

REPUBLIC OF KENYA



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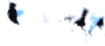
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**

29 JUN 2023
Hon. Abeni Wace MP
Deputy Majority Party Whip
A. Shabaka
Thursday





LOIMA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

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Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. 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 NG-CDF Act, 2015 is to:

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

- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

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 Loima 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)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	James Echwa Emuria
2.	Sub-County Accountant	James Muli
3.	Chairman NGCDFC	Lopayo Lawrence Lomuria
4.	Member NGCDFC	Emily Ariong

(d) Fiduciary Oversight Arrangements

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

(e) Loima constituency NGCDF Headquarters

P.O. Box 193-30500, LOIMA
 Located Along Lorugum-Uganda International Road,
 Next to DCC Offices-Loima Sub-County
 Nairobi, KENYA

(f) Loima constituency NGCDF Contacts

Telephone: +254-723-519-708
 E-mail: loimangcdf.go.ke
 Website: www.ngcdf.go.ke

(g) Loima constituency NGCDF Bankers

Equity Bank No. 0990261717473
 Lodwar Branch
 P.O. Box 150-30500
 Lodwar, KENYA.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC Chairman's Report



The financial year 2021/2022 was a year which had some many political activities. During the year, we had total of approved budget of Kshs.195,723,252 comprising of Kshs.137,088,879 for the year, Kshs.45,088,879 previous year and Kshs.13,545,496 as opening balance. The NG-CDF Committee budgeted for the funds and was apportioned to various sectors as shown below;

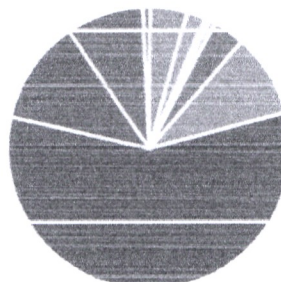
LOIMA APPROPRIATION PER SECTOR

Serial	Name of Project	Amount Allocated
1	Administration/Recurrent	8,225,333
2	Monitoring and Evaluation/Capacity Building	4,112,666
3	Sports Activities	1,000,000
4	Environmental Activities	1,500,000
5	Emergency Fund	7,192,207
6	Bursary	18,560,000
7	Primary Schools Projects	112,857,593
8	Secondary School Projects	23,300,000
9	Security	17,336,526
10	NG-CDF Office	1,638,927
Total		195,723,252



This is depicted in the graph as

Chart Title



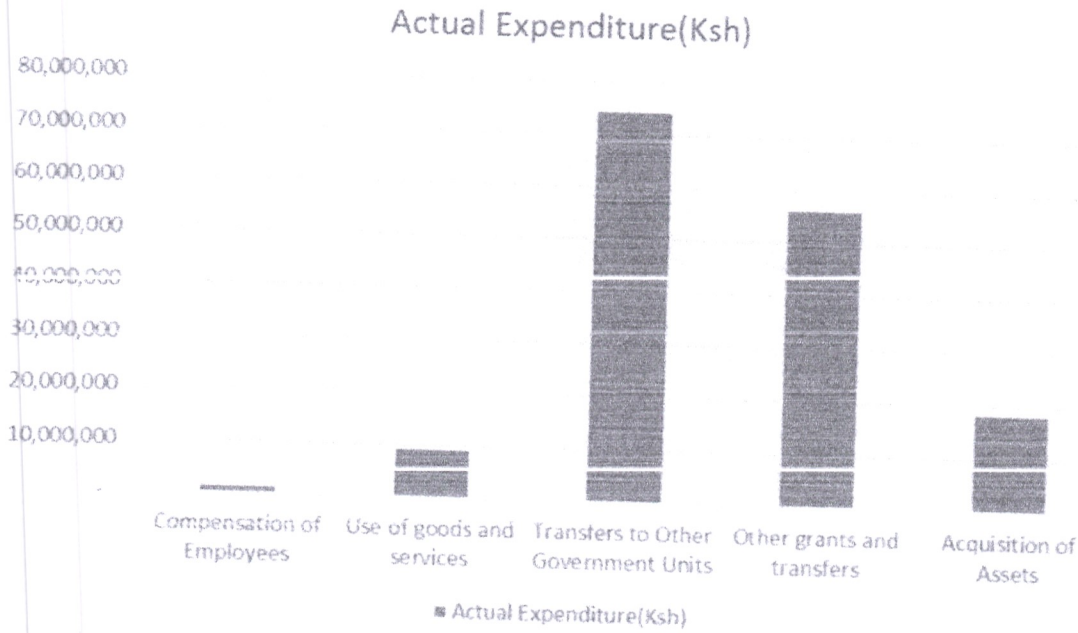
- 1 Administration/Recurrent
- 2 Monitoring and Evaluation/Capacity Building
- 3 Sports Activities
- 4 Environmental Activities
- 5 Emergency Fund
- 6 Bursary
- 7 Primary Schools Projects
- 8 Secondary School Projects
- 9 Security
- 10 NG-CDF Office

As depicted above Primary school projects took a lion share of the constituency allocation, this was majorly attributed to construction of more classrooms.

