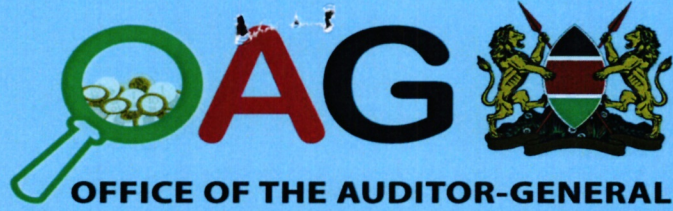
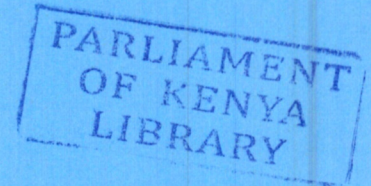


REPUBLIC OF KENYA



*Enhancing Accountability*



# REPORT

OF

**THE AUDITOR-GENERAL**

THE NATIONAL ASSEMBLY  
PAPERS I AID

DATE: 10 NOV 2021

DAY.

Wed AM.

ON  
TABLED  
BY:

Majority Whip  
Hon Wanjau

CLERK-AT  
THE-TABLE:

M. Mado

## NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TESO SOUTH CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2019



1000000000



NG-CDF BOARD



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -TESO  
SOUTH CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
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For the year ended June 30, 2019**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
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**Core Values**

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

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	A.I.E holder	Edwin K. Serem
2.	Sub-County Accountant	Willys Ojowi
3.	Chairman NGCDFC	Tom I. Oteba
4.	Member NGCDFC	Alawiya A. Otwane

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF TESO SOUTH Constituency Headquarters**

P.O. Box 19,  
50403 Amukura, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

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**(f) NGCDF TESO SOUTH Constituency Contacts**

Telephone: (254) 702812004  
E-mail: [cdftesosouth@ngcdf.go.ke](mailto:cdftesosouth@ngcdf.go.ke)  
Website: [www.cdf.go.ke](http://www.cdf.go.ke)

**(g) NGCDF TESO SOUTH Constituency Bankers**

1. Equity Bank of Kenya  
Busia Branch  
P.O Box 553-50400  
Busia Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

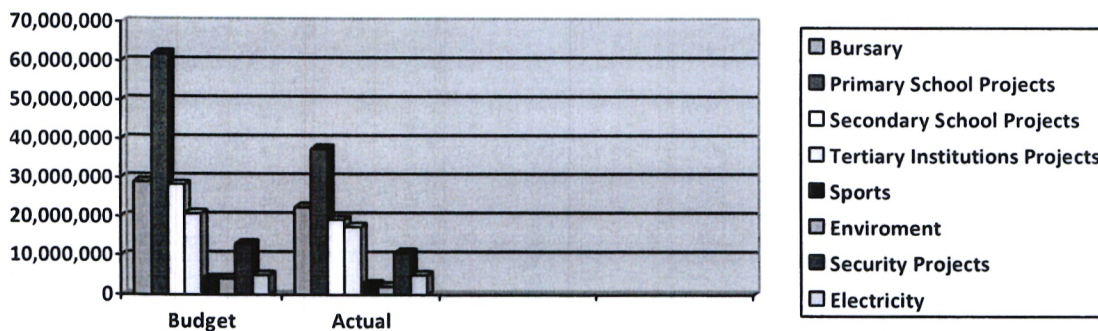
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
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For the year ended June 30, 2019**

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

The financial year 2018/2019 that ended on 30th June 2019 was a great success in terms of implementation of the various projects within the constituency. The table below shows a summary of the budget and the implementation level

No.	SECTOR	BUDGET	ACTUAL EXPENDITURE
1.	Bursary	29,068,449	22,533,439
2.	Primary School Projects	62,033,665	37,625,894
3.	Secondary School Projects	28,300,000	19,200,000
4.	Tertiary Institution Projects	20,812,320	17,412,320
5.	Sports	4,136,207	2,636,210
6.	Environment	4,136,207	2,136,210
7.	Security Projects	13,077,984	10,750,000
8.	Electricity	5,000,000	5,000,000



From the above analysis, the performance of Teso South NG-CDF has been above average and this is as a result of good working relationship between the NG-CDFC and the various stakeholders. We intend to do better in the coming financial year so that the residents of Teso South can get the value for money and better services.

During the financial year under review, Teso South NGCDF Committee achieved quite a lot key among them are listed below;

- I. Teso South NGCDF constructed modern chiefs' offices which brought services close to the people. These being the first chiefs' offices to be constructed.
- II. Modern classrooms complete with tiles were constructed and renovated for both primary schools and secondary schools across the constituency. The students and teachers are now able to learn under conducive environment.
- III. Bursaries were issued to over 5,000 needy students across the constituency. The students were able to learn without interruption.
- IV. Teso South NGCDF Committee was able to plant over 40,000 tree seedlings in public schools across the constituency. The aim of this was to improve on the constituency forest cover and hence improve on the environment of the constituency.
- V. Football tournament that was executed during the financial year was of great benefit to the youth who were initially engaged in activities that were not beneficial to them like drug abuse and crime.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
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For the year ended June 30, 2019**

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**Emerging Issues**

During the financial year under review, the following were the emerging issues that the NGCDFC had to handle;

- I. The new concept of boda boda riders training that the committee engaged for the first time and therefore required that they get the best strategies to handle this sector. The training is aimed at improving the riding skills of the riders and also ensuring that they get driving licences.
- II. Government policy of 100% transition from primary school to secondary school. This therefore meant that more classrooms had to be done in the various secondary schools to take care of the increased number of students.

