



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

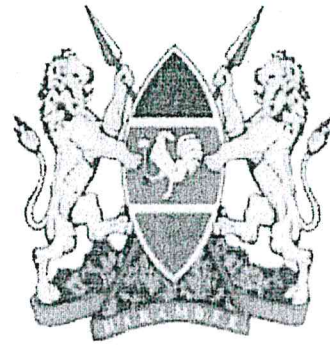
**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
NAROK EAST CONSTITUENCY**

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

THE NATIONAL ASSEMBLY	
DATE: 10 MAY 2022	TIME: 10:00 AM
TABLED BY: MAJORITY LEADER	
CLERK-AT-THE-TABLE:	







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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -NAROK EAST  
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)

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10 FEB 2021  
10 FEB 2021

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Reports and Financial Statements  
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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 NAROK EAST 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 2019 and who had direct fiduciary responsibility were:

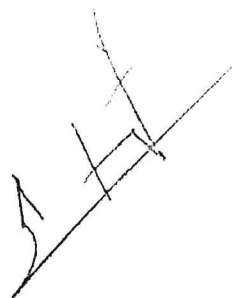
No.	Designation	Name
1.	A.I.E holder	Andrew K. Kiptanui
2.	Sub-County Accountant	Kennedy Nding'u
3.	Chairman NGCDFC	Tapaiya Puniyua
4.	Member NGCDFC	Kabaka Kirtela

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF NAROK EAST Constituency Headquarters**

P.O. Box 664 - 20500  
NAROK - Kenya





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK  
EAST CONSTITUENCY**

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

**(f) NGCDF NAROK EAST Constituency Contacts**

Telephone: +254 0721 333 360  
E-mail: [cdfnarokeast@ngcdf.go.ke](mailto:cdfnarokeast@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF NAROK EAST Constituency Bankers**

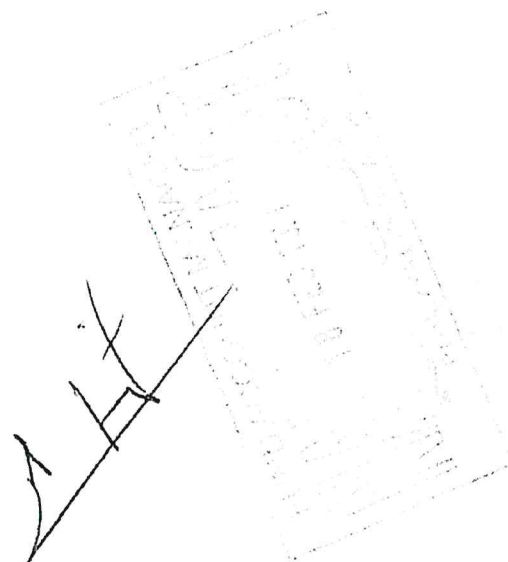
1. NGCDF NAROK EAST Constituency Bankers  
Equity Bank  
NAROK  
P.o. Box 1023-20500  
Narok, Kenya

**(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



A handwritten signature in black ink is written over a faint, rectangular stamp. The stamp contains text that is mostly illegible due to fading and the signature's overlap. The signature appears to be a stylized set of initials or a name.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK  
EAST CONSTITUENCY**

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

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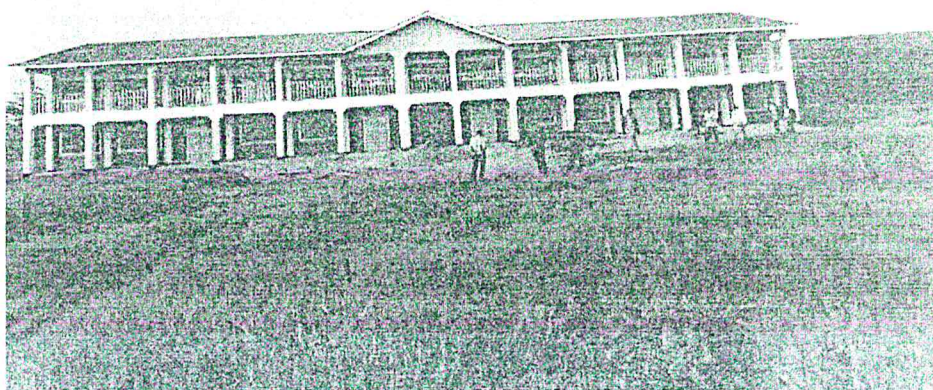
**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

I am pleased to present the annual report and financial statements for Financial Year 2019/2020.

Narok East Constituents are determined to participate effectively in domesticating the vision, mission and core values of the National Government Constituencies Development Fund. The constituents have since been given the necessary platform on which to participate more proactively in the prioritization of need based projects and programmes aimed at improving their standard of living

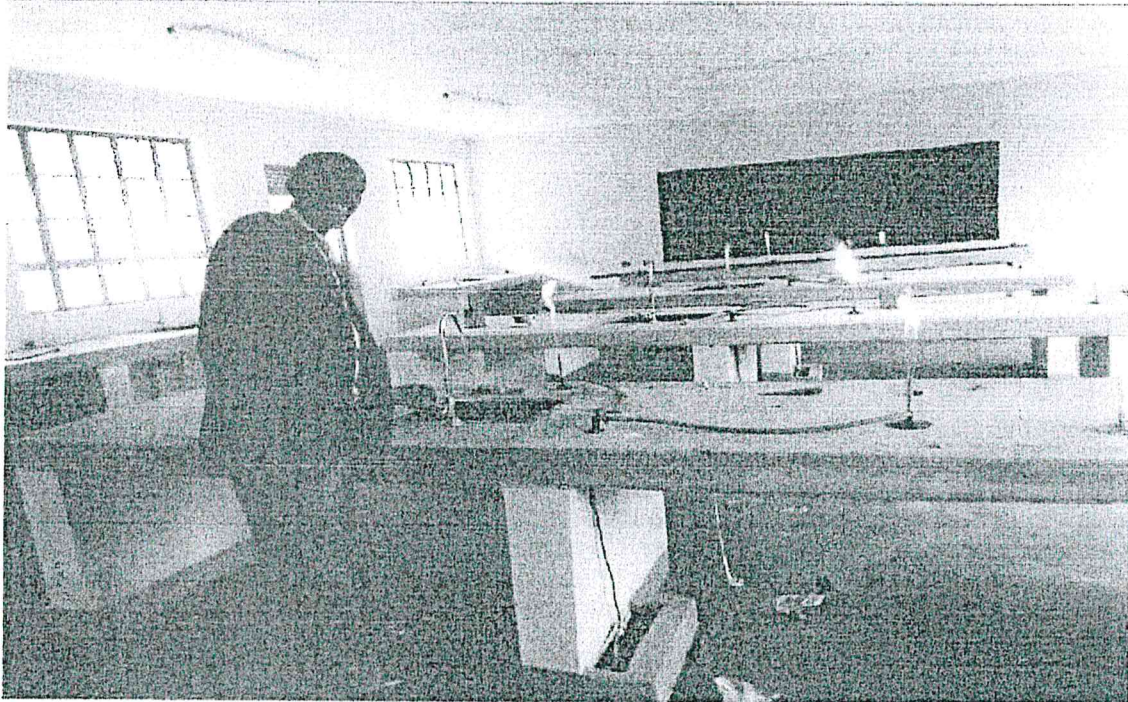
In the financial year 2019/2020, the NG-CDF Narok East was allocated Ksh. 137,367,724.00 and was able to receive only Kshs. 68,000,000.00 by the end of the financial year i.e. 59.5% absorption rate due to the delay in the disbursement of funds by the National Treasury to the Board. The Constituency was also able to implement and complete all the projects that were rolled over from the previous financial year especially before the onset Covid 19 pandemic in March 2020. However, the pandemic has greatly reduced the rate of implementation of projects due to the Ministry of Health's safety protocols such as social distancing.

