



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



---

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –  
GARISSA TOWNSHIP 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)**  
**GARISSA TOWNSHIP CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

---

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	2
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE .....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES .....	7
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	9
V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES .....	11
VI. STATEMENT OF RECEIPTS AND PAYMENTS.....	12
VII. STATEMENT OF ASSETS AND LIABILITIES .....	13
VIII. STATEMENT OF CASHFLOW .....	14
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	15
X. SIGNIFICANT ACCOUNTING POLICIES.....	20
XI. NOTES TO THE FINANCIAL STATEMENTS.....	24

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GARISSA TOWNSHIP CONSTITUENCY**

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

---

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

---

**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 GARISSA TOWNSHIP Constituency day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

N	Designation	Name
o		
1.	A.I.E holder	HASSAN B. ISMAIL
2.	Sub-County Accountant	MOHAMED A. ADEN
3.	Chairman NGCDFC	SIYAD MUHUMED
4.	Member NGCDFC	NOOR M. HASSAN

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 800-70100  
Opposite A.I.C Church  
Kismayu Rd  
Garissa, KENYA

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

---

**(f) NGCDF GARISSA TOWNSHIP Constituency Contacts**

Telephone: (254) 723283423

E-mail: [cdfgarissatown.go.ke](mailto:cdfgarissatown.go.ke)

Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF GARISSA TOWNSHIP Constituency Bankers**

Equity Bank

Garissa Branch

P.O. Box

Garissa, Kenya

**(h) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

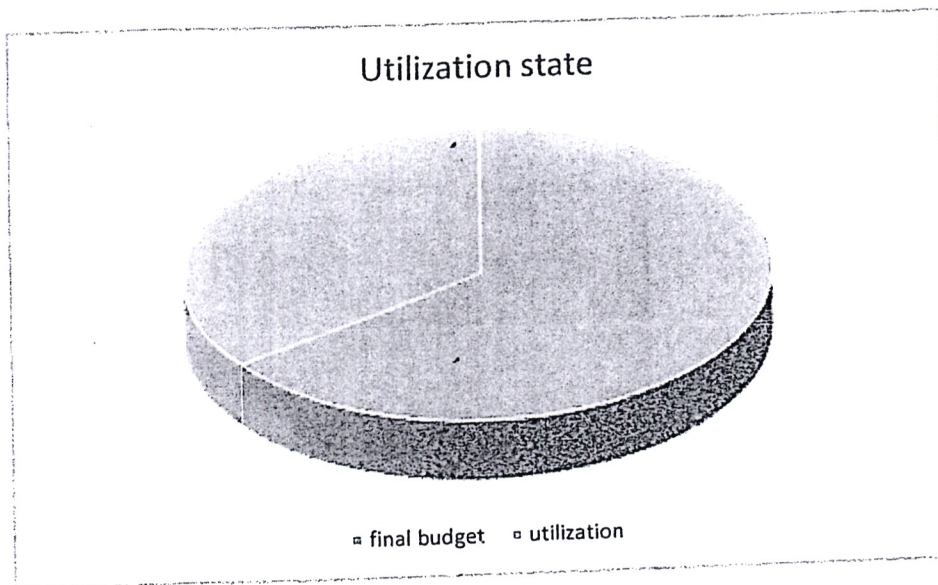
Nairobi, Kenya

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

---

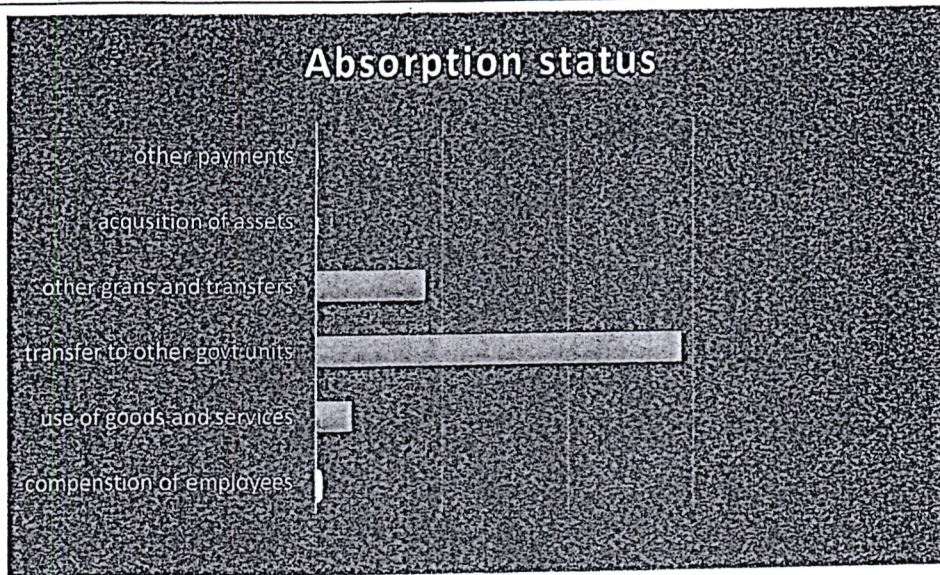
**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