**Challenges**

Major challenges faced by the Fund include;

- 1) Delay in disbursement of funds from the board,
- 2) Infrastructural demands are higher than the amount allocated as a result of the government policy on 100% transition and also the many pit latrines that are collapsing as a result of the rains and the type of soil in the constituency.
- 3) Inadequate capacity of the project management committee

**Way forward**

Board need to release funds in good time, secondly the Board needs to lobby for increase of funding to every constituency and finally the various institutions need to lobby for funding from other agencies including the NGOs to avoid overreliance on the NGCDF funding.

The following is one of the best projects that Teso South NGCDF Committee implemented during the financial year under the review;



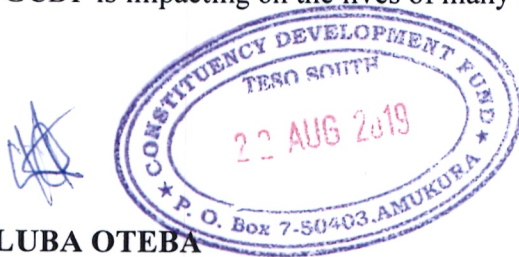
*Figure 1: Aremit Chief's Office finished project.*

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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The above project was funded by Teso South NGCDF, being one of the three chief's offices that were completed in the FY 2018/2019. The residents of Aremit location are able to access government services with ease since initially there was no office for the chief.

Teso South NGCDF is impacting on the lives of many in the constituency.



**MR. TOM ILUBA OTEBA**

**CHAIRMAN NGCDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
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**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the NGCDF-TESO SOUTH 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, 2019. 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.

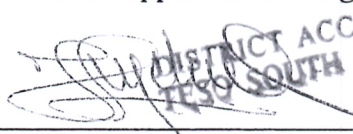
The Accounting Officer in charge of the NGCDF-TESO SOUTH Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-TESO SOUTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-TESO SOUTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

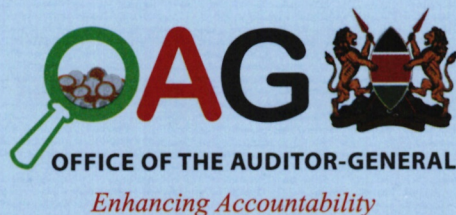
The NGCDF-TESO SOUTH Constituency financial statements were approved and signed by the Accounting Officer on 29/8/2019 2019.

  
\_\_\_\_\_  
**Fund Account Manager**  
Name: Edwin Kipchirchir Serem  
ICPAK Member Number:25066

  
\_\_\_\_\_  
**Sub-County Accountant**  
Name: Willyys Ojowi  
ICPAK Member Number:20405

# REPUBLIC OF KENYA

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Anniversary Towers  
Monrovia Street  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – TESO SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Teso South Constituency set out on pages 1 to 32, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the statement of appropriation- recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund-Teso South Constituency as at 30 June, 2019, 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

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

##### **Stale Cheques in Bank Reconciliation Statements**

The statement of assets and liabilities reflect cash and cash equivalents balance of Kshs.4,961,167 as at 30 June, 2019. However, audit review on bank reconciliation statements reflects unrepresented cheques totalling Kshs.6,874,887 out of which cheques totalling Kshs.345,520 related to the period between 11 March, 2017 and 13 December, 2018 were stale.

Consequently, the validity and accuracy of the cash and cash equivalents balance of Kshs.4,961,167 as at 30 June, 2019 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 – Teso South 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. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.198,950,622 and Kshs.143,909,747 respectively resulting to an under-funding of Kshs.55,040,875 or 28% of the budget. Similarly, the Fund spent Kshs.138,950,581 against an approved budget of Kshs.198,950,622 resulting to an under-expenditure of Kshs.60,002,041 or 30% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Teso South Constituency

#### **1.1 Project Implementation Status**

According to the Project Implementation Status (PIS) report submitted for audit as at 30 June, 2020, the Fund had planned to implement four-hundred and sixty (460) projects from 2013/2014 to 2018/2019 at a total cost of Kshs.458,898,982 and which were at various levels of implementation.

Out of the sixty-one (61) projects that were being implemented in 2018/19 financial year, thirty(30) projects costing Kshs.38,627,984 were completed during the year while ten (10) projects costing Kshs.23,600,000 were indicated as ongoing. Thirty-five (35) projects costing Kshs.59,205,172 relating to the year 2017/2018 and earlier were indicated as still ongoing. No reason was provided for the delay in implementation of the projects that would have otherwise changed the lives of residents of Teso South Constituency.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to 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 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 money is applied in an effective manner.

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

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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*Report of the Auditor-General on National Government Constituencies Development Fund – Teso South Constituency for the year ended 30 June, 2019*

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

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

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

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

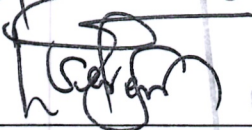
**05 October, 2021**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

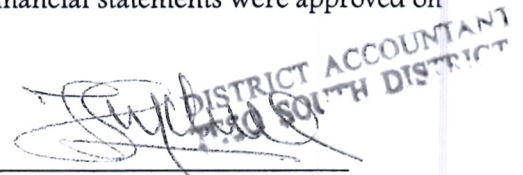
**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	110,984,483	72,153,447
<b>TOTAL RECEIPTS</b>		<b>110,984,483</b>	<b>72,153,447</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,160,411	2,897,200
Use of goods and services	3	6,735,948	6,395,049
Transfers to Other Government Units	4	74,238,214	5,600,000
Other grants and transfers	5	46,510,853	26,745,520
Acquisition of Assets	6	3,135,898	00
Other Payments	7	<u>6,169,257</u>	<u>3,500,000</u>
<b>TOTAL PAYMENTS</b>		<b>138,950,580</b>	<b>45,137,769</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>(27,966,097)</u></b>	<b><u>27,015,678</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TESO SOUTH Constituency financial statements were approved on 22/8 2019 and signed by:



**Fund Account Manager**  
Name: Edwin Kipchirchir Serem  
ICPAK Member Number:25066



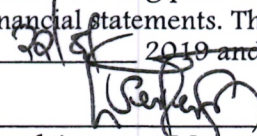
**Sub-County Accountant**  
Name: Willys Ojowi  
ICPAK Member Number:20405

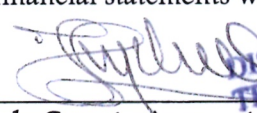
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

**VI. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2018-2019 Kshs	2017-2018 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances (as per the cash book)	8	4,961,167	32,925,264
<b>Total Cash and Cash Equivalents</b>		<b>4,961,167</b>	<b>32,925,264</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>4,961,167</b>	<b>32,925,264</b>
<b>FINANCIAL LIABILITIES</b>			
<b>TOTAL FINANCIAL LIABILITES</b>		<b>00</b>	
<b>NET FINANCIAL ASSETS</b>		<b>4,961,167</b>	<b>32,925,264</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	32,925,264	4,209,586
Surplus/Deficit for the year		(27,966,097)	27,015,678
Prior year adjustments	10	2,000	1,700,000
<b>NET FINANCIAL POSITION</b>		<b>4,961,167</b>	<b>32,925,264</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- TESO SOUTH Constituency financial statements were approved on 2019 and signed by:

  
Fund Account Manager  
Name: Edwin Kipchirchir Serem  
ICPAK Member Number: 25066

  
Sub-County Accountant  
Name: Willys Ojowi  
ICPAK Member Number: 20405

22 JUN 2019  
P. O. Box 19-50403  
AMUKURA

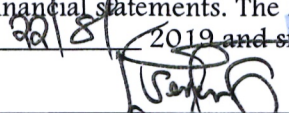
DISTRICT ACCOUNTANT  
TESO SOUTH DISTRICT

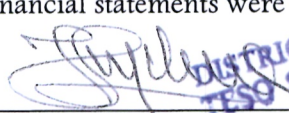
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
TESO SOUTH CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2019**

**VII. STATEMENT OF CASHFLOW**

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
<b>Receipts</b>			
Transfers from NGCDF Board	1	110,984,483	72,153,447
<b>Total receipts</b>		<b>110,984,483</b>	<b>72,153,447</b>
<b>Payments</b>			
Compensation of Employees	2	2,160,411	2,897,200
Use of goods and services	3	6,735,948	6,395,049
Transfers to Other Government Units	4	74,238,214	5,600,000
Other grants and transfers	5	46,510,853	26,745,520
Other Payments	7	6,169,257	3,500,000
<b>Total payments</b>		<b>135,814,682</b>	<b>45,137,769</b>
<b>Total Receipts Less Total Payments</b>		<b>(24,830,199)</b>	<b>27,015,678</b>
<b>Adjusted for:</b>			
Prior year adjustments	10	2,000	1,700,000
<b>Net Adjustments</b>		<b>2,000</b>	<b>1,700,000</b>
<b>Net cash flow from operating activities</b>		<b>(24,828,199)</b>	<b>28,715,678</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(3,135,898)	(00)
<b>Net cash flows from Investing Activities</b>		<b>(3,135,898)</b>	<b>00</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(27,964,097)</b>	<b>28,715,678</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	9	<b>32,925,264</b>	<b>4,209,586</b>
<b>Cash and cash equivalent at END of the year</b>		<b><u>4,961,167</u></b>	<b><u>32,925,264</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TESO SOUTH Constituency financial statements were approved on 22/06/2019 and signed by:

  
Fund Account Manager  
Name: Edwin Kipchirchir Serem  
ICPAK Member Number: 25066

  
Sub-County Accountant  
Name: Willys Ojowi  
ICPAK Member Number: 20405

Reports and Financial Statements

For the year ended June 30, 2019

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

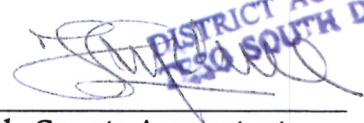
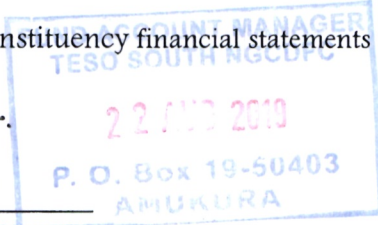
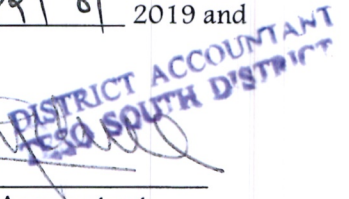
Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	109,040,876	89,909,746	198,950,622	143,909,747	55,040,875	72.3%
<b>TOTAL RECEIPTS</b>	<b>109,040,876</b>	<b>89,909,746</b>	<b>198,950,622</b>	<b>143,909,747</b>	<b>55,040,875</b>	<b>72.3%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,090,000	1,724,350	3,814,350	2,160,411	1,653,939	56.6%
Use of goods and services	7,723,679	2,796,717	10,522,396	6,735,948	3,784,448	64.0%
Transfers to Other Government Units	54,500,000	58,454,216	112,954,216	74,238,214	38,716,002	65.7%
Other grants and transfers	43,227,197	16,314,624	59,541,820	46,510,853	13,030,968	78.1%
Acquisition of Assets	1,500,000	4,400,500	5,900,500	3,135,898	2,764,602	53.1%
Other Payments (ICT HUB, Electricity & Roads)		6,219,340	6,219,340	6,169,257	50,083	99.2%
<b>TOTALS</b>	<b>109,040,876</b>	<b>89,909,746</b>	<b>198,950,622</b>	<b>138,950,581</b>	<b>60,002,041</b>	<b>69.8%</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