The following are some of the ongoing and complete projects implemented during the financial year:

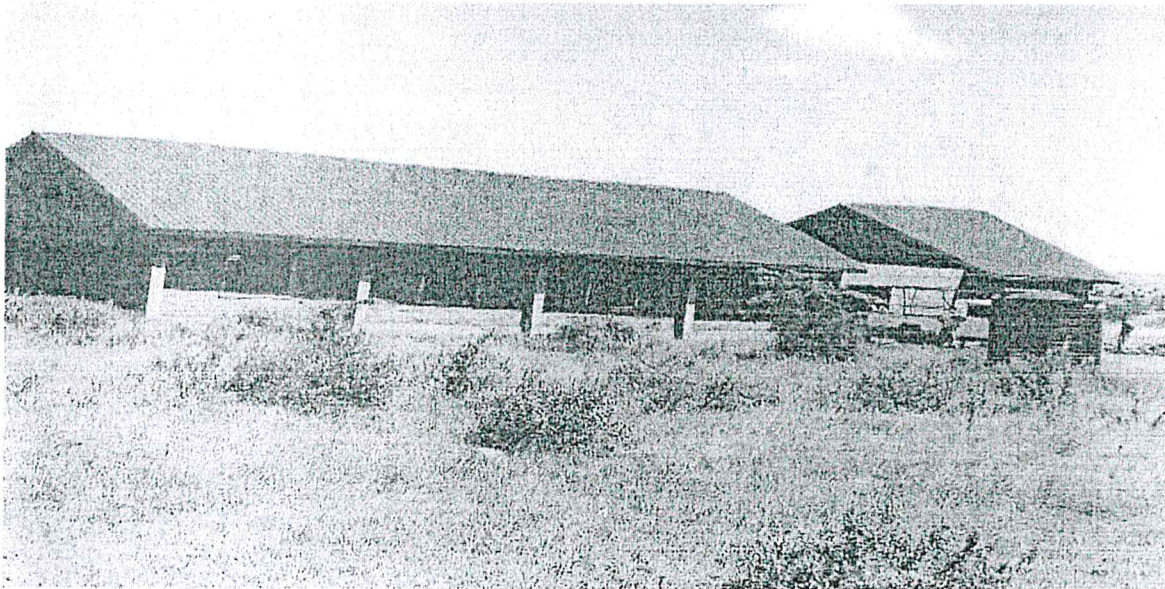


Olorien Boys' Secondary School 8. No. Classrooms Storey Building





Kipise Hills Secondary School Laboratory



Olepunyua Primary School Ongoing construction of Dormitory

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*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK  
EAST CONSTITUENCY*

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

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Olesharo Girls Secondary School Staff House- Painting going on



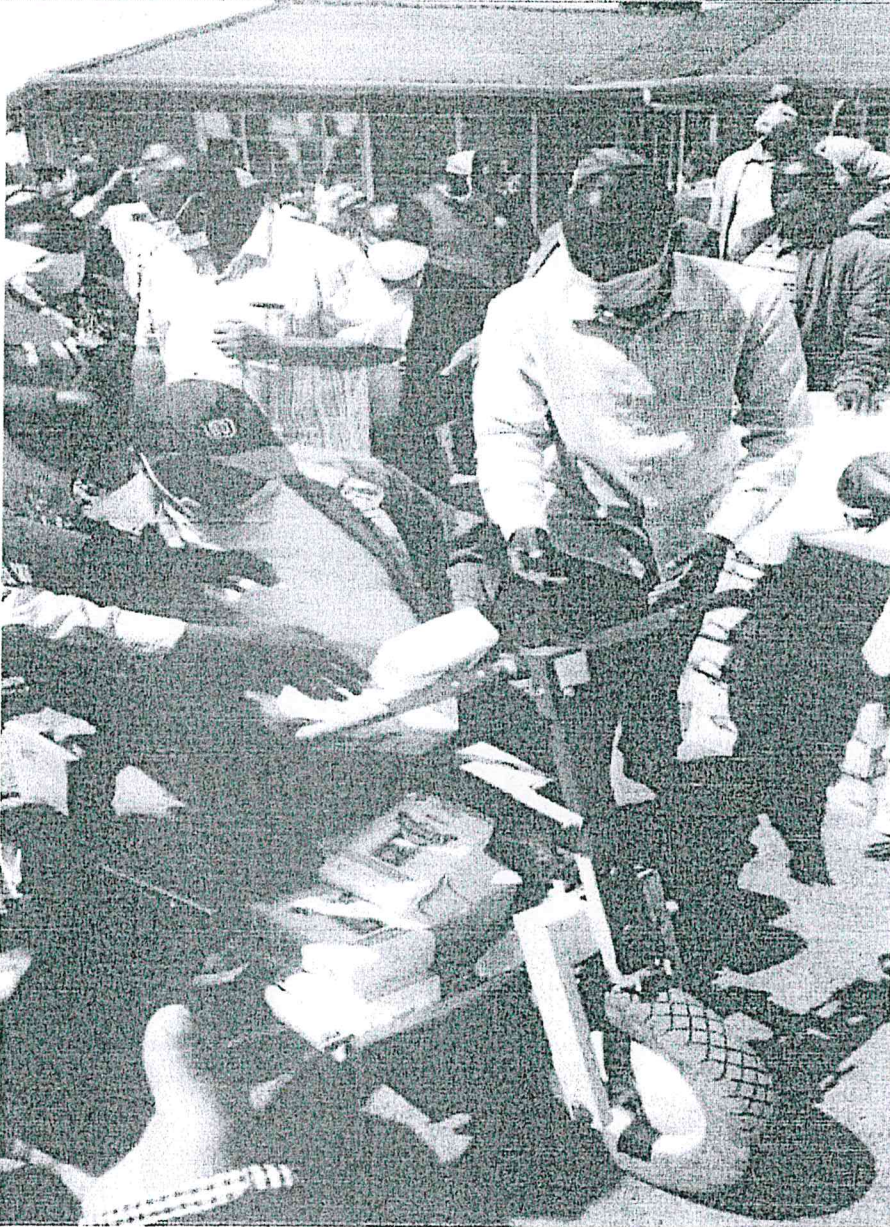
Olesharo Girls Secondary School Toilets- Ongoing painting works.

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK  
EAST CONSTITUENCY**

**Reports and Financial Statements  
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Emergency Response initiatives

**Key achievements**

NG CDF has all along been promptly disbursing funds to Project Management Committees Accounts for timely implementation while ensuring value for public money. The NG CDFC has also embraced equity in the distribution of funds across the constituency in terms of the physical infrastructure and identification of needy cases for bursary awards in all categories.