- *The NGCDFC would wish to have in summary the budget performance against actual amounts for current year based on economic classification and programs. The NG-CDF have improved the Education and Security infrastructures of Garissa Township Constituency.*
- *However, there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues that affected the project implementation process included the late disbursement of funds and time lapse to approval of projects. However, NG CDF Garissa Township managed to perform satisfactorily in terms of ensuring development programs are undertaken despite the said challenges. Included below find pictorial representation of budget expenditure against actual comparable implemented status and the absorption rate per expenditure categorization as incurred through the financial year 2019/2020.*



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

---



Sign

CHAIRMAN NGCDF COMMITTEE,

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GARISSA TOWNSHIP CONSTITUENCY**

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

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

**Introduction**

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

The key development objectives of NGCDF-GARISSA TOWNSHIP Constituency's 2018-2022 plan are to:

*(Enumerate all the objectives of the constituency as per the Strategic Plan)*

- a) To have all children of school going age attending school
- b) To ensure the community is secured
- c) To promote environmental conservation through installation of water gutters and water tanks to schools and police stations.
- d) To promote sporting and recreation facilities and provide sporting kits to the youths.
- e) To reduce or avoid the potential losses from disasters, assure prompt appropriate assistance to victims of disaster

**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 build in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	In FY 19/20 -we increased number of classrooms, dormitories, laboratories etc
Security	To ensure the community is secured through construction of police posts and staff houses.	Ensuring good cooperation with the security organs	Good working condition for the officers	We constructed new police offices and also renovated some office block
Environment	promotes environmental conservation	Mobilise community to participate on tree	Installation of water gutters and water tanks to schools and	Community tree planting

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

**GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

		planting exercise	police stations.	
Sports	Promote sporting and recreation facilities.	Ensures that they are healthy and engaged to discourage their involvement in criminal activities.	Develops talents through annual sporting events.	We promoted 20 clubs within the constituency.
Disaster Management	To reduce or avoid ,the potential losses from hards,assure prompt appropriate assistance to victims of disaster,	Ensure community participation	Environmental change	We ensured fully participation of the community

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

NGCDF – GARISSA TOWNSHIP Constituency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely; Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

##### 1. Sustainability strategy and profile

The Garissa Township constituency has implemented its strategic plan to enhance quality of life and survival of future generations. The strategies implemented by the constituency include proving employment to the locals through a competitive process. The constituency also conducts training for project management committee (PMCs), NGCDF's and staff on financial management.

NG-CDF Garissa Township undertakes economic empowerment projects targeting the youths, women and elderly in the constituency. The programmes mainly focus on livestock sub-sector in the constituency.

##### 2. Environmental performance

NG-CDF Garissa Township collaborates with like-minded institutions to promote environment al performance through tree planting to protect water catchment areas.

The constituency promotes environmental conservation through installation of water gutters and water tanks to schools and police stations. This ensures that storm water is harvested during rainy seasons. This promotes sustainable green constituency.

##### 3. Employee welfare

Employees are the most important assets of the constituency. NG-CDF Garissa Township strives to provide a conducive environment for its employees by ensuring that staffs have well lighted offices, adequate office space, well ventilated offices and ramp for wheel chair users.

The staff are also trained on a regular basis on financial reporting, HIV and Aids, risks management and disaster management.

Employees are provide for NSSF, NHIF and gratuity as a way of motivating staff and retaining them. The NG-CDF Garissa Township provides tea and drinking water for its staff members and visitors.

During the Covid -19 pandemic, management provided essential supplies including masks and hand sanitizers to its staff. This was in a bid to control infection and adhere to Ministry of Health protocols.