The NGCDF-TESO SOUTH Constituency financial statements were approved on 22/8 2019 and signed by:



**Fund Account Manager**  
**Name: Edwin Kipchirchir Serem**  
**ICPAK Member Number: 25066**

**Sub-County Accountant**  
**Name: Willys Ojowi**  
**ICPAK Member Number: 20405**

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

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,090,000	1,724,350	3,814,350	2,160,411	1,653,939
1.2 Committee allowances	1,410,000	749,198.42	2,159,198.42	2,158,000	1,198.42
1.3 Use of goods and services	3,042,452.53	51,154.61	3,095,607.14	2,104,848	988,759.14
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,900,000	789,135.45	2,689,135.45	1,040,200	1,648,935.45
2.2 Committee allowances	700,000	827,228.70	1,527,228.70	1,267,900	259,328.70
2.3 Use of goods and services	671,226.27	380,000	1,051,226.27	165,000	886,226.27
<b>3.0 Emergency</b>					
3.1 Emergency projects	2,476,203.08	00	2,476,203.08	00	2,476,203.08
3.2 Oburi Primary School		400,000	400,000	400,000	00
3.3 Keriamata Primary school		400,000	400,000	400,000	00
3.4 Odioi Primary School		400,000	400,000	400,000	00
3.5 St.Mark Machakusi Sec School		800,000	800,000	800,000	00
3.6 Morukeyan Primary School		800,000	800,000	800,000	00
3.7 St.Theresa Chakol Girls Primary School		600,000	600,000	600,000	00
3.8 Kotur Primary School		600,000	600,000	600,000	00
3.9 Akobwait Primary School		400,000	400,000	400,000	00
3.1.0 Aterait Primary School		200,000	200,000	200,000	00
3.1.1 Ngelechom Primary School	207,790.37	192,209.63	400,000	400,000	00
3.1.2 Chakol Girls Primary	185,000	00	185,000	185,000	00
3.1.3 Amoni Primary School	400,000	00	400,000	400,000	00
3.1.4 Amerikwai Primary School	400,000	00	400,000	400,000	00
3.1.5 Kodedema Primary School	400,000	00	400,000	400,000	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

<b>Programme/Sub-programme</b>	<b>Original Budget 2018/2019</b>	<b>Adjustments</b>	<b>Final Budget 2018/2019</b>	<b>Actual on comparable basis 30/06/2019</b>	<b>Budget utilization difference</b>
3.1.6 Irukan Primary School	400,000	00	400,000	400,000	00
3.1.7 Papa Primary School	400,000	00	400,000	400,000	00
3.1.8 Akoreet Primary School	400,000	00	400,000	400,000	00
3.1.9 Sidelewa Primary School	400,000	00	400,000	400,000	00
3.2.0 Teso South DCC office	70,000	00	70,000	70,000	00
<b>4.0 Bursary and Social Security</b>					
4.2 Secondary Schools	17,260,218.88	808,231	18,068,449.88	15,500,000	2,568,449.88
4.3 Tertiary Institutions	10,000,000	1,000,000	11,000,000	7,033,439	3,966,361
<b>5.0 Sports</b>					
5.1 Teso South NGCDF Sports PMC- Amukura Division	1,000,000	1,268,103.50	2,268,103.50	1,768,103.45	500,000.05
5.2 Teso South NGCDF Sports PMC- Chakol Division	1,000,000	868,103.50	1,868,103.50	868,103.50	1,000,000.05
<b>6.0 Environment</b>					
6.1 Teso South NGCDF Environment PMC- Amukura Division	1,000,000	868,103.50	1,868,103.50	868,103.50	1,000,000.05
6.2 Teso South NGCDF Environment PMC- Chakol Division	1,000,000	1,268,103.50	2,268,103.50	1,768,103.45	500,000.05
<b>7.0 Primary Schools Projects (List all the Projects)</b>					
7.1 Township Primary School	1,050,000	00	1,050,000	1,050,000	00
7.2 Amukura Girls Primary	1,050,000	00	1,050,000	1,050,000	00
7.3 Kamarinyang Primary School	1,050,000	00	1,050,000	1,050,000	00
7.4 Machakusi Primary School	1,050,000	00	1,050,000	1,050,000	00
7.5 Otimong Primary School	1,050,000	00	1,050,000	1,050,000	00
7.6 Asinge Primary School	1,050,000	00	1,050,000	1,050,000	00
7.7 Among'ura Primary School	1,050,000	00	1,050,000	1,050,000	00
7.8 Okisimo Primary School	1,050,000	00	1,050,000	1,050,000	00
7.9 Oburi Primary School	800,000	00	800,000	800,000	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
7.10 Aciit Primary School	800,000	00	800,000	800,000	00
7.11 Okiporo Primary School	400,000	00	400,000	400,000	00
7.12 Okokoru Primary School	400,000	00	400,000	400,000	00
7.13 Okerebwa Primary School	2,200,000	00	2,200,000	00	2,200,000
7.14 Osasamet Primary School	1,100,000	00	1,100,000	00	1,100,000
7.15 Palama Primary School	1,100,000	00	1,100,000	1,100,000	00
7.16 Katelenyang Primary School	6,000,000	00	6,000,000	00	6,000,000
7.17 Ojamii Primary School	3,300,000	00	3,300,000	00	3,300,000
7.18 Irukan Primary School	2,200,000	00	2,200,000	00	2,200,000
7.19 Apatit Primary School	2,200,000	00	2,200,000	00	2,200,000
7.20 Obekai Primary School	2,200,000	00	2,200,000	00	2,200,000
7.21 Oburi Primary School	2,200,000	00	2,200,000	00	2,200,000
7.22 Akobwait Primary School	2,200,000	00	2,200,000	00	2,200,000
7.23 Ochude Primary School	00	3,300,000	3,000,000	3,000,000	00
7.24 Kidera Primary School	00	103,885.20	103,885.20	103,885.20	00
7.25 Acunet Primary School	00	103,885.20	103,885.20	103,885.20	00
7.26 Township Primary School	00	1,000,000	1,000,000	1,000,000	00
7.27 Amukura Girls Primary	00	1,000,000	1,000,000	1,000,000	00
7.28 Kamarinyang Primary School	00	1,000,000	1,000,000	1,000,000	00
7.29 Machakusi Primary School	00	1,000,000	1,000,000	1,000,000	00
7.30 Otimong Primary School	00	1,000,000	1,000,000	1,000,000	00
7.31 Asinge Primary School	00	1,000,000	1,000,000	1,000,000	00
7.32 Among'ura Primary School	00	1,000,000	1,000,000	1,000,000	00
7.33 Okisimo Primary School	00	1,000,000	1,000,000	1,000,000	00
7.34 Kabosokipi Primary School	00	319,285.26	319,285.26	319,285.26	00
7.35 Parater Primary School	00	100,000	100,000	100,000	00
7.36 Opokoto Primary School	00	1,100,000	1,100,000	1,100,000	00

