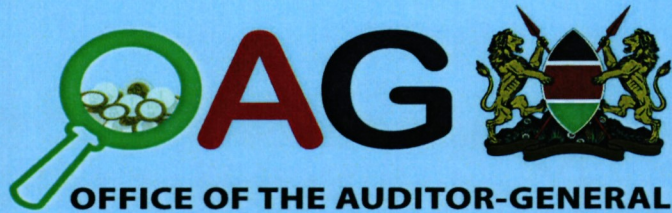


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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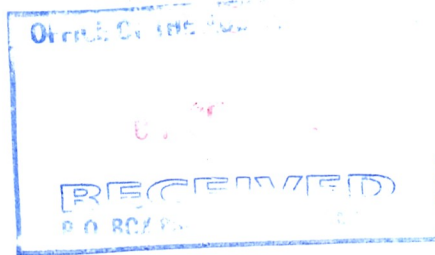
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THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



MANDERA SOUTH CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

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MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

I. 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

**MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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 MANDERA SOUTH 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 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Dr. Mohamud Gedi
2.	Sub-County Accountant	Francis Murugi
3.	Chairman NGCDFC	Issa Haji
4.	Member NGCDFC	Ibrahim Mohamud

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF-Mandera South. 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- MANDERA SOUTH Constituency Headquarters

P.O. Box 10-70301
Sheikh Shukri Building
Elwak-Wajir Road
Elwak, KENYA

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

(f) NGCDF- MANDERA SOUTH Constituency Contacts

Telephone: (254) 721726301
E-mail: manderasouth@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF-MANDERA SOUTH Constituency Bankers

Equity Bank
Mandera Branch

(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



In the just concluded financial year, 2020/2021, Mandera South constituency has been able to complete a number of key projects in various primary and secondary schools with the funds received. The CDFC is keen in setting realistic and achievable goals by giving priority to ongoing projects to ensure their completion in time. In bursary sector, the constituency has ensured fairness in the disbursement of bursaries to help keep bright and needy students in school. This has gone a long way in improving the performance of the constituency.



Signature

CHAIRMAN NGCDF COMMITTEE

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of **MANDERA SOUTH Constituency 2018-2022** plan are to:

- a) To enhance performance in primary and secondary schools by enhancing infrastructure
- b) To improve the current security infrastructures
- c) To improve the current sports & creative art kits
- d) To improve the current environmental conservation
- e) To create new structures for governance & HR issues

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency 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	<ul style="list-style-type: none"> - 7 schools physical infrastructure build in primary, secondary, and tertiary institutions - A big number of beneficiaries were issued with bursary's beneficiaries at all levels 	In FY 20/21 -we increased number of classrooms, and improved the learning environment by purchasing desks to most of the schools in the constituency by schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	To have adequate infrastructure for the security groups	Increased infrastructure	1 DCC residential home renovated 1 AP line was constructed 2 Police lines were constructed	In FY 2020/2021 we constructed 4 security infrastructure as there were other 4 that were supposed to be constructed

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

				but will be done in the next financial year.
Environment				
Sports				
Emergency	The constituency spent the emergency funds on the unforeseen occurrences that affected the various institutions			Several infrastructure projects were undertaken to improve on the status.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

To ensure sustainability of MANDERA SOUTH NGCDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** MANDERA SOUTH NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The 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 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

As a Constituency, we ensure that Project Implementation Committees (PMC) continue to priorities and improve environmental sustainability projects. We also Encourage Community participation in identification, protection and conservation of environment by carrying out environmental awareness programmes. Create synergy between the NG-CDFC and other related players. In the financial year

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

2019/2020 the Constituency carried out the following. In the reporting period, Mandera south implemented three water harvesting projects in the security sector.

3. Employee welfare

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

MANDERA SOUTH 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 interests

5. Community Engagements-

MANDERA SOUTH 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.

***MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

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.

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

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

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-MANDERA 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, 2021. 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-MANDERA 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 *constituency*'s financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- MANDERA SOUTH 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.

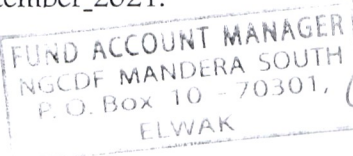
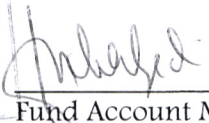
The Accounting Officer in charge of the NGCDF MANDERA SOUTH Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used 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- MANDERA SOUTH Constituency financial statements were approved and signed by the Accounting Officer on 6th September 2021.