All members of staff have medical insurance cover to cater for their Health needs. This is to ensure NG-CDF Garissa Township has a healthy staff.

#### 4. Market place practices

NG-CDF Garissa Township promotes competitive procurement practices through implementation of public procurement and disposal Act 2015. The NG-CDFC ensures that all tender contracts are advertised through public notice boards, website and newspapers.

NG-CDF Garissa Township ensures that all contracts are paid on time as they fall due. All construction related projects are undertaken by PMC's as per NGCDF Act 2015.

NG-CDF Garissa Township ensures that all advertisements for contracts are in plain English and Terms of Reference and requirements are clear and understandable. This is to discourage any misinterpretations by suppliers

#### 5. Community Engagements-

NG-CDF Garissa Township promotes community engagement through public participation during proposals development. NG-CDF Garissa Township through provision of internship opportunities to the local community.

NG-CDF Garissa Township also promotes CSR activities through construction of schools infrastructure. The fund also ensures the community is secured through construction of police posts and staff houses.

The fund develops talents through annual sporting events. During the year NG-CDF Garissa Township held one competitive tournament for football and volleyball. The fund strives to promote sporting and recreation facilities and provide sporting kits to the youths. Involvement of youths in sports ensures that they are healthy and engaged to discourage their involvement in criminal activities.

Additionally, NG-CDF Garissa Township promotes sanitation through construction of pit latrines in schools and police stations. This has seen a decrease in non-communicable disease in the constituency.

Finally, NG-CDF Garissa Township promotes community engagement through provision of meeting venues during community meetings. This is done through the multi-purpose hall at the NG-CDF Offices.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

**V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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


The Accounting Officer in charge of the NGCDF-GARISSA TOWNSHIP Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund 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 fund; (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 fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

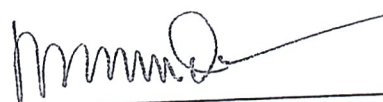
The Accounting Officer in charge of the NGCDF-GARISSA TOWNSHIP Constituency accepts responsibility for the fund's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting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

The Accounting Officer in charge of the NGCDF-GARISSA TOWNSHIP Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund'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 fund'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**

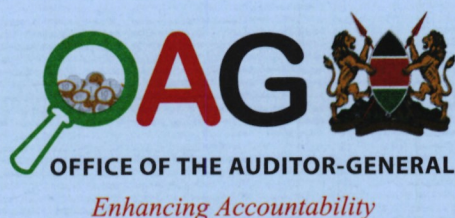
The NGCDF-GARISSA TOWNSHIP Constituency financial statements were approved and signed by the Accounting Officer on 13/08/2020.

  
Fund Account Manager  
Name: HASSAN B. ISMAIL  
ICPAK Member Number:

  
Sub-County Accountant  
Name: MOHAMED A. ADEN

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA TOWNSHIP 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 – Garissa Township Constituency set out on pages 12 to 33, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Garissa Township 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

#### **Basis for Qualified Opinion**

##### **1. Other Grants and Transfer**

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects Kshs.16,697,000 in respect to other grants and other payments which includes Kshs.6,225,000 in respect to bursaries to various secondary schools. However, bursaries amounting to Kshs.3,960,000 were not acknowledged through official receipts or acknowledgement letters by the beneficiary institutions. In addition, the Fund did not maintain a cheque dispatch register to record issuance of cheques to the beneficiaries.

Consequently, the accuracy, completeness and propriety of the Kshs.3,960,000 expenditure on bursaries for the year ended 30 June, 2020 could not be confirmed.

## **2. Bank Balances**

As disclosed in Note 6 to the financial statement, the statement of assets and liabilities reflects Kshs.59,789,193 in respect to bank balances as at 30 June, 2020. However, the respective bank reconciliation statement for June, 2020 reflected un-presented cheques totalling to Kshs.409,637 which included stale cheques amounting to Kshs.16,441 for which no explanation was provided for not reversing them.

Further, Annex 5 to the financial statements reflects seventeen (17) Project Management Committees bank balances as at 30 June, 2020. However, Management did not provide for audit review bank reconciliations and certificate of balances for the Project Management Committees (PMC) bank accounts.

In the circumstances, the accuracy and validity of the bank balance of Kshs.59,789,193 as at 30 June, 2020 could not be ascertained.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.202,136,531 and Kshs.126,513,289 respectively resulting to a budget shortfall of Kshs.75,623,242 or 34% of the budget. Similarly, the Fund expended Kshs.104,111,802 against an approved budget of Kshs.202,136,531 resulting to an under-expenditure of Kshs.98,024,729 or 48% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Garissa Township Constituency.