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
7.37 Morukeyan Primary School	00	200,000	200,000	200,000	00
7.38 Apokor Primary School	00	100,000	100,000	100,000	00
7.39 Osasamet Primary School	00	230,000	230,000	230,000	00
7.40 Keriamata Primary School	00	117,402.01	117,402.01	117,402.01	00
7.41 Alupe Primary School	00	400,000	400,000	400,000	00
7.42 Akiriamas Primary School	00	200,000	200,000	200,000	00
7.43 Osipata Primary School	00	200,000	200,000	200,000	00
7.44 Airstrip Primary School	00	2,050,000	2,050,000	2,050,000	00
7.45 Osuret Primary School	00	2,050,000	2,050,000	2,050,000	00
7.46 Apegei Special School	00	1,910,344.83	1,910,344.83	1,910,344.83	00
7.47 Okatekok Primary School	00	550,000	550,000	550,000	00
7.48 Parater Primary School	00	500,000	500,000	500,000	00
7.49 Among'ura Primary School	00	100,000	100,000	100,000	00
7.50 St. Thomas Chakol Boys	00	1,848,862	1,848,862	1,848,862	00
7.51 Aburi Primary School	00	1,750,000	1,750,000	1,750,000	00
7.52 Otimong Primary School	00	700,000	700,000	700,000	00
7.53 Odiria Primary School	00	600,000	600,000	00	600,000
<b>8.0 Secondary Schools Projects</b>					
8.1 Busia Township Sec.Sch.	2,000,000	00	2,000,000	00	2,000,000
8.2 Fr. Okodoi Secondary School	1,100,000	00	1,100,000	1,100,000	00
8.3 Katelenyang Sec. School	700,000	00	700,000	700,000	00
8.4 Kaliwa Sec.School	1,500,000	00	1,500,000	1,500,000	00
8.5 Aterait Sec School	1,500,000	00	1,500,000	1,500,000	00
8.6 Busia Township Sec School	3,800,000	.00	3,800,000	00	3,800,000
8.7 St. Michael Apatit Sec School	1,100,000	00	1,100,000	00	1,100,000
8.8 St. Mark Machakusi Sec School	1,000,000	00	1,000,000	1,000,000	00
8.9 Okatekok Secondary School	2,200,000	00	2,200,000	00	2,200,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
8.10 St. Charles Lwanga Otimong	1,600,000	00	1,600,000	1,600,000	00
8.11 St. James Kwangamor Sec School	00	2,200,000	2,200,000	2,200,000	00
8.12 St. Pauls Amukura High School	00	1,000,000	1,000,000	1,000,000	00
8.13 St. Peters Aterait Sec School	00	2,000,000	2,000,000	2,000,000	00
8.14 Busia Township Sec School	00	4,000,000	4,000,000	4,000,000	00
8.15 St. Michael Apatit Sec School	00	200,000	200,000	200,000	00
8.16 Katelenyang Sec School	00	1,500,000	1,500,000	1,500,000	00
8.17 Kodedema Sec School	00	900,000	900,000	900,000	00
<b>9.0 Tertiary institutions Projects</b>					
9.1 Amukura Teachers Training College	2,000,000	00	2,000,000	00	2,000,000
9.2 Omoloi Agricultural Training College	00	1,400,000	1,400,000	00	1,400,000
9.3 Okame Technical and Training College	500,000	4,800,000	5,300,000	5,300,000	00
9.4 Amukura Teachers Training College	00	11,500,000	11,500,000	11,500,000	00
9.5 Okame Technical and Training College	00	612,320	612,320	612,320	00
<b>10.0 Security Projects</b>					
10.1 Aremit Chiefs Office	1,000,000	1,500,000	2,500,000	2,500,000	00
10.2 Aremit Chiefs Office	00	350,000	350,000	350,000	00
10.3 Kaliwa Chiefs Office	1,000,000	1,500,000	2,500,000	2,500,000	00
10.4 Angorom Chiefs Office	1,000,000	1,500,000	2,500,000	2,500,000	00
10.5 Teso South Sub County Headquarters	900,000	00	900,000	900,000	00
10.6 Amukura Chiefs Office	2,327,984.39	00	2,327,984.39	00	2,327,984.39
10.7 Ochude AP Camp	00	300,000	300,000	300,000	00
10.8 Ochude AP Camp	00	700,000	700,000	700,000	00
10.9 Lukolis Divisional HQ	00	1,000,000	1,000,000	1,000,000	00
<b>11.0 Acquisition of assets</b>					
11.1 Public Adress Sysrem	700,000	500	700,500	00	700,500
11.2 Printer with Scanner	400,000	00	400,000	00	400,000