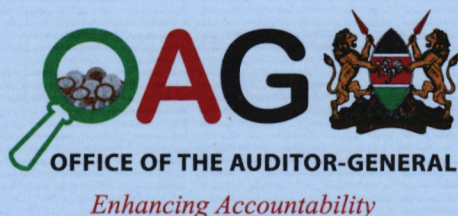
Chairman NGCDF Committee
Name: Issa Haji Abdi

Fund Account Manager
Name: Dr. Mohamud Gedi

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MANDERA SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which 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 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 the 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 - Mandera South Constituency set out on pages 13 to 38, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows, summary statement of

Report of the Auditor-General on National Government Constituencies Development Fund - Mandera South Constituency for the year ended 30 June, 2021

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 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 - Mandera South Constituency as at 30 June, 2021 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. Variances Between the Financial Statements and Supporting Documents

Review of the financial statements reflects differences between the financial statements and the Fund's records as detailed in the table below: -

Item	Financial Statements (Kshs.)	Payment Vouchers (Kshs.)	Variance (Kshs.)
Transfer to Other Government Units - Primary Schools	15,952,126	11,500,000	4,452,126
Transfer to Other Government Units - Secondary Schools	24,300,000	7,800,000	16,500,000
Other Grants and Other payments - Bursary-Tertiary	25,103,584	23,495,000	1,608,584
Total	65,355,710	42,795,000	22,560,710

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.49,091,006, as disclosed in Note 7 to the financial statements. However, the cashbook reflects a balance of Kshs.48,362,006, resulting to an unexplained difference of Kshs.729,000. In addition, the balance includes stale cheques amounting to Kshs.503,900 which had not been reversed in the cash book as at 30 June, 2021 some of which dated back to August, 2018. Further, bank charges amounting to Kshs.152,919 had not been recorded in the cash book. In addition, the bank statements were not provided for audit.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.49,091,006 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 - Mandera 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 which, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.207,213,188 and Kshs.162,124,306 respectively, resulting to an underfunding of Kshs.45,088,882 or 22 % of the budget. Similarly, the Fund spent Kshs.113,033,301 against an approved budget of Kshs.207,213,189 resulting to an under expenditure of Kshs.94,179,888 or 46% of the budget.

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

2. Project Implementation Status

During the year under review, Management budgeted to implement one hundred-and-nine (109) projects. However, out of these projects, only sixty-four (64) were completed, two (2) were ongoing while forty-three (43) had not started. The budget for the forty-three (43) projects which were yet to be started was Kshs.87,247,874. Failure to complete projects as planned not only increases the cost of the projects but may have resulted to a negative impact on service delivery to the public.

In the circumstances, non-completion of the projects may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Un-Analyzed Balances

The financial statements reflects other important disclosures balance of Kshs.94,179,889 and as disclosed in Annex I to the financial statements. Review of the Fund's financial statements revealed that although the balances therein were supported by schedules and ledgers, these were not analyzed into sub-items. In addition, the payments listed in the schedules and ledgers did not have details of payment voucher numbers and dates, making it hard to link the ledgers to the Notes in the financial statements. This contravenes paragraph 93 of Section 1 of the International Public Sector Accounting Standards (IPSAS) which requires an entity to present an analysis of its expenses either on the face of the financial statements or notes.

In the circumstances, Management was in breach of law.

2. Non-Provision of Documents - Transfer to Other Government Entities

The statement of receipts and payments and the corresponding Note 4 to the financial statements reflects transfers to other government entities of Kshs.40,252,126, which includes transfers to primary schools and secondary schools of Kshs.15,952,126 and Kshs.24,300,000, respectively. However, the following anomalies were noted;