Currently, all primary and secondary schools have at least one or more NG CDF funded projects, with six (6) secondary schools fully funded by NG CDF by 2019/2020 Financial Year.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK  
EAST CONSTITUENCY**

**Reports and Financial Statements  
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**Challenges and emerging issues**

The delay in implementation of the projects was due to the delay by the National Treasury to disburse funds to the NG CDF Board eventually reducing the constituency's absorption rate during the financial year.

There is also the problem of community land ownership which makes the acquisition of land for schools process lengthy due to succession. We are currently receiving support from the Interior and Coordination of National Government and Lands Ministries in facilitation of change in land ownership documents for schools.

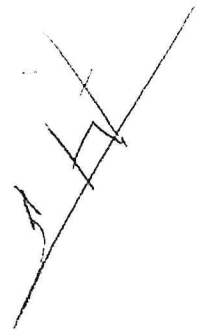


.....  
TAPAIYA PUNYUA

CHAIRMAN NGCDFC

DATE.....

18/02/2021





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**

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

**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES**

**Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of NCCDF-Narok East Constituency's 2018-2022 plan are to:

- a) Increase the retention of children and their performance in primary and secondary schools.
- b) Improve the conservation of the environment within the constituency.
- c) Enhance the participation of youth in sports.
- d) Strengthen the capacity of the Narok East NG CDF offices to effectively undertake its Mandate through security and ICT

**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 have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	-Number of usable physical infrastructure built in primary, secondary, and tertiary institutions -Number of bursary beneficiaries for all categories	In FY 19/20 -we increased number of classrooms, dormitories, laboratories etc e.g. Laboratories from 3 to 8 in the Suswa Girls, Oleshara Girls, Aramat Sec, Enooseyia Sec, Kipise Hills Sec. -Bursary beneficiaries at all levels were as per the attached schedules
Environment	To conserve the environment through water harvesting	Increased construction of the water tanks projects in the schools and administrative	Number of water tanks to all the schools within the constituency.	In the FY 2019/2020, the NGCDF Narok East allocated funds towards environmental

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**

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		areas to conserve the water		activities but yet to be received from the Board.
Sports	To actively engage the unemployed youth with an aim of nurturing of talents	Increased football registration of youth teams	Number football teams NG-CDFC has sponsored in the constituency	In the FY 2019/2020, we are yet to receive funds from the Board to carry out sport activities
Disaster Management	To allocate emergency funds to cater for any unforeseen occurrences	Timely response to any disaster within the constituency.		In FY 2019/2020, we have worked from home and thus a lot of the normal activities were disrupted due to the pandemic



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

NGCDF – NAROK EAST Constituency exists to transform lives. This is our purpose and the driving force behind everything that we do. It's what guides us to deliver on our mandate. This pillar also makes special provisions for constituents with various disabilities and who were previously marginalized.

**1. Sustainability Strategy and Profile -**

The NG CDF Committee has continued to provide sustainability approach in relation to the management of projects for efficiency and effectiveness in service delivery to the public. In this regard, the constituency has employed certain metrics and standards that are needed during project identification through feasibility studies, formulation, design, appraisal, funding, implementation, monitoring, and evaluation.

Through its strategic plan, the NAROK EAST National Government Constituency Development Fund Committee found it necessary to undertake a comprehensive analysis of the social, economic, legal, cultural, educational, and political environments for project implementation. The project philosophy, mission, vision, values, goals, and objectives were articulated and this informs the annual planning of constituency activities. The involvement of stakeholders from all the four Wards and technical Government representatives is a key strength for our project sustainability. It is through these elements that the Committee has enhanced sustainability which in turn has determined project relevance, acceptability, political expediency, viability and adaptability of the project. Other factors such as financial analysis against the needs especially on bursary consideration, risk analysis based on the NGCDF Board guidelines and training, communication and network determination, annual operational plans drawn from the strategic plan, training of Constituency committee members and staff, and capacity building of FMCs.

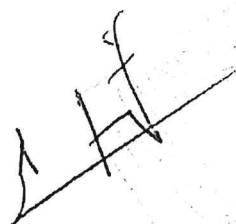
Political demands and expectations have always been the key challenge especially when the demands for the scarce resources increase. At times we are compelled to postpone some of these demands that in most cases were not factored in the strategic plan.

**2. Environmental performance**

Environmental sustainability refers to concerted efforts put in place by the Committee to mitigate against environmental degradation. It is the maintenance of factors and practices that contribute to the quality of environment on a long term basis. The National Environmental Management Authority (NEMA) has put in place Performance Contract Guidelines for all Ministries, Departments and Agencies (MDAs) provided that institutions undertake an Audit to establish the extent of compliance with and enforcement of the Constitution and other statutory obligations. These guidelines provide a framework for environmental sustainability audit for MDAs consistent with the provisions of EMCA.

During the self-audit, and using the guidelines provided by the Board on Environmental sustainability, the NAROK EAST NGCDF has continued to implement environmental sustainability programmes, while undertaking project activities. These guidelines have enabled the committee to focus on planning for environmental sustainability by making decisions and taking actions that are in the interests of protecting the natural world, with particular emphasis on preserving the capacity of the environment to support human life.

Environmental education and awareness are other focus for the Constituency. This entails understanding the fragility of our constituency environment and the importance of its protection. The Committee has continued to make all their staff aware of their relationship with the environment from a social, ecological and economic perspective, which is then extended to other stakeholders and the local community.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**

**Reports and Financial Statements**

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

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**3. Employee welfare**

The Occupational Health and Safety Act (OSHA) provide for the health, safety and welfare of persons employed, and all persons lawfully present at workplaces and related matters. The NAROK EAST NGCDF understands the fact that it has an obligation to provide and maintain terms and procedures of work that are safe and without risk to workers' health. The Committee ensures safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances. The necessary awareness sessions to the Committee members, staff and even project management Committees has been provided through training in line with the safety and occupational policy standards of the Board.

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Narok East NGCDF has an office that is well equipped and furnished to provide a good ambience for staff. Workers are well informed of any risks and imminent dangers related to new technologies and are encouraged to participate in the application and review of safety and health measures at the constituency.

**4. Market Linkages and Value for Money-**

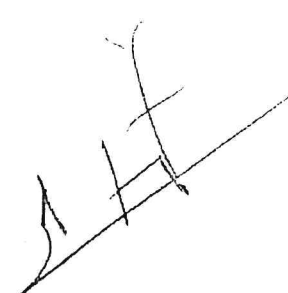
The NGCDF acknowledges the Fund's critical role in shaping markets to maximize community access to NGCDF activities and further emphasizes its desire for the Fund to more actively shape markets for items and activities undertaken to optimize price, quality, design and sustainable supply of materials and services.

The Committee also recognizes that the Fund is well positioned to drive value for money and leverage its role as the primary financier of essential sectors in the community to improve quality, price, design, and sustainable supply of project activities. Through its decision, the NGCDF has recognized the importance of the Prequalification of service providers and contractors with a view to lower prices as well as increased leverage and negotiation power with clients. The Fund recognizes that this will lead to increased market transparency and competition, resulting in greater affordability, as well as facilitating the adoption of innovative skills in quality projects. The Committee has a fiduciary responsibility to protect the interest of the public.

