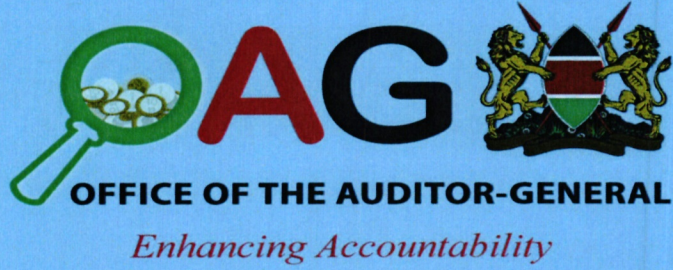



REPUBLIC OF KENYA



**REPORT**

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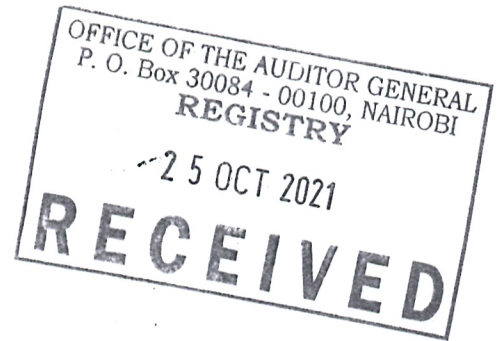
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**THE AUDITOR GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND**

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



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2021

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

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## **II. KEY NGCDF INFORMATION AND MANAGEMENT**

### **(a) Background information**

The National Government Constituencies Development Fund (NGCDF) is established under the National Government Constituencies Development Fund (Amendment) Act, 2015. The NG-CDF is under the National Treasury and Planning. The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

The Fund's overall management is the responsibility of the NGCDF Board. While the supervision and coordination is done by National Treasury and Planning.

The Board has aligned the operations of the Fund with new Act and the Constitution. The Board's current strategic plan was launched on 16<sup>th</sup> August 2016 for the planning period 2016/2017 to 2020/2021. The implementation of the said strategic plan is under review in readiness for the next Plan. The Board also transitioned from ISO 9001:2008 certification to ISO 9001:2015 in October 2019.

### **(b) Principal Activities**

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As outlined in the NGCDF Act 2015 the Board's core mandate and responsibilities include:

- Ensuring timely and efficient disbursements of funds to every constituency
- Ensuring efficient management of the fund
- Receiving and discussing annual reports and returns from the constituencies
- Ensuring the compilation of proper records, returns and reports from the constituencies
- Receiving and addressing complaints and disputes, and taking appropriate action
- Considering project proposals submitted from various constituencies in accordance with the Act, approving for funding for those projects proposals that are consistent with the Act and sending funds to respective Constituency Fund accounts of the approved projects.

The Board will provide strategic direction in the management, use and accountability of monies drawn from the Fund. The Board therefore aspires to the following Vision, Mission and Core Values in meeting its mandate.

## **VISION**

Equitable Socio-economic development countrywide

## **MISSION**

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

## **CORE VALUES**

1. Transparency and accountability
2. Professionalism and integrity
3. Commitment and teamwork
4. Neutrality and objectivity
5. Timeliness and excellence
6. Advocacy for citizen participation

## **KEY STRATEGIC OBJECTIVES**

1. To improve operational efficiency and effectiveness in service delivery
2. To Strengthen Institutional Capacity (skills, numbers and work environment)
3. To ensure efficient and effective project management
4. Enhance good governance
5. Promote effective communication and appropriate partnership

## **STRATEGIC GOALS**

- a) Continue Automation of Board's operations
- b) Improve performance management
- c) Implement quality management systems

- d) Improve accounting system
- e) Strengthen research capacity to support evidence based decision making
- f) Strengthening Audit and risk management
- g) Strengthen disaster responsiveness and management
- h) streamline the organizational structure
- i) develop capacity of staff
- j) Develop and implement a talent management and succession planning strategy
- k) improve on the work environment
- l) Promote public participation in project identification and implementation
- m) Promote timely submission and approval of project proposals
- n) Promote prioritization of on-going projects in allocation of Funds
- o) Improve collaboration with technical officers from relevant government agencies
- p) Improve management of transition of NG-CDFC's in relation to resources and projects
- q) widen projects scope and strengthen collaboration with MDAs
- r) Promote openness and accountability in management of the Fund
- s) Promote compliance with applicable laws, regulations and standards.
- t) Adopt Transformative Leadership
- u) Mainstream Cross cutting issues and public participation
- v) Enhance engagement with internal & external stakeholders
- w) Enhance Media Relations
- x) Enhance relations with other Government agencies
- y) Enhance Media monitoring

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#### **STRATEGIC PROGRAMMES**

- a) Design, Develop & Rollout Management information systems
- b) Further installation of appropriate ICT network infrastructure and improve their security
- c) Develop and implement annual performance contract for the board, cascade to constituencies
- d) Operationalize M&E Unit and review M&E framework

- e) Develop constituencies factsheets and conduct monitoring & evaluation of Boards' operations
- f) Continuously carry out QMS audits to maintain certification and carry out recertification audit for organization
- g) Develop and disseminate accounting manual for constituencies and establish constituencies accounting unit at Headquarters
- h) Train staff and key stakeholders on public finance management and reporting
- i) Prepare/review annual financial statements and implement audit recommendations
- j) Receive and review financial returns and update the assets register
- k) Establish and operationalize a research and policy Unit and establish and operationalize a resource centre
- l) Establish a Risk Management Unit, conduct risk assessment and carryout Risk Response planning
- m) Develop a disaster preparedness and management manual and train constituencies on Disaster Risk Reduction and Response Mechanism
- n) Develop & issue guidelines on community managed disaster risk reduction (CMDRR)
- o) Review and implement an organizational structure, conduct work load analysis to establish optimal staffing levels and recruit more staff
- p) Conduct Training Needs Assessment and develop and implement an annual training plan
- q) Conduct work environment survey and employee satisfaction survey and implement feasible recommendations
- r) Develop and issue guidelines on public participation & identification of projects; submission of project proposals; Projects and release of funds; Project funds absorption; Management of incomplete & on-going projects during NG-CDFCs transitions and Residual Projects
- s) Develop collaboration framework for the NG-CDFCs and government technical officers
- t) Establish a liaison office to enhance operations of the Board, Ministries and National Assembly
- u) Train NG- CDFCs

- v) Develop and implement policy on documentation and dissemination of constituency best practices
- w) Evaluate constituencies' performance, publicize top performers and showcase the best practices in implementation of projects
- x) Implement Mwongozo code of governance and ensure compliance with all tendering and procurement requirements
- y) Facilitate access to information and publish constituency financial and project reports on a timely basis
- z) Convene regular stakeholder forums/awareness campaigns, open days and road shows and participate in Corporate Social Responsibility activities
- aa) Update the Boards website and social media presence and participate in relevant television and radio programmes to enhance the profile of the NG-CDF
- bb) Review and implement service charter and Corporate Identity Manual
- cc) Participate in relevant exhibitions and conferences and organize media events (press conferences, media tours, workshops, breakfast meetings) to clarify and explain issues to the media on newsworthy events
- dd) Carryout customer satisfaction survey and implement feasible recommendations

## **KEY STRATEGIC PRIORITIES**

- Improve the implementation, Monitoring and Evaluation projects
- Come up with strategies to develop and turnaround for under-performing Constituencies
- Ensure timely availability and disbursement of Funds to Constituencies
- Develop and implement guidelines for project implementation that are in line with existing procurement laws and regulations
- Develop sound financial controls in line with Finance Management Act of 2012 and in compliance with Office of the Auditor General Requirements

### III. KEY MANAGEMENT

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were as follows:

S/NO	NAME	TITLE
1.	Yusuf Mbuno	Chief Executive Officer
2.	Elizabeth Kitundu	Manager Programmes & Field Coordination
3.	Polly Maingi	Manager, Financial Services

#### (c) Fiduciary Oversight Arrangements

- i. Board of Directors
- ii. Internal Audit Department

#### (e) Registered office

NGCDF headquarters  
Harambee Plaza Building  
5th Floor  
Telephone No. 2230015/19/27  
Haille Sellasie/Uhuru Highway Junction.  
P.O. Box 46682 – 00100 **NAIROBI**

#### (f) Contacts

Telephone : (020) 2230015/9, 2230027  
E-mail : [info@ngcdf.go.ke](mailto:info@ngcdf.go.ke)

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

#### (g) NGCDF Bankers

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

#### Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O.Box 30084

GOP 00100

Nairobi.