#### **2. Project Implementation**

A review of the project implementation status report provided for audit review indicated that the Fund had planned to implement forty-six (46) projects with a total budgeted cost of Kshs.129,004,630 during the year ended 30 June, 2020. However, fifteen (15) projects worth Kshs.32,500,000 were complete, one (1) project implemented at

Kshs.7,198,241 was ongoing and thirty (30) projects with a total budget cost of Kshs.89,306,389 had not started.

Failure to implement and delayed completion of planned projects may have impacted negatively on service delivery to the residents of Garissa Township Constituency.

## 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, 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

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

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

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

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

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

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

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

control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

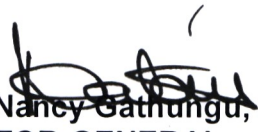
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue 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)  
GARISSA TOWNSHIP CONSTITUENCY**

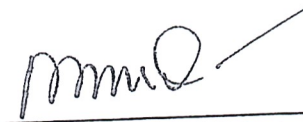
**Reports and Financial Statements  
For the year ended June 30, 2020**

**VI. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	126,513,289	108,514,515
<b>TOTAL RECEIPTS</b>		126,513,289	108,514,515
<b>PAYMENTS</b>			
Compensation of employees	2	300,000	485,950
Use of goods and services	3	5,834,512	8,347,280
Transfers to Other Government Units	4	81,280,290	47,058,403
Other grants and transfers	5	16,697,000	31,329,000
<b>TOTAL PAYMENTS</b>		104,111,802	87,220,633
<b>SURPLUS/ (DEFICIT)</b>		21,401,487	21,293,882

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GARISSA TOWNSHIP Constituency financial statements were approved on 17/08/2020 and signed by:

  
Fund Account Manager  
Name: HASSAN B. ISMAIL  
ICPAK Member Number:


  
National Sub-County Accountant  
Name: MOHAMED A. ADEN

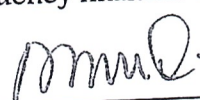
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**GARISSA TOWNSHIP CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**VII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances	6	59,789,193	37,387,706
Total Cash and Cash Equivalents		59,789,193	37,387,706
Current Receivables		-	-
Outstanding Imprests			
<b>TOTAL FINANCIAL ASSETS</b>		<b>59,789,193</b>	<b>37,387,706</b>
<b>FINANCIAL LIABILITIES</b>			
Retention		-	-
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>59,789,193</b>	<b>37,387,706</b>
<b>NET FINANCIAL ASSETS</b>			
<b>REPRESENTED BY</b>			
Fund balance b/fwd.	7	37,387,706	16,093,844
Surplus/Deficit for the year		22,401,487	21,293,882
<b>NET FINANCIAL POSITION</b>		<b>59,789,193</b>	<b>37,387,706</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GARISSA TOWNSHIP Constituency financial statements were approved on 13/08/2020 and signed by:

  
Fund Account Manager  
Name: HASSAN B. ISMAIL  
ICPAK Member Number:

  
National Sub-County Accountant  
Name: MOHAMED A. ADEN

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

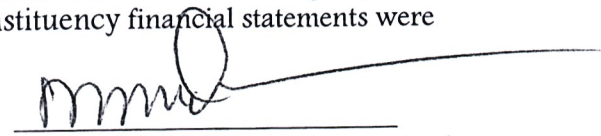
**VIII. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	126,513,289	108,514,515
<b>Total receipts</b>		<b>126,513,289</b>	<b>108,514,515</b>
Payments for operating expenses			
Compensation of Employees	4	300,000	485,950
Use of goods and services	5	5,834,512	8,347,280
Transfers to Other Government Units	6	81,280,290	47,058,403
Other grants and transfers	7	16,697,000	31,329,000
Other Payments	9	-	-
<b>Total payments</b>		<b>104,111,802</b>	<b>87,220,633</b>
<b>Total Receipts Less Total Payments</b>			
Adjusted for:			
Decrease/ (Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/ (Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
<b>Net cash flow from operating activities</b>		<b>22,401,487</b>	<b>21,293,882</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets		-	-
<b>Net cash flows from Investing Activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>22,401,487</b>	<b>21,293,882</b>
Cash and cash equivalent at BEGINNING of the year	13	37,387,706	16,093,844
Cash and cash equivalent at END of the year		59,789,193	37,387,706