**5. Public Participation -**

The NGCDF Act, 2015- as amended, provides that the projects implemented under the Act must be community based and therefore should benefit a wide cross section of the community. This therefore means that there is need to engage the community in the following areas:

- a. Project design, selection and identification
- b. Project Implementation
- c. Social Audits
- d. Sustainability and maintenance of the projects





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**

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

**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.

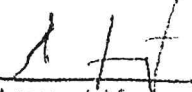
The Accounting Officer in charge of the NGCDF-NAROK EAST Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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-NAROK EAST Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NGCDF-NAROK EAST 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-NAROK EAST Constituency further confirms the completeness of the accounting records maintained for the NGCDF-NAROK EAST 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.

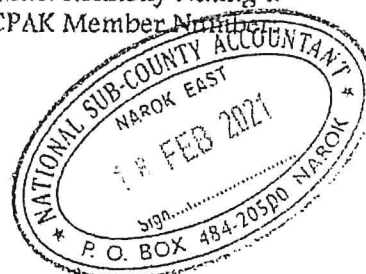
The Accounting Officer in charge of the NGCDF-NAROK EAST Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF-NAROK EAST 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-NAROK EAST Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2020.

  
\_\_\_\_\_  
Fund Account Manager  
Name: Andrew K. Kiptanui

  
\_\_\_\_\_  
Sub-County Accountant  
Name: Kennedy Ndung'u  
ICPAK Member Number: \_\_\_\_\_







# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NAROK EAST 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 - Narok East Constituency set out on pages 16 to 40, which comprise the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Narok East 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**

##### **Cash and Cash Equivalents**

The statement of assets and liabilities as at 30 June, 2020 reflect a balance of Kshs.9,045,494 in respect of cash and cash equivalents. However, a review of the bank reconciliation statement as at the same date revealed stale cheques amounting to Kshs.351,120. No explanation has been provided for failure to update the cash book with the amount of stale cheques.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.9,054,494 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 - Narok East Constituency Management in accordance with ISSAI



130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.193,647,151 and Kshs.123,926,359 respectively resulting to an under funding of Kshs.69,720,792 or 36% of the budget.

Similarly, the actual expenditure reflects a balance of Kshs.114,880,866 against an approved budget of Kshs.193,647,151 resulting to an under-expenditure of Kshs.78,766,285 or 41% of the budget.

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

## **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. Transfers to Other Government Units**

##### **1.1 Project Verification**

During the year under review, the Fund undertook the implementation of twenty-one (21) projects in schools at a cost of Kshs.76,443,166 according to the project implementation summary. However, an audit inspection carried out in the month of February, 2021 revealed that seven (7) of the schools with expenditure totaling to Kshs.26,100,000 had various anomalies as indicated below:



S/No.	Project	Description	Amount (Kshs.)	Finding
1	Ereto Primary School	Construction of 2 classrooms	2,300,000	Poor workmanship of the floor
2	Oloika Primary School	Construction of 3 No. Staff House	3,000,000	No electrical fittings done The paint job is not 3 coats as captured in the BQ.
3	Olepunyua Primary School	Proposed erection and completion of 96 beds dormitory block	5,500,000	Poor drainage to the sock pit. No hand wash basins as captured in the Bills of Quantity.
4	Ntulele Primary School	Construction of 2 classrooms	2,300,000	No electrical fittings done Poor workmanship of the floor
5	Kisite Hill Secondary school	Construction of laboratory	5,000,000	Circular hollow columns were 8 instead of 9 Bunsen burner were 14 instead of 20. Only 1 gas cylinder of capacity 13 kg instead of 2 cylinders with 50kg capacity.
6	Olorien Secondary school	Erection of 3 staff houses	3,000,000	No d8 and d12 used to put up the concrete columns. No sock pits and manholes have been constructed No walkway constructed as directed in the Bill Quantity.
7	Olesharo Girls Secondary School	Laboratory block	5,000,000	Poor quality of finishes. Wall already developing cracks Only 1pc 13 kg gas cylinder instead of 2 50kg cylinder. Six hollow section instead of nine. There should be 39 gutters. No gutters had been installed
<b>Total</b>			<b>26,100,000</b>	

In the circumstances, value for money for projects work Kshs.26,100,000 during the year ended 30 June, 2020 could not be confirmed.

## 1.2 Unlabeled Projects

Project inspection carried out in the month of February, 2021 revealed that all projects undertaken for the year under review which were complete or yet to be completed were not labeled contrary to Section 15(1)[f] of The National Government Constituencies Development Fund (Regulations), 2016.

In the circumstances, the management of the Fund was in breach of the law.

## **2. Project Management Committees (PMCs)**

Examination of Project Management Committees (PMCs) records revealed that project management committee minutes were not provided for audit verification on the various projects implemented. In addition, the establishment and existence of the committees could not be confirmed. Further, expenditure returns by the various PMCs were not submitted for audit review contrary to section 31. (1) of the National Government Constituencies Development Fund Act, 2013.

In the circumstances, the validity of the total expenditure of Kshs.76,443,166 could not be confirmed.

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## **3. Failure to Update Fixed Assets Register**

Annex 4 to the financial statements which has a summary of fixed assets register reveals that the Fund as at 30 June, 2020 had assets worth Kshs.25,240,000. However, the fixed assets register has not been provided for audit review. Further, an asset verification exercise carried out at the Fund's offices revealed that the assets have not been tagged exposing them to loss.

In the circumstances, the Fund management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is



necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 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.

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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 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.