- i. The list of registered suppliers, contractors, and consultants in the category of goods, works and services were not provided for audit as evidence of how the suppliers, contractors and consultants, who quoted for the works and services were identified. This is contrary to Section 57(1) of Public Procurement and Asset Disposal Act, 2015, which requires an entity to procure services works and consultancy services from its list of registered suppliers.
- ii. Management did not maintain in the project files, approved work plans, with details of intended use of funds to be transferred for project implementation. This is contrary to Regulation 15(4)(b) of National Government Constituencies Development Fund Regulations, 2016 which requires such approved work plans to be maintained in the project files.
- iii. Procurement documents, contract agreements and completion certificates for all the projects were not provided for audit. In the absence of such documents it was not possible to link project initiation and completion procedures, for any one given project, contrary to provisions of Section 68(6) of the Public Procurement and Asset Disposal Act, 2015 which requires maintenance of such procurement documents.
- iv. Records of bank accounts opened by the Project Management Committees (PMC) and quarterly reports on status of the project PMC accounts were not provided for

audit, contrary to Regulation 15(10)(a)(b) of the National Government Constituencies Development Fund Regulations, 2016 which require maintenance of such records.

- v. Minutes of the Project Management Committee and confirmation of payments made were not provided for audit, contrary to provisions of Regulations 29(5)(a)(b) of National Government Constituencies Development Regulations, 2016 which requires such records to be maintained.
- vi. Purchase of desks for primary schools at a cost of Kshs.10,500,000 was not supported by inspection and acceptance reports, counter receipt voucher as evidence of receipt, documentary evidence that the desks were taken on charge and issued to the intended users. This is contrary to provisions of Section 162(1) of Public Procurement and Asset Disposal Act, 2015, and Regulations 166(2) of the Public Procurement and Asset Disposal Regulations, 2020 which require maintenance of such records.
- (v) Minutes of the meetings of the Constituency Committee in which payments from the Constituency Fund account were discussed, were not provided. This is contrary to provisions of Section 12(5) of the National Government Constituencies Development Fund Act, 2015.
- (vi) In addition, the list of projects approved for funding by the Board was not provided, contrary to provisions of section 31(1) and (2) of the National Government Constituencies Development Fund Act, 2015. In the absence of such documents, it was not possible to confirm whether the projects submitted for funding met the criteria set in the Act.

In the circumstances, Management was in breach of law.

2. Other Grants and Other Payments

2.1 Unsupported Emergency Projects

The statement of receipts and payments and the corresponding Note 5 to the financial statements reflects other grants and payments amount of Kshs.55,395,791, which includes Kshs.7,192,207 incurred on emergency projects. However, included in the latter is Kshs.4,850,000, whose payment records and schedules provided for audit scrutiny revealed the following anomalies;

- i. Expenditure on emergency projects of Kshs.4,850,000 was not supported with professional opinion from the head of procurement and supplies chain management contrary, to Section 84 of Public Procurement and Assets Disposal Act, 2015;
- ii. The water distribution, which was part of the emergency activities, had a distribution schedule which was not supported with identity card numbers of the recipients.

- iii. The drought assessment report from the National Drought Management Authority (NDMA) was not provided for audit.
- iv. Management did not provide work plans indicating how the PMC planned to utilize the emergency funds. This was contrary to Section 15(4)(b) of the National Government Constituencies Development Fund Regulations, 2016 which require such a plan to be in place; and
- v. The list of prequalified suppliers, as evidence of how the suppliers were identified was not provided for audit.

2.2 Unsupported Security Projects

The statement of receipts and payments reflects other grants and payments of Kshs.55,395,791, which includes expenditure of Kshs.23,100,000, which was incurred on security projects, as disclosed in Note 5 to the financial statements. However, the following anomalies were noted:

- i. Included in the expenditure of Kshs.23,100,000, is Kshs.10,000,000 which was incurred on various projects related to rehabilitation of security roads. However, no justification was provided for funding of road projects, which is a function of the County Government. This was contrary to Section 24(a) of the National Government Constituencies Development Fund Act, 2015 which restricts funding to works and services which fall within the functions of the National Government under the Constitution. Further, there was no approval for reallocation of Kshs.10,000,000 from transfers to tertiary institutions to security road projects.
- ii. Payments amounting to Kshs.13,600,000 were made to contractors for various security projects. However, a list of prequalified suppliers, indicating how the contractors were identified was not provided for audit scrutiny.
- iii. Kshs.2,200,000 was incurred on renovation of the residence of the Deputy County Commissioner. However, certificates of practical completion for the project were not provided for audit.
- iv. Management did not provide work plans indicating how the PMC planned to utilize the funds earmarked for security projects. This was contrary to Regulation 15(4)(b) of the National Government Constituencies Development Fund Regulations, 2016 which require such a plan to be in place.