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-GARISSA TOWNSHIP Constituency financial statements were approved on 13/08 2020 and signed by:



Fund Account Manager  
Name: HASSAN B. ISMAIL  
ICPAK Member Number:



National Sub-County Accountant  
Name: MOHAMED A. ADEN

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GARISSA TOWNSHIP 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 a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	137,367,724	64,768,807	202,136,531	126,513,289	75,623,242	62.6%
	137,367,724	64,768,807	202,136,531	126,513,289	75,623,242	66.2%
<b>PAYMENTS</b>						
Compensation of Employees	2,942,063	486,031	3,428,094	300,000	3,128,094	8.8%
Use of goods and services	9,121,031	4,577,223	13,698,254	5,834,512	7,863,742	42.6%
Transfers to Other Government Units	70,416,000	29,704,204	100,120,204	81,280,290	18,839,914	81.2%
Other grants and transfers	54,588,630	28,939,150	83,527,780	16,697,000	66,830,780	20.0%
Acquisition of Assets	300,000	550,000	850,000	-	850,000	0.0%
Other Payments	0	512,199	512,199	-	512,199	0.0%
<b>TOTALS</b>	<b>137,367,724</b>	<b>64,768,807</b>	<b>202,136,531</b>	<b>104,111,802</b>	<b>98,024,729</b>	<b>51.5%</b>

*From the above statement items underutilized below 50% are as a result of inability to access funds for development projects from the board in time. Projects from the financial year 2018/2019 where given priority as funding from that financial year was received during this current financial year hence not much done concerning the financial year 2019/2020 budgeted items.*

The NGCDF-GARISSA TOWNSHIP Constituency financial statements were approved on 13/08 2020 and signed by:



Fund Account Manager  
 Name: HASSAN B. ISMAIL  
 ICPAK Member Number:



Sub-County Accountant  
 Name: MOHAMED A. ADEN

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

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020 Kshs	Kshs	2019/2020 Kshs	30/06/2020 Kshs	Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,942,063	486,031	3,428,094	300,000	3,128,094
<b>Subtotal</b>	<b>2,942,063</b>	<b>486,031</b>	<b>3,428,094</b>	<b>300,000</b>	<b>3,128,094</b>
1.3 Use of goods and services	9,121,031	4,577,223	13,698,254	5,834,512	7,863,742
<b>Subtotal</b>	<b>9,121,031</b>	<b>4,577,223</b>	<b>13,698,254</b>	<b>5,834,512</b>	<b>7,863,742</b>
<b>7.0 Primary Schools Projects</b>					
7.1Kazuku Girls Primary School	2,000,000	0	2,000,000	2,000,000	0
7.2 Jaribu Primary School	2,000,000	0	2,000,000	2,000,000	0
7.3 Yathrib Primary School	1,800,000	0	1,800,000	1,800,000	0
7.4 ADC Primary School	600,000	0	600,000	0	600,000
7.5 Adey Primary School	1,500,000	0	1,500,000	0	1,500,000
7.6 Boystown Primary School	500,000	0	500,000	500,000	0
7.7 Bulla Mzuri Primary	3,000,000	0	3,000,000	0	3,000,000
7.8 Diiso Primary School	1,500,000	0	1,500,000	0	1,500,000
7.9 Hyuga Girls Primary School	500,000	0	500,000	500,000	0
8.0 Ifthin Primary School	500,000	0	500,000	500,000	0
8.1 Kazuku Girls Primary School	500,000	0	500,000	500,000	0
8.2Qaran Youth Group	0	6,000,000	6,000,000	6,000,000	0
8.3 Ifthin primary school PMC	0	2,700,000	2,700,000	2,700,000	0
8.5Sambul Primary School PMC	0	2,000,000	2,000,000	2,000,000	0
8.6 Hyuga Girls Primary School PMC	0	1,000,000	1,000,000	1,000,000	0
8.7 Jarivot Primary School PMC	0	1,200,000	1,200,000	1,200,000	0

