

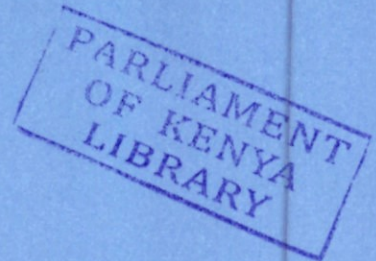
REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 06 AUG 2024	DAY: OF TUE 6/8/2024
TABLED BY:	Deputy Majority Whip
CLERK-AT THE TABLE:	Benson Inzofu

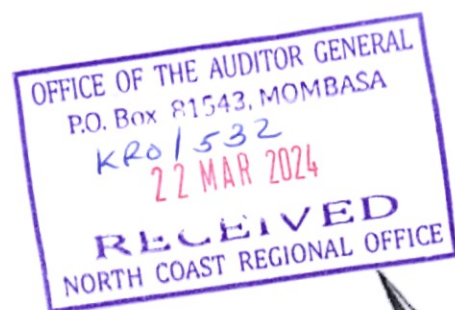


THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**



GARSEN CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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



Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

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I. Acronyms and Abbreviations

NGCDF-National Government Constituency Development Fund
NGCDFB-National Government Constituency Development Fund Board
NGCDFC-National Government Constituency Development Fund Committee
PFM-Public Finance Management
IPSAS-International Public Sector Accounting Standards.
PMC-Project Management Committee
FY-Financial Year
OSHA-Occupational Safety and Health Act

II. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NGCDF) formerly Constituencies Development Fund (CDF), is established under the NGCDF Act 2015 as amended in 2022. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, 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 NGCDF 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

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.

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The GARSEN CONSTITUENCY NGCDF 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)

***Garsen Constituency
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Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Bungale Masudi Bungale
2.	Sub-County Accountant	Ramadhan Katana
3.	Chairman NGCDFC	Daud Dube Mukulo
4.	Member NGCDFC	Warda Mbwana Mohamed

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of GARSEN CONSTITUENCY NGCDF. 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.

(d) GARSEN CONSTITUENCY NGCDF Headquarters

P.O. Box 48-80201

Garsen

Minjila town

Juction of Malindi, Lamu & Garissa Road

(e) GARSEN CONSTITUENCY NGCDF Contacts

Telephone: 0726076840

E-mail: cdfgarsen@ngcdf.go.ke

Website: www.garsen.ngcdf.go.ke

(f) GARSEN CONSTITUENCY NGCDF Bankers

KCB Bank
Garsen Branch
P.o Box 54-80201
Garsen

(g) Independent Auditors

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

(h) Principal Legal Adviser

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

III. NG-CDFC Chairman's Report

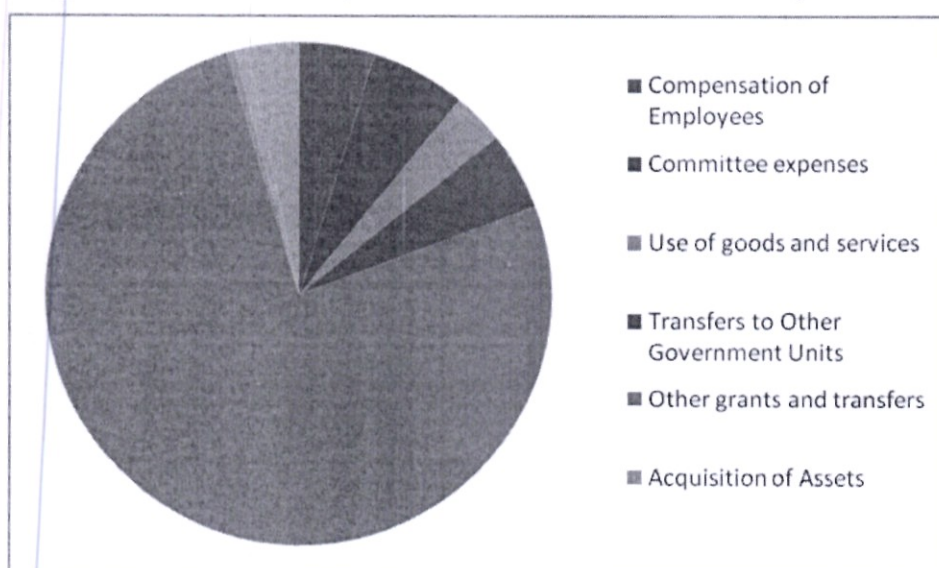


I am pleased to forward the Financial Statements and Reports for NGCDF Garsen Constituency for the period ended 30th June 2023.

The actual receipts from the NGCDF Board for the referred period were Kshs. 88,000,000.00 which represents 60% the total annual Project Proposal Budget for the FY 2022/2023. The actual final budget for the referred period was Kshs. 160,965,047 backed up by an Adjustment (cashbook opening balances) of Kshs 8,599,874.

Total expenditure for the period was 65,606,510 which is equivalent to 41% of the actual final budget closing with a cashbook balance of Kshs. 30,993,364.

Budget allocations for the period have been summarized in a pie-chart as captured below



As depicted in the pie-chart, education has remained a major priority as it takes a lion's share of the entire budget totalling Kshs 3,298,000 being for education infrastructure projects such as construction of classrooms, dormitories, libraries, laboratories, administration blocks, ablution blocks among others and 49,890,948 being bursaries for needy and bright students both in secondary and tertiary institutions of learning.

Coming in second as a major beneficiary of the funds allocation is security which is understandable due to the perennial threats posed by Al-Shahab in the open porous sea at Kipini Delta and Witu area which borders Boni forest.

Environment allocation has gone a long way to conserve the environment through implementation of projects such as construction of VIP toilets to improve waste disposal.

Sports allocation has awoken talents harnessing for the youths as they engage in various sporting activities and competitions.

Emergency allocation has come in hand to arrest life threatening calamities mostly caused by mother nature that may not have been prior planned for as they are unforeseen in nature
Administration allocation capacitates the committee to manage the fund efficiently and effectively.

PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION

The 95.5% level of project implementation was occasioned by speedy disbursement of funds by the Board as the first receipt of funds for the FY 2022-2023 budget was received in the month of September 2022.

PERENIAL ISSUES

Garsen Constituency suffers from pre-independence challenges of;

- Diseases, illiteracy and poverty
- Transport in most parts of the constituency is hampered by lack of good roads. The only exception is the Malindi Garissa and Minjila Lamu highways.
- Insecurity caused by Al Shahab terrorist activities.