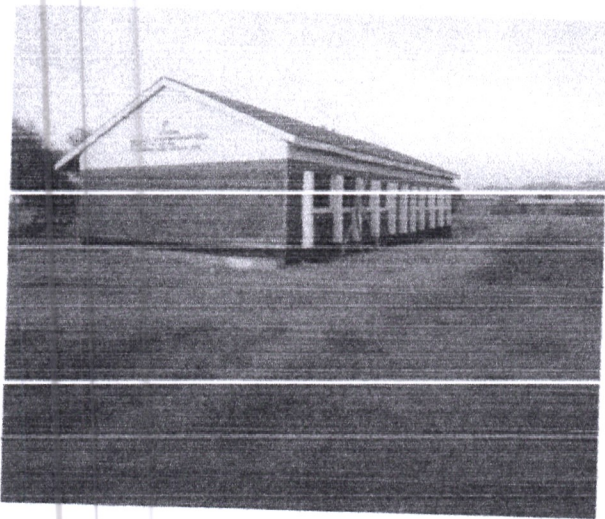
The constituency was able to absorb over 95% of final budget approved during the financial year.

The NG-CDF Committee prioritized the funds which were received and gave priority to projects in Other Grants and Transfers and Transfers to other government entities as well as transfers to other government entities. Most of these projects were done to satisfaction. The bulk of funds utilized in the financial were in bursary, education projects and other grants and transfers.

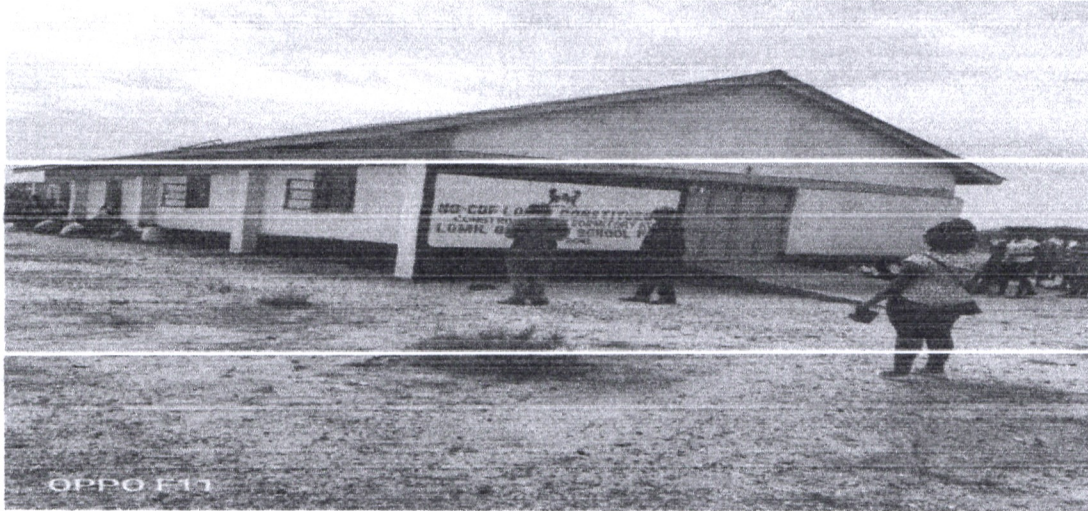
The funds received during the year were spent in the votes as depicted in the following votes



Loima National Government Constituency Development Fund Committee (NGCDFC) projects were majorly implemented through Project Management Committees. Some of the projects implemented during the year are represented pictorially below.



LOIMA NG CDF PROJECT- KANGALITA PRIMARY SCHOOL



Loimil Girls dormitory



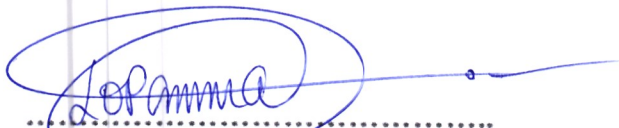
Namoruputh police post

Challenges and way forward

During the course of implementation of projects Constituencies Development Fund Committee noted that Project Management Committees require adequate training to ensure effective implementation of projects.

The major emerging issue which arose during the year was the post COVID 19 Pandemic, this pandemic affected the construction dimension of some the school infrastructure, i.e in construction, social distances had to be considered thereby affecting budgeting and project costing.

The major challenge faced by Loima NG-CDF Committee during the year was shortage of technical person in construction at the county level which led to delayed preparation of construction documents i.e., Bill of Quantities, drawings as well as close supervision of projects by experts, this challenged sometimes led to poor workmanship in some projects.