2.3 Unsupported Bursaries to Tertiary Institutions

The statement of receipts and payments and the corresponding Note 5 to the financial statements reflects other grants and payments of Kshs.55,395,791, which includes bursaries to tertiary institutions of Kshs.25,103,584. However, the Management did not demonstrate whether there was use of the Education Bursary, Mock Examinations and Continuous assessment Tests Committee in the identification and vetting of the beneficiaries. Further, acknowledgment receipts from the schools were not provided.

In the circumstances, value for money for the expenditure of Kshs.55,395,791 relating to bursaries could not be confirmed.

In the circumstances, Management was in breach of law.

3. Unconfirmed Statutory Deductions

The statement of receipts and payments and the corresponding Note 2 to the financial statements reflects compensation of employee amount of Kshs.4,951,200. Review of the payroll for the year under review revealed that the Management deducted Kshs.112,800 and Kshs.311,040 relating to contributions to National Hospital Insurance Fund (NHIF) and National Social Security Fund (NSSF) respectively. However, the Management did not provide acknowledgement slips from the respective institutions to confirm if the statutory deductions were received within the stipulated period.

This is contrary to Section 16(1) of the National Hospital Insurance Fund Act, 2012 and Section 53A (1) of the Retirement Benefits Act, 2012.

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

Basis for Conclusion

Failure to Maintain a Fixed Asset Register

According to the summary of fixed assets register at Annex 2 to the financial statements, the Fund had fixed assets valued at historical cost of Kshs.6,500,000. However, it was observed that the Management did not maintain an asset register, contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015, which require maintenance of such a register. In the absence of a comprehensive fixed

assets register, it was not possible to confirm the completeness of the reported assets and that they were free from risk of loss and misappropriation.

In the circumstances, Management was in breach of law.

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 which 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 intention to terminate the Fund or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 which 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 which 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 which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which 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 which 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 which may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

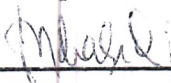
18 August, 2022

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	161,367,724	72,000,000
TOTAL RECEIPTS		161,367,724	72,000,000
PAYMENTS			
Compensation of employees	2	4,951,200	4,178,239
Use of goods and services	3	7,434,184	8,149,314
Transfers to Other Government Units	4	40,252,126	35,000,000
Other grants and transfers	5	55,395,791	24,702,246
Acquisition of Assets	6	5,000,000	-
TOTAL PAYMENTS		113,033,301	72,029,799
SURPLUS/DEFICIT		48,334,424	(29,799)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on 6th September 2021 and signed by:


 Fund Account Manager
 National Sub-County Accountant

Name: Dr. Mohamud Gedi

Name: Francis Murungi
 ICPAK M/No:


 Chairman NG-CDF Committee

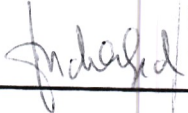
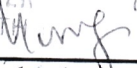
Name: Issa Haji Abdi

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	49,091,006	756,582
Total Cash and Cash Equivalents		49,091,006	756,582
Accounts Receivable		-	-
TOTAL FINANCIAL ASSETS		49,091,006	756,582
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)		-	-
NET FINANCIAL ASSETS		49,091,006	756,582
REPRESENTED BY			
Fund balance b/fwd 1.	8	756,582	786,381
Surplus/Deficit for the year		48,334,424	(29,799)
NET FINANCIAL POSITION		49,091,006	756,582

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on 6th September 2021 and signed by:


 FUND ACCOUNT MANAGER NGCDF MANDERA SOUTH P. O. Box 10 - 7030 ELWAK National Sub-County Accountant	 Chairman NG-CDF Committee	
Name: Dr. Mohamud Gedi	Name: Francis Murungi ICPAK M/No:	Name: Issa Haji Abdi

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

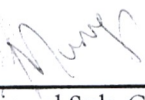
STATEMENT OF CASHFLOW


		2020 - 2021	2019- 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	161,367,724	72,000,000
		161,367,724	72,000,000
Payments for operating activities			
Compensation of Employees	2	4,951,200	4,178,239
Use of goods and services	3	7,434,184	8,149,314
Transfers to Other Government Units	4	40,252,126	35,000,000
Other grants and transfers	5	55,395,791	24,702,246
		108,033,301	72,029,799
Adjusted for:			
Net Adjustments		-	-
Net cash flow from operating activities		53,334,424	(29,799)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(5,000,000)	-
Net cash flows from Investing Activities		(5,000,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		48,334,424	(29,799)
Cash and cash equivalent at BEGINNING of the year	8	756,582	786,381
Cash and cash equivalent at END of the year		49,091,006	756,582