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

8.8 Al-Fatah Primary School PMC	0	3,000,000	3,000,000	3,000,000	0
8.9 Bouralgy Primary School PMC	0	2,000,000	2,000,000	2,000,000	0
9.0 Jarirot Primary School PMC	0	1,500,000	1,500,000	1,500,000	0
9.1 Sambul Primary School PMC	0	1,000,000	1,000,000	1,000,000	0
9.2Hyuga Girls Primary School PMC	0	1,000,000	1,000,000	1,000,000	0
9.3 Iftin Primary School PMC	0	1,600,000	1,600,000	1,600,000	0
9.4 Korakora Primary School	0	3,000,000	3,000,000	3,000,000	0
9.5 Bulla College Primary School	0	3,000,000	3,000,000	3,000,000	0
<b>8.0 Secondary Schools Projects</b>					
8.1 Iftin Girls Secondary School	500,000	0	500,000	500,000	0
8.2 Nep Girls Secondary School	500,000	0	500,000	500,000	0
8.4 Nep Girls Secondary School	5,000,000	0	5,000,000	0	5,000,000
8.6 Umu-salama Girls SEC. School	500,000	0	500,000	500,000	0
8.7 Yathrib Girls SEC. School	5,000,000	0	5,000,000	5,000,000	0
8.8 Yathrib Girls SEC. School	500,000	0	500,000	500,000	0
8.9 Garissa High School PMC	4,400,000		4,400,000	4,400,000	0
9.0 Boystown Sec. School PMC	3,500,000		3,500,000	3,500,000	0
9.1 Garissa High School PMC	1,000,000		1,000,000	1,000,000	0
9.2 Tumaini Boys Sec. School PMC	2,500,000		2,500,000	2,500,000	0
9.3 Boystown Sec. School PMC	2,500,000		2,500,000	2,500,000	0
9.4 Garissa Special Secondary School PMC	3,700,000		3,700,000	3,700,000	0
Yathrib Girls Secondary School PMC	1,800,000	0	1,800,000	1,800,000	0
Garissa Special Secondary School PMC	2,023,897		2,023,897	2,023,897	0
Umu-Salama Girls Sec. School PMC	1,600,000		1,600,000	1,600,000	0
Tumaini Boys Secondary school PMC	2,500,000		2,500,000	2,500,000	0
Boystown Secondary school	2,500,000		2,500,000	2,500,000	0

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

Tumaini Boys Sec.School	3,600,000	0	3,600,000	3,600,000	0
Boystown Sec.School	1,392,103	704,204	2,096,307	1,856,393	239,914
Garissa Special Secondary school for the Deaf pmc	4,000,000	0	4,000,000	4,000,000	0
<b>9.0 Tertiary institutions Projects</b>			0		0
9.1 Garissa Teachers Training College	7,000,000	0	7,000,000	0	7,000,000
<b>Subtotal</b>	<b>70,416,000</b>	<b>29,704,204</b>	<b>100,120,204</b>	<b>81,280,290</b>	<b>18,839,914</b>
<b>3.0 Emergency</b>					
3.4 Emergency	7,198,241	0	7,198,241	0	7,198,241
<b>4.0 Bursary and Social Security</b>					
4.2 Secondary Schools	24,341,931	6,225,000	30,566,931	6,225,000	24,341,931
4.3 Tertiary Institutions	10,000,000	5,000,000	15,000,000	0	15,000,000
4.5 Social Security	9,248,458	9,679,951	18,928,409	0	18,928,409
4.6 Acquisition of Assets	300,000	550,000	850,000	0	850,000
4.7 Other Payments	0	512,199	512,199	0	512,199
<b>5.0 Sports</b>					0
5.1 Gorgor self Help Group	0	1,736,000	1,736,000	1,736,000	0
<b>6.0 Environment</b>					0
6.1 Qaran Youth Group	0	1,736,000	1,736,000	1,736,000	0
<b>10.0 Security Projects</b>					0
10.1 Gorgor self Help Group	0	1,500,000	1,500,000	1,500,000	0
10.2 DCIO Residence PMC	0	2,000,000	2,000,000	2,000,000	0
10.3 Police Offices PMC	3,500,000	0	3,500,000	3,500,000	0
<b>Subtotal</b>	<b>54,588,630</b>	<b>28,939,150</b>	<b>83,527,780</b>	<b>16,697,000</b>	<b>66,830,780</b>
<b>11.0 Acquisition of assets</b>					
11.3 Purchase of furniture and equipment	0	550,000	550,000	0	0