As a result, the fund has continuously endeavoured to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students' sponsorship to various institutions of learning, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- Economic collapse caused by covid-19 pandemic
- Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- Ban on dawn to dusk fishing
- Ban on mangrove harvesting

Despite these challenges, NGCDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broader and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and abject poverty.

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Daudi Dube Mukullo
CHAIRMAN NGCDF COMMITTEE

IV. Statement Of Performance Against Predetermined Objectives for FY202X/2X

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 **GARSEN CONSTITUENCY 2022-2027** plan are to:

- To improve the quality of the socio-economic well-being of the marginalized and vulnerable local communities.
- To contribute in enhancing infrastructure improvement.
- To enhance education at all levels of learning in Garsen Constituency
- To promote conservation and management of the environment.
- To promote sporting activities in the constituency
- To contribute in reducing unemployment among the youth in the constituency
- To Promote social welfare programs in Garsen Constituency
- To improve security in Garsen Constituency
- To develop and sustain institutional capacity of Garsen Constituency NG-CDF Committee

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:

sector	Objective	Outcome	Indicator	Performance
Education	<i>To have all children of school going age attending school</i>	<i>Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions</i>	<i>number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels</i>	<i>In FY 2022/23 we awarded bursaries to students within the constituency and ensured that there was 100% transition from primary to secondary school and also sponsored KMTC students</i>
Security	To improve security in the sub county	Increased number of police posts and chiefs' offices and VIP toilets	Number of chiefs' offices, police stations built.	Nil
Environment	To improve environmental	Increased number of VIP toilets	Number of VIP toilets built.	Nil

Garsen Constituency

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	conservation			
Sports	To harness youth talents and potential in the constituency	Reduced crime rate, number of youths participating in sports activities	Number of tournaments held	Nil
Emergency	To cater for unforeseen occurrences in the sub county	Increased number of students not affected by drought and famine	Number of institutions that got help from the fund	In FY 22/23 -we supplied desks to primary schools
Others(Specify)				

V. Statement of Governance

The Garsen NGCDF is governed by the NGCDF committee members who are selected by a selection panel established under paragraph (4) of NGCDF regulations.

The functions of a Constituency Committee shall be to

- build the capacity of project management committees and sensitize the Community on the operations of the Fund;
- consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
- ensure that all proposed projects are approved
- ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans; in approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the Constitution;
- consult with relevant government departments to ensure that cost estimates for projects are realistic; in considering joint projects.
- ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board;
- monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;
- ensure that project reports are prepared and submitted to the Board;
- ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- ensure that the principles of public finance as provided for under Chapter Twelve of the Constitution and the Public Finance Management legislation are observed in the management of the Fund;
- submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;
- collaborate with the officer of the Board seconded to the Constituency in the management of the Fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- record the names of all the signatories

Removal of NGCDFC Members

- The members of a Constituency Committee may remove a member in accordance with section 43 (13) and (14) of the Act upon receipt of a complaint against a member.
- A complaint against a member of a Constituency Committee shall be deposited with the National Government Constituency Office.
- The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of.
- The Secretary shall convene a special meeting in accordance with these Regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting.
- If, at a meeting held pursuant to paragraph (4), members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice.
- A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
- The member against whom the complaint is raised may be required to respond to the complaint in writing. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a Constituency Committee may hear such a member.
- The member against whom a complaint is made may call witnesses. If the member against whom a complaint is raised chooses not to submit a response in writing or to attend the hearings, a Constituency Committee may proceed to determine the matter.
- Notwithstanding paragraph (10), a Constituency Committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing. *Kenya Subsidiary Legislation, 2016 1955*
- If the member against whom a complaint is made fails to respond to the complaint as may be directed by a Constituency Committee, the Committee may proceed and make a determination based on the evidence available.
- A Constituency Committee shall issue its decision on the complaint within seven days after the conclusion of the hearing.
- If a Constituency Committee resolves to remove the member against whom a complaint is made, the secretary shall communicate the decision of the Constituency Committee to the Board within fourteen days of the decision.

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- The communication to the Board under paragraph (14) shall include duly executed proceedings, together with all the supporting documents.
- The Board shall, within thirty days after receipt of the communication in paragraph (14), consider the matter and issue a final declaration which shall be binding on all parties.

Members Remuneration

Garsen NG CDF committee members conducted a series of meetings, bursary subcommittee conducted 4 meetings. They were remunerated at a rate of Kshs.5,000 per sitting and Kshs.7,000 for the NG-CDFC chairperson which were all subjected to 30% income tax.

Constituency Oversight Committee

Pursuant to Section 53 of the Act, there is established a Constituency Oversight Committee for the projects undertaken under this Act. The Constituency Oversight Committee shall be comprised of the constituency member of the National Assembly and not more than four other members, appointed by the Member of National Assembly for the constituency in consultation with other stakeholders. Sub-section 3 of Section 53 of the Act provides the purpose of the COC in the Constituency

VI. Environmental and Sustainability Reporting

GARSEN NG CDF 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

To ensure sustainability of GARSEN NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** GARSEN NG CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

- d. **Sports:** The NGCDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

We did not carry out any environmental activities because the funds that we received from the NG-CDFB were used as used as bursary awards to various bright and needy students from the constituency.

However, in the financial year 2023/24 we intend to plant more than 100 trees to conserve the environment.

We also intend to create awareness to the youth and the community on the side effects of drug abuse. We shall also build police station and chiefs offices so as to ensure that we enhance the security.

In the FY 2023/24 we intend to carry out sports activity and also sensitize the youth on the importance of environmental conservation.

3. Employee welfare

We invest in providing the best working environment for our employees. GARSEN CONSTITUENCY recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. GARSEN CONSTITUENCY invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of

movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

GARSEN NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interest

5. Community Engagements-

GARSEN NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

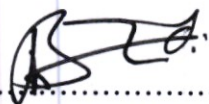
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings.

GARSEN NGCDF has continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



.....
BUNGALE MASUDI BUNGALE.

VII. Statement Of 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 GARSEN 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, 2023. 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-GARSEN 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 *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- GARSEN CONSTITUENCY further confirms the completeness of the accounting records maintained for the *constituency*, 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 GARSEN CONSTITUENCY confirms that the *constituency* 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 *constituency'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- GARSEN CONSTITUENCY financial statements were approved and signed by the Accounting Officer on 22/03/2023.