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MANDERA SOUTH Constituency financial statements were approved on 6th September 2021 and signed by:


 Fund Account Manager
 National Sub-County Accountant

Name: Dr. Mohamud Gedi


 National Sub-County Accountant
 Name: Francis Murungi
 ICPAK M/No:


 Chairman NG-CDF Committee

Name: Issa Haji Abdi

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

IX. SUMMARY STATEMENT OF APPROPRIATION

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 %
RECEIPTS		Opening Balance (C/BK) and AIA	Previous years Outstanding Disbursements				
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from NG-CDF Board	137,088,879	756,582	69,367,727	207,213,188	162,124,306	45,088,882	78.2%
TOTAL RECEIPTS	137,088,879	756,582	69,367,727	207,213,188	162,124,306	45,088,882	78.2%
PAYMENTS							
Compensation of Employees	4,951,200	-	-	4,951,200	4,951,200	-	100.0%
Use of goods and services	7,386,799	229,399		7,616,198	7,434,184	182,014	97.6%
Transfers to Other Government Units	72,650,000	-	33,300,000	105,950,000	40,252,126	65,697,875	38%
Other grants and transfers	52,100,881	527,183	20,067,727	72,695,791	55,395,791	17,300,000	76.2%
Acquisition of Assets	-	-	16,000,000	16,000,000	5,000,000	11,000,000	31.3%
TOTAL	137,088,880	756,582	69,367,727	207,213,189	113,033,301	94,179,889	54.5%

***MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

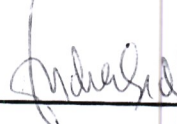
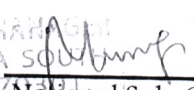

***Funds pending approval are sums not yet approved by the board for utilisation and include approved allocations and/or AIA not yet allocated for specific projects.*

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

- i. Under utilization on transfers to government entities was due to the funding from the Board that had not disbursed all the funds as at the end of the financial year.
- ii. Other grants and transfers underutilization was due to funding of security projects that were not undertaken due to the delay in funding
- iii. Acquisition of assets was underspent due to the procurement process and funding.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	94,179,889
Less undisbursed funds receivable from the Board as at 30th June 2021	45,088,882
	49,091,006
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 202021	49,091,006

The NGCDF-MANDERA SOUTH Constituency financial statements were approved on 6th September 2021 and signed by:

 <hr/> Fund Account Manager Name: Dr. Mohamud Gedi	 <hr/> National Sub-County Accountant Name: Francis Murungi ICPAK M/No:	 <hr/> Chairman NG-CDF Committee Name: Issa Haji Abdi
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MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget (a)	Adjustments (b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent	2020/2021			2020/2021	30/06/2021	
1.1 Compensation of employees	4,951,200		-	4,951,200	4,951,200	-
1.2 Committee allowances	1,247,999			1,247,999	1,247,999	0
1.3 Use of goods and services	2,026,133			2,026,133	2,026,133	-
Total	8,225,332	-	-	8,225,332	8,225,332	0
2.0 Monitoring and evaluation						-
2.1 Capacity building	1,500,000			1,500,000	1,500,000	-
2.2 Committee allowances	1,500,000			1,500,000	1,500,000	-
2.3 Use of goods and services	1,112,666	229,399		1,342,065	1,160,051	182,014
Total	4,112,666	229,399	-	4,342,065	4,160,051	182,014
3.0 Emergency						
3.1 Primary Schools				-		
3.2 Secondary schools				-		
3.3 Tertiary institutions		527,183	867,727	1,394,910	1,394,910	-
3.4 Security projects				-		
3.5 Unutilised	7,192,207			7,192,207	7,192,207	

National Government Constituencies Development Fund (NGCDF)
 Reports and Financial Statements for The Year Ended June 30, 2021