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi.

IV. BOARD DIRECTORS



**Mr. Robert Nyariki Momanyi Masese**

**Chairman of the Board**

Born on 19<sup>th</sup> May, 1956, Mr. Robert is the chairman of NG-CDF Board of directors. He was appointed to this position on 29<sup>th</sup> March, 2019. He has served in the same board as the Alternate Director to the Principal Secretary Ministry of Education a position he held since 26 February, 2016. He has also served as a Director in Kenya Literature Bureau (KLB and in School Equipment Production Unit

Mr. Robert has a Master of Education, Management & Planning and Bachelor of Science Education.

**Mr. Kennedy Ogendi Ondieki**

**Alternate Director to the principle Secretary, the National Treasury**

Mr. Kennedy Ogendi Ondieki is an Alternate Director representing The National Treasury in the Board of NGCDF. He is a member of the Finance, Human Resource and Administration; and the Audit Committees of the Board. His substantive appointment in The National Treasury is Director of Investments, in charge of Government Investments and Public Enterprises Department. He is responsible for developing strategic objectives and policies relating to the fiscal/financial oversight and management of state corporations; appraisal of state corporations' strategic/corporate plans, projects, other investments and annual budgets; spearheading approvals with respect to policy issues, financing agreements relating to state corporations' borrowings, direct Gov't loans and on-lent loans; reforms and restructuring of state corporations including financial (balance sheet cleaning, debt restructuring, write-offs, rescheduling and refinancing), legal and, organizational restructuring.

Mr. Ondieki was born in 1967, has Master of Business Administration, Strategic Management from Jomo Kenyatta University of Agriculture & Technology and Bachelor of Arts (Hons), Economics from the University of Nairobi. Mr. Ondieki is a qualified Certified Public Accountant and a member of ICPAK of good standing and a qualified Certified Public Secretary.

Mr. Ondieki has long cherished career in the public service spanning over



twenty five (25) years, of which, for over fifteen (15) years he has been working at The National Treasury in senior management positions. He has served as a member in several Taskforces within The National Treasury or representing The National Treasury to provide strategic public policy guidance. Mr. Ondieki has also served in Boards as Alternate Director, representing The National Treasury including Kenya Maritime Authority; South Nyanza Sugar Company Limited; Kenya Reinsurance Corporation Limited; State Corporations Advisory Committee and; Insurance Regulatory Authority among others.

Mr. Ondieki had also undertaken a short term mission assignment with the International Monetary Fund (IMF) to the Government of Liberia to prepare financial reporting framework and provide terms of reference and structure for a Unit in the Ministry of Finance, Liberia to co-ordinate financial reporting and enhance public financial management reporting for State Owned Enterprises. The framework and structure for financial management reporting for State Owned Enterprises in the Government of Liberia was established and is operational upon the recommendations of the Mission.




Mr. Ondieki has attended several work improvement skills development trainings, workshops and seminars including Program on Investment Appraisal & Risk Analysis offered at Queens University, John Deutsch International Executive Programme, Canada; Corporate Governance Training Course by Centre for Corporate Governance and Commonwealth Association of Corporate Governance; Public Policy Analysis (Making, Implementing and Evaluating Public Policy), Strathmore Business School (SBS), Strathmore University, Executive Education; and Strategic Leadership Development Programme.



**Mr. Joseph Njihla Mukul**

**Alternate Director to the Principal Secretary , State Department for Planning**

Born in June 1958, Mr. Mukul has served in the board for more than ten years and his last reappointed was on 7th January 2016. He is a member of the Programmes, Performance & Risk Management Committee of the Board. He is also a board member in Vision 2030 and in The African Institute for Economic Development and Planning (IDEP) which is a subsidiary body of the United Nations Economic Commission for Africa (UNECA). Previously, he served in

	<p>Community Development Trust Fund (CDTF) and Tana and Athi Rivers Development Authority (TARDA) boards. Mr. Joseph holds a Master of Arts and Bachelor of Science. He has specialized in statistics, project management, economic development and he is also professionally trained in business management impact assessment, monitoring and evaluation. He is a member of Economist Society of Kenya (ESK) and Institute of Internal Auditors (IIA)</p>
<p><b>Ms. Karen Rono</b> <b>Alternate Director to the Attorney General</b></p> <p>Born on 19th March 1980, Ms.Karen was appointed to the Board on 11th September, 2018. She is a member of the Finance, Human Resource &amp; Administration Committee of the Board.</p> <p>She is a member of the Law Society of Kenya (LSK) and an advocate of the High Court. She holds a Masters in Law (LLM), Bachelor of Laws (LLB), PGD (KSL), Strategic Leadership Development Program (SLDP), Senior Management Course (SMC) KSG.</p>	
	<p><b>Mr. Paul Kibet</b> <b>Alternate Director to the Principal Secretary , State Department of Early Learning and Basic Education, Ministry of Education.</b></p> <p>Born on 6<sup>th</sup> June 1964, Mr. Kibet was appointed to the Board on 5<sup>th</sup> February, 2019. He is a member of Audit and Governance, Complaints and Publicity Committees of the Board. Mr. Paul holds a Master of science in physics, post graduate diploma in Education and Bachelor of Science</p>
<p><b>Ms. Maria Lekoloto</b> <b>Director</b></p> <p>Born on 23<sup>rd</sup> may 1974, Ms. Maria was appointed to the NG-CDF Board on 26th March 2019. She is as an independent director of the Board and Chair of the Programmes, Performance and Risk Management Committee of the Board. She represents people with disability which is a legal requirement in constituting the Board. She is also a chair person of pastoralist heritage concern board. Ms. Maria has a Master of Business Administration-Human Resource Management,</p>	

Bachelor of Business Administration-Human Resource and Diploma in Community Based Development. She has specialized in Human Resource Management, and she is a member of Institute of Human Resource Management.



**Mr. Abdiaziz Bulle Yarrow**

**Director**

Born on 15<sup>th</sup> February 1982, Mr. Abdiaziz was appointed to the NG-CDF Board on 26<sup>th</sup> March, 2019. He is as an independent director of the Board, a member of Governance, Complaints and Finance, Human Resource & Administration Committees of the Board. He has previously served as the managing director of top ten agencies and Safaricom dealer for seven years.

Mr. Abdiaziz holds a Master of Arts degree in Diplomacy and International Studies and Bachelor of Political Science, Public Administration and Sociology. He specialized in Public administration and management.

**Dr. Isabel Nyambura Waiyaki**

**Director**

Born on 19<sup>th</sup> September 1982, Dr Waiyaki is a lecturer at the University of Nairobi. She is a board member at Kikuyu Boys Secondary and Father Kelvin Kerry Secondary Schools. She is as an independent director at the Board, chair of the Finance, Human Resource & Administration Committee and a member of the Governance, Complaints and Publicity Committee. Previously, she served in Kikuyu NG-CDF committee as the chairman for 6 years, since 2013. She has also served as a County Executive Committee (CEC) Member in charge of Trade, Industry, Tourism, Cooperatives and Enterprise Development in the County Government of Kiambu. Further, she has extensive experience working with the World Bank.

Dr. Waiyaki holds a Doctor of Philosophy (PhD) in Economics, Master of Arts in Economics, Master of Arts in Leadership & Governance,



Bachelor's degree in Economics and CPA part I. She is a member of the Institute of Economic Affairs, Africa Finance & Economic Association, and African Economic & Research Consortium (AERC).  
 She was appointed to the NG-CDF Board on 26<sup>th</sup> March 2019.