Reports and Financial Statements

For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
11.3 Motor Cycle	400,000	00	400,000	00	400,000
11.4 Office pit latrine	00	400,000	400,000	214,066	185,934
11.5 Fencing Office	00	1,000,000	1,000,000	00	1,000,000
11.6 Office Furniture and Equipment	00	3,000,000	3,000,000	2,921,832	78,168
<b>12.0 Others</b>					
12.1 Electricity	00	5,000,000	5,000,000	5,000,000	00
12.2 Constituency Innovation Hub	00	1,169,256.75	1,169,256.75	1,169,256.75	00
12.2 Roads	00	50,083	50,083	00	50,083
<b>GRAND TOTAL</b>	<b>109,040,875.52</b>	<b>89,911,746</b>	<b>198,952,621.58</b>	<b>138,950,581</b>	<b>60,000,041</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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**IX. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

**2. Reporting Entity**

The financial statements are for the NGCDF-TESO SOUTH Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Tax Receipts**

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

**Transfers from the Exchequer**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

During the year ended 30<sup>th</sup> June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

### **Other receipts**

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

## **b) Recognition of payments**

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

### **Compensation of Employees**

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

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

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

### **Acquisition of Fixed Assets**

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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**SIGNIFICANT ACCOUNTING POLICIES**

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**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Fund**

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

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**SIGNIFICANT ACCOUNTING POLICIES**

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**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2018.

**14. Errors**

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

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

**15. Related Party Transactions**

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

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**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2018-2019	2017-2018
		Kshs	Kshs
NGCDF Board			
AIE NO. A892612	1		28,748,275
AIE NO. A519892	2		5,500,000
AIE NO. A892905	3		37,905,172
AIE NO. B005242	1	52,784,483.10	
AIE NO. B030215	2	10,000,000	
AIE NO. B030322	3	2,200,000	
AIE NO. B005395	4	2,000,000	
AIE NO. B005483	5	15,000,000	
AIE NO. B007486	6	6,000,000	
AIE NO. B042627	7	11,000,000	
AIE NO. B042846	8	12,000,000	
<b>TOTAL</b>		<b>110,984,483.10</b>	<b>72,153,447</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. COMPENSATION OF EMPLOYEES**

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	1,770,421	1,282,562.75
Gratuity – paid		1,345,914
- Accrued	000	
Other personnel payments	286,310	199,149
Employer contribution to NSSF	103, 680	69,574
<b>Total</b>	<b>2,160,411</b>	<b>2,897,200</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee Expenses	3,425,900	3,925,200
Utilities, supplies and services	705,396	389,625
Communication, supplies and services	202,096	36,860
Domestic travel and subsistence	000	191,700
Printing, advertising and information supplies & services	000	71,370
Rentals of produced assets	000	000
Training expenses	1,040,200	000
Hospitality supplies and services	000	634,810
Insurance costs	000	339,059
Specialized materials and services	160,000	000
Office and general supplies and services	139,450	000
Other operating expenses	165,000	280,000
Routine maintenance – vehicles and other transport equipment	897,906	526,425
Routine maintenance – other assets	000	000
<b>Total</b>	<b>6,735,948</b>	<b>6,395,049</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4 TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities	00	00
Transfers to primary schools	37,625,894	3,600,000
Transfers to secondary schools	19,200,000	2,000,000
Transfers to tertiary institutions	17,412,320	00
Transfers to health institutions	00	00
<b>TOTAL</b>	<b>74,238,214</b>	<b>5,600,000</b>

**5 OTHER GRANTS AND OTHER PAYMENTS**

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools	12,533,439	10,000,000
Bursary – tertiary institutions	10,000,000	14,545,520
Bursary – special schools	00	00
Mock & CAT	00	00
Security projects	11,100,000	1,000,000
Sports projects	2,286,207	600,000
Environment projects	2,136,207	600,000
Emergency projects	8,455,000	00
<b>Total</b>	<b>46,510,853</b>	<b>26,745,520</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6 ACQUISITION OF ASSETS**