Daud Dube Mukulo

Chairman – NGCDF Committee



Bungale Masudi Bungale

Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - GARSEN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Garsen Constituency set out on pages 1 to 51, which

comprise of the statement of assets and liabilities as at 30 June, 2023 and the 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 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 - Garsen Constituency as at 30 June, 2023, 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 (Amended 2022).

Basis for Qualified Opinion

1. Unsupported Project Management Committee Bank Balances

Note 18.4 and Annex 5 to the financial statements reflects balance of Kshs.4,960,746 in respect of sixty-five (65) Project Management Committee (PMC) bank account balances. However, the bank balances were not supported with cashbooks and monthly bank reconciliation statements.

In the circumstances, the accuracy and completeness of the PMC bank balances of Kshs.4,960,746 could not be confirmed.

2. Lack of Ownership Documents

Annex 4 to the financial statements reflects fixed assets balance of Kshs.19,718,965 which includes buildings and structures balance of Kshs.7,848,624. However, the Fund office was constructed on a piece of land whose ownership documents were not provided for audit. In addition, the asset register provided for audit did not indicate the title number or allotment letter of the land on which the office was constructed.

In the circumstances, the ownership and existence of the land and the accuracy of the Nil land balance could not be confirmed.

3. Unsupported Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers amount of Kshs.49,890,948 and as disclosed in Note 8 to the financial statements includes bursary payments amounting to Kshs.29,901,377 and Kshs.17,889,571 disbursed to secondary schools and tertiary institutions respectively totalling Kshs.47,790,948. However, no acknowledgement letters from beneficiary institutions were provided for audit.

In the circumstances, the accuracy and completeness of bursary disbursements totalling Kshs.47,790,948 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 - Garsen 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.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.160,560,047 and Kshs.96,599,874 respectively, resulting to under-funding of Kshs.63,960,173 or 40% of the budget. However, the Fund spent an amount of Kshs.65,606,510 against an actual receipt of Kshs.96,599,874 resulting to under-utilization of Kshs.30,993,364 or 32% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters which, 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

Unresolved Prior Year Audit Matters

In the audit report for the previous financial year, several issues in respect of the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management had not resolved the issues or provided explanation for failure to implement the recommendations.

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 matter 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

Non-Compliance with Law on Establishment of Project Management Committee

The statement of receipts and payments and as disclosed in Note 7 to the financial statement reflects payments in respect of transfer to other Government units totalling Kshs.3,298,000 which relates to the final payment to a motor vehicle dealer for supply of thirty-three (33) seater bus to a secondary school. However, evidence of establishment of a PMC was not provided for audit. This was contrary to Regulation 15(1)(c) of the National Government Constituencies Development Fund Regulations, 2016 which provides that there shall be appointed a Project Management Committee for each project in a Constituency in accordance with Section 36 of the Act which shall open and maintain an independent bank account for each project.

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

Basis for Conclusion

Incomplete Fixed Asset Register

The summary of fixed asset register as disclosed in Annex 4 to the financial statements reflects summary of fixed assets register with a total historical cost of Kshs.19,718,965 as at 30 June, 2023. As previously reported, review of the fixed asset register revealed lack of key information relating to the assets including identification or serial numbers, acquisition date and assets tag identification codes.

In the circumstances, it was not possible to confirm the existence of effective internal controls on fixed assets.

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 the 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which 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 which 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 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2024

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

IX. Statement of Receipts and Payments for the Year Ended 30th June 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	88,000,000	182,177,758
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	-	-
Total Receipts		88,000,000	182,177,758
Payments			
Compensation Of Employees	4	3,201,253	5,857,250
Committee expenses	5	3,994,750	4,530,884
Use Of Goods and Services	6	2,151,559	2,937,933
Transfers To Other Government Units	7	3,298,000	85,448,000
Other Grants and Transfers	8	49,890,948	81,330,335
Acquisition Of Assets	9	350,000	1,495,803
Oversight Committee Expenses	10	520,000	-
Other Payments	11	2,200,000	-
Total Payments		65,606,510	181,600,205
Surplus/(Deficit)		22,393,490	577,553

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by the NG-CDFC on 22nd March 2024 and signed by:


Fund Account Manager
Bungale Masudi Bungale


National Sub-County
Accountant
Ramadhan Katana Zungi
ICPAK M/No:23209


Chairman NG-CDF
Committee
Daud Dube Mukulo

Garsen Constituency

National Government Constituencies Development Fund (NGCDF)

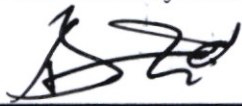
Annual Report and Financial Statements for The Year Ended June 30, 2023

X. Statement Of Assets and Liabilities As At 30th June, 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	12A	30,993,364	8,599,874
Cash Balances (Cash at Hand)	12B	-	-
Total Cash and Cash Equivalents		30,993,364	8,599,874
Accounts Receivable			
Outstanding Imprests	13	-	-
Total Financial Assets		30,993,364	8,599,874
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	14A		
Gratuity	14B	-	-
Total Financial Liabilities		-	-
Net Financial Assets		30,993,364	8,599,874
Represented By			
Fund Balance B/Fwd	15	8,599,874	8,022,321
Prior Year Adjustments	16	-	-
Surplus/Deficit for The Year		22,393,490	577,553
Net Financial Position		30,993,364	8,599,874

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 22nd March 2024 and signed by:


Fund Account Manager
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Chairman NG-CDF
Committee
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Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

XI. Statement Of Cash Flows for The Year Ended 30th June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	88,000,000	182,177,758
Other Receipts	3	-	-
Total Receipts		88,000,000	182,177,758
Payments			
Compensation Of Employees	4	3,201,253	5,857,250
Committee Expenses	5	3,994,750	4,530,884
Use Of Goods and Services	6	2,151,559	2,937,933
Transfers To Other Government Units	7	3,298,000	85,448,000
Other Grants and Transfers	8	49,890,948	81,330,335
Oversight Committee Expenses	10	520,000	-
Other Payments	11	2,200,000	-
Total Payments		65,256,510	180,104,402
Total Receipts Less Total Payments		22,743,490	2,073,356
Adjusted For:			
Prior Year Adjustments	16	-	-
Decrease/(Increase) In Accounts Receivable	17	-	-
Increase/(Decrease) In Accounts Payable	18	-	-
Net Cash Flow from Operating Activities		22,743,490	2,073,356
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	9	(350,000)	(1,495,803)
Net Cash Flows from Investing Activities		(350,000)	(1,495,803)
Net Increase In Cash And Cash Equivalent		22,393,490	577,553
Cash & Cash Equivalent At Start Of The Year	12	8,599,874	8,022,321
Cash & Cash Equivalent At End Of The Year		30,993,364	8,599,874