**Hon. Peter Edick O. Anyanga**

**Director**

Born on 23<sup>rd</sup> August, 1966, Hon. Peter was appointed to the NG-CDF Board on 26<sup>th</sup> March, 2019. He is as an independent director of the Board, chair of the Audit Committee and a member of Programmes, Performance & Risk Management Committee. He previously served in the Board of Agricultural Finance Corporation (AFC) and as a Member of Parliament for Nyatike Constituency for two terms (10 years) during which time he was a member of the Public Accounts Committee, Transport, Energy and foreign relations Committees.

Hon. Peter has a Master of Business Administration (global) specialization and Bachelor of Business Administration. He has specialized in financial Administration and he is a member of Chartered Management Institute (CMI).

**Ms. Irene Masit**

**Director**

Born on 29<sup>th</sup> March 1967, Ms. Irene was appointed to the NG-CDF Board on 26<sup>th</sup> March 2019. She is as an independent director of the Board and a member of the Audit and Programmes, Performance & Risk Management Committees. She is also currently serving for the third term at the Board of Koptega Girls Secondary- Keiyo South. Previously served at the Board of Mokwo (St. Agatta) Girls Secondary Board, Athnas Kandie Boys Secondary Board, and Elgeyo Marakwet Boards of National Land Commission. She has also worked as a commissioner. Interim Boundaries Commission and deputy secretary. Constitution review Commission, Programmes Operation Manager at NGO's Coordination Board.

Ms. Irene holds a Master of Science degree and Bachelors degree in



Arts and in Law. She is a member of the International Society of Substance Use Professional (ISSUP) and an Internationally Certified Addiction Professional-ICAP 1 (Global Centre for Credentialing and Certification).



**Mr. George Kasatua Ole Meshuko**

**Director**

Born on 26<sup>th</sup> December 1972, Mr. George was appointed to the NG-CDF Board on 26<sup>th</sup> March, 2019. He is as an independent director and a member of the Governance, Complaints and Publicity Committee. Previously, he has served in Olasiti Secondary School board. He has also worked in Owing Immigration (interior) for 10years, County Executive Committee (CEC) Member - Narok County for 3 years and in Canon NGO's as for 3 years.

Mr. George holds a Bachelor of Aft education and is currently doing a Master of Arts in Education Economic Planning at the University of Nairobi. He has specialized in Economic Planning & Administration.

**Mr. Yusuf Mbuno**  
**Chief Executive Officer**

Born on 27<sup>th</sup> April 1966, Mr. Yusuf is the Chief Executive Officer, National Government Constituencies Development Fund Board  
Mr. Mbuno holds a Master of Arts degree in Economics, Bachelor of Arts in Economics and Certificate in Project Planning and Management.





**Simon Ndweka**

**Secretary to the Board**

Born on 24<sup>th</sup> December 1974, Mr. Ndweka is the Corporation Secretary of the NG-CDF Board

Mr. Ndweka holds a Master in Business Administration degree (Strategic Management), Post Graduate Diploma in Law and Bachelors of Law degree, certified public Accountant and Certified Public Secretaries.

Mr. Ndweka is a member of Institute of Certified Public Secretaries.

(d) **Board Committees**

These committees are as explained below:

Name of the Committee	Members
<b>Finance, Human Resource and Administration Committee-</b>	<ol style="list-style-type: none"> <li>1. Dr.Isabel Waiyaki-Chair</li> <li>2. Ms. Karen Rono</li> <li>3. Mr.Kennedy Ondieki</li> <li>4. Mr.Abdiiaziz Bulle Yarrow</li> </ol>
<b>Audit Committee</b>	<ol style="list-style-type: none"> <li>1. Hon. Peter Omondi Anyanga- Chair</li> <li>2. Mr.Kennedy Ondieki</li> <li>3. Mr.Paul kibet</li> <li>4. Ms. Irene C. Masit</li> </ol>
<b>Programs, Performance &amp; Risk Management Committee</b>	<ol style="list-style-type: none"> <li>1. Ms. Maria Lekoloto - Chair</li> <li>2. Hon. Peter Omondi Anyanga</li> <li>3. Ms. Irene C. Masit</li> <li>4. Mr.Joseph Mukui</li> </ol>
<b>Governance, Complaints and Publicity Committee</b>	<ol style="list-style-type: none"> <li>1. Mr George Kasatua Ole Meshuko- Chair</li> <li>2. Dr.Isabel Waiyaki</li> <li>3. Mr.Abdiiaziz Bulle Yarrow</li> <li>4. Mr.Paul kibet</li> </ol>

## V. MANAGEMENT TEAM



**Mr. Yusuf Mbuno**  
**Chief Executive Officer**

Yusuf Mbuno holds Master of Arts degree in Economics, Bachelor of Arts in Economics and Certificate in Project Planning & Management

Responsibilities: Providing direction for the day to day management of the affairs and staff of the Board.

Simon Ndweka has over 15 years experience in Legal, Board Management and Corporate Governance.




He holds Masters in Business Administration degree (Strategic Management) and Bachelor of Laws.

He is a Certified Secretary and a Certified Public Accountant and a member of the Institutes of Certified Secretaries (ICS), Certified Public Accountants, Kenya (ICPAK) and Law Society of Kenya (LSK), in good standing.

Responsibilities: providing professional advice to the National Government Constituencies Development Fund Committees (NGCDFCs) on Legal, Governance and Providing technical guidance and support to Constituencies on legal and governance matters.



**Simon Ndweka**  
**Secretary to the Board**

 <p><b>Polly Maingi</b>  <b>Manager, Financial Services</b></p>	<p>Polly Maingi holds Masters in Business Administration degree (Finance) and Bachelor of Commerce.</p> <p>She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants, Kenya (ICPAK) in good standing.</p> <p>Responsibilities: providing professional advice to the National Government Constituencies Development Fund Committees (NGCDFCs) and fund account managers on financial management and Providing technical guidance and support to Constituencies in Preparation of Constituencies financial statements.</p>
 <p><b>Raphael Nduati, Ag. Chief</b>  <b>Manager Corporate Planning and Strategy</b></p>	<p>Raphael Nduati holds Masters and Bachelor's degrees in Economics.</p> <p>Responsibilities: coordinating the policy preparation and review in strategic planning, performance management, research and statistics.</p>
<p>Alice Wachira-Mbatia holds an executive MBA degree on Strategic Management. She is a Certified Public Accountant (CPA K) and Certified Public Secretary (CPS K).</p> <p>Alice is a member of Institute of Certified Public Accountants (ICPAK, Kenya), Institute of Certified Public Secretaries (ICPS) and Kenya Institute of Internal Auditors (IIA) Kenya Chapter.</p> <p><b>Responsibilities:</b> Providing assurance on effectiveness of Risk Management, Internal controls, and governance processes within the organization to the National Government Constituencies Development Fund Board (NGCDFB).</p>	 <p><b>Alice Wachira</b>  <b>Chief Internal Auditor</b></p>



**Anne Thumbi**  
**Senior Manager Human Resource**

Anne Thumbi holds Masters of Science in Human Resource Management, Bachelor of Science in Communication and Public Relations, Higher Diploma in Human Resource and Diploma in Personnel Management.

She is a member of the Institute of Human Resource Management (IHRM) in good standing.

Responsibilities: providing professional advice to the National Government Constituencies Development Fund Board and staff on Human Resource matters and providing technical guidance and support to Constituencies in management of human capital.

Elizabeth Kitundu holds a Master in Education degree in (Economics of Education) and Diploma in Project Management.

She has also undertaken Advanced Strategic Leadership Programme Course from Kenya Institute of Management and Strategic Leadership Development Programme Course in Kenya School of Government.

Responsibilities: Coordination Project planning, implementation and continuous monitoring of implementation of projects by the National Government Constituencies Development Fund and Project Management Committees.






**Elizabeth Kitundu**  
**Ag. Chief Manager Programme and Field Services Coordination**



**Jack Odhoch**  
**Chief ICT Officer**

Jack Odhoch holds Master in Information Systems and Bachelor of Science (Statistics & Computer).

Responsibilities: Provide an interface between the Board's needs, user requirements, and the information and communication technology (ICT) used at the Board to achieve its goals of streamlining internal operations and improve customer experience by setting and implementing suitable ICT objectives & strategies.