**Non Financial Assets**

	2018-2019	2017-2018
	Kshs	Kshs
Purchase of Buildings	00	00
Construction of Buildings	214,066	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Overhaul of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	2,175,620	00
Purchase of ICT Equipment, Software and Other ICT Assets	746,212	00
Purchase of Specialised Plant, Equipment and Machinery	00	00
Rehabilitation and Renovation of Plant, Machinery and Equip.	00	00
Acquisition of Land	00	00
Acquisition of Intangible Assets	00	00
<b>Total</b>	<b>3,135,898</b>	<b>00</b>

**7 OTHER PAYMENTS**

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	00	3,500,000
ICT Hub	1,169,257	00
Electrification project	5,000,000	00
	<b>6,169,257</b>	<b>3,500,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO SOUTH CONSTITUENCY**

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8: Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Equity Bank, Account No. 0780261905493</i>	4,961,167	32,925,264
<b>Total</b>	<b>4,961,167</b>	<b>32,925,264</b>

**9. BALANCES BROUGHT FORWARD**

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	32,925,264	4,209,586
Cash in hand	00	00
Imprest	00	00
<b>Total</b>	<b>32,925,264</b>	<b>4,209,586</b>

**10. PRIOR YEAR ADJUSTMENTS**

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	2,000	1,700,000
<b>Total</b>	<b>2,000</b>	<b>1,700,000</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11. OTHER IMPORTANT DISCLOSURES**

**11.1: PENDING ACCOUNTS PAYABLE**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Supply of services (KCA university bursary)	00	17,961,186

<b>00</b>	<b>17,961,186</b>
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**11.2: PENDING STAFF PAYABLES (See Annex 1)**

	<b>Kshs</b>	<b>Kshs</b>
Staff gratuity	420,587	152,922
	<b>420,587</b>	<b>152,922</b>

**11.3: UNUTILIZED FUND (See Annex 2)**

	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	1,653,939	1,211,200
Use of goods and services	3,784,448	2,177,845
Amounts due to other Government entities	38,716,002	24,529,630
Amounts due to other grants and other transfers (see attached list)	13,030,968	29,065,809
Acquisition of assets	2,764,602	00
Others ( <i>Roads</i> )	50,083	00
	<b>60,000,042</b>	<b>56,984,484</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11.4: PMC account balances (See Annex 4)**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
PMC account Balances (see attached list)	16,363,075.79	6,903,180
	<b>16,363,075.79</b>	<b>6,903,180</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**  
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**ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
		a	b	c	d=a-c	
<b>Staff Gratuity</b>						
1. Mathew Phillip Wege	J	126,965	19/02/2021	Nil	126,965	Gratuity payable after 3yrs
2. Judith Among'in Opili	H	99,478	19/02/2021	Nil	99,478	Gratuity payable after 3yrs
3. Simon Aurah Etyang	G	85,935	19/02/2021	Nil	85,935	Gratuity payable after 3yrs
4. Imai Ekassiba Jentrix	G	89,263	19/02/2021	Nil	89,263	Gratuity payable after 3yrs
5. Benard Ogwana Panyako	G	85,935	19/02/2021	Nil	85,935	Gratuity payable after 3yrs
6. Susan Emojong	G	85,935	19/02/2021	Nil	85,935	Gratuity payable after 3yrs
<b>Sub-Total</b>		<b>573,509</b>			<b>573,509</b>	
<b>Grand Total</b>		<b>573,509</b>			<b>573,509</b>	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**  
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**ANNEX 2 – UNUTILIZED FUNDS**

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
<b>Compensation of employees</b>		1,653,939		
<b>Use of goods &amp; services</b>		3,784,447.98		
<b>Sub-Total</b>		<b>5,438,386.98</b>		
<b>Amounts due to other Government entities</b>				
<b>Primary School Projects</b>	Okerebwa Primary Sschool	2,200,000		
	Osasamet Primary School	1,100,000		
	Katelenyang Primary School	6,000,000		
	Ojamii Primary School	3,300,000		
	Irukan Primary School	2,200,000		
	Apatit Primary School	2,200,000		
	Obekai Primary School	2,200,000		
	Oburi Primary School	2,200,000		
	Akobwait Primary School	2,200,000		
	Kidera Primary School		103,885	
	Acunet Primary School		103,885	
	Odiria Primary School	600,000		
<b>Secondary School Projects</b>	Busia Township Sec School	2,000,000		
	Busia Township Sec School	3,800,000		
	St.Michael Apatit Sec school	1,100,000		
	Okatekok Secondat School	2,200,000		
<b>Tertiary Institutions</b>	Omoloi Agricultural Training College		1,400,000	
	Amukura Teachers	2,000,000		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**  
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Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
	Training College			
<b>Sub-Total</b>		<b>35,300,000</b>	<b>1,607,770</b>	
<b>Amounts due to other grants and other transfers</b>				
	Amukura Chiefs Office	2,327,984		
	Teso South Environment PMC-Amukura Division	1,000,000		
	Teso South Environment PMC-Chakol Division	1,000,000		
	Teso South Sports PMC-Amukura Division	500,000		
	Teso South Sports PMC-Chakol Division	1,000,000		
	Bursary- Tertiary	3,966,561		
	Bursary-Secondary	2,568,450		
	Emergency	2,476,204		
<b>Sub-Total</b>		<b>14,839,199</b>		
<b>Acquisition of assets</b>	Public Address System	700,500		
	Printer with scanner	400,000		
	Motor Cycle	400,000		
	Office pit latrine	185,934		
	Office fencing		1,000,000	
	Office furniture and Equipment		78,168	
Others	Roads		50,083	
<b>Sub-Total</b>		<b>1,686,434</b>	<b>1,128,251</b>	
<b>Grand Total</b>		<b>57,264,020</b>	<b>2,736,021</b>	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**  
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**ANNEX 3– SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2017/18</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2018/19</b>
Land	685,000	Nil	Nil	685,000
Buildings and structures	13,300,000	214,066	Nil	13,514,066
Transport equipment	5,829,000	Nil	Nil	5,829,200
Office equipment, furniture and fittings	631,022	2,175,620	Nil	2,806,642
ICT Equipment, Software and Other ICT Assets	1,099,500	746,212	Nil	1,845,712
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>21,544,522</b>	<b>3,135,898</b>	<b>Nil</b>	<b>24,680,420</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**