Garsen Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 22nd March 2024 and signed by:



Fund Account Manager

Bungale Masudi Bungale



National Sub-County
Accountant

Ramadhan Katana Zungi
ICPAK M/No:23209



Chairman NG-CDF
Committee

Daud Dube Mukulo

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
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XII. Summary Statement of Appropriation for The Year Ended June 30, 2023

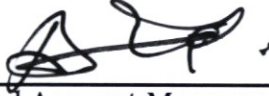
Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
	2022/2023	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2022/2023	2022/2023		
Receipts							
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	151,960,173	8,599,874	0	160,560,047	96,599,874	63,960,173	60.0%
Proceeds From Sale of Assets				0	-	-	0.0%
Other Receipts				0	-	-	#DIV/0!
Totals	151,960,173	8,599,874	0	160,560,047	96,599,874	63,960,173	60.0%
Payments							
Compensation Of Employees	3,844,068	2,404,801		6,248,869.00	3,201,253	3,047,616	51.2%
Committee Expenses	4,901,139	5,000		4,906,139.00	3,994,750	911,389	81.4%
Use Of Goods and Services	4,768,573			4,768,573.44	2,151,559	2,617,014	45.1%
Transfers To Other Government Units	53,129,218	4,681,296		57,810,514	3,298,000	54,512,514	5.7%
Other Grants and Transfers	67,384,871	1,196,648		68,581,519	49,890,948	18,690,571	72.7%
Acquisition of Assets	8,408,652	312,129		8,720,781.00	350,000	8,370,781	4.0%
Oversight Committee Expenses	1,523,652			1,523,651.74	520,000	1,003,652	34.1%
Other Payments	2,200,000			2,200,000	2,200,000	-	100.0%
Funds Pending Approval**	5,800,000			5,800,000		5,800,000	0.0%
Totals	151,960,173	8,599,874	0	160,560,047	65,606,510	94,953,537	40.8%

Explanatory Notes.

The underutilization was a result of late funds disbursement from the board

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	94,953,537
Less undisbursed funds receivable from the Board as at 30 th June 2023	63,960,173
	30,993,364
Increase/(decrease) Accounts payable	0
(Decrease)/Increase Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the 30 th June 2023	30,993,363

The Constituency financial statements were approved by NG CDFC on 22nd March 2024 and signed by:


 Fund Account Manager

Bungale Masudi Bungale


 National Sub-County Accountant

Ramadhan Katana Zungi
 ICPAK M/No:23209


 Chairman NG-CDF Committee

Daud Dube Mukulo

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
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XIII. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,844,068	2,404,801.00		6,248,869	3,201,253	3,047,616
1.2 Committee allowances	2,397,069			2,397,069	2,148,750	248,319
1.3 Use of goods and services	2,900,773	4,999.00		2,905,772	1,506,659	1,399,113
Total	9,141,910	2,409,800	-	11,551,710	6,856,662	4,695,048
2.0 Monitoring and evaluation						-
2.1 Capacity building	1,005,200			1,005,200	644,900	360,300
2.2 Committee allowances	1,498,870	1.00		1,498,871	978,871	520,000
2.3 Use of goods and services	1,867,800			1,867,800	867,129	1,000,671
Total	4,371,870	1	-	4,371,871	2,490,900	1,880,971
3.0 Emergency						
3.1 Primary Schools	7,636,190	1,185,285.00		8,821,475	2,100,000	6,721,475
3.2 Secondary schools				-		-
3.3 Tertiary institutions				-		-
3.4 Security projects			-	-		-

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Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
3.5 Unutilised				-		-
Total	7,636,190	1,185,285		8,821,475	2,100,000	6,721,475
4.0 Bursary and Social Security				-		
4.1 Secondary Schools	29,901,378	628.00		29,902,006	29,901,377	629
4.2 Tertiary Institutions	20,300,000	446.00		20,300,446	17,889,571	2,410,875
4.3 Social Security				-		-
4.4 Special Needs				-	-	
Total	50,201,378	1,074	-	50,202,452	47,790,948	2,411,504
5.0 Sports				-		-
Constituency sports tournament	2,635,457	2,086.00		2,637,543		2,637,543
Regional sport tournament	411,846			411,846		411,846
Total	3,047,303	2,086		3,049,389		3,049,389
6.0 Environment						
Mwina chiefs office	500,000			500,000		500,000
Salama chiefs office	500,000			500,000		500,000
Kokane Gobo Secondary school	1,500,000			1,500,000		1,500,000

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Imani Primary School		862.20		862		862
Dalu Primary School		862.20		862		862
Kipini Primary school		862.20		862		862
Garsen police station		1,952.00		1,952		1,952
				-		-
Total	2,500,000	4,539	-	2,504,539	-	2,504,539
7.0 Primary Schools Projects						
Tulu primary school	3,000,000.00			3,000,000		3,000,000
Kitere primary school	1,500,000.00			1,500,000		1,500,000
Riketa primary school	2,800,000			2,800,000		2,800,000
Handaraku primary school	2,300,000			2,300,000		2,300,000
Galma primary school	600,000			600,000		600,000
Galma primary school	300,000			300,000		300,000
Ongonyo primary school	400,000			400,000		400,000
Katsangani Primary school		138.00		138		138
Kipao primary school		2,212.00		2,212		2,212

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Ramadha Primary School		138.00				138
Idd primary school		1,560.00		1,560		1,560
Total	10,900,000	4,048	-	10,904,048	-	10,903,910
8.0 Secondary Schools Projects						-
Kipao secondary school	10,000,000.00			10,000,000		10,000,000
Kokane Gobo secondary school	2,300,000.00			2,300,000		2,300,000
Gerarsa secondary school	1,129,218.02			1,129,218		1,129,218
Hashaka secondary school	10,000,000			10,000,000		10,000,000
Kipini girls secondary school	2,300,000			2,300,000		2,300,000
Kipini girls secondary school	2,800,000			2,800,000		2,800,000
Gatundu Secondary school	4,200,000			4,200,000		4,200,000
Minhajj Secondary school	2,300,000			2,300,000		2,300,000
Kokane Gobo secondary school	4,200,000			4,200,000		4,200,000
Gatundu Secondary school	1,500,000			1,500,000		1,500,000
Kokane Gobo secondary school	1,500,000			1,500,000		1,500,000
Gadeni Secondary school		21,448.00		21,448		21,448
Oda secondary school		153,800.00		153,800		153,800
Sane Girls Secondary School					3,298,000	1,204,000