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

11.4 Purchase of computers	300,000	0	300,000	0	0
<b>Subtotal</b>	<b>300,000</b>	<b>550,000</b>	<b>850,000</b>	<b>0</b>	<b>850,000</b>
12.0 Others					
12.1 Strategic Plan	0	512,199	512,199	0	0
<b>Subtotal</b>	<b>0</b>	<b>512,199</b>	<b>512,199</b>	<b>0</b>	<b>512,199</b>
	<b>137,367,724</b>	<b>64,768,807</b>	<b>202,136,531</b>	<b>104,111,802</b>	<b>98,024,729</b>

**X. 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-GARISSA TOWNSHIP Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

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

### **Other receipts**

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

### **b) Recognition of payments**

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

### **Compensation of Employees**

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

### **Use of Goods and Services**

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

### **Acquisition of Fixed Assets**

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

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

**SIGNIFICANT ACCOUNTING POLICIES**

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Fund**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **11. Budget**

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

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

### **12. Comparative Figures**

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

### **13. Subsequent Events**

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

### **14. Errors**

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

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

### **15. Related Party Transactions**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO	AIE NO B005303		24,932,751
AIE NO	AIE NO B005360		17,379,319.25
AIE NO	AIE NOB030011		2,700,000
AIE NO	AIE NO		2,445
AIE NO	AIE NO B030053		10,000,000
AIE NO	AIE NO B030389		20,000,000.00
AIE NO	AIE NO B006330		6,000,000.00
AIE NO	AIE NO A699045		11,000,000
AIE NO	AIE NO B042691		500,000
AIE NO	AIE NO B042734		7,000,000
AIE NO	AIE NO B042658		9,000,000
AIE NO	AIE NO B005303		24,932,751
AIE NO	AIE NO B005360		17,379,319.25
AIE NO	AIE NOB030011		2,700,000
AIE NO		55,040,876	
AIE NO	AIE NO B047251	3,472,412.90	
AIE NO	AIE N B 047410	4,000,000	
AIE NO	AIE N B 041272	20,000,000	
AIE NO	AIE N B 047691	7,000,000	
AIE NO	AIE N B047881	9,000,000	
AIE NO	AIE N B049260	19,000,000	
AIE NO	AIE NO B104282	9,000,000	
<b>TOTAL</b>		<b>126,513,289</b>	<b>108,514,515</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of Contractual employees	290,400	251,850
Employee Contributions Compulsory national social security schemes	2,400	600
Employee Contributions Compulsory national hospital Insurance fund	7,200	2,550
<b>Total</b>	<b>300,000.00</b>	<b>485,950</b>

**3. USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses and Allowance	3,733,772	6,508,110
Office rent	360,000	420,000
Office and general supplies and services	1,332,000	302,400
Bank service commission and charges	8,740	16,770
Fuel , oil & lubricants	400,000	1,100,000
<b>Total</b>	<b>5,834,512</b>	<b>8,347,280</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	37,000,000	27,648,058
Transfers to secondary schools	44,280,290	19,410,345
<b>TOTAL</b>	<b>81,280,290.00</b>	<b>47,058,403</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	6,225,000	27,317,000
Bursary – tertiary institutions	-	812,000
Security projects	7,000,000	3,200,000
Sports projects	1,736,000	-
Environment projects	1,736,000	-
<b>Total</b>	<b>16,697,000</b>	<b>31,329,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY**

**Reports and Financial Statements**

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Name of Bank, Account No. 0580261988646</i>	59,759,193	37,387,706
<b>Total</b>	59,759,193	37,387,706

**7. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	59,759,714.85	37,387,706.45
Cash in hand	xx	xx
Imprest	xx	xx
<b>Total</b>	59,759,714.85	37,387,706.45

**8. UNUTILIZED FUND (See Annex 3)**

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	3,128,094	1,864,050
Use of goods and services	7,863,742	4,810,243
Amounts due to other Government entities (see attached list)	18,839,914	11,439,114
Amounts due to other grants and other transfers (see attached list)	66,830,780	19,274,300
Acquisition of assets	850,000	-
Others ( <i>specify</i> )	512,199	-
	<b>98,024,729</b>	<b>37,387,707</b>