.....
Signature

Lawrence Lopayo Lomuria

Chairman NG-CDF Committee

III. Statement of Performance Against Predetermined Objectives for FY2021/22

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 *Loima Constituency 2018-2022* plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

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 specific outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary	In FY 21/22 we constructed 61 classrooms for primary school and one dormitory in secondary and 7 classroom school. We also bought a school bus for Lomil Girls secondary school
Security	To increase security by providing accessibility	Reduced insecurity	Grading and opening up of a new road	We constructed one security road at Kawouetom road
Environment	To improve sanitation in the Constituency	Increased the number of toilets in the constituency	Construction of toilets inconformity with PLWD	Constructed pit latrines 12 No.
Sports	To empower the	Sports activities	Carryout sports	Carried out

Loima Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

	youth on security and drug abuse using sports	in the constituency	activities in the constituency	constituency Football tournament and Net ball for Women once
Emergency	To cater for unforeseen occurrences	Many students were accommodated in school	Repaired and renovation of schools	Repairs and renovation of Lorengippi secondary school and Namoru arengan Primary school and repairs of motor vehicle

IV. Environmental and Sustainability Reporting

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.

I. Sustainability strategy and profile -

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

- a. **Education and Training:** Loima 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; NG-CDF 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 NG-CDF 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**

- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.*

3. **Employee welfare**

We invest in providing the best working environment for our employees. Loima 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. Loima 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-

Loima 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

Loima 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.

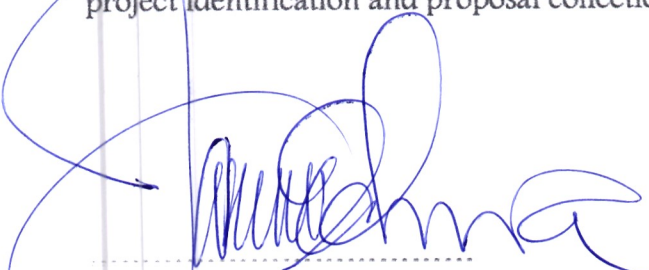
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

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.

Loima NG-CDF have continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.



James E. Echwa
Fund Account Manager

V. 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-Loima 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, 2022. 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.

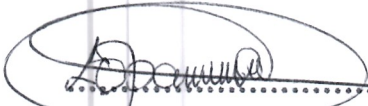
The Accounting Officer in charge of the NGCDF-Loima constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (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, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Loima 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.

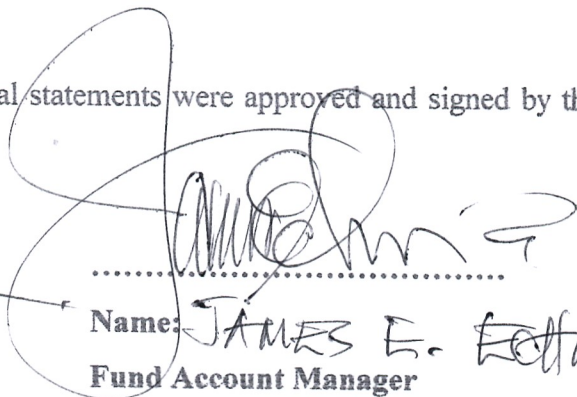
The Accounting Officer in charge of the NGCDF Loima constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Loima constituency financial statements were approved and signed by the Accounting Officer on _____ 2023.



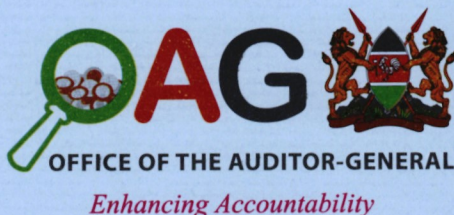
Name: LAWRENCE LOPAYO
Chairman – NGCDF Committee



Name: JAMES E. EDWA
Fund Account Manager



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LOIMA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

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 - Loima Constituency set out on pages 1 to 40, which

Report of the Auditor-General on National Government Constituencies Development Fund - Loima Constituency for the year ended 30 June, 2022

comprise the statement of financial assets and liabilities as at 30 June, 2022, 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 - Loima Constituency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy in Cash and Cash Equivalents

The statement of assets and liabilities and as disclosed in Note 10A to the financial statements reflects bank balance of Kshs.8,470,179. However, the bank reconciliation statement for June, 2022 reflects unpresented cheques amounting to Kshs.1,678,371 for which no evidence was provided to confirm their subsequent clearance.

In circumstances, the accuracy of the bank balance of Kshs.8,470,179 could not be confirmed.

2. Unsupported Project Management Committee (PMC) Bank Balances

As disclosed in Note 17.4 and Annex 5 to the financial statements are Project Management Committee (PMC) bank account balances amounting to Kshs.642,051 held in ten (10) bank accounts. However, cash books, bank reconciliation statements, certificate of bank balance and bank statements for the ten (10) bank accounts were not provided for audit.