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		4,502,000.00		4,502,000		
				-		-
Total	42,229,218	4,677,248	-	46,906,466	3,298,000	43,608,466
9.0 Tertiary institutions Projects				-		-
						-
Total	-		-	-	-	-
10.0 Security Projects				-		-
Matangeni chiefs office	500,000.00			500,000		500,000
Tarasaa Police station	3,000,000			3,000,000		3,000,000
Wachu Oda chiefs office	500,000			500,000		500,000
Tana Delta Sub County Offices		790.00		790		790
tana Delta Sub County DCC residence		2,874.00		2,874		2,874
				-		-
						-
Total	4,000,000	3,664	-	4,003,664	-	4,003,664
11.0 Acquisition of assets				-		-
Refubishment NG-CDF offices	6,908,652	9,129.00		6,917,781		6,917,781
NG-CDF office equipement	1,500,000	303,000.00	-	1,803,000	350,000	1,453,000

Garsen Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	-		-	-	-	-
	-		-	-		
Total	8,408,652	312,129	-	8,720,781	350,000	8,370,781
12.0 Oversight Committee Expenses (itemize)				-		-
12.0 Oversight Committee Expenses (itemize)	1,523,652			1,523,652	520,000	1,003,652
	-		-	-	-	-
	-		-	-	-	-
	-		-	-		
Total	1,523,652		-	1,523,652		1,003,652
13.0 Other payments				-		-
	2,200,000			2,200,000.00	2,200,000	
						-
				-		
				-		
Total	2,200,000	-	-	2,200,000	2,200,000	-
14.0 unallocated fund						
Unapproved projects	5,800,000			5,800,000		5,800,000
GRAND TOTAL	151,960,173	8,599,874	-	160,560,047	65,606,510	94,953,537

XIV. 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 (gratuity 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-GARSEN 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.

Significant Accounting Policies continued

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance 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.

Significant Accounting Policies continued

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 constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the constituency 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 constituency 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.

Significant Accounting Policies continued

6. Cash and Cash Eequivalent.

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 various commercial banks at the end of the financial year.

Significant Accounting Policies continued

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 (gratuity 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. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

Significant Accounting Policies continued

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 are 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 financial 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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is 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 30th June 2022 for the period 1st July 2022 to 30th June 2023 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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.

Significant Accounting Policies Continued

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

14. Errors

Material prior period errors are 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

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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XV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022/2023	2021/2022
NGCDF Board	Kshs	Kshs
AIE NO		33,000,000.00
B185054	7,000,000	34,000,000.00
B185332	6,000,000	10,000,000.00
B185595	15,000,000	22,000,000.00
B185882	5,000,000	6,000,000.00
B205725	12,000,000	12,000,000.00
B206339	12,000,000	12,000,000.00
B205986	16,000,000	18,000,000.00
B207852	15,000,000	10,988,879.00
AIE NO	-	12,100,000.00
AIE NO	-	12,088,879.30
TOTAL	88,000,000.00	182,177,758

2. Proceeds From Sale of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Receipts from sale of Buildings	xxx	xxx
Receipts from the Sale of Vehicles and Transport Equipment	xxx	xxx
Receipts from sale of office and general equipment	xxx	xxx
Receipts from the Sale Plant Machinery and Equipment	xxx	xxx
Others (specify)	xxx	xxx
Total	xxx	xxx

3. Other Receipts

	2022/2023	2021/2022
	Kshs	Kshs

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Interest Received	xxx	xxx
Rents	xxx	xxx
Receipts from sale of tender documents	xxx	xxx
Hire of plant/equipment/facilities	xxx	xxx
Other Receipts Not Classified Elsewhere	xxx	xxx
Total	xxx	xxx

Garsen Constituency
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Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,916,686.00	3,716,460.00
Personal allowances paid as part of salary		
House Allowance	-	
Transport Allowance	-	-
Leave allowance	-	
Gratuity to contractual employees	177,647.00	2,038,130.00
Employer Contributions Compulsory national social security schemes	106,920.00	102,660.00
Total	3,201,253.00	5,857,250

5. Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Sitting allowance	2,148,750.00	2,396,884.00
Other committee expenses	1,846,000.00	2,134,000.00
Total	3,994,750.00	4,530,884.00

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6. Use of Goods and services

	2022/2023	2021/2022
	Kshs	Kshs
Utilities, supplies and services	54,800.00	75,302
Communication, supplies and services	39,450.00	9,450
Domestic travel and subsistence	351,000.00	0
Printing, advertising and information supplies & services	-	0
Rentals of produced assets	-	-
Training expenses	644,900.00	1,812,666
Hospitality supplies and services	146,900.00	0
Insurance costs	-	375,281.00
Specialised materials and services	-	-
Office and general supplies and services	316,730.00	62,500
Fuel , oil & lubricants	230,000.00	400,000
Other operating expenses	-	0
Bank Charges	60,702.00	-
Security operations	-	202,734
Routine maintenance - vehicles and other transport equipment	307,077.00	-
Routine maintenance- other assets	-	-
TOTAL	2,151,559.00	2,937,933.00

Garsen Constituency
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Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	-	62,040,000
Transfers To Secondary Schools (See Attached List)	3,298,000.00	23,408,000
Transfers To Tertiary Institutions (See Attached List)	-	
Total	3,298,000.00	85,448,000

8. Other Grants and Other transfers

	2022/2023	2021/2022
	Kshs	Kshs
Bursary – secondary schools (see attached list)	29,901,377.00	25,462,807
Bursary – tertiary institutions (see attached list)	17,889,570.75	23,833,920
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	
Security projects (see attached list)	-	22,901,670
Sports projects (see attached list)	-	1,575,895
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	2,100,000.00	7,556,043
Roads projects (see attached list)	-	-
Total	49,890,947.75	81,330,335

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Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,495,803.00
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	350,000.00	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and renovation of plant, machinery and equipment	-	-
Acquisition of Land	-	-
Acquisition Intangible Assets		
Total	350,000.00	1,495,803

10. Oversight Committee Expenses

	2022-2023	2021/2022
	Kshs	Kshs
Oversight Committee Expenses	520,000.00	0
	-	-
Total	520,000.00	0

