribution to NHIF	48,750	46,000
Employer contribution to NSSF	132,048	143,784
Total	2,022,236	1,644,032

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)**LUGARI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****4. USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
	Kshs	Kshs
Other Committee Expenses	1,822,935	4,034,512
Committee allowances	505,000	1,457,700
Domestic travel and subsistence	250,000	0
Printing, advertising and information supplies & services		905,700
Office and general supplies and services	341,700	1,095,220
Fuel, oil and Lubricants	1,147,121	779,933
Other operating expenses	841,110	1,986,977
Total	4,942,866	10,260,042

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools (see attached list)	50,672,333	27,752,634
Transfers to secondary schools (see attached list)	47,915,833	16,303,479
Transfers to tertiary institutions (see attached list)	3,609,318	6,676,327
TOTAL	102,197,484	50,732,440

6. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	25,014,400	10,295,794
Bursary – tertiary institutions (see attached list)	14,519,710	10,739,792
Bursary – special schools (see attached list)		110,000
Security projects (see attached list)	5,200,000	8,137,518
Sports projects (see attached list)	3,527,354	2,520,000
Environment projects (see attached list)	1,569,920	0
Emergency projects (see attached list)	1,754,600	0
CDF Office	1,000,000	1,352,775
Strategic plan		1,075,000
Total	52,585,984	34,230,879

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)**LUGARI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****7. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Construction of Buildings	1,052,447	1,352,775
Purchase of Vehicles and Other Transport Equipment	6,212,936	-
Purchase of Office Furniture and General Equipment	626,000	
Total	7,891,383	1,352,775

8. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Cooperative Bank (Webuye Branch) 1120086153600	23,768,129	960,300
Total	23,768,129	960,300

9. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS (See Annex 1)

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	519,486	0
Deposit and Retentions held during the year (B)	1,591,417	519,486
Deposit and Retentions paid during the Year (C)	519,486	0
Net changes in account receivables D= A+B-C	1,591,417	519,486

10. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
	Kshs (1//7/2019)	Kshs (1/7/2018)
Bank accounts	960,300	31,795,532
Total	960,300	31,795,532

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)
LUGARI CONSTITUENCY
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11. OTHER IMPORTANT DISCLOSURES

11.1 UNUTILIZED FUND (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	328,764	275,968
Use of goods and services	5,069,229	0
Amounts due to other Government entities (see attached list)	13,984,853	32,679,999
Amounts due to other grants and other transfers (see attached list)	12,237,483	10,106,748
Acquisition of Assets	608,617	0
TOTAL	32,228,946	43,062,715

11.2 PMC account balances (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	23,257,301	4,237,800
	23,257,301	4,237,800

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)
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ANNEX 1 RETENTION

Supplier	2019-2020	2018-2019
Josphart H/Ware Enterprises	59,999	59,999
Vision Installation and General Contractors	70,000	91,462
Maropa Suppliers	50,000	50,000
Hidaya Enterprises Limited	68,839	
RadamJaribu Builders	160,000	
Shil Trading and Logistics Company Limited	20,000	
Katronjoy General Suppliers	18,927	29,546
Dephil Contractors and General Suppliers	150,000	
RadamJaribu Builders	39,374	
Beryluck Investments	190,000	
RadamJaribu Builders	147,945	
Vision Investments	98,000	
Anyomwa Limited	200,000	
Vulan Suppliers	120,000	
RadamJaribu Builders	53,681	
Beryluck Investments	144,652	24,754
Belelo Construction Co. Ltd		34,426
Gadawax Enterprises Ltd		44,150
Belelo Construction Co. Ltd		81,149
Stikken Construction		59,000
Rolltech Company		5,000
TOTAL	1,591,417	519,486