In circumstances, the accuracy and completeness of the PMC bank balance of Kshs.642,051 could not be confirmed.

3. Unsupported Prior Year Adjustment

The statement of assets and liabilities reflects prior year adjustment amount of Kshs.30,000. However, the supporting journal and other documents were not provided for audit .

In the circumstances, the accuracy of the prior year adjustment amount of Kshs.30,000 could not be confirmed.

4. Inaccuracies in the Summary of Fixed Assets

Annex 4 to the financial statements reflects cumulative historical asset amount of Kshs.60,678,000 . However, the land on which the Fund's building and structures are erected has not been valued and included in the financial statements. Further, evidence of land ownership in form of land title deed was not provided for audit review.

In the circumstances, the completeness and accuracy of the fixed assets balance of Kshs.60,678,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Delay in Project Implementation

During the year under review, the Board approved a budget of Kshs.117,550,880 to implement a total of fifty-eight (58) projects. However, analysis of the status report revealed that forty-three (43) projects with a budget of Kshs.91,550,880 were implemented while fifteen (15) projects with a budget of Kshs.26,000,000 or 22% of the budgeted projects were not implemented.

The underperformance in project implementation affected the planned activities and may have impacted negatively on service delivery to the citizens.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES



Conclusion

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

Basis for Conclusion

Late Disbursements of Funds from the Board

The statement of receipts and payments reflects transfers from National Government Constituencies Development Fund Board amount of Kshs.182,177,758 for the year ended 30 June, 2022. However, the amount of Kshs.182,177,758 includes Kshs.45,088,879 or 25% of total receipts budgeted for in the 2020/2021 financial year. This is contrary to Section 39(2) of the National Government Constituencies Development Fund Act, 2015 which states that the disbursement of funds to the constituency fund account shall be effected at the beginning of the first quarter of each financial year with an initial amount equivalent to twenty-five per centum of the allocation for the constituency and thereafter the constituency fund account shall be replenished in three equal instalments at the beginning of the second, third and fourth quarters of the financial year and section 40(1) which stipulates that the Board shall ensure that the list of projects forwarded to it by each constituency is, upon approval, funded in accordance with the Act.

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 dissolve the Fund.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them and that public 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 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 overall 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA. Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

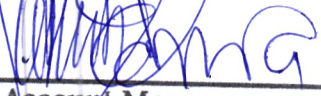
13 June, 2023


VII. Statement of Receipts and Payments for the Year Ended 30th June 2022

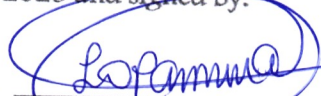
	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	182,177,758	161,367,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	388,000	-
Total Receipts		182,565,758	161,367,724
PAYMENTS			
Compensation of employees	4	2,645,660	6,626,138
Use of goods and services	5	9,577,353	7,021,275
Transfers to Other Government Units	6	129,480,819	92,542,428
Other grants and transfers	7	45,549,243	45,985,000
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		187,253,075	152,174,841
SURPLUS/DEFICIT		(4,687,317)	9,192,883

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

The Constituency financial statements were approved on _____ 2023 and signed by:


Fund Account Manager


National Sub-County Accountant


Chairman NG-CDF Committee

Name:

Name: JAMES MULLI
ICPAK M/No:

Name: LAWRENCE LOPAYO
LOMURIA

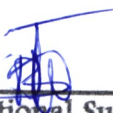
VIII. Statement of Assets and Liabilities As At 30th June, 2022

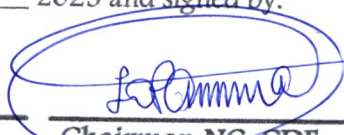
	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,470,179	13,127,496
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		8,470,179	13,127,496
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		8,470,179	13,127,496
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		8,470,179	13,127,496
FINANCIAL LIABILITIES			
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	13,127,496	3,934,613
Prior year adjustments	14	30,000	
Surplus/Defict for the year		(4,687,317)	9,192,883
NET FINANCIAL POSITION		8,470,179	13,127,496

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

The Constituency financial statements were approved on _____ 2023 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairman NG-CDF
Committee

Name: JAMES E. KATHA

Name: JAMES MUII
ICPAK M/No:

Name: LAWRENCE LOPAYO
LOMURIA.