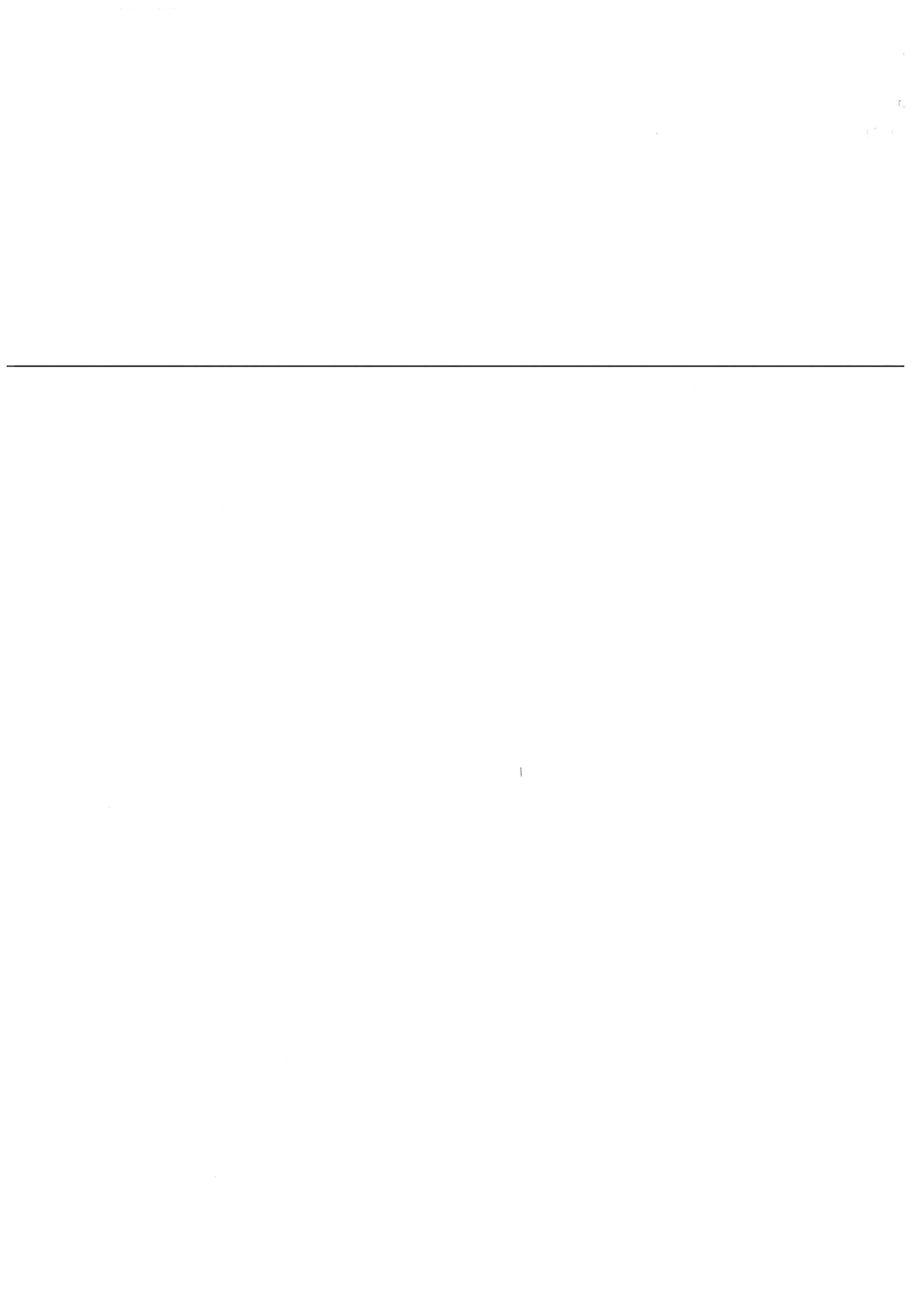
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

11 February, 2022





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**

**Reports and Financial Statements**

For the year ended June 30, 2020

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
			Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	68,000,000	120,420,186
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>68,000,000</b>	<b>120,420,186</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,221,910	1,743,086
Use of goods and services	5	9,577,690	8,673,841
Transfers to Other Government Units	6	76,443,166	35,000,206
Other grants and transfers	7	24,354,700	41,872,379
Acquisition of Assets	8	-	8,500,000
Other Payments	9	1,283,400	1,053,068
<b>TOTAL PAYMENTS</b>		<b>114,880,866</b>	<b>96,842,580</b>
<b>SURPLUS/DEFICIT</b>		<b>(46,880,866)</b>	<b>23,577,606</b>

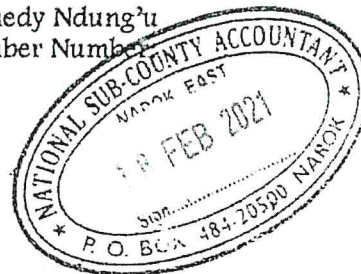
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAROK EAST Constituency financial statements were approved on \_\_\_\_\_ 2020 and signed by:



Fund Account Manager  
Name: Andrew K. Kiptanui



Sub-County Accountant  
Name: Kennedy Ndung'u  
ICPAK Member Number \_\_\_\_\_

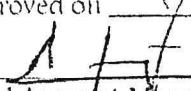



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

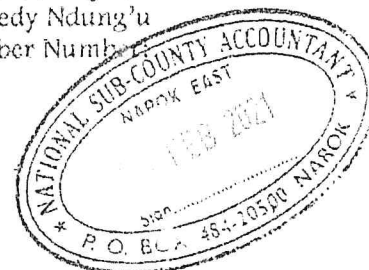
**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019 - 2020 Kshs	2018 - 2019 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	9,045,494	55,926,359
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>9,045,494</b>	<b>55,926,359</b>
Current Receivables-Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,045,494</b>	<b>55,926,359</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable-Retention	12A		
Gratuity	12B	-	-
<b>NET FINANCIAL ASSETS</b>		<b>9,045,494</b>	<b>55,926,359</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	55,926,359	32,348,755
Surplus/Deficit for the year		(46,880,866)	23,577,606
Prior year adjustments	14		-
<b>NET FINANCIAL POSITION</b>		<b>9,045,494</b>	<b>55,926,359</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-NAROK EAST Constituency financial statements were approved on 14/02/2021 2020 and signed by:

  
Fund Account Manager  
Name: Andrew K. Kiptanui

  
National Sub-County Accountant  
Name: Kennedy Ndung'u  
ICPAK Member Number: 48-3-10590





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) NAROK EAST CONSTITUENCY**


**Reports and Financial Statements**

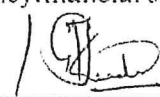
For the year ended June 30, 2020

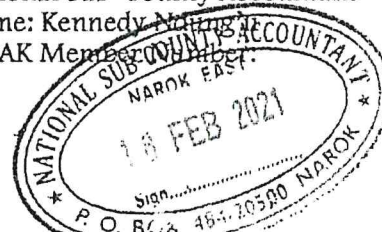
**IX. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	68,000,000	120,420,186
Other Receipts	3	-	-
		<b>68,000,000</b>	<b>120,420,186</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	3,221,910	1,743,086
Use of goods and services	5	9,577,690	8,673,841
Transfers to Other Government Units	6	76,443,166	35,000,206
Other grants and transfers	7	24,354,700	41,872,379
Other Payments	9	1,283,400	1,053,068
		<b>114,880,866</b>	<b>88,342,580</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable	15		
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
<b>Net Adjustments</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>		<b>(46,880,866)</b>	<b>32,077,606</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	8,500,000
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>23,577,606</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(46,880,866)</b>	<b>23,577,606</b>
Cash and cash equivalent at BEGINNING of the year	13	55,926,359	32,348,753
Cash and cash equivalent at END of the year		9,045,494	55,926,359

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

  
 Fund Account Manager  
 Name: Andrew K. Kiptanui

  
 National Sub-County Accountant  
 Name: Kennedy N. N. N. N.  
 ICPAK Member



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – NAROK EAST 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=d-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NG-CDF Board	137,367,724	56,279,427	193,647,151	123,926,359	69,720,792	64%
Proceeds from Sale of Assets				-	-	0%
Other Receipts				-	-	0%
<b>TOTAL RECEIPTS</b>	<b>137,367,724</b>	<b>56,279,427</b>	<b>193,647,151</b>	<b>123,926,359</b>	<b>69,720,792</b>	<b>64%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,491,896	266,914	2,758,810	3,221,910	(463,100)	117%
Use of goods and services	9,871,199	329,838	10,201,037	9,577,690	623,347	94%
Transfers to Other Government Units	78,100,000	51,842,961	129,942,961	76,443,166	53,499,795	59%
Other grants and transfers	46,904,628.97	2,539,714	49,444,343	24,354,700	25,089,643	49%
Acquisition of Assets	-	0	0	-	-	0%
Other Payments	-	1,300,000	1,300,000	1,283,400	16,600	99%
<b>TOTAL</b>	<b>137,367,724</b>	<b>56,279,427</b>	<b>193,647,151</b>	<b>114,880,866</b>	<b>78,766,285</b>	<b>59%</b>


N/B: This adjustments column shows the balances received from the board for previous financial year and opening cashbook balance as at 1<sup>st</sup> July 2019.