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

LUGARI CONSTITUENCY

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	OPERATIVE	00		0
MBAYA PAG PRIMARY SCHOOL	CO-OPERATIVE	01139534594700	2,215.00	
MBAYA PRIMARY SCHOOL	CO-OPERATIVE	01139087076001	3,910.00	2,275.00
MUFUTU PRIMARY SCHOOL	CO-OPERATIVE	01141411100700	293,100.00	
MUGUNGA PRIMARY SCHOOL	CO-OPERATIVE	01139435590300	862,220.00	2,220.00
MUKHALANYA PRIMARY SCHOOL	CO-OPERATIVE	01141411174300	7,470.00	1,554.00
MULIMANI PRIMARY SCHOOL	CO-OPERATIVE	01139745799500	899,040.00	
MUNYUKI PRIMARY SCHOOL	CO-OPERATIVE	01139046709401	479,765.00	
MURRAM PRIMARY SCHOOL	CO-OPERATIVE	01139086723100	2,286,411.00	437,251.00
MUTENYO PRIMARY SCHOOL	CO-OPERATIVE	01139435142200	1,386.00	
MUVIKI PRIMARY SCHOOL	CO-OPERATIVE	01141672655000	900,742.00	742.00
NAMARAMBI MUSLIM PRIMARY SCHOOL	CO-OPERATIVE	01139610165801	514,572.00	
NAMBILIMA PRIMARY SCHOOL	CO-OPERATIVE	01139411196800	903,222.00	
NAMBILIMA SECONDARY SCHOOL	CO-OPERATIVE	01139411091600	1,223.00	
NZOIA BRIDGE PRIMARY SCHOOL	CO-OPERATIVE	01139745779700	1,420.00	
SIRENDE PRIMARY SCHOOL	CO-OPERATIVE	01139435279200	302,240.00	
ST. FRANCIS MAJENGO SEC. SCHOOL	CO-OPERATIVE	01139745793100	1,101,520.00	
ST. LUKE'S LUMAKANDA B. SEC. SCHOOL	CO-OPERATIVE	01139046324300	475,292.00	425.00
ST. MICHAEL MWILOLO PRIMARY SCHOOL	CO-OPERATIVE	01139744472900	9,163.00	
TEKOA PRIMARY SCHOOL	CO-OPERATIVE	01139610485700	1,008,086.00	8,086.00
FRIENDS MABUYE SECONDARY SCHOOL	CO-OPERATIVE	01139744233400		12,132.50
FRIENDS SCHOOL MAKHUKHUNI	CO-OPERATIVE	01139610495200		37,455.00
IVONA PAG SECONDARY SCHOOL	CO-OPERATIVE	01141673607900		9,471.00
KIWANJA NDEGE PRIMARY SCHOOL	CO-OPERATIVE	01139182987000		406,500.00
KULUMBENI SPECIAL PRIMARY SCHOOL				2,665.50
LWANDETI DEB SECONDARY SCHOOL				4,002.20
MACHO MUSLIM SECONDARY SCHOOL				2,500.00
MAHANGA 'K' SECONDARY SCHOOL	CO-OPERATIVE			4,255.90
MAHIGA PRIMARY SCHOOL	CO-OPERATIVE			2,433.00
MANYONYI SECONDARY SCHOOL	CO-OPERATIVE	01129457678000		3,060.00
LUMAKANDA TOWNSHIP SEC. SCHOOL	CO-	011394355903		2,282.50