11. Other Payments

	2022-2023	2021/2022
	Kshs	Kshs
Strategic plan	2,200,000.00	-

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Total		2,200,000	-
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12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022/2023	2021/2022
	Kshs	Kshs
12A: Bank Accounts (Cash Book Bank Balance)		
<i>Name Of Bank, Account No. (Main account)</i>	30,993,364.46	8,599,874
<i>Name of Bank, account No. (Deposits account)</i>	-	-
Total	30,993,364.46	8,599,874
12 B: Cash on Hand		
Location 1	xxx	xxx
Location 2	xxx	xxx
Location 3	xxx	xxx
Other Locations (<i>Specify</i>)	xxx	xxx
Total	xxx	xxx
<i>[Provide Cash Count Certificates for Each]</i>		

13. Outstanding Imprests

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

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

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Notes to the Financial Statement Continued

14. Retention and Deposits

14 A. Retention	2022/2023	2021/2022
	KShs	KShs
Retention as at 1 st July (A)	xxx	xxx
Retention held during the year (B)	xxx	xxx
Retention paid during the Year (C)	xxx	xxx
Closing Retention as at 30 th June D= A+B-C	xxx	xxx

Gratu

14 B. Gratuity	2022/2023	2021/2022
	KShs	KShs
Gratuity as at 1 st July (A)	0	1,266,205
Gratuity held during the year (B)	177647	771,925
Gratuity paid during the Year (C)	177647	2,038,138
Closing Gratuity as at 30 th June D= A+B-C	0	0

15. Fund Balance B/F

	(1st July 2022)	(1st July 2021)
	Kshs	Kshs
Bank accounts	8,599,874.21	8,022,321
Cash in hand	xx	xx
Imprest	xx	xx
Total	xx	xx
Less		
Payables: - Retention	xx	xx
Payables – Gratuity	xx	xx
Fund Balance Brought Forward	8,599,874.21	8,022,321

[Provide short appropriate explanations as necessary]

16. Prior Year Adjustments

	Balance b/f as per Audited Financial statements	Adjustments	Adjusted Balance** BF
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	xxx	xxx	Xxx
Cash in hand	xxx	xxx	Xxx
Accounts Payables	(xxx)	xxx	(Xxx)
Receivables	xxx	xxx	Xxx
Others (<i>specify</i>)	xxx	xxx	Xxx
Total	xxx	xxx	Xxx

17. Changes In Accounts Receivable – Outstanding Imprests

	2022/2023	2021/2022
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	xxx	xxx
Imprest issued during the year (B)	xxx	xxx
Imprest surrendered during the Year (C)	xxx	xxx
closing accounts in account receivables D= A+B-C	xxx	xxx
Net changes in accounts Receivables D - A	xxx	xxx

18. Changes In Accounts Payable – Deposits and Retentions

	2022/2023	2021/2022
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	xxx	xxx
Deposit and Retentions held during the year (B)	xxx	xxx
Deposit and Retentions paid during the Year (C)	xxx	xxx
closing account payables D= A+B-C	xxx	xxx
Net changes in accounts payables D-A	xxx	xxx

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Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Construction of buildings	xx	xx
Construction of civil works	xx	xx
Supply of goods	xx	xx
Supply of services	xx	xx
Total	xx	xx

19.2: Pending Staff Payables (See Annex 2)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NGCDFC Staff	xx	xxx
Others (<i>specify</i>)	xx	xxx
Total	xx	xxx

19.3: Unutilized Fund (See Annex 3)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Compensation of employees	3,047,616.00	2,404,801
Committee expenses	911,389	5,000
Use of goods and services	2,617,014	0
Amounts due to other Government entities (see attached list)	54,512,514.02	4,681,296.52
Amounts due to other grants and other transfers (see attached list)	18,690,571.19	1,196,648
Acquisition of assets	8,370,781.00	312,129
Oversight Committee Expenses	1,003,651.74	
Other Payments (<i>specify</i>)	0	
Funds pending approval	5,800,000	
Total	94,953,537	8,599,874.52

Garsen Constituency

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18.4: PMC account balances (See Annex 5)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
PMC account balances (see attached list)	4,960,746.72	22,776,717
Total	4,960,746.72	22,776,717

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XVI. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	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.					
Sub-Total					
Grand Total					

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30th JUNE 2023	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Compensation of employees		3,047,616.00	2,404,801.00	
Use of goods & services		3,528,403.44	5,000.00	
Amounts due to other Government entities				
Sub-Total		54,512,514	4,681,296.00	
Amounts due to other grants and other transfers				
Sub-Total		18,690,571	1196648	
Acquisition of assets		8,370,781	312,129.00	
Oversight Committee Expenses (itemize)		1,003,652		
Others (<i>specify</i>)				
Sub-Total				
Funds pending approval		5,800,000		
Grand Total		94,953,537.	8,599,874	

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land				
Buildings and structures	7,848,624			7,848,624
Transport equipment	10,400,000			10,400,000
Office equipment, furniture and fittings	1,057,655			1,057,655
ICT Equipment, Software and Other ICT Assets		350,000		350,000
Other Machinery and Equipment	62,686			62,686
Heritage and cultural assets				
Intangible assets				
Total	19,655,965	350,000		19,718,965

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Annex 5 –PMC Bank Balances As At 30th June 2023

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Assa Primary School	KCB	1287028020	38,964	39,090
Bilisa Chief Office	KCB	1287028225	2,524	2,650
Buyani Secondary School	KCB	1121382789	145.95	90,392
chamwanamuma	KCB	1133889905	9,812	6,538
Dalu Primary School	KCB	1275248225	25	
Dalu Secondary School	KCB		-	-
Danisa Primary School	KCB	1176467395	4,556.30	1,002
Dibe Primary School	KCB	1286478197	8,415	8,541
Diidade Primary School	KCB	1104144522	1.325	2,399,824
Furaha Primary School	KCB	1276702027	21,238	
Gadeni Primary School	KCB	1288611471	2,704	2,830
Galma Primary School	KCB	1164914235	124,780.8 0	519,153
Garsen Administration Police Line	KCB	1165032287	3,140,130	640,382
Garsen Technical Training Institute	KCB	1285970268	(790)	
Gatundu Primary School	KCB	1131209273	376	
Gerasa Sec Sch	KCB	1238929311	614	35,537
Gubani Primary School	KCB	1242791256	5,470	5,670