National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

IX. Statement of Cash Flows for the Year Ended 30th June 2022

	Notes	2021 - 2021	2021 - 2021
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	182,177,758	161,367,724
Other Receipts	3	388,000	-
		182,565,758	161,367,724
Payments for operating activities			
Compensation of Employees	4	2,645,660	6,626,138
Use of goods and services	5	9,577,353	7,021,275
Transfers to Other Government Units	6	129,480,819	92,542,428
Other grants and transfers	7	45,549,243	45,985,000
Other Payments	9	-	-
Total Receipts Less Total Payments		187,253,075	152,174,841
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	30,000	-
Net Adjustments		30,000	-
Net cash flow from operating activities		(4,657,317)	9,192,883
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(4,657,317)	9,192,883
Cash and cash equivalent at BEGINNING of the year	10	13,127,496	3,934,613
Cash and cash equivalent at END of the year		8,470,179	13,127,496


National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

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

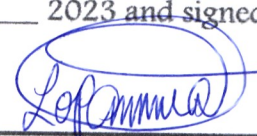
The Constituency financial statements were approved on _____ 2023 and signed by:



Fund Account Manager



National Sub-County
Accountant



Chairman NG-CDF
Committee

Name: JAMES E. KOTHTWA

Name: JAMES MULLY
ICPAK M/No:

Name: LAWRENCE LOMURIA
LOPAYO

Loima Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	A	b	Previous Years' Outstanding disbursement ^s	c=a+b	d	e=c-d	f=d/c %
	2021/2022			2021/2022	30/06/2022		
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from NG-CDF Board	137,088,879	13,157,496	45,088,879	195,335,254	195,335,254	-	-
Proceeds from Sale of Assets	-	-	-	0	-	-	0.0%
Other Receipts	-	388,000	-	388,000	388,000	-	100.0%
TOTAL RECEIPTS	137,088,879	13,545,496	45,088,879	195,723,254	195,723,254	-	100.0%
PAYMENTS							
Compensation of Employees	3,295,498	-	-	3,295,498	2,645,660	649,838	80.3%
Use of goods and services	9,042,500	727,703	-	9,770,203	9,526,935	192,850	97.5%
Transfers to Other Government Units	85,180,819	11,869,793	39,630,207	136,680,819	129,480,819	7,200,000	94.7%
Other grants and transfers	37,931,133	560,000	5,458,672	43,949,805	43,910,315	39,490	99.9%
Acquisition of Assets	-	-	-	-	-	-	-
Other Payments	1,638,927	-	-	1,638,927	1,638,927	-	100.0%
Unutilized funds	-	388,000	-	388,000	-	388,000	-
TOTAL	137,088,877	13,545,496	45,088,879	195,723,252	187,253,074	8,470,179	95.6%

Explanatory Notes. Under utilization of employees compensation was due to reduction of employees from 16 to 11 number of staff which came to 80.3%

Opening balance of Kshs. 13,157,496 comprises of reported amount of Kshs. 13,127,496 as at 30 June 2021 and prior year adjustment of Kshs. 30,000.

Loima Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022
X. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget 2021/2022 Kshs	Adjustments Opening Balance (C/BK) end AIA Kshs	Previous Years' Outstanding, Disbursements Kshs	Final Budget 2021/2022 Kshs	Actual on comparable basis 30/06/2022 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,295,498			3,295,498	2,645,660	649,838
1.2 Committee allowances	2,493,314			2,493,314	2,493,314	-
1.3 Use of goods and services	2,436,520	727,703		3,164,223	3,164,223	-
Total	8,225,332	727,703		8,953,035	8,303,197	649,838
2.0 Monitoring and evaluation						
2.1 Capacity building	700,000			700,000	507,150	192,850
2.2 Committee allowances	1,662,666			1,662,666	1,662,666	-
2.3 Use of goods and services	1,750,000			1,750,000	1,750,000	-
Total	4,112,666			4,112,666	3,919,816	192,850
3.0 Emergency						
3.1 Primary Schools	2,694,550			2,694,550	2,694,550	-
3.2 Secondary schools	3,800,000			3,800,000	3,800,000	-
3.3 Tertiary institutions	-			-	-	-
3.4 Security projects	697,657			697,657	697,657	-

Annual Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Programme/Sub-programme	Original Budget	Adjustments Opening Balance (C/Bl) and AIA	Previous Years' Outstanding Disbursements	Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
3.5 Unutilised						
Total	7,192,207	-		7,192,207	7,192,207	-
4.0 Bursary and Social Security						
4.1 Secondary Schools	10,000,000			10,000,000	10,000,000	-
4.2 Tertiary Institutions	8,000,000	560,000		8,560,000	8,520,510	39,490
4.3 Social Security						-
4.4 Special Needs						
Total	18,000,000	560,000		18,560,000	18,520,510	39,490
5.0 Sports						
5.1 sports	1,000,000			1,000,000	1,000,000	-
Total	1,000,000			1,000,000	1,000,000	-
5.3						
6.0 Environment						
Katukuri Primary School	500,000			500,000	500,000	-
Kaayen Primary School	500,000			500,000	500,000	-
Kangalita Primary School	500,000			500,000	500,000	-
Total	1,500,000	-		1,500,000	1,500,000	-