<p>Kennedy Nyabiera holds Master in procurement and Logistics, Bachelor of Arts in Economics and Graduate Diploma – Purchasing &amp; Supply (CIPS)</p> <p>He is a member of Chartered Institute of Purchase and supplies and Kenya Institute of Supply management.</p> <p>Responsibilities: Provide professional advice to NGCDF Board on procurement of goods, supplies and Services and works</p>	
 <p><b>Brenda Onyino</b>                  Senior Manager                  Communication</p>	<p>Onyino Ruth Brenda holds Masters in corporate Communication and Bachelors in Communication and PR</p> <p>She is a honourable member of the public Relations Society of Kenya (PRSK).</p> <p>Responsibilities: create and maintain a favourable public image for the NGCDF Board by communication programs and achievements; advising the Board and the constituencies on corporate branding and media relations.</p>
<p>Robert Maina holds Masters of Science degree in Risk Management and Bachelors of commerce finance option.</p> <p>He is a member of Institute of Certified Public Accountant of Kenya (CPA(K))</p> <p>Responsibilities: Co-ordinate and monitor the implementation of risk management framework at the Board secretariat and the constituencies</p>	 <p><b>CPA Robert Maina,</b>                  Ag. Manager Risk &amp;                  Compliance Division</p>


## VI. DIRECTORS' STATEMENT

The Board has the responsibility for the proper management of the affairs of the entity and is accountable for the monies, the financial business and the management of the entity. As the administrator of the Fund, the Board is required to prepare financial Statements in the form specified by the Public Sector Accounting Standards Board and submit to the Auditor General by 30th September in line with Section 24(10) of the Public Finance Management Act, 2021

Further, Section 39(3) of the NGCDF Act 2015, requires that the Chairperson of the Board submit an annual report on the activities, operations and the expenditure of the Fund and the Board. The Board therefore has the responsibility of preparing financial statements that give a true and fair view of the state of affairs of the Fund at the end of the financial year while safeguarding the assets of the Fund and taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors regularly meet to monitor the Fund's financial performance. Specific review of management performance and operational issues were undertaken through Committee and board meetings. The Board is fully constituted and the Board Committees in place comply with the Mwongozo code of conduct.

Nothing has come to the attention of the Directors to indicate that the National Government Constituencies Development Fund will not remain as a going concern for at least the next twelve months.

  
.....  
Robert Masese  
Chairman, NG-CDF Board

Date: 25 / 10 / 2021  
.....

## VII. REPORT OF THE BOARD CHAIRMAN



On behalf of the Board of Directors, it gives me great pleasure to welcome you to our financial statements for the period ending 30<sup>th</sup> June, 2021. This report outlines our major achievements in implementing our core mandate as well as challenges encountered, major risks and the lessons learnt during the execution of our annual plans.

During the year under review, the Fund was allocated Ksh.41, 714,800,000 equivalent to the previous financial year 2019/2020. A total of 39,755,775,000.00 was allocated to all constituencies with each receiving Ksh.137, 088,879.00 while the balance was utilized in meeting the Board secretariat expenses. The allocation of Ksh.41, 714,800,000 was duly received by the Board from the National Treasury and Planning. The funds were subsequently disbursed to constituencies for implementation of projects and the Board Secretariat for administrative purposes.

Most of the funds channelled to constituencies were utilized in the education sector through bursaries and infrastructure development. Contribution of the Fund in the education sector has seen an increase in the enrollment and retention rates in education institutions. Additionally, there has been enhanced security as a result of security projects implemented by the Fund. Currently, out of the amount allocated to projects at the constituency level, 84% is dedicated towards the education sector and 10% to the security sector.

The Board of Directors executed their mandate supported by the secretariat leading to efficient and effective project management. The Board was also supported by NG-CDF Committees and project management committees at the constituency level. The result of this was improved lives of Kenyans.

We appreciate the National Treasury and Planning for providing policy direction in management of the Fund and for the release of Kshs.41,714,800,000 allocated to the Fund for implementation of various projects and programmes.

I wish to express my sincere gratitude to all stake holders for making this year a success.

.....  
Mr. Robert Masese  
Chairman, NG-CDF Board

25/10/2021

## VIII. REPORT OF THE CHIEF EXECUTIVE OFFICER



The National Government Constituencies Development Fund (NG-CDF) is a body corporate established under the NG-CDF Act, 2015 as amended in 2016 and it is domiciled within The National Treasury and Planning. The main purpose of the Fund is to enhance infrastructural and socio-economic development at the grass root level in order to reduce poverty by dedicating a minimum of two and half per cent (2.5%) of all National Government's share of annual revenue towards projects identified at constituency level by the community.

The Fund is managed by the NG-CDF Board at the National level which is in charge of the day to day running while at the constituency; it is run by NG-CDF committees. There is also representation by the community through Project Management Committees who implement projects on behalf of the local community in consultation with the relevant government departments and the NG-CDFCs.

This year's total allocation to the Fund was received by the Board and brought the Fund's cumulative receipts for the last 18 years (2003/2004 to 2020/2021FY), to Ksh. 373.6356 billion. It is worth noting that the Board received an additional Kshs. 13.7 billion towards the Fund during the year being a balance in regard to projects approved during 2019/2020 FY. However, a balance of Kshs. 4,975,950,000.00 in regard to financial years 2011/12, 2013/14, 2014/15 is yet to be settled.

The funds received during the financial year supported the Board's operations and implementation of projects and programmes at the constituency level aimed at improving socio-economic wellbeing of communities at grassroots level. Each constituency was allocated kshs. 137,088,879.00 which formed the basis for project proposals.

During the financial period, out of the amount allocated to projects at the constituency level, about 84% was dedicated towards education sector, 10% to security while sports and environment receive an average of 2% each as well as 2% towards support other projects. These interventions supplemented the government's efforts in realizing Vision 2030 and other development agenda.

Education being the dominant sector utilized the allocations to complement government initiatives through issuance of bursary as well as construction, renovation, completion and equipping physical facilities in various learning facilities across the country. Issuance of bursary funds enabled orphans and other needy students to access education and training in various institutions without interruption of their studies and drastically reduced the financial burden

on the community. As at 31st March 2021, the 290 constituencies had set aside a total of Kshs. 8,205,774,364.72 towards Bursaries where students from Secondary schools and tertiary institutions received Kshs. 4,405,329,067.00 and 3,674,454,181 respectively benefiting 770,070 students.

Primary and secondary schools benefited from infrastructural development through renovation and construction of Classrooms, Administration Blocks, laboratories, Toilets and dormitories. Purchase of Land and School Buses was also supported as well as construction of Kenya Medical Training College campuses. The Fund also financed construction of National Government Administration offices especially for chiefs and assistant chiefs and security installations mainly police posts.

Despite the successful delivery of our mandate this year, we encountered a few setbacks which included: i) phased disbursement of funds which affected implementation of projects at the constituency level ;and ii) the effects of the Covid 19 Containment measures, especially travel restrictions to and from certain areas and limitation on public gatherings that adversely affected the pace of implementation of NG-CDF programmes hence limiting the utilization of the allocated funds.

Looking ahead to our priorities for 2021/2022 FY, we will continue our progress towards equitable socio-economic development countrywide by providing leadership and policy direction for effective and efficient management of the Fund. We intend to deepen automation of Board's operations at the headquarters and constituency level. This will be guided by our longstanding commitment to our core values of: Commitment & teamwork, Transparency & Accountability, Professionalism & Integrity, Neutrality & Objectivity, Timeliness & Excellence and Advocacy for citizen participation.

In this report, you'll read more about what NG-CDF is doing to help create a better normal for the people of Kenya guided by our Vision, Mission, Core Values and our CSR activities that have helped us overcome challenges over our 18-year history and emerge stronger.



Mr. Yusuf Mbuno

Chief Executive Officer, NG-CDF Board

## **IX. STATEMENT OF PERFORMANCE AGAINST NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND PREDETRMINED OBJECTIVES**

The Board, guided by its five-year strategic plan identified five (5) strategic objectives to be addressed through the period with a view to effectively deliver its mandate. The implementation status of the five strategic objectives over the past one financial year is as discussed below.