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Gomesa Primary school	KCB	1287378706	3,249	3,375
Handaraku Primary School	KCB	1207831727	3,089.50	
Handaraku Chief's office	KCB	1295101734		1,998,920
Hashaka Secondary School	KCB	1233417428	6,285.70	134,439
Hurara Primary School	KCB	1296563987	622	1,355,024
Hurara Secondary School	KCB	1240886241	7,613	7,739
Idd Primary School	KCB	1288160542	1,880	-
Katsangani Primary School	KCB	1157474934	4,201.10	2,401,167
Kibokoni Primary School	KCB	1207844632	9,821	
Kibusu Primary School	KCB	1292063920	3,023	1,699,880
Kikomo Primary School	KCB	1183531583	261.45	
Kilelengwani Primary School	KCB	1276609744	4,599	
Kipao Primary School	KCB	1109502834	5,402.15	104,648
Kipao Secondary School	KCB	1233232568	58,541.70	2,001,758
Kitere Primary School	KCB	1167700562	4,880	
Kipini Girls' Secondary School	KCB	1288928394	9,269	2,004,995
Kizuliani Primary School	KCB	1287027962	1,624	1,750
Kone Chief Office	KCB	1291290532	1,468	9,520

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National Government Constituencies Development Fund (NGCDF)
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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Kone police	KCB	1289081379	178.15	8,366
Konkona primary school	KCB	1239239645	18,025.30	18,151
Lailoni Primary School	KCB	1282931091	9,359	5,605
Marifano Secondary School	KCB	1119111455	2,091.40	
Matangeni Chief Office	KCB	1291212035	4,574	2,000,000
Matangeni Primary School	KCB	1293611247	5,431	1,500,475
Maua Primary School	KCB	1109525133	53,584.20	
Mchelelo Primary School	KCB	1298431581	3,135	-
Minjila Primary School	KCB	1200525019	10,273	10,399
Minhaj Secondary School	KCB	1296722023	105,240	
Miticharaka Primary School	KCB	1272825523	358,824	
Mnazini Primary School	KCB	1292255295		-
Mwina Chief Office	KCB	1291775471		999,425
Ngumu Primary School	KCB	1274931258	11,499	207,745
Oda Chiefs Office	KCB	1288216408	140	
Odoganda Primary School	KCB	1266879811	17,421	17,547
Odole Primary School	KCB	1147818657	6,405.32	6,531
Ongonyo Primary School	KCB	1237897912	5,900.40	846

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Onjila Primary School	KCB	1288886268	31,746	31,872
Onkolde Primary School	KCB	1237826705	5,495	5,621
Ramadha Primary School	KCB	1242127674	13,296	211,638
Riketa Primary School	KCB	1183525095	1,245.50	
Salama Chief Office	KCB	1290937583	1,754	101,680
Semi karo primary School	KCB	1289081379	178.15	
Shauri Moyo Primary School	KCB	1176988573	25,411.20	25,537
Sheli Primary School	KCB	1177799359	1,571.30	134,685
Tarasaa Primary School	KCB	1280462086	12,847	
Tarasaa Secondary School	KCB	1282715577	600,164	
Tulu Primary School	KCB	1287254624	148,629	2,003,875
Ziwani Primary School	KCB	1287254764	11,769	11,895
Total			4,960,746.72	22,776,717

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Annex 6: 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 and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	1. Unpresented Cheques The statements of assets and liabilities reflect cash and cash equivalents balance of Kshs.8, 022,321. The balance was supported by bank reconciliation. However, scrutiny of the records revealed that an amount of Kshs.1, 423,302 were stale cheques which continued to reflect as unpresented cheques and have never been reversed to the cash book. Further, a cheque dispatch register showing how cheques were issued and dispatched to various institutions was not provided for audit	It is true that statements of assets and liabilities records revealed that an amount of Kshs. 1,423,302 were stale cheques which continued to reflect as unpresented cheques and have never been reversed to the cash book. However these stale cheques were reversed and replaced in subsequent months.) It is true that the cheque dispatch register showing how cheques were issued and dispatched to various institutions was not provided for audit review. it has now been availed for audit verification	Resolved	15 th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	review. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.8, 022,321 as at 30 June, 2021 could not be confirmed.			
2.	Other Grants and Other Payments			
2.1	Unaccounted for Bursary Funds During the financial year under the review the Fund spent Kshs. 40,748,510 on bursaries. However, it was noted that bursaries worth Kshs.15, 977,460 disbursed to various institutions had the following anomalies: - i) The bursary disbursements were not supported with bursary committee minutes showing how the vetting of bursary applicants was done. ii) The bursary disbursements were not acknowledged through official receipts	i) It is true that the NG-CDF committee minutes supporting the disbursements of bursary showing how the vetting of bursary applicants was done were not PROVIDED at the time of audit. The NG-CDFC minutes have now been availed for audit verification. See attachment 3. Copy of NG-CDFC minutes showing criteria for disbursement of bursary. ii) It is true that the auditors were not	Resolved	15 th June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	or acknowledgement letters by the beneficiary institutions. iii) Bursary applications register was not maintained to record details of all bursary applicants. iv) Cheque dispatch register showing how cheques were issued and distributed to various institutions was not availed for audit review. Consequently, the accuracy, completeness and probity of bursaries amounting to Kshs.15, 977,460 for the year ended as at 30 June, 2021 could not be ascertained.	provided with bursary disbursements acknowledgements through official receipts or acknowledgement letters by the beneficiary institutions at the time of audit. The bursary disbursements acknowledgements can now been availed for audit verification. See attachment 4. Copies of bursary disbursements acknowledgements from various institutions. The office maintains an up-to-date Bursary applications register to record details of all bursary applicants.		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		However the document was not availed for audit verification at the time of audit. The bursary applications register can now been availed for audit verification. See attachment 5. Copies of bursary applications register) The office maintains a cheque dispatch register showing how cheques were issued and distributed to various institutions. However the cheque dispatch register was not availed for audit review at the time of audit. The cheque dispatch register can now be availed for audit verification. See attachment 6. Copies of cheque		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		dispatch register		
2.2	Emergency Projects During the financial year under review, the Fund spent Kshs.5, 660,000 on emergency. However, Kshs.2, 200,000 relating to renovation of Twin Laboratory at Tarasaa Secondary School had the following audit observations: - i) The use of emergency fund did not meet the thresholds required of urgent and unforeseen needs contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015. ii) The bill of quantity for the winning bidder for roofing works indicated Kshs.1, 280,000. However, summation of individual items under roof work amounted to Kshs.699, 900	i) Section 8(3) of the National Government Constituencies Development Fund Act, 2015 defines emergency of any unforeseen needs in the constituency. In this case the project qualified to be an emergency. The science laboratory was constructed in the 1970s using asbestos sheets (which posed great health risks). Secondly the asbestos roofing sheets had begun falling into the ceiling sometimes hurting the students. if left unattended, the building would have caused a	Resolved	15 th June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	resulting in a variance of Kshs.580, 100. iii) The utilization of the fund was not reported to the Board within thirty (30) days of the occurrence of the emergency contrary to Section 20(2) of the Constituency Development Fund Regulations, 2016. iv) physical verification of the project carried out on 11 April, 2022 revealed that the project was on-going but the contractor was not on site and only roofing and painting was done on walls, doors and windows instead of plastering walls and replacing doors and windows as per the bill of quantities. Consequently, the accuracy, completeness and probity and value for money on emergency amounting to Kshs.2, 200,000 for the year ended as at 30 June, 2021 could not be	disaster, either causing death to students or bodily harm. The act was done to avert a disaster. ii) The NG-CDF committee is in consultation with the public works officer and the sub county chain management officer to get an understanding of the variance of Kshs 580,000. iii) The utilization of the fund was not reported to the Board within thirty (30) days of the occurrence of the emergency contrary to Section 20(2) of		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	ascertained.	the Constituency Development Fund Regulations, 2016 because the funds/ the project is yet to be done and the funds is still in the Project Management Committee Account(PMC)Account\ The contractor has not abandoned the project. On the contrary, the contractor the contractor had vacated the site to create room for the national examinations which were done in March 2021		
2.3	Security Projects During the year under review, the Fund spent Kshs.5, 013,496 on security projects.	i) The original signed contract sum contained in the	Resolved	15 th June 2023