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**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2019**

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Okatekok Primary School	National	2036823900	6,025	
Parater Primary School	Co-operative	01141130168900	49,186.76	
Among'ura Primary School	Co-operative	01139238431400	9,099	
St. Thomas Chakol Primary School	Co-operative	1139235919700	8,306	
Aburi Primary School	Co-operative	01139130186600	833,027.90	
Otimong Primary School	Co-operative	01139050212000	28,028	
Township Primary School	National	01022205801600	2,890	
Amukura Girls Primary	Co-operative	01141058689200	92,079	
Okisimo Primary School	Co-operative	01141050789500	8,475	
Apokor Primary	Co-operative	01141050775700	6,536	
Kabosokipi Pimary	Equity	1050297245370	17,837	
Kamarinyang Primary School	Co-operative	01141050775100	9,534.99	
Machakusi Primary School	Co-operative	01141058687700	2,865	
Airstrip Primary	Equity	0780277572929	20,419	
Asinge Primary	Co-operative	01141050771500	69,979	
Osuret Primary	Equity	1050277624398	101,497	
Apegei Special School	Equity	105027778692	52,225	
Osipata Primary School	Co-operative	01139050212000	28,028	
Akiriamas Primary School	Co-operative	01141011829600	15,876	
Osasamet Primary School	Equity	078027865021923	223,875	
Morukeyan Primary School	Co-operative	01141050743800	62,167	
Keriamata Primary School	Co-operative	01139238497000	6,012	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**

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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Alupe Primary School	National	4237093601	400,000	
Opokoto Primary School	Co-operative	01141130223500	643,007	
Okiporo Primary School	Co-operative	01141050775100	9,534.99	
Palama Primary School	National	01047018075400	1,100,000	
Ochude Primary School	Co-operative	01139235142500	3,271,194	
Okokoru Primary School	Co-operative	01139236484600	3,260	
Aciit Primary School	Co-operative	01139238426900	6,790	
Oburi Primary School	Co-operative	01141130598500	27.50	
Busia Township Secondary School	Co-operative	01141238578300	25	
Katelenyang Secondary School	Co-operative	01141130587500	23,328	
St. Paul's Amukura Secondary School	KCB	1154113456	1,000,000	
Kodedema Secondary School	Equity	1050277175161	1,015	
St. James Kwangamor Secondary School	Co-operative	01141011836600	677,929	
Fr. Okodoi Secondary School	Co-operative	01141011830200	1,224,369.15	
St. Mark Machakusi Secondary School	Co-operative	01141050738900	1,000,865	
St. Charles Lwanga Otimong Secondary School	Co-operative	01139235824400	1,600,000	
Amukura TTC	Equity	1050277350371	1,400,641	
Okame Technical Training Institute-Pit latrines	Equity	1050277362056	66,229	
Kaliwa Chief's Office	Equity	1050277174933	11,973	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**

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PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Aremit Chief's Office	Equity	1050277755565	12,940	
Ang'orom Chief's Office	Equity	1050277175574	24,739	
Ochude AP Camp	Equity	1050277174933	1,945	
Sports Amukura Division	Equity	1050277174879	31,263	
Sports Chakol Division	Equity	1050277175008	1,223	
Environment PMC Amukura Division	Equity	1050277300672	2,504	
Environment PMC Chakol Division	Equity	1050277175380	3,403	
Odioi Primary School	Co-operative	01141050775000	431,503.91	
St. Teresa's Chakol Girls Primary	National	01022036529200	6,500	
Kotur Primary School	Co-operative	01141058669000	2,676	
Akobwait Primary School	KCB	1128501562	400	
Aterait Primary School	Co-operative	01141050753601	7,215	
Ngelechom Primary School	National	01022036542700	4,765	
Amoni Primary School	National	01022216868500	5,420	
St. Paul's Amerikwai Primary School	National	01022038358300	137,225	
Kodedema Primary School	Equity	1050278833666	400,000	
Irukan Primary School	Co-operative	01141130167100	394,700	
Papa Primary School	Equity	105027882391	400,000	
Akoreet Primary School	Co-operative	01141011866900	499.58	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**

**Reports and Financial Statements  
For the year ended June 30, 2019(Kshs)**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2018/19</b>	<b>Bank Balance 2017/18</b>
Sidelewa Primary School	KCB	1131174569	400,000	
<b>Total</b>			<b>16,363,075.79</b>	

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO SOUTH**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019(Ksh)**

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.	Budget Analysis	The under expenditure of 33.8% was because funds were received late, at the end of the financial year.	Edwin K. Serem-Fund Account Manager.	Resolved	
2.	Project performance status	The 45 ongoing projects for financial year 2016/2017 and 2017/2018 was due to delays in receiving funds and the procurement processes that have to be followed by all PMCs. The projects are now complete.	Edwin K. Serem-Fund Account Manager.	Resolved	