Loima Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Programme/Sub-programme	Original Budget	Adjustments	Previous Years' Outstanding Disbursements	Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
	2021/2022	Opening Balance (C/Bl) and AIA				
7.0 Primary Schools Projects (List all the Projects)						
Kaiyen Primary School	2,300,000			2,300,000	2,300,000	-
Uhukuse Primary School	1,500,000			1,500,000	1,500,000	-
Moru Engor Primary School	2,000,000			2,000,000	2,000,000	-
Locher Ekuyen Primary School	2,300,000			2,300,000	2,300,000	-
Locher Emeyan Primary School	2,300,000			2,300,000	2,300,000	-
Namoruputh Primary School	2,000,000			2,000,000	2,000,000	-
Lochor Alomala Primary School	1,200,000			1,200,000	1,200,000	-
Lokiriana Primary School	2,300,000			2,300,000	2,300,000	-
Loya Primary School	1,200,000			1,200,000	1,200,000	-
Ata Lokamuisio Primary School	480,819			480,819	480,819	-
Kangalita Primary School	2,300,000			2,300,000	2,300,000	-
Turkana girls Primary School	2,300,000			2,300,000	2,300,000	-
Nadapal Primary School	2,000,000			2,000,000	2,000,000	-
Nasiger Primary School	2,000,000			2,000,000	2,000,000	-
Kaitese Primary School	1,600,000			1,600,000	1,600,000	-
Lorugum Primary School	2,300,000			2,300,000	2,300,000	-

Programme/Sub-programme	Original Budget	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Kaichameri Primary School	2,300,000			2,300,000	2,300,000	-
Nangereny Primary School	1,200,000			1,200,000	1,200,000	-
Kalomegur Primary School	500,000			500,000	500,000	-
Nataprakono Primary School	1,100,000			1,100,000	1,100,000	-
Kotaruk Primary School	1,300,000			1,300,000	1,300,000	-
Nakoyo Angasiria Primary School	2,000,000			2,000,000	2,000,000	-
Kangole Primary School	1,200,000			1,200,000	1,200,000	-
Nakamane Primary School	1,500,000			1,500,000	1,500,000	-
Nakwamunyen Primary School	1,200,000			1,200,000	1,200,000	-
Kospir Primary School	500,000			500,000	500,000	-
Lokatul Primary School	2,300,000			2,300,000	2,300,000	-
Moruese Primary School	1,600,000			1,600,000	1,600,000	-
Lolunugele Primary School	1,200,000			1,200,000	1,200,000	-
Nawamnor Primary School	1,200,000			1,200,000	1,200,000	-
Nakeujukal Primary School	500,000			500,000	500,000	-

Loima Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Kalemnyang Primary School	2,300,000			2,300,000	2,300,000	-
Lokopu Primary School	1,000,000			1,000,000	1,000,000	-
Lorengesinyen Primary School	1,200,000			1,200,000	1,200,000	-
Lokoyo Primary School	1,200,000			1,200,000	1,200,000	-
Namoronyang Primary School	1,200,000			1,200,000	1,200,000	-
Lornil Primary School	2,000,000			2,000,000	2,000,000	-
Nakutan Primary School	1,200,000			1,200,000	1,200,000	-
Naurienpuu Primary School	2,300,000			2,300,000	2,300,000	-
Lobei Primary School	2,200,000			2,200,000	2,200,000	-
Narenit Primary School	500,000			500,000	500,000	-
Sasak Primary School	2,300,000			2,300,000	2,300,000	-
Mala Primary School	500,000			500,000	500,000	-
Natwel Primary School	1,200,000			1,200,000	1,200,000	-
Kaapese Primary		1,969,793		2,500,000	2,500,000	
			530,207			

Programme/Sub-programme	Original Budget 2021/2022	Adjustments Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
Kaichameri Primary			2,500,000	2,500,000	2,500,000	
Kotela Primary School			2,400,000	2,400,000	2,400,000	
Lorengippi Primary School			2,400,000	2,400,000	2,400,000	
Lolupe Primary School			2,700,000	2,700,000	2,700,000	
Lobei Primary School			2,400,000	2,400,000	2,400,000	
Logogo Primary School			2,400,000	2,400,000	2,400,000	
Nakorimunya Primary			2,400,000	2,400,000	2,400,000	
Lobole Primary School			2,400,000	2,400,000	2,400,000	
Namoruputh Primary School			2,400,000	2,400,000	2,400,000	
Nadapal Primary School		2,400,000		2,400,000	2,400,000	
Natadol Primary School		2,500,000		2,500,000	2,500,000	
Kakalel Primary School		2,500,000		2,500,000	2,500,000	
Uluokuse Primary School		2,500,000.00		2,500,000	2,500,000	
Total	71,780,819	11,869,793	22,530,207	106,180,819	106,180,819	-
8.0 Secondary Schools Projects						