Total		7,192,207	527,183	867,727	8,587,117	8,587,117	-
4.0 Bursary and Social Security							
4.1 Secondary Schools							
4.2 Tertiary Institutions	23,708,674				23,708,674		
4.3 Social Security							
4.4 Special Needs							
Total	23,708,674				23,708,674		
5.0 Sports							
5.1							
Total							
6.0 Environment							
6.1							
Total							
7.0 Primary Schools Projects							
Elsafara Primary school	1,700,000.00				1,700,000.00		1,700,000
Corner S primary school	1,700,000.00				1,700,000.00		1,700,000
Alrishad Primary school	1,700,000.00				1,700,000.00		1,700,000
Wachile Primary school	1,700,000.00				1,700,000.00		1,700,000
Buqe Primary school	1,700,000.00				1,700,000.00		1,700,000
Har Adhi primary school	1,700,000.00				1,700,000.00		1,700,000
Tootes primary school	1,700,000.00				1,700,000.00		1,700,000
Garse dam primary school	1,700,000.00				1,700,000.00		1,700,000

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

Dabacity primary school	1,700,000.00			1,700,000.00		1,700,000
Bojigarse primary school	1,700,000.00			1,700,000.00		1,700,000
Qobo primary school	1,700,000.00			1,700,000.00		1,700,000
Ires Godana primary school	1,700,000.00			1,700,000.00		1,700,000
Duse primary school	1,700,000.00			1,700,000.00		1,700,000
Kotulo Koche primary school	3,400,000.00			3,400,000.00		3,400,000
Chief Mohamed Jari primary school	1,700,000.00			1,700,000.00	1,152,126	547,874
Gesrebaki Doqa primary school	1,700,000.00			1,700,000.00	1,000,000	1,700,000
Medina primary school	1,700,000.00			1,700,000.00		1,700,000
Dololo primary school	5,500,000.00			5,500,000.00		5,500,000
Elsafara Primary school	5,500,000.00			5,500,000.00		5,500,000
Nyat Alio primary school	5,500,000.00			5,500,000.00		5,500,000
Alo Boji primary school	1,000,000.00			1,000,000.00	1,000,000	-
Qalanqesa primary school	1,000,000.00			1,000,000.00		1,000,000
Sukela Bima primary school	1,000,000.00			1,000,000.00		1,000,000
Weledo primary school	1,000,000.00			1,000,000.00		1,000,000
Ababosone primary school	200,000.00			200,000.00	200,000	-
Abbey primary school	200,000.00			200,000.00	200,000	-
El Hagarsu Primary school	400,000.00			400,000.00	400,000	-
Elwak girls primary school	400,000.00			400,000.00	400,000	-
Aba Iyesa Water point primary school	400,000.00			400,000.00	400,000	-
Abbey Umur primary school	200,000.00			200,000.00	200,000	-
Sukela Bima primary school	120,000.00			120,000.00	120,000	-

MANDEKA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

Al-Irshad Integ primary school	200,000.00				200,000.00	200,000	-
Al-Uweis primary school	400,000.00				400,000.00	400,000	-
Elwak DEB primary school	400,000.00				400,000.00	400,000	-
Al-Rowdah Integ primary school	400,000.00				400,000.00	400,000	-
Bulla Afya primary school	200,000.00				200,000.00	200,000	-
Al-Ufeibi primary school	400,000.00				400,000.00	400,000	-
Senior Chief Adawa primary	400,000.00				400,000.00	400,000	-
Chirole primary school	200,000.00				200,000.00	200,000	-
Udole primary school	120,000.00				120,000.00	120,000	-
Ada Kalo primary school	120,000.00				120,000.00	120,000	-
Dabacity primary school	200,000.00				200,000.00	200,000	-
Dauder Primary school	200,000.00				200,000.00	200,000	-
Domog primary school	160,000.00				160,000.00	160,000	-
Ireskinto primary school	120,000.00				120,000.00	120,000	-
Arda Hagarsu primary school	120,000.00				120,000.00	120,000	-
Dololo primary school	200,000.00				200,000.00	200,000	-
El Golicha primary school	200,000.00				200,000.00	200,000	-
Wargadud primary school	400,000.00				400,000.00	400,000	-
Borehole 11 primary school	400,000.00				400,000.00	400,000	-
Elele primary school	200,000.00				200,000.00	200,000	-
Elram primary schhol	200,000.00				200,000.00	200,000	-
Falama primary school	120,000.00				120,000.00	120,000	-
Fincharo primary school	200,000.00				200,000.00	200,000	-