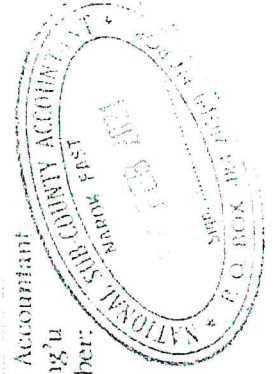
(a) The constituency did not realize any AIA

(b) The Constituency had underutilization due to delays of funds from NG-CDF Board. And due to the pandemic being faced in the country.

The NGCDF-NAROK EAST Constituency financial statements were approved on 2020 and signed by:

  
Fund Account Manager  
Name: Andrew K. Kiptanui

  
National Sub-County Accountant  
Name: Kennedy Ndiung'u  
ICPAK Member Number:





XI BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,491,896	266,914	2,758,810	3,221,910	(463,100)
1.2 Committee allowances	3,500,000	93,600	3,593,600	3,500,000	93,600
1.3 Use of goods and services	2,250,167	454	2,250,621	2,200,000	50,621
<b>Sub-Total</b>	<b>8,242,063</b>	<b>360,968</b>	<b>8,603,031</b>	<b>8,921,910</b>	<b>(318,879)</b>
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	621,032	-	621,032	500,000	121,032
2.2 Committee allowances	2,500,000	167,140	2,667,140	2,600,000	67,140
2.3 Use of goods and services	1,000,000	68,646	1,068,646	777,690	290,956
<b>Sub-Total</b>	<b>4,121,032</b>	<b>235,786</b>	<b>4,356,818</b>	<b>3,877,690</b>	<b>479,128</b>
3.0 Emergency	7,198,241	528,359	7,726,600	5,226,300	2,500,300
<b>3.1 Primary Schools</b>					
3.2 Secondary schools	-	-	-	-	-
3.3 Tertiary institutions	-	-	-	-	-
3.4 Security projects	-	-	-	-	-
<b>Sub-Total</b>	<b>7,198,241</b>	<b>528,359</b>	<b>7,726,600</b>	<b>5,226,300</b>	<b>2,500,300</b>
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools	-	-	-	-	-
4.2 Secondary Schools	18,600,000	703,118.44	19,303,118	10,000,000	9,303,118
4.3 Tertiary Institutions	18,000,000	1,060,219	19,060,219	8,178,400	10,881,819
4.4 special schools	200,000	200,000	400,000.00	-	400,000
4.5 Social Security	1,200,000	-	1,200,000.00	-	1,200,000
<b>Sub-Total</b>	<b>38,000,000</b>	<b>1,963,337</b>	<b>39,963,337</b>	<b>18,178,400</b>	<b>21,784,937</b>
5.0 Sports	959,033	39,308	998,341	950,000.00	48,341
<b>Sub-Total</b>	<b>959,033</b>	<b>39,308</b>	<b>998,341</b>	<b>950,000.00</b>	<b>48,341</b>
6.0 Environment	747,354	8,709	756,063	-	756,063



NATIONAL GOVERNMENT CONSTITUTIONS DEVELOPMENT FUND (NGDF) - NAKURU EAST CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2020

Sub-Total	747,354	8,709	756,063	-	756,063
7.0 Primary Schools Projects (List all the Projects)					
7.1 Emaruwa Ompya Primary School	2,000,000		2,000,000		2,000,000.00
7.2 Enkayuan Primary School	2,000,000		2,000,000		-
7.3 Inkihangosi Primary School	2,000,000		2,000,000	2,000,000	-
7.4 Kenyeta Primary School	2,300,000		2,300,000		2,300,000.00
7.5 Mwananda Primary School	2,300,000		2,300,000		2,300,000.00
7.6 Naakuro Lukany Primary School	2,000,000		2,000,000		2,000,000.00
7.7 Narasha Primary School	2,300,000		2,300,000	2,300,000	-
7.8 Oletukat Primary School	2,300,000		2,300,000		2,300,000.00
7.9 Olokaumkum Primary School	2,300,000		2,300,000		2,300,000.00
7.91 Nialele Primary School	2,300,000	-	2,300,000		-
7.92 Ihoiboti Primary School	5,500,000		5,500,000		5,500,000.00
7.93 Kikuyian Primary School	3,000,000		3,000,000		3,000,000.00
7.94 Kera Primary School	-	2,300,000	2,300,000		-
7.95 Saleita Primary School	-	2,300,000	2,300,000		-
7.96 Olesito Primary School	-	3,000,000	3,000,000		-
7.97 Olephidongoi Primary School	-	2,300,000	2,300,000		-
7.98 Ilunutum Primary School	-	2,300,000	2,300,000		-
7.99 Lengasamo Primary School	-	3,450,000	3,450,000		-
7.990 Ereta Primary School	-	2,300,000	2,300,000		-
7.991 Oloaka Primary School	-	3,000,000	3,000,000		-
7.992 Ikako Primary School	-	2,300,000	2,300,000		-
7.993 Olepuni na Primary School	-	5,500,000	5,500,000		-
7.994 Emaruwa Primary School	-	3,000,000	3,000,000		-
7.995 Emaruwa Primary School	-	2,300,000	2,300,000		-
7.996 DEB School	-	1,000,000	1,000,000		1,000,000
7.997 elastic primary school	-	3,000,000	3,000,000		-
Sub-Total	32,600,000	38,050,000	70,650,000	47,950,000	22,700,000
8.0 Secondary Schools Projects (List all the Projects)					

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

Nirumeti Secondary School	3,000,000	-	3,000,000	-	3,000,000
Olesharo Girls Secondary School	9,500,000	-	9,500,000	9,500,000	-
Oletkat Secondary School	2,000,000	-	2,000,000	-	2,000,000
Olorien Boys Secondary School	8,000,000	-	8,000,000	7,500,000	500,000
Arumal Secondary School	5,000,000	-	5,000,000	-	5,000,000
Emoseya Secondary School	5,000,000	-	5,000,000	-	5,000,000
Keekonyokie Secondary School	2,000,000	-	2,000,000	-	2,000,000
Oletkat Secondary School	5,500,000	-	5,500,000	-	5,500,000
Olorien Boys Secondary School	5,500,000	-	5,500,000	-	5,500,000
8.1 Kipise Hills Secondary School	-	5,000,000	5,000,000	5,000,000	-
8.2 Nkorieio Secondary School	-	3,246,583	3,246,583	3,246,583	-
8.3 Olesharo Secondary School	-	3,246,583	3,246,583	3,246,583	-
8.5 SUSWA GIRLS SEC SCHOOL	-	2,299,794	2,299,794	-	2,299,794
<b>Sub-Total</b>	<b>45,500,000</b>	<b>13,792,960</b>	<b>59,292,960</b>	<b>28,493,166</b>	<b>30,799,794</b>
<b>9.0 Tertiary institutions Projects</b>	-	-	-	-	-
<b>(List all the Projects)</b>	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-
<b>10.0 Health projects</b>	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-
<b>11.0 Security Projects</b>	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-
<b>12.0 Acquisition of assets</b>	-	-	-	-	-
12.1 Motor Vehicles (including motorbikes)	-	-	-	-	-
12.1 Motor Vehicles (including motorbikes)	-	-	-	-	-
12.2 Construction/Renovations of CDF office	-	-	-	-	-
12.3 Purchase of furniture and equipment	-	-	-	-	-
12.4 Purchase of computers	-	-	-	-	-
12.5 Purchase of land	-	-	-	-	-
12.2 Roads	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-