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Examination of the records relating to the expenditure revealed that the Fund undertook construction of administration office at Garsen Police Station at a contract sum of Kshs.5, 589,200 while the signed form of agreement reflected a contract sum of Kshs.2, 495,000 resulting to a variance of Kshs.3, 094,200 between the two sets of records. In addition, a payment of Kshs.2, 500,000 was made during the financial year under the review for the construction of the administration office. However, scrutiny of the expenditure revealed lack of supporting documents such as tender advertisement, tender opening register, tender opening minutes, tender evaluation minutes, a	contract agreement was Kshs 2,500,000. This was reflected in the signed form of agreement. However there were additional works which were added to the contractor without involving the NG-CDF office. Hence the other works could not form part of the original contract agreement. ii) It is true that supporting documents such as		

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	professional opinion, approved project work plan, Project Management Committee bank statements and their payment resolution minutes and certificate of partial completion. Further, physical verification carried out on 11 April 2022 revealed that the project was approximately 50% complete. The substructures reinforced concrete, external and internal walling estimated at Kshs.2, 125,160 had been done and the contractor was not onsite. Consequently, the accuracy, completeness and probity of security projects amounting to Kshs.5, 013,496 for the year ended as at 30 June, 2021 could not be ascertained	tender advertisement, tender opening register, tender opening minutes, tender evaluation minutes, a professional opinion, approved project work plan, Project Management Committee bank statements and their payment resolution minutes and certificate of partial completion were not availed at the time of audit. However these		

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		documents can now be availed to the auditor for audit verification.		
3.	Transfer to Other Government Entities As disclosed under note 4 to the financial statements, the statement of receipts and payments reflects transfer to other government entities balance of Kshs.72, 534,960. The following observations were made: - 3.1 Transfers to Primary Schools During the financial year under review, the Fund spent Kshs.41, 658,440 on transfer to primary schools. However, projects worth Kshs.6, 900,000 had the following anomalies: i) Physical verification carried out on 11/4/2021 established that projects	i) It is true that projects worth Kshs.2, 500,000 were not labeled contrary to Section 11(1c) of the National Government Constituency Development Fund regulation 2016 because the respective contractors are yet to complete their works and issued with the final certificate of payment. ii) It is true that the opening and evaluation minutes for projects totaling to Kshs.4, 400,000 were not signed by all committee members and each and every page was not initialized to	Resolved	15 th June 2023

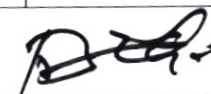
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	worth Kshs.2,500,000 were not labeled contrary to Section 11(1c) of the National Government Constituency Development Fund regulation 2016 that requires the constituency development committee to ensures projects are labelled in accordance with the guidelines issued by the Board. ii) It was noted that tender opening and evaluation minutes for projects totaling to Kshs.4, 400,000 were not signed by all committee members and each and every page was not initialized to acknowledge that the minutes were the true reflection of the proceedings contrary to Section 78 (9) and 80(7) of the public procurement and Asset Disposal Act of 2015. 3.2 Transfer to Tertiary	acknowledge that the minutes were the true reflection of the proceedings contrary to Section 78 (9) and 80(7) of the public procurement and Asset Disposal Act of 2015. The situation has been rectified and all the Opening and evaluation minutes have now been signed by all committee members and each and every page initialized to acknowledge that the minutes were the true reflection of the proceedings. See attachment 7. Copies of signed opening and evaluation minutes. It true that supporting documents such as tax compliance certificate, National Construction Authority (NCA) certificate and a valid business permit for the		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	institutions and Secondary Schools- Kshs.16, 000,000 During the year under review, the Fund Spent Kshs.29, 676,520 and Kshs.1, 200,000 for Secondary and Tertiary Institutions respectively. However, an amount of Kshs.14, 800,000 relating to secondary school projects and Kshs.1, 200,000 relating to tertiary institutions lacked supporting documents such as tax compliance certificate, National Construction Authority (NCA) certificate and a valid business permit for the winning bidders	winning bidders were not availed for audit. These documents have now been availed for audit verification		
4.0	Summary of Fixed Assets Register Annex 4 to the financial statements disclosed a summary of fixed assets register with an asset value balance of Kshs.21, 531,943 as at 30 June, 2021.	It is true that the fixed asset register did not contain all information required as per the IPSAS 17 whose minimum requirements are: Identification or serial number, acquisition date, accumulated	Resolved	15 th June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Although, the Fund maintained a fixed assets register, the same did not contain all information required as per the IPSAS 17 whose minimum requirements are: Identification or serial number, acquisition date, accumulated depreciation, net book value and assets tagged with identification codes. The fixed assets register presented for audit disclosed neither the land title deed number nor an allotment letter of the land where the office of the fund was built. In the circumstances, verification of the ownership was not possible	depreciation, net book value and assets tagged with identification codes. The situation will be rectified and all fixed assets will in the will have Identification or serial number, acquisition date, accumulated depreciation, net book value and assets tagged with identification codes		



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Name
Bungale Masudi Bungale.