### **1. Operational Efficiency**

The Board with a view to improve its operational efficiency embarked on the following:

#### *Continued Automation of Board's operations*

Through NGCDFMIS, proposals were submitted online. This platform also supported review and approval of proposals. In addition; staff were trained on several computer operation processes. As a result, there was a notable decrease in the number of ICT support requests hence an increase in productivity. A secure central system was also developed and connected to all computers at the headquarters, more computers at the regional offices (85%) will be connected during the 2021/2022 FY.

Internet connectivity both at the Board headquarters and regional offices was maintained at 99.9% through the use of two service providers. This reduced significantly delays encountered in service provision due internet failures and improved the work environment. The Board adopted e-Board platform for conducting meetings which enhanced effectiveness and efficiency and reduced time taken to approve projects.

#### *Improvement of performance management*

The Board continued implementing the result-based management tools through implementation of the Strategic Plan, Performance contracting and work plans. To improve service delivery, the Board negotiated, vetted and signed a performance contract with the National Treasury and planning which was done on the online portal. The Performance Contract was further cascaded to all the 290 constituencies. Over the financial year, implementation of targets was monitored.

The 2019/2020 performance contracts were evaluated at the beginning of the year to ensure that the set targets had been achieved though evidence was not adduced to minimize the risk on spread of Covid-19. The Board annual work plan, supported by the budget, was developed and implemented as guided by the strategic plan implementation matrix.

#### *Strengthen planning and research capacity*

The Board prepared quarterly, semi-annual and annual reports on operations of the Fund, informing evidence-based decision making. A research on effects of Covid-19 on operations of the Fund was carried out targeting the field offices and whose findings and recommendations are being implemented.

### ***Strengthening Audit and risk management***

The Board in an effort to facilitate an effective management of the Fund and processes, a risk assessment was conducted and risk registers developed for both units at the Board headquarters and in the 290 constituencies. In addition, books of account for headquarters and 112 constituencies were subjected to risk-based audit to give assurance to the Board.

## **2. Institutional capacity**

The Board sought to improve productivity, service delivery and competitiveness as well as economic growth and development. The Board also aimed to strengthen its institutional capacity in terms of skills, numbers and work environment. The Board institutional capacity was built through conducting a training needs assessment which informed the training calendar that was implemented during the year. Additional working space was acquired at Ukulima house and the offices were equipped to provide a more conducive working environment.

## **3. Project management**

The Board implemented the following strategies to ensure efficient and effective project management;

Promote timely submission and approval of project proposals

To ensure optimum service delivery, Timely submission and approval of the Project proposals from constituencies, the Board called for project proposals in August 2020. All proposals received within this financial year were approved within 21 days. Communication on the same to constituencies was done within seven days.

Promotion of prioritization of on-going projects in allocation of Funds

To ensure prioritization of on-going projects, the Board issued through call for project proposal guidelines on on-going projects. Project Implementation status were also received from constituencies and review of ongoing projects at the constituency done to enhance tracking of ongoing projects.

Improve collaboration with technical officers from relevant government institutions

Throughout the financial year, the Board engaged relevant technical officers from various government institutions in the implementation of the projects. These included county works officers, supply chain officers and sub-county accountants.

## **4. Governance**

The achievements realized over this financial year in promotion of good governance, openness and accountability in management of the Fund included;

Promotion of openness and accountability in management of the Fund

This target was achieved by awareness creation of complaints handling mechanism on quarterly basis and carrying out Complaints Resolution visits in five constituencies.

#### Adoption of Transformative Leadership

The Board noted the need to be creative through positive change in executing its mandate. This is a critical component in promoting culture of compliance and improving the image of the Fund while providing practical guidance. In this regard, The Board showcased best practices through the various corporate social responsibility projects implemented across the country. Through the NG-CDFCs performance contracts for 2020/21, each constituency identified and implemented five best projects over the year. The CSR projects contributed to improved implementation of projects at constituency level.

#### Mainstreaming Cross cutting issues and public participation

The Board took part in mainstreaming cross cutting issues as per the 2020/2021 performance contracting guidelines on HIV/AIDS, road safety, disability, Alcohol and Drug Abuse and Gender. This led to greater equality and efficiency in administration of the Fund.

### 5. Communication and linkages

The following strategies were adopted to improve the Fund's image:

#### *Enhanced stakeholders' participation*

The Fund image was enhanced through airing of a documentary as well as participating in the Eldama Ravine half marathon. Stakeholders' forums were held and a roadshow to inform the public about the Fund operations undertaken.

#### *Enhanced Media Relations*

A media tour was carried out in the 2020/21 FY to inform the fourth estate on the Fund and the NG-CDFCs were trained on how to develop simple communication messages for use in the local stations.

#### *Enhanced Media monitoring*

Throughout the financial year, a record of all newspaper cuts covering the Fund was kept. This was done to protect our reputation and look out for negative publicity

## **X. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

### **1. Sustainability strategy and profile**

Board has developed and adopted a corporate social responsibility policy. The policy provides for a consultative project identification process to ensure there is project ownership upon completion. The CSR projects fall within the National Government functions making it easy to manage the project implementation.

Funding of CSR is done from the Fund which is set aside by an Act of parliament and pegged on National Revenue, a guaranteed source of funding. Government funding is less erratic and hence ensures ensure continued support to the programme.

### **2. Environmental performance**

The Board has in draft form policies on; water harvesting and renewable energy in project; and promotion of environmental awareness creation, conservation of river banks and environmental protection.

The Board has been carried out tree planting activities in four regions (Central, North Rift Nairobi and Nyanza) to promote environment protection. However, monitoring was done only in two region- North Rift and Nyanza due to the Covid-19 pandemic effects.

### **3. Employee welfare**

The Board recruitment is guided by State Corporation and Advisory Committee which provided mechanism for recruiting staff in line with Salaries and remuneration Commission. The structure, career development guideline's and human resource polices are approved by SCAC and SRC. The Board, during the period under review, revised its structure, human resource policies and other human resource management tools which were approved by SCAC and SRC.

The Board has adopted performance contracting for the Board, the Secretariat and departments as well as appraisal system for individuals. This is done on annual basis which involve signing and progress review. They are also accompanied by workplans. The Board has a reward and sanction system based reviewed work performance.

The Board has safety policy that guides the staff welfare while at work. This ensures measures are put in place to reduce cases of injury and damages, and in case of an occurrence the damages and disruptions are minimal.

#### 4. Market place practices-

##### *a) Responsible competition practice.*

The NG-CDF Act has created a working mechanism between the Member of Parliament and the Fund where they lay an oversight role through the constituencies' oversight committee. Further, key Board provisions like constituency budget ceilings and budget are approved by the National Assembly.

The Board has developed a mechanism to encourage whistle blowing by establishing a number and an email which is widely available through the website. Through the performance contract, the Board has contacted to ensure five values in its operation where an annual report is made to the EACC as required.

##### *b) Responsible Supply chain and supplier relations*

All the Board procurements are guided by the Procurement and Asset Disposal Act. Open tendering is the most preferred method of procuring goods, services and works. The Board develops an annual procurement plan approved by the Board where 30% and 40% of the procurement budget is set aside for AGPO and local content respectively. The Board has a commitment and ensures that suppliers are paid within 15 days of submitting all required documents.

##### *c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices*

Through the communication department, the Board has endeavoured to uphold the highest level of integrity by ensuring online content are vetted and approved by relevant authority before posting online. The Board carried out road shows and participated in public forums such as ASKs and other exhibitions to create awareness on the Fund and the achievements.

##### *d) Product stewardship- outline efforts to safeguard consumer rights and interests*

The Board has developed a service charter that's well displayed on strategic places on 5<sup>th</sup> and 10<sup>th</sup> floor of the Harambee SACCO building giving customers a glimpse of services being offered and what they take. There is right to complaint and complaints handling mechanism have been established.

## 5. Community Engagements-

### (Environmental performance and community engagements)

As part of strategy towards realization of its mandate of encouraging best practices in the implementation of projects as provided for in Section 16 (f) of the NG-CDF Act, 2015; the Board adopted a Corporate Social Responsibility (CSR) policy.