**NATIONAL GOVERNMENT CONSTITUTIONAL DEVELOPMENT FUND (NCDDF) - NAROK EAST CONSTITUENCY**  
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13.0 Others	-	-	-	-	-
13.1 Strategic Plan	1,300,000	1,300,000	1,283,400,000	16,600	
13.2 Innovation Hub	-	-	-	-	
Sub-Total	1,300,000	1,300,000	1,283,400	16,600	
<b>GRAND TOTALS</b>	<b>137,357,724</b>	<b>56,279,427</b>	<b>493,637,151</b>	<b>144,830,866</b>	<b>78,766,285</b>

(NB: This statement is a disclosure statement indicating the reflection 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)

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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-NAROK EAST Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

#### **Tax Receipts**

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

#### **Transfers from the Exchequer**

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

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**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.



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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.

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**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**

5 DES				
	<b>1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES</b>			
	<b>Description</b>		<b>2019 - 2020</b>	<b>2018 - 2019</b>
			<b>Kshs</b>	<b>Kshs</b>
30407	Normal Allocation			
	1 AIE NO:		-	11,379,310
	2 AIE NO:8030150		-	10,000,000
	3 AIE NO:8005435		-	13,000,000
	4 AIE NO:8006482		-	7,000,000
	5 AIE NO:A724494		-	11,000,000
	6 AIE NO:8042959		-	13,000,000
	7 AIE NO:8047575		-	55,040,876
	1 AIE NO:8041165		4,000,000	-
	2 AIE NO:8041328		18,000,000	-
	3 AIE NO:8047745		5,000,000	-
	4 AIE NO:8047994		7,000,000	-
	5 AIE NO:8104056		14,000,000	-
	6 AIE NO:8104435		20,000,000	-
0408	Conditional Grants	AIE NO...	-	-
0409	Receipt from other Constituency		-	-
	<b>TOTAL</b>		<b>68,000,000</b>	<b>120,420,186</b>
0000	<b>2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS</b>			
	<b>Description</b>		<b>2019 - 2020</b>	<b>2018 - 2019</b>
			<b>Kshs</b>	<b>Kshs</b>
0202	Receipts from the Sale of Buildings		-	-
0601	Receipts from the Sale of Vehicles and Transport Equipment		-	-
0801	Receipts from the Sale Plant Machinery and Equipment		-	-
0803	Receipts from the Sale of Office and General Equipment		-	-
	<b>TOTAL</b>		<b>-</b>	<b>-</b>
0000	<b>3 OTHER RECEIPTS</b>			
	<b>Description</b>		<b>2019 - 2020</b>	<b>2018 - 2019</b>
			<b>Kshs</b>	<b>Kshs</b>
0107	Interest Received		-	-
0405	Rents		-	-

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1420601	Sale of Tender Documents			
1450207	Other Receipts Not Classified Elsewhere (specify)			
	<b>TOTAL</b>			

**2110000 4 COMPENSATION OF EMPLOYEES**

Description		2019 - 2020	2018 - 2019
		Kshs	Kshs
2110201	Basic wages of contractual employees	2,252,130	1,583,785
2110202	Basic wages of casual labour		
	Personal allowances paid as part of salary		
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance		
2110326	Other personnel payments		
2120101	Employer contribution to NSSF	207,360	159,301
2710120	Gratuity-contractual employees	762,420	-
	<b>TOTAL</b>	<b>3,221,910</b>	<b>1,743,086</b>

**2200000 5 USE OF GOODS AND SERVICES**

Description		2019 - 2020	2018 - 2019
		Kshs	Kshs
2210100	Utilities, supplies and services	896,420	3,000
2210101	Electricity	-	-
2210102	Water & sewerage charges	-	-
2210104	Office rent	-	-
2210200	Communication, supplies and services	80,000	319,620
2210300	Domestic travel and subsistence	125,000	285,000
2210500	Printing, advertising and information supplies & services	350,000	654,760
2210600	Rentals of produced assets	-	-
2210700	Training expenses	500,000	578,000
2210800	Hospitality supplies and services	-	-
2210802	Other committee expenses	1,634,490	2,406,400
2210809	Committee allowance	2,728,800	1,832,860
2210900	Insurance costs	-	-
2211000	Specialised materials and services	-	-



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11100	Office and general supplies and services		720,000	1,204,421
11200	Fuel , oil & lubricants		2,005,000	690,000
11300	Other operating expenses		-	-
11301	Bank service commission and charges		28,800	-
11313	Security operations		-	-
20100	Routine maintenance - vehicles and other transport equipment		509,180	689,780
20200	Routine maintenance- other assets		-	-
11310	Strategic Plan		-	-
	<b>TOTAL</b>		<b>9,577,690</b>	<b>8,673,841</b>
30200	<b>6 TRANSFER TO OTHER GOVERNMENT ENTITIES</b>			
	<b>Description</b>		<b>2019 - 2020</b>	<b>2018 - 2019</b>
			<b>Kshs</b>	<b>Kshs</b>
30204	Transfers to Primary Schools		47,950,000	15,300,000
30205	Transfers to Secondary Schools		28,493,166	19,700,206
30206	Transfers to Tertiary Institutions		-	-
30207	Transfers to Health Institutions		-	-
	<b>TOTAL</b>		<b>76,443,166</b>	<b>35,000,206</b>
0000	<b>7 OTHER GRANTS AND OTHER PAYMENTS</b>			
	<b>Description</b>		<b>2019 - 2020</b>	<b>2018 - 2019</b>
			<b>Kshs</b>	<b>Kshs</b>
0101	Bursary - Secondary		10,000,000	20,000,000
0102	Bursary -Tertiary		8,178,400	13,509,979
0104	Bursary- Special Schools		-	-
0105	Mocks & CAT		-	-
0504	Water		-	-
0505	Food Security		-	-
0506	Electricity		-	-
0507	Security		-	-
0508	Roads and Bridges		-	-
0509	Sports		950,000	1,451,100
0510	Environment		-	1,131,700
0512	Cultural Projects		-	-
0513	Agriculture		-	-
0200	<b>Emergency Projects</b>		<b>5,226,300</b>	<b>5,779,600</b>
	<b>TOTAL</b>		<b>24,354,700</b>	<b>41,872,379</b>