MANDERA SOUTH Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

Furaha primary school	200,000.00				200,000.00	200,000	-
Chief Mohamed Jari primary school	400,000.00				400,000.00	400,000	-
Gedalo primary school	200,000.00				200,000.00	200,000	-
Gesrebaki Oda primary school	200,000.00				200,000.00	200,000	-
Boji Garse primary school	120,000.00				120,000.00	120,000	-
Nyatalio primary school	160,000.00				160,000.00	160,000	-
Gode primary school	200,000.00				200,000.00	200,000	-
Shimbir Fatuma primary school	400,000.00				400,000.00	400,000	-
Har - Adhi primary school	200,000.00				200,000.00	200,000	-
Harsanga primary school	200,000.00				200,000.00	200,000	-
Harbati primary school	120,000.00				120,000.00	120,000	-
Karsadamu primary school	200,000.00				200,000.00	200,000	-
Kutayu primary school	200,000.00				200,000.00	200,000	-
Charifuda primary school	120,000.00				120,000.00	120,000	-
Qalanqesa primary school	200,000.00				200,000.00	200,000	-
Weledo primary school	120,000.00				120,000.00	120,000	-
El-Tul primary school	120,000.00				120,000.00	120,000	-
Qolati primary school	200,000.00				200,000.00	200,000	-
Burmaya primary school	160,000.00				160,000.00	160,000	-
El Kala primary school	400,000.00				400,000.00	400,000	-
Roba Model primary school	200,000.00				200,000.00	200,000	-
Wachile Primary school	200,000.00				200,000.00	200,000	-
Garse dam primary school	800,000.00				800,000.00	800,000	-

Kotulo AP camp				400,000.00	400,000.00	400,000.00	400,000.00	-
Borehoe 11AP camp			6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00
Borehoe 11AP camp			400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
Qarsadamu Ap camp			6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00
Qarsadamu Ap camp			400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
Qalanqalesa police station	4,500,000.00			4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00
Kotulo police line	4,500,000.00			4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00
Borehole 11 police Line	4,500,000.00			4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00	4,500,000.00
Elwak police station	5,500,000.00			5,500,000.00	5,500,000.00	5,500,000.00	5,500,000.00	5,500,000.00
Mandera central Deputy county commissioners residence	2,200,000.00			2,200,000.00	2,200,000.00	2,200,000.00	2,200,000.00	2,200,000.00
Total				19,200,000	40,400,000	13,100,000	27,300,000	
11.0 Acquisition of assets								
11.1 Motor Vehicles								
11.2 Construction of CDF office			16,000,000	16,000,000	16,000,000	5,000,000	11,000,000	
11.3 Purchase of furniture and equipment								
11.4 Purchase of computers								
Total				16,000,000	16,000,000	5,000,000	11,000,000	
12.0 Other payments								
Magarini NGCDF Office								
Magarini Constituency strategic plan								
Kavunyalalo Dispensary								
Magarini NGCDF office								
Constituency desk project								

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Total	-	-	-	-	-	-	-
13.0 unallocated fund							
Unapproved projects							
AIA							
PMC savings							
Total	137,088,879	756,582	69,367,727	207,213,188	113,033,301	94,179,888	

(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)

MANDERA SOUTH Constituency
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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 (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits (gratuity and retentions).

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

2. Reporting Entity

The financial statements are for the NGCDF-MANDERA 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.

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, hpire 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.

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.

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

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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 30th June 2020 for the period 1st July 2020 to 30th June 2021 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 2021.

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 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 OTHER GOVERNMENT ENTITIES

Description	Reference No.	2020 - 2021	2019 - 2020
		Kshs	Kshs
	B096975	16,000,000.00	0
Normal Allocation	B104638	19,000,000.00	0
	A823624	18,367,724.10	0
	B104877	6,000,000.00	0
	B124858	10,000,000.00	0
	B119559	10,000,000.00	0
	B119948	12,000,000.00	
	B128191	6,900,000.00	
	B129153	6,000,000.00	
	B132246	6,000,000.00	
	B138914	13,000,000.00	
	B126208	7,100,000.00	
	B105003	10,000,000.00	
	B140646	12,000,000.00	
	B124604	9,000,000.00	
	B047202		4,000,000.00
	B041123		4,000,000.00
	B047607		20,000,000.00
	B047968		6,000,000.00
	B096606		9,000,000.00
	B049370		14,000,000.00
	B104394		15,000,000.00
TOTAL		161,367,724	72,000,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,568,800	3,695,250
Personal allowances paid as part of salary		
House allowance	-	306,989
Gratuity-contractual employees	1,071,360	-
Employer Contributions Compulsory national social security schemes	311,040	176,000
TOTAL	4,951,200	4,178,239