The objective of the programme is to guide stakeholders in embracing requisite values that encourage continuous improvement by demonstrating ideal approaches in project implementation including the principles of community participation, social inclusion, environment sustainability, excellence in quality of project implementation and adherence to pertinent laws and government policies/guidelines.

In line with this, the NGCDF Board focuses on:

- Maintaining good environmental system that is suitable to the nature, scale and environmental impacts of its operations and related activities.
  - Making environmental concerns as an integral part of its' planning and decision making process by committing sufficient resources in order to implement effective environmental and sustainability programs.
  - Providing the necessary training for its employees to ensure that they have enough knowledge and capacity to conduct operations in a manner that is consistent with sound environmental practices while at the same time encouraging employees to be involved in environmental action.
  - Avoiding, minimizing and mitigating any adverse environmental impacts caused by its operations.
  - Adopting the highest standards in all areas of operations, meeting and exceeding all relevant requirements.
- 
- Assessing its operational activities and identifying areas where it can minimize waste and negative environmental impacts through careful and efficient use of all materials and energy by promoting the use of environmentally friendly technologies.
  - Promoting environmental awareness among its employees by encouraging them to work in an environmentally responsible manner.
  - Continually assessing the environmental impact of all its operations.

Fundable projects under the CSR programme are those that meet the eligibility criteria as per the law governing NG-CDF. The above notwithstanding, eligible projects under the CSR programme are required to meet the following criteria:-

- a) Community based projects addressing immediate community needs of a wide cross section of inhabitants of a particular area;
- b) Projects addressing National Government mandates as outlined in the Fourth Schedule of the Constitution of Kenya;
- c) Activities/components focusing on persons with special needs with a view to promoting equal opportunities to all persons;
- d) High impact projects to the community for optimal value for the allocated funds;
- e) Integration of environmental conservation, clearly outlining requisite mitigation measures to be adopted, such as roof-water harvesting, tree planting programmes in the project design;
- g) Implementation of designs to cater for the needs of all users including persons with special needs. In this regard, access ramps for wheelchair users; separate sanitation facilities for male, female, underage persons and persons with disability must be included in the project design;
- h) Compliance of projects with pertinent laws, regulations and government policies/guidelines including recommended designs and requirements for specific facilities e.g. dormitories, classrooms, libraries among others.

The NGCDF Board recognizes its responsibility of being environmentally responsible by complying with all environmental laws at all phases of its activities. The Board is responsible for ensuring that the policy on environmental sustainability is implemented and that the natural and man-made resources are protected through the implementation of proactive environmental programs.

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To achieve these objectives, the Board in 2019/2020 financial year undertook several activities aimed at enhancing environmental education, awareness and sensitization on environmental sustainability relevant to the institutional mandate. The Board carried out environmental activities in the following counties:

Makueni county –where the NGCDF Board partnered with The National Treasury and Planning, State Department for Planning by Contributing Kshs 1,000,000 towards planting of 100,000 tree seedling.

Kakamega County-

The Board sensitized more than twelve thousand (12,000) participants who participated in both Kakamega forest marathon and Makueni County National Tree planting events during the short rains on how to carry out proper waste management, water conservation and soil erosion prevention methods.

Emphasis was also on the importance of embracing water harvesting techniques while implementing projects in the constituencies and county at large.

Some of the Projects on environmental conservation are as shown here below



Dust bin installed in Kikuyu Constituency



Community participation in tree planting during the National Tree planting in Mulala location Makueni County



Board participated in Kakamega Forest Marathon in environment awareness creation



Installed water harvesting gutters on a dining hall at Mutumbu Girls secondary school in Gem constituency (completed in 2019/2020 fy)



Installed water harvesting facilities on a dining hall at Olashapani Girls Sec in Narok South Constituency

## XI. MANAGEMENT DISCUSSION AND ANALYSIS

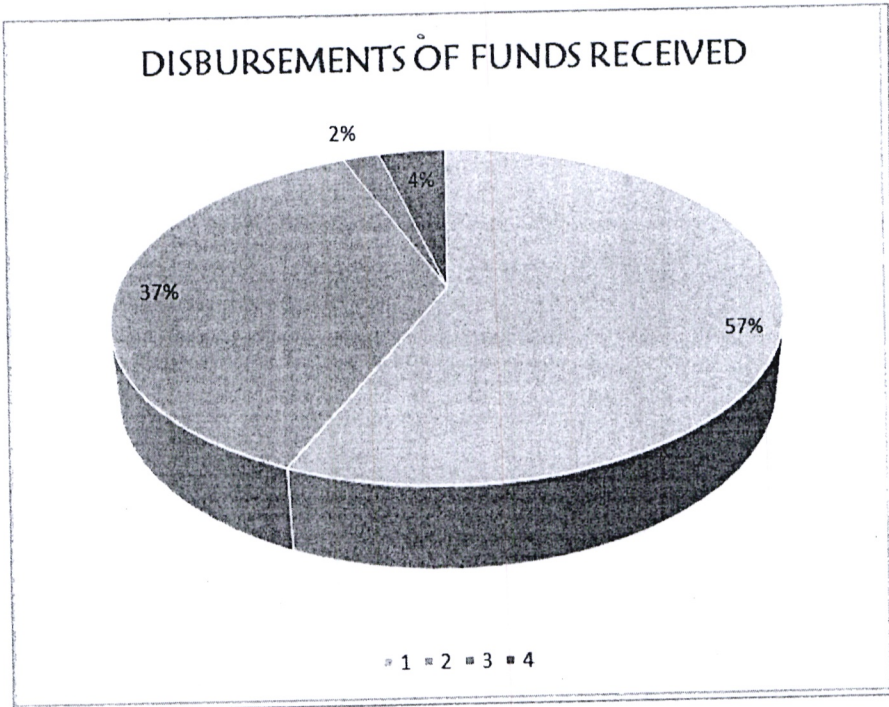
The Fund operations as guided by the NG-CDF Act 2015 have adopted a model that enhances operational efficiency by guaranteeing minimum operational costs. Out of the funds disbursed to constituencies, only a maximum of three (3) percent is utilized on administration. The administration expenses include office expenses, hiring of staff and other maintenance costs at the constituencies. A further maximum of three (3) percent is allocated to monitoring & evaluation and capacity building. This therefore implies that the remaining balance of a minimum of 94% is allocated to project implementation. Further, the Act requires community involvement through the Project Management Communities who implement the projects therefore minimizing the costs. Costs are further reduced by utilizing technical officers from government agencies such as works officers.

### Financial Performance

The Board was allocated Kshs 41.71478 Billion in Financial Year 2020/2021 This comprises of Kshs 39.755775 Billion being allocation for disbursement to the constituencies and Kshs 1.959025 billion being allocation to the Board Secretariat for administrative purposes.

Pursuant to section 34 (1) of the NG-CDF (Amendment) Act of 2016, the Board allocated all 290 constituencies an equal share of the Kshs. 39,755,755,000 National NG-CDF kitty. This translated to Kshs 137,088,810 per constituency. As at the period ending 30<sup>th</sup> June 2021, the Board had received the total allocated funds of Kshs 55,424,928,640 (Kshs 41,714,800,000 allocated for financial year 2020/2021 and Kshs 13,710,128,640 to cater for shortfall in receipts for the financial year 2019/2020). The funds received plus the opening balance of Kshs 2,000,000,003 have been disbursed to the constituencies and the Secretariat as follows:

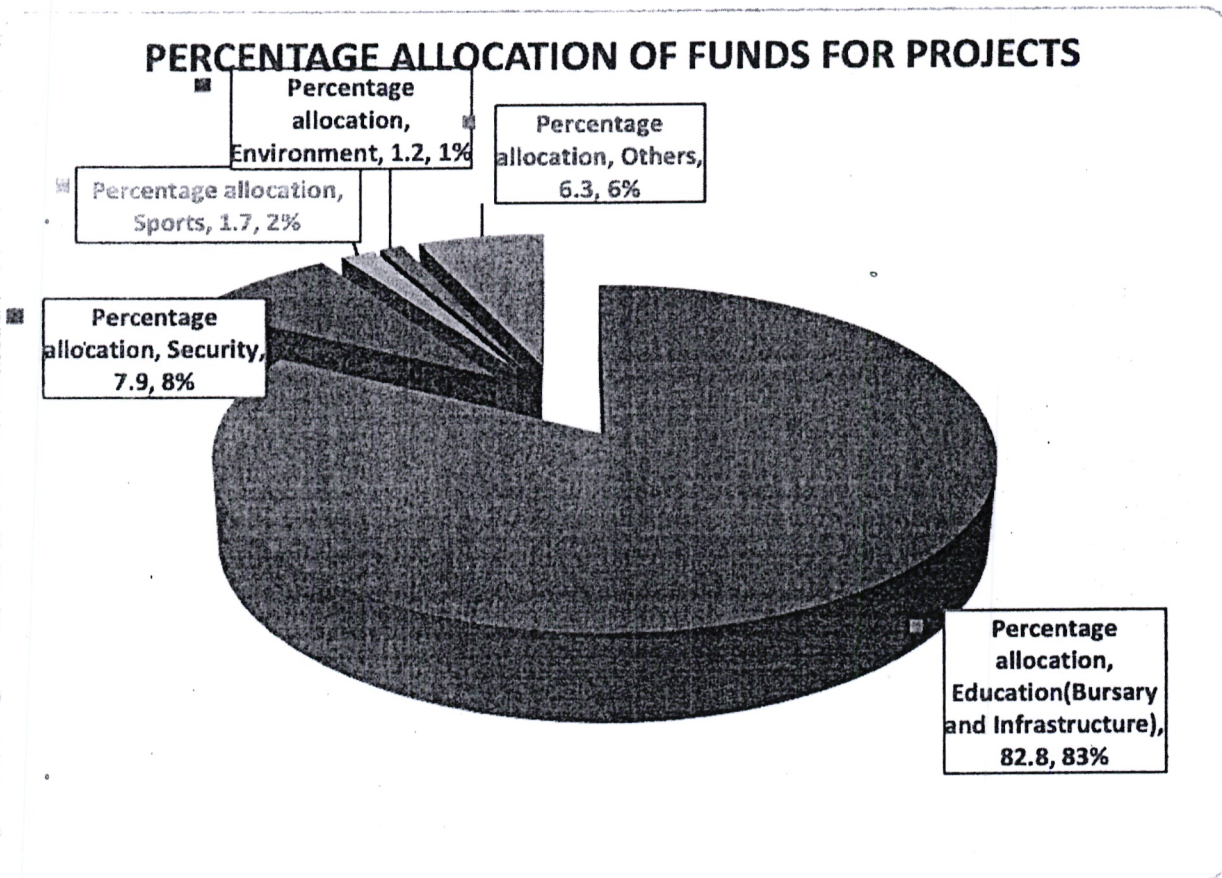
Disbursements	Financial Year	Total amount disbursed (Kshs.)	% of Funds Disbursed
Constituencies	2020-2021	27,032,500,000	57%
	2019-2020	17,870,076,362	37%
	(2018/19-2010/11)	991,639,143	2%
Secretariat	2020/2021	1,820,500,000	4%
<b>Total</b>		<b>47,714,715,505</b>	<b>100%</b>



**Key Projects**

Out of the funds set aside by constituencies for projects (minimum of 94%) the main beneficiaries were the security and education sectors.

The chart below shows how funds were allocated to the various sectors.



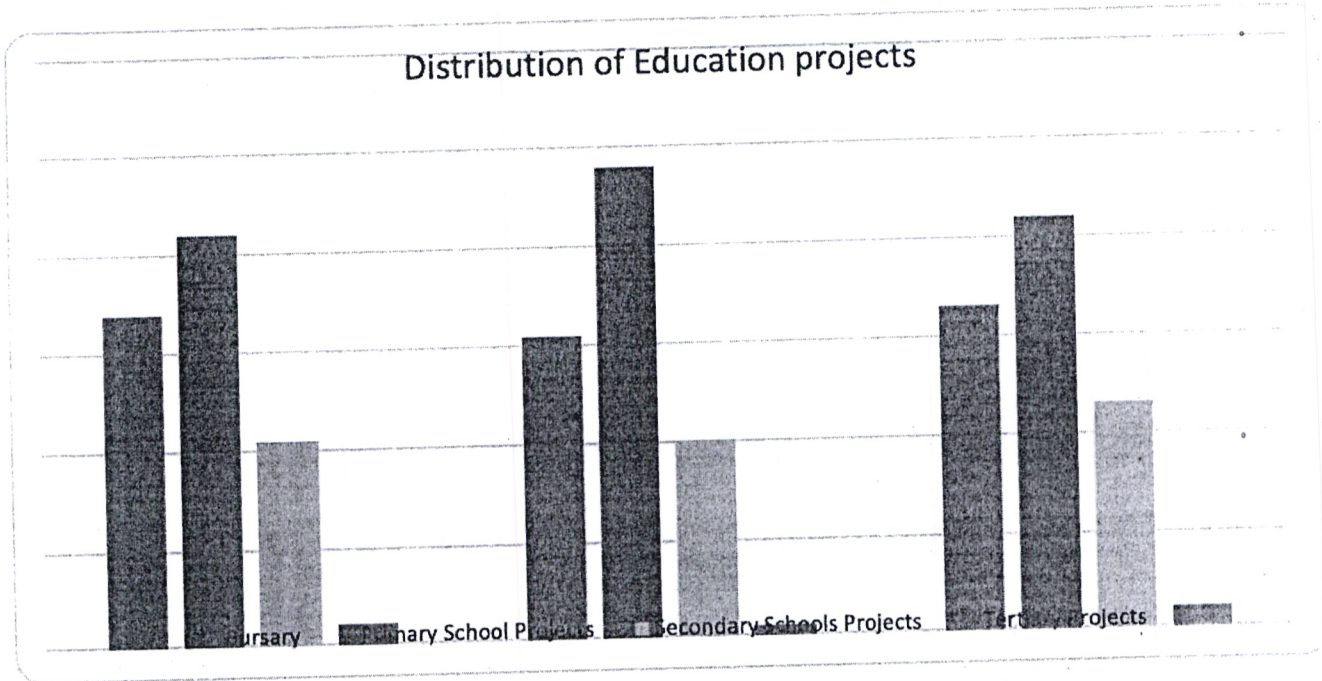
Below is a brief outline of the projects carried in these key sectors across the country in the current financial year.