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3100000	8 ACQUISITION OF ASSETS			
	Non- Financial Assets		2019 - 2020	2018 - 2019
			Kshs	Kshs
3110102	Purchase of Buildings		-	8,500,000
3110202	Construction of Buildings		-	-
3110302	Refurbishment of Buildings		-	-
3110701	Purchase of Vehicles		-	-
3110704	Purchase of Bicycles & Motorcycles		-	-
3110801	Overhaul of Vehicles		-	-
3111001	Purchase of office furniture and fittings		-	-
3111002	Purchase of computers ,printers and other IT equipments		-	-
3111005	Purchase of photocopier		-	-
3111009	Purchase of other office equipments		-	-
3111112	Purchase of soft ware		-	-
3130101	Acquisition of Land		-	-
	<b>TOTAL</b>		-	8,500,000
	<b>9 Other Payments</b>			
2211310	Strategic Plan		1,283,400	700,000
2211311	ICT Hubs		-	353,068
	<b>TOTAL</b>		1,283,400	1,053,068
	<b>10A: Bank Balances (cash book bank balance)</b>			
	<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
			Kshs	Kshs
			(30/6/2019)	(30/6/2018)
	EQUITY BANK		9,045,494	55,926,359
	<b>TOTAL</b>		9,045,494	55,926,359
	<b>10B: CASH IN HAND)</b>			
			2019 - 2020	2018 - 2019



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		Kshs (30/6/2019)	Kshs (30/6/2018)	
Location 1		-	-	
Location 2		-	-	
Location 3		-	-	
Other receipts (specify)		-	-	
<b>TOTAL</b>		-	-	
<b>11: OUTSTANDING IMPRESTS</b>				
Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2018)
	Date Imprest taken	Kshs	Kshs	Kshs
		-	-	-
		-	-	-
		-	-	-
		-	-	-
<b>12 Retention</b>				
Supplier/Contractor	PV No.	2019 - 2020	2018 - 2019	
		-	-	
		-	-	
<b>TOTAL</b>		-	-	
<b>13 BALANCES BROUGHT FORWARD</b>				
		2019 - 2020	2018 - 2019	
		Kshs (1/7/2019)	Kshs (1/7/2018)	
Bank accounts -		55,926,359	32,348,753	
Cash in hand				
Imprest				
<b>TOTAL</b>		<b>55,926,359</b>	<b>32,348,753</b>	
<b>14. PRIOR YEAR ADJUSTMENTS</b>				
		Balance b/f FY2019 - 2020 per Financial statements	Adjustments	Adjusted balance b/f 2018 - 2019
Description of the error		Kshs	Kshs	Kshs

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Bank accounts balances			-	-
Cash in hand			-	-
Accounts Payable			-	-
Receivables			-	-
Others (specify)			-	-
<b>TOTAL</b>				

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

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

**16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION**

	2019-2020	2018-2019
	Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)	-	-
Deposits and Retention held during the year (B)	-	-
Deposits and Retention paid during the year ©	-	-
Net changes in accounts payable (D=A+B-C)	-	-

**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	-	-
<b>TOTAL</b>		

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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
 NAROK EAST CONSTITUENCY  
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 ANNEX I - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – NAROK EAST CONSTITUENCY**  
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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

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



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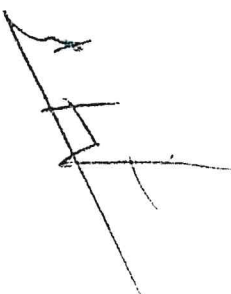
**ANNEX 3 – UNUTILIZED FUND**

Particulars	Sub-Total	Brief Transaction Description For Period	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees			400,100	200,914	
Use of goods & services			623,347	329,838	
Amounts due to other Government entities			53,494,795	51,842,961	
Amounts due to other grants and other transfers			53,060,042	52,439,713	
			25,089,643	2,186,646	
Sub-Total			25,089,643	2,539,714	
Sub-Total			78,749,685	54,626,359	
Acquisition of assets					
Others ( <i>Specify</i> )					
1. STRATEGIC PLAN			16,600	1,300,000	
Sub-Total			16,600	1,300,000	
Grand Total			78,766,285	55,926,359	

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

Asset class	Historical Costb/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	-	-	-	-
Buildings and structures	20,000,000.00	-	-	20,000,000.00
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	5,240,000.00	-	-	5,240,000.00
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>25,240,000.00</b>	<b>-</b>	<b>-</b>	<b>25,240,000.00</b>



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Nambao Primary School	Equity	0360271472126		273,620.00
Keru Primary School	Equity	0360277321180		3,180.00
Aramat Secondary School	Equity	0360276602500		00.00
Oletukat Secondary School	Equity	0360268380655		00.00
Suswa Girls Secondary School	Equity	0360277325204		00.00
Ntulele Secondary School	Equity	0360277461191		447,240.00
Keekonyokie Secondary School	Equity	0360277559143		48,200.00
Olesharo Girls Secondary School	Equity	0360277559113		48,200.00
Oltepesi Primary School	Equity	0360262481610		00.00
Enkaroni Primary School	Equity	0360263718255	1,001,730.00	
Narasha Primary School	Equity	0360271263476	70,113.00	
Ntulele Primary School	Equity	0360264137576	2,300,000.00	
Olepunyua Primary School	Equity	0360279067699	199,760.00	
Kipise Hills Secondary School	Equity	0360279034997	268,162.00	
Emurutoto Primary School	Equity	0360265842057	403.00	
Enariboo Primary School	Equity	0360265845865	648.00	
Ereto Primary School	Equity	0360279073572	1,600.00	
Ithumutum Primary School	Equity	0360279523404	260.00	
Keru Primary School	Equity	0360277324180	2,920.00	
Lengasamo Primary School	Equity	0360279066707	1,000.00	
Olasiti Primary School	Equity	0360278570744	400.00	
Olesharo Girls Sec. School	Equity	0360278752805	1,200,283.00	
Olesito Primary School	Equity	0360264122974	401.00	
Olorien Boys Sec. School	Equity	0360279605328	2,724,580.00	
Olopikidongoe P. School	Equity	0360279011643	1,000.00	
Osupuko Primary School	Equity	0360279844255	230,000.00	
Saleita Primary School	Equity	0360279106453	500.00	
Tikako Primary School	Equity	0360279359145	100.00	
<b>Total</b>			<b>7,996,537.00</b>	<b>919,920.00</b>



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

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/NRK-E18/2019/NG-CDF/VOL(10)-1	<b>Cash and Cash Equivalents:</b> Note 10 to the financial statements reflects a balance of Kshs. 56,279,427 against bank reconciliation statement for June 2019 of Kshs.55, 926,359 resulting to unreconciled balance of Kshs.353, 068.	The difference of Kshs. 353,068 relates to the bank charges taken into account in the cash book after the submission of the financial statements. The correct position of the Cash book is Kshs. 55, 926,359.	Fund Account Manager/ National Sub county Accountant	Resolved	03/03/2020
OAG/NRK-E18/2019/NG-CDF/VOL(10)-2	<b>Delayed Implementation of Projects:</b> Projects with funds amounting to Kshs. 51,842,961 had not been implemented as at the end of the financial year.	The funds for the projects not implemented were received from the Board towards the end of the financial year.	Fund Account Manager	Resolved	03/03/2020