3. USE OF GOODS AND SERVICES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Utilities, supplies and services	1,112,666	531,714
Training expenses	1,500,000	1,500,000
Other committee expenses	1,500,000	4,117,600
Committee allowances	1,247,999	0
Office and general supplies and services	1,844,120	2,000,000
Other Operating Expenses	229,399	-
TOTAL	7,434,184	8,149,314

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Transfers to Primary Schools	15,952,126	7,000,000
Transfers to Secondary Schools	24,300,000	28,000,000
TOTAL	40,252,126	35,000,000

5. OTHER GRANTS AND OTHER PAYMENTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	-	740,000
Bursary -Tertiary (see attached list)	25,103,584	16,764,005
Security Projects (see attached list)	23,100,000	-
Emergency Projects (see attached list)	7,192,207	7,198,241
TOTAL	55,395,791	24,702,246

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

Non-Financial Assets	2020 - 2021	2019 - 2020
	Kshs	Kshs
Construction of Buildings	5,000,000	-
TOTAL	5,000,000	0

7: CASH BOOK BANK BALANCE

7: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity Bank, Mandera Branch A/c No: 1000261176664</i>	49,091,006	756,582
Total	49,091,006	756,582

8. BALANCES BROUGHT FORWARD

	2020-2021 (1st July 2020)	2019-2020 (1st July 2019)
	Kshs	Kshs
Bank accounts	756,582	786,381
Total	756,582	786,381

9. OTHER IMPORTANT DISCLOSURES

9.1: UNUTILIZED FUND (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Use of goods and services	182,014	229,299
Amounts due to other Government entities (see attached list)	55,697,875	33,300,000
Amounts due to other grants and other transfers (see attached list)	27,300,000	20,594,910
Acquisition of assets	11,000,000	16,000,000
Total	94,179,889	70,124,309

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9.2: PMC account balances (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	-	2,355
Totals	0	2,355

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				
Buildings and structures		5,000,000		5,000,000
Transport equipment				
Office equipment, furniture and fittings	1,500,000	~	~	1,500,000
ICT Equipment, Software and Other ICT Assets				
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	1,500,000	5,000,000		6,500,000

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ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21 (Kshs)	Bank Balance 2019/20 (Kshs)
Elgolicha Primary School	Equity Bank, Mandera Branch	10002967769977	-	20
Dawder Primary School	Equity Bank, Mandera Branch	1000296752124	-	605
Wachile Primary School	Equity Bank, Mandera Branch	10002736411469	-	759.80
Chirole Primary School	Equity Bank, Mandera Branch	1000194074863	-	71.95
Godhe Primary School	Equity Bank, Mandera Branch	1000262354827	-	(331.70)
Dadach Primary School	Equity Bank, Mandera Branch	1000176353476	-	90.00
Harwale Primary School	Equity Bank, Mandera Branch	10002967186592	-	420
Kutayu Primary School	Equity Bank, Mandera Branch	1000199593406	-	329.90
Borehole 11 Primary School	Equity Bank, Mandera Branch	1000297179754	-	390.00
Total				2,355

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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.

MDR/CDF/INSP /SOUTH/No.1	Inaccuracies in cash and cash equivalents- The cashbook balance had stale cheques amounting to Kshs. 423,900 and the cashbook was understated by Kshs. Kshs.8,731,704.	The stale cheques have now been reversed in the cashbook and cashbook has been updated to reflect the correct position	Mr.Mohamud Gedi Fund Manager Mandera South NGCDF	Resolved	December 2021
MDR/CDF/INSP /SOUTH/No.2	Unsupported Bursary Award- Bursary awards amounting to Kshs.16,764,005 lacked supporting documents such as names and particulars of students beneficiaries, acknowledgement of receipts from the learning institutions	The management to provide the required documents	Mr.Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	May 2022
MDR/CDF/INSP /SOUTH/No.3	Project implementation Status- The Fund did not provide for audit review the Project Implementation Status reports.	The management to provide the status report	Mr.Mohamud Gedi Fund Manager Mandera South NGCDF	Unresolved	May 2022