**Loima Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Fiscal Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years Outstanding Disbursements			
Lorugum boys sec school	5,800,000			5,800,000	5,800,000	-
Loima girls secondary school	7,200,000			7,200,000	-	7,200,000
Lomil girls secondary school	400,000			400,000	400,000	-
Kalemunyang Secondary			2,800,000	2,800,000	2,800,000	-
Lorugum Boys Secondary School			3,000,000	3,000,000	3,000,000	-
Loima Girls Secondary			3,000,000	3,000,000	3,000,000	-
Nadapal Girls Secondary			2,500,000	2,500,000	2,500,000	-
David Lee Nagis Secondary			2,800,000	2,800,000	2,800,000	-
Turkana Girls National School			3,000,000	3,000,000	3,000,000	-
Total	13,400,000		17,100,000	30,500,000	23,300,000	7,200,000
9.0 Tertiary institutions Projects						
Total						
10.0 Security Projects						
Kaewotom security road	8,238,926			8,238,926	8,238,926	-
Namoru Arengan Boarder Control	2,000,000			2,000,000	2,000,000	-

Annual Report and Financial Statements for The Year Ended June 30, 2022

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Namoruputh Police Houses			1,400,000	1,400,000	1,400,000	
Kawouton Security Road			4,058,672	4,058,672	4,058,672	
Total	10,238,926	-	5,458,672	15,697,598	15,697,598	-
11.0 Acquisition of assets						-
Total						
12.0 Other payments						
Total						
NGCDF Loima Office	1,638,927			1,638,927	1,638,927	-
Total	1,638,927	-		1,638,927	1,638,927	
13.0 unallocated fund						
Unapproved projects						
AIA						
PMC savings		388,000		388,000		

XI. 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 (IPAS) 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-Loima 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.

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Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Total		388,000	-	388,000	388,000	388,000
	137,088,877	13,545,496	45,088,879	195,723,252	187,253,074	8,470,179

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

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.

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 Equivalents.

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

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 June 2021 for the period 1st July 2021 to 30th June 2022 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.

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 2022.

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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XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description		2021-2022	2020 - 2021
		Kshs	Kshs
	AIE NO. B 104734	-	20,000,000
	AIE NO. A 823666	-	35,000,000
	AIE NO. B 104823	-	14,367,724
	AIE NO. B 124592	-	9,000,000
	AIE NO. B 119544	-	8,500,000
	AIE NO. B 119934	-	12,000,000
	AIE NO. B 128176	-	6,900,000
	AIE NO. B 128489	-	7,000,000
	AIE NO. B 132232	-	6,000,000
	AIE NO. B 138900	-	13,000,000
	AIE NO. B 126194	-	7,000,000
	AIE NO. B 126489	-	10,600,000
	AIE NO. B 140632	-	12,000,000
	AIE NO: B140983	33,000,000	-
Normal Allocation	AIE NO: B155987	12,088,879	-
	AIE NO: B105630	34,000,000	-
	AIE NO: B128594	6,000,000	-
	AIE NO: B128906	12,000,000	-
	AIE NO: B154103	12,000,000	-
	AIE NO: B105846	30,000,000	-
	AIE NO: B164438	19,000,000	-
	AIE NO: B155873	24,088,879	-
TOTAL		182,177,758	161,367,724

2. Proceeds From Sale of Assets

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	2021-2022	2020-2021
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of Office and General Equipment	-	-
TOTAL	-	-

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts Sale of Tender Documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	388,000	-
Other Receipts Not Classified Elsewhere (specify)	-	-
TOTAL	388,000	-

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Notes To the Financial Statements (Continued)*

4. Compensation Of Employees

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,589,420	6,626,138
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	889,080	-
Employer Contributions Compulsory national social security schemes	167,160	-
TOTAL	2,645,660	6,626,138

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services	2,120,000	1,123,600
Electricity	213,400	-
Water & sewerage charges	250,000	-
Office rent	-	-
Communication, supplies and services	247,000	-
Domestic travel and subsistence	750,400	898,400
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	1,118,141	-
Hospitality supplies and services	50,000	-
Other committee expenses	-	1,044,000
Committee allowance	2,106,394	780,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	430,000	2,009,375

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Fuel , oil & lubricants	891,600	117,400
Other operating expenses	40,000	-
Bank service commission and charges	50,418	-
Other Operating Expenses	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	1,200,000	918,200
Routine maintenance- other assets	110,000	-
TOTAL	9,577,353	7,021,275

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers to Primary Schools	106,180,819	78,992,428
Transfers to Secondary Schools	23,300,000	13,550,000
Transfers to Tertiary Institutions	-	-
TOTAL	129,480,819	92,542,428

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary - Secondary (see attached list)	9,985,510	15,109,000
Bursary -Tertiary (see attached list)	8,535,000	16,289,000
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security Projects (see attached list)	17,336,526	2,800,000
Sports Projects (see attached list)	1,000,000	2,500,000
Environment Projects (see attached list)	1,500,000	1,800,000
Emergency Projects (see attached list)	7,192,207	7,187,000
Sub County Director Office Renovation	-	300,000
TOTAL	45,549,243	45,985,000