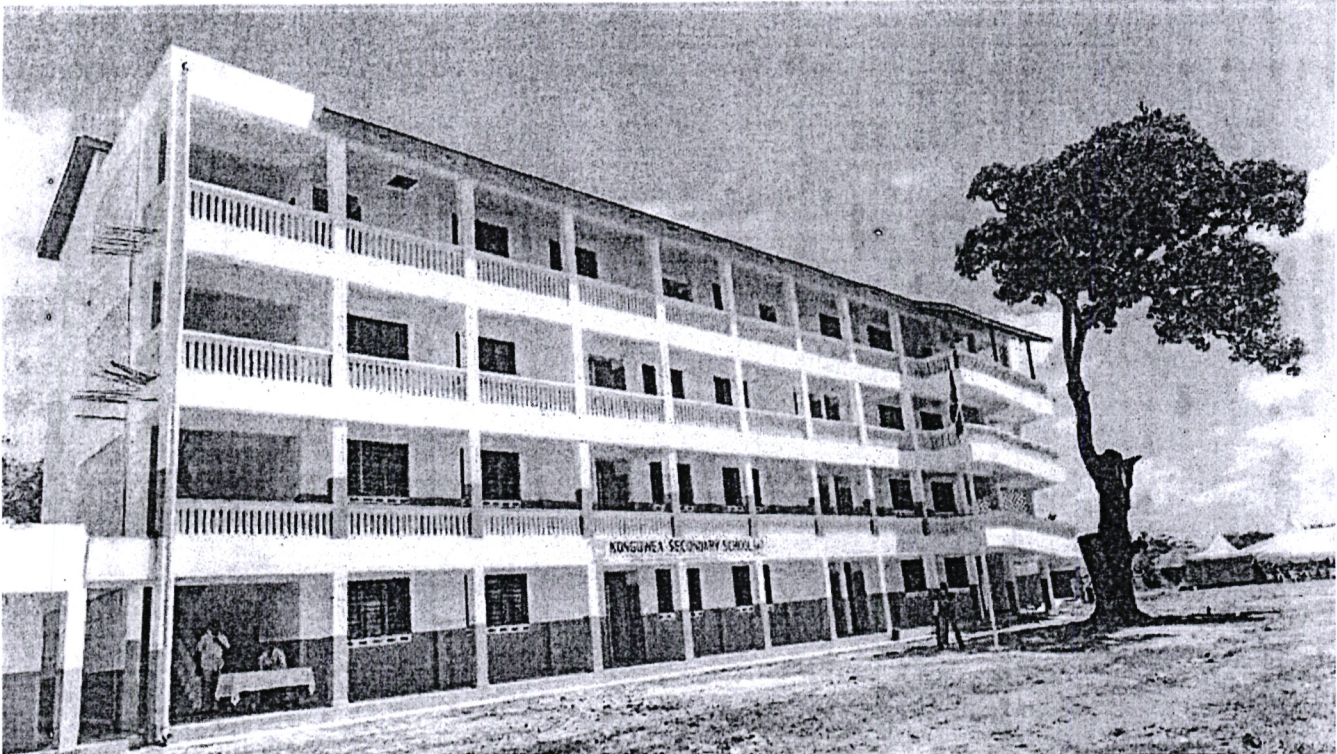
#### Education sector

The Fund supported the education sector by enhancing physical infrastructure at the grassroots level through issuing bursaries, construction and renovation of new and existing schools, Medical Training Colleges and Technical Training Institutes. About 84% of the funds are allocated to the education sector through bursaries and construction and renovation of infrastructure in education institutions. A total of 12,836 infrastructural facilities were constructed and developed this financial year. These included construction, renovation and completion of classrooms, administration blocks, libraries, laboratories, dormitories and staff houses in education institutions. There were 777,070 bursary beneficiaries during the financial year.

Most of the funds allocated to constituencies are utilized in supporting education through issuance of bursary as well as construction, renovation, completion and equipping physical facilities in various learning facilities across the country.

The bar graph below summarizes distribution of Education projects in 2018/2019, 2019/2020 and 2020/2021 financial years.

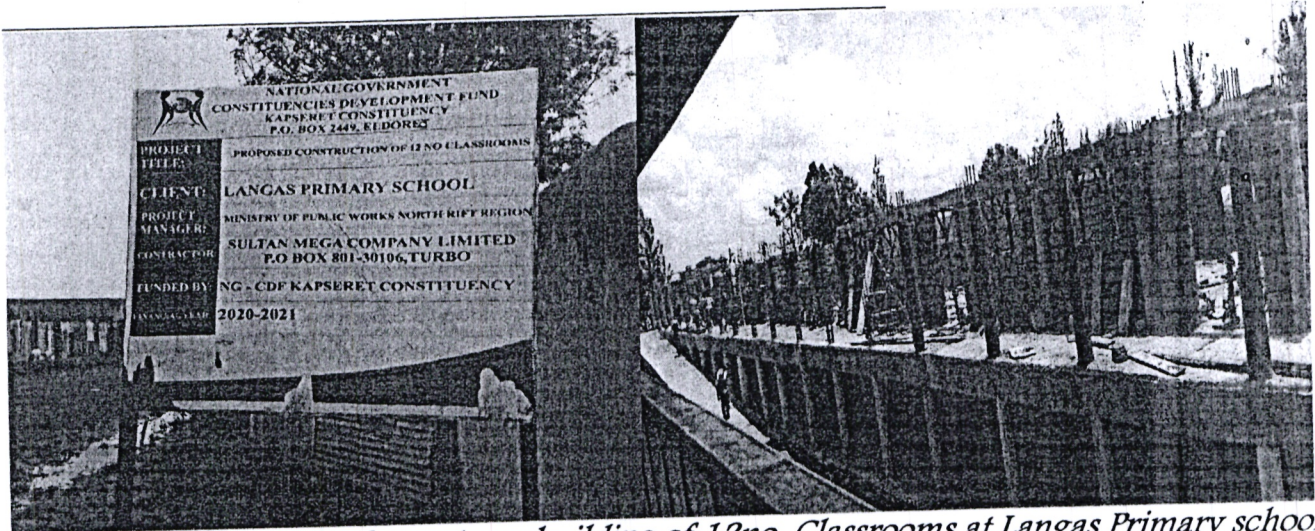




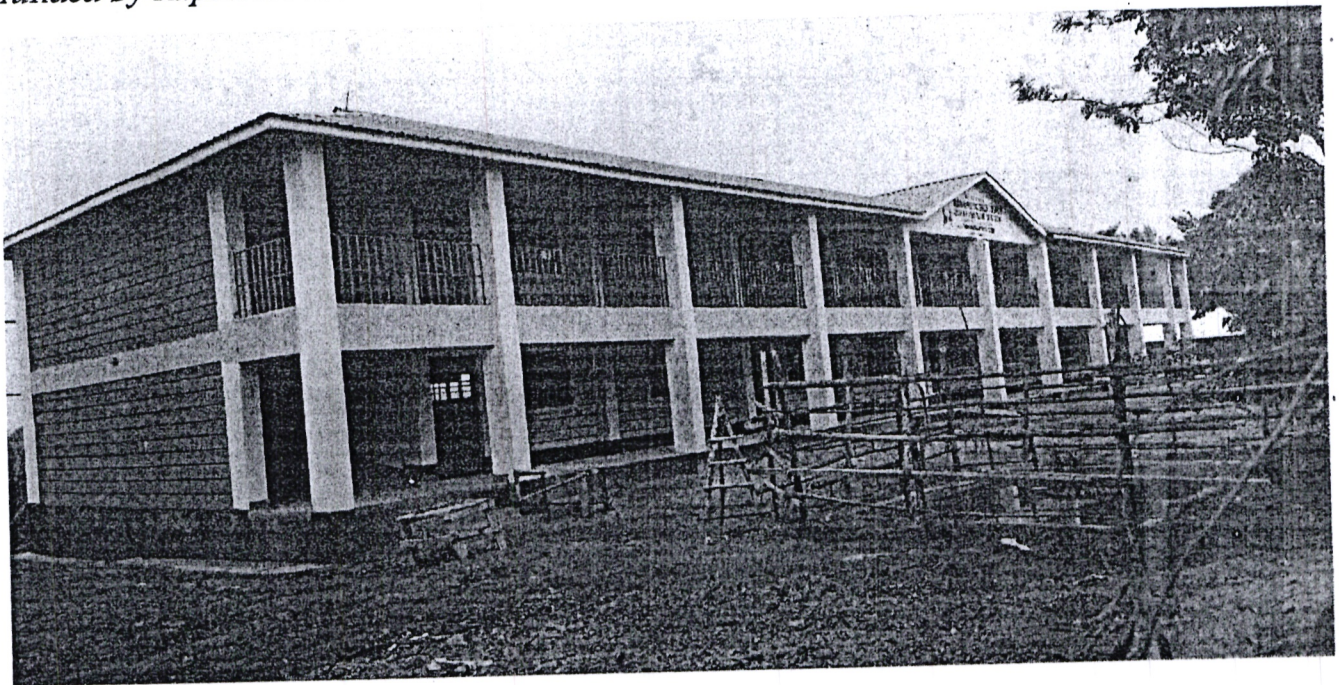
NYALI NG-CDF-KONGOWEA SECODARY SCHOOL  
Costruction of 9No classrooms,2No Science laboratory borehole and 10 door toffets



KIAMBU NG-CDF-KIU RIVER SECONDARY SCHOOL  
Mega project that entailed construction of Admin Block,8No Classrooms and library block



*Ongoing construction of two storey building of 12no. Classrooms at Langas Primary school funded by Kasperet NGCDF*