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

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	OPERATIVE	0		
MAYOYO SA PRIMARY SCHOOL	CO-OPERATIVE	01139610733800		2,492.00
MUGUMU PRIMARY SCHOOL	CO-OPERATIVE	01139045026800		381,577.00
MUHOMO PRIMARY SCHOOL	CO-OPERATIVE			7,072.00
MUKUYU PRIMARY SCHOOL	CO-OPERATIVE	01139184893400		710.00
PANPAPER PRIMARY SCHOOL	CO-OPERATIVE	01141673053500		174.00
ST. BONFACE MBAGARA SEC. SCHOOL	CO-OPERATIVE			2,010.00
ST. CECILIA G. SECONDARY SCHOOL	CO-OPERATIVE	01139457952400		303,462.00
ST. FRANCIS MAJENGO SEC. SCHOOL	CO-OPERATIVE			1,722.00
ST. LOIUS SAISI PRIMARY SCHOOL	CO-OPERATIVE			1,040.00
ST. MUKASA GIRLS SECONDARY SCHOOL				1,110.00
ST. PAUL'S LUGARI B. SECONDARY SCHOOL	CO-OPERATIVE			1,004.00
ST. PAUL'S SHITAVITA PRIMARY SCHOOL	CO-OPERATIVE			534,649.50
VUYIKA PRIMARY SCHOOL				2,060.00
FRANK PRIMARY SCHOOL	CO-OPERATIVE	01139610550800		1,622.50
FRIENDS MABUYE SECONDARY SCHOOL	CO-OPERATIVE	01139744233400		12,132.50
FRIENDS SCHOOL MAKHUKHUNI	CO-OPERATIVE	01139610495200		37,455.00
IVONA PAG SECONDARY SCHOOL	CO-OPERATIVE	01141673607900		9,471.00
KIPKAREN RURAL PRIMARY	CO-OPERATIVE	01139745360200		4,020.00
KIWANJA NDEGE PRIMARY SCHOOL	CO-OPERATIVE	01139182987000		406,500.00
KULUMBENI SPECIAL PRIMARY SCHOOL				2,665.50
LUMAKANDA TOWNSHIP SEC. SCHOOL	CO-OPERATIVE	0113943559030		2,282.50
LWANDETI DEB SECONDARY SCHOOL				4,002.20
MACHO MUSLIM SECONDARY SCHOOL				2,500.00
MAHANGA 'K' SECONDARY SCHOOL	CO-OPERATIVE			4,255.90
MAHIGA PRIMARY SCHOOL	CO-OPERATIVE			2,433.00
MANYONYI SECONDARY SCHOOL	CO-OPERATIVE	01129457678000		3,060.00
MAUTUMA M.T.C.	CO-OPERATIVE	01141441671800		914,418.50
MAUTUMA MTC	CO-OPERATIVE	01141441671800		914,418.50
MAUTUMA SECONDARY SCHOOL	CO-OPERATIVE	01139182710600		37,827.00
MAYOYO SA PRIMARY SCHOOL	CO-OPERATIVE	01139610733800		2,492.00

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

LUGARI CONSTITUENCY

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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)
	funds amount of Kshs.52,469,016 while the supporting note 11 and annexure 2 reflects a figure of Kshs.43,062,715 to result to a variance of Kshs.9,406,301 which has not been explained or reconciled. In addition, the summary statement of appropriation for recurrent and development combined reflects budget adjustment figure of Kshs.40,295,533 while the unutilised funds as per audited financial statements for the year ended 30 June 2018 was Kshs.31,795,533 to result to a variance of Kshs.8,500,000 which has not been explained or reconciled.	total unutilized funds in the summary statement of appropriation. The error of adjustment budget figure of Kshs 40,295,533 has been corrected to the true figure of Kshs 31,795,533 in the summary statement of appropriation.			
1.2	Note 13 to the financial statements reflects PMC account balances figure of Kshs.4,237,800 as at 30 June 2019 while the supporting annexure 4 reflects a balance of Kshs.4,798,929 to result to a variance of Kshs.561,129 which has not been explained or reconciled. In addition, the supporting annexure 4 has some PMC accounts duplicated. Also, the cashbooks	The error on the supporting annexure has been corrected. The figure of Kshs. 4,789,929 is pmc balances for 2018/2019 but erroneously put in 2019/2020 and Kshs 4,237,800 is pmc balances for 2019/2020 erroneously posted in 2018/2019.	CDFC and Fund Account Manager	In progress	EVERY END OF FINANCIAL YEAR

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

LUGARI CONSTITUENCY

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For the year ended June 30, 2020

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)
	together with certificate of bank balances were not availed for audit review	The duplication error has also been corrected.			
2	The summary of fixed assets registers at annexure 3 reflects assets balance of Kshs.21,408,217 as at 30 June 2019 and which includes buildings and structure of Kshs.8,823,468. However, this figure does not include an amount of Kshs.1,352,775 incurred on the renovations of the Fund offices and charged to other grants and other transfers as disclosed in note 6 to the financial statements. Consequently, the summary of fixed assets balances as at 30 June 2019 have been understated by Kshs.1,352,775.	The understated figure has been updated on the asset register and corrected the total asset balance from Kshs 21,408,217 to Kshs 22,760,992 and building and structure balance from Kshs 8,823,468 to Kshs. 10,176,243.	CDFC and Fund Account Manager	In progress	EVERY END OF FINANCIAL YEAR

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND(NGCDF)

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