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-

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Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
Total	-	-

Notes To the Financial Statements (Continued)

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
Equity Bank, Lodwar Branch . Loima NG-CDF	8,470,179	13,127,496
Equity Bank	-	-
Total	8,470,179	13,127,496
10 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (Specify)	-	-
Total	-	-
[Provide Cash Count Certificates for Each]		

11: Outstanding Imprests

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

Notes to the Financial Statement Continued

12A. Retention

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 st July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 th June D= A+B-C	-	-

12B. Gratuity

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 st July (A)	889,080	1,270,231
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	889,080	1,270,231
Closing Gratuity as at 30 th June D= A+B-C	-	-

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	13,127,496	3,934,613
Cash in hand	-	-
Imprest	-	-
Total	13,127,496	3,934,613

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14. Prior Year Adjustments

Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements Kshs	Adjustments Kshs	Adjusted Balance** b/f FY 2021/2022 Kshs
Bank account Balances	13,127,496	30,000	13,157,496
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	13,127,496	30,000	13,157,496

(The adjustment of Kshs.30,000 was due to under cast of the opening balance of the cash book

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022 KShs	2020-2021 KShs
Outstanding Imprest as at 1 st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-
Changes in Account Receivables E= D-A	-	-

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022 KShs	2020 – 2021 KShs
Deposit and Retentions as at 1 st July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
closing account payables D= A+B-C	-	-
Changes in Accounts Payable E= D-A	-	-

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
Total	-	-

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees		
Use of goods and services	842,689	727,703
Amounts due to other Government entities (see attached list)	7,200,000	11,869,793
Amounts due to other grants and other transfers (see attached list)	39,490	560,000
Acquisition of assets	-	-
Others (<i>specify</i>) Unspent funds in Napeililim Secondary School	388,000	-
Funds pending approval	-	-
	8,470,179	13,157,496

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	642,051	517,589
Total	642,051	517,589

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Annexes
Annexes: 1 Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Balance 2022	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	-			-	

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2022	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 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		649,839	-	
Use of goods & services		192,850	727,703	
Amounts due to other Government entities				
Loima Girls secondary School	Purchase of School Bus	7,200,000	11,869,793	
Sub-Total		8,042,689	12,597,496	
Amounts due to other grants and other transfers				
Bursary	Tertiary Institutions	39,490	560,000	
Sub-Total		39,490	560,000	
Acquisition of assets				
Others (<i>specify</i>)				
Napellim Secondary School PMC A/C	Unspent Funds	388,000	-	
Sub-Total		388,000	-	

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Name		Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Grand Total			8,470,179	13,157,496	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	-	-	-	-
Buildings and structures	15,000,000	-	-	15,000,000
Transport equipment	45,100,000	-	-	45,100,000
Office equipment, furniture and fittings	511,000	-	-	511,000
ICT Equipment, Software and Other ICT Assets	67,000	-	-	67,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	60,678,000	-	-	60,678,000

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XI. 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.

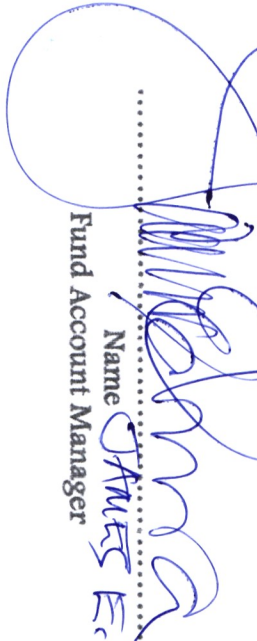
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (at a date when you expect the issue to be solved)
Presentation and accuracy of financial statement	The financial statements are not accurately presented in accordance with International Public Sector Accounting Standards.	<i>We have revised the figures accordingly to reflect a true and fair view of the report</i>	The manager	resolved	immediately
Compensation of Employees	The validity and accuracy of compensation of employees' expenditure Kshs.3, 814,366 for the year ended 30 June 2019 could not be confirmed.	<i>We have amended the figures accordingly to reflect a true position</i>	The manager	resolved	immediately
Committee Allowances	The validity and propriety of the committee allowances expenditure of Kshs.1,521,900 for the year ended 30 June 2019 could not be confirmed	The management will ensure that all the documents are availed for audit verification	The manager	resolved	immediately
Training	The validity and propriety of training	The management		resolved	immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (at a date when you expect the issue to be solved)
Expenses	expenditure of Kshs.1,034,080 for the year ended 30 June 2019 could not be confirmed	will avail the document for evidence			by
Office and General Supplies and Services	The validity and propriety of office and general supplies and services expenditure figure of Kshs.2,347,422 for the year ended 30 June 2019 could not be confirmed	We have revised and reconciled the figures to reflect a true position.	The manager	resolved	immediate by


 Name JAMES E. ECHISA
 Fund Account Manager