**9. PMC account balances (See Annex 5)**

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	-	-
	-	-

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY***

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

---

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

No pending accounts payable as at 30 June 2020

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY***

**Reports and Financial Statements**

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

---

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

No pending staff payables as at 30 June 2020

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

**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2019/20	2018/19	
		Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>				
1.1 Compensation of employees		3,128,094	-	Pending Disbursement
<b>Subtotal</b>		<b>3,128,094</b>		
1.3 Use of goods and services		7,863,742	-	Pending Disbursement
<b>Subtotal</b>		<b>7,863,742</b>		
<b>7.0 Primary Schools Projects</b>				
7.4 ADC Primary School		600,000	-	Pending Disbursement
7.5 Adey Primary School		1,500,000	-	Pending Disbursement
7.7 Bulla Mzuri Primary		3,000,000	-	Pending Disbursement
7.8 Diiso Primary School		1,500,000	-	Pending Disbursement
<b>8.0 Secondary Schools Projects</b>				
8.4 Nep Girls Secondary School		5,000,000	-	Pending Disbursement
Boystown Sec.School		239,914	-	Pending Disbursement
9.1 Garissa Teachers Training College		7,000,000	-	Pending Disbursement
<b>Subtotal</b>		<b>18,839,914</b>		
2.0 Emergency			7,198,241	
<b>4.0 Bursary and Social Security</b>				
4.2 Secondary Schools		24,341,931	-	Pending Disbursement
4.3 Tertiary Institutions		15,000,000	-	Pending Disbursement
4.5 Social Security		18,928,409	-	Pending Disbursement
4.6 Acquisition of Assets		850,000	-	Pending Disbursement
4.7 Other Payments		512,199	-	Pending Disbursement
<b>Subtotal</b>		<b>66,830,780</b>		
<b>11.0 Acquisition of assets</b>				

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

11.3 Purchase of furniture and equipment	550,000	-	Pending Disbursement
11.4 Purchase of computers	300,000	-	Pending Disbursement
<b>Subtotal</b>	<b>850,000</b>		
12.0 Others			
12.1 Strategic Plan	512,199	-	Pending Disbursement
<b>Subtotal</b>	<b>512,199</b>		
	<b>98,024,729</b>		

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

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

Asset class	Historical Cost b/f (Kshs) 2018/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/19
Office equipment, furniture and fittings	850,000	-	-	850,000
<b>Total</b>	<b>850,000</b>	<b>-</b>	<b>-</b>	<b>850,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
GARISSA TOWNSHIP CONSTITUENCY**

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

**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
Sambul Primary School PMC	Equity Bank	0580179263406	-	Nil
Hyuga Girls Primary School PMC	Equity Bank	0580279316345	-	Nil
Jarirot Primary School PMC	Equity Bank	0580163651758	-	Nil
Korakora Primary School	Equity Bank	0580168551726	-	Nil
Tumaini Boys Sec. School PMC	Equity Bank	0580277745942	-	Nil
Garissa Special Secondary School PMC	Equity Bank	0580275946435	-	Nil
Jaribu Primary School	Equity Bank	0580279681731	-	Nil
Diiso Primary School	Equity Bank	0580168551899	-	Nil
Yathrib Girls Secondary School PMC	Equity Bank	0580279373703		Nil
Garissa Special Sec. School for the Deaf PMC	Equity Bank	0580275946435	Nil	-
Garissa Police Offices PMC	Equity Bank	0580179779663	Nil	-
Iftin Primary School PMC	Equity Bank	0580179107373	-	Nil
Umu-Salama Girls Sec. School PMC	Equity Bank	0580278940639	-	Nil
Kazuko Girls Primary School	Equity Bank	0580279729868	Nil	-
Bouralgy Primary School PMC	Equity Bank	0580279333708	-	Nil
Korakora Primary School PMC	Equity Bank	0580279426959	-	Nil
Boystown Sec. School PMC	Equity Bank	0580277749602	-	Nil

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – GARISSA TOWNSHIP 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	Status:	Timeframe :
GSA/TOWNSHIP/ INSP/CDF/7/VOL 1 (25)	Unsupported Transfer to Other Government Entities	Supporting documents will be provided	FAM	Not Resolved	30 June 2020
	Unsupported Other Grants and Other Payments	Supporting documents will be provided	FAM	Not Resolved	30 June 2020
	Unsupported Use of Goods and Services	Supporting documents will be provided	FAM	Not Resolved	30 June 2020
	Cash and Cash Equivalents	Supporting documents will be provided	FAM	Not Resolved	30 June 2020
	Budget Performance	Supporting documents will be provided	FAM	Not Resolved	30 June 2020
	Lack of Fixed Asset Register	A fixed Assets register will be maintained	FAM	Not Resolved	30 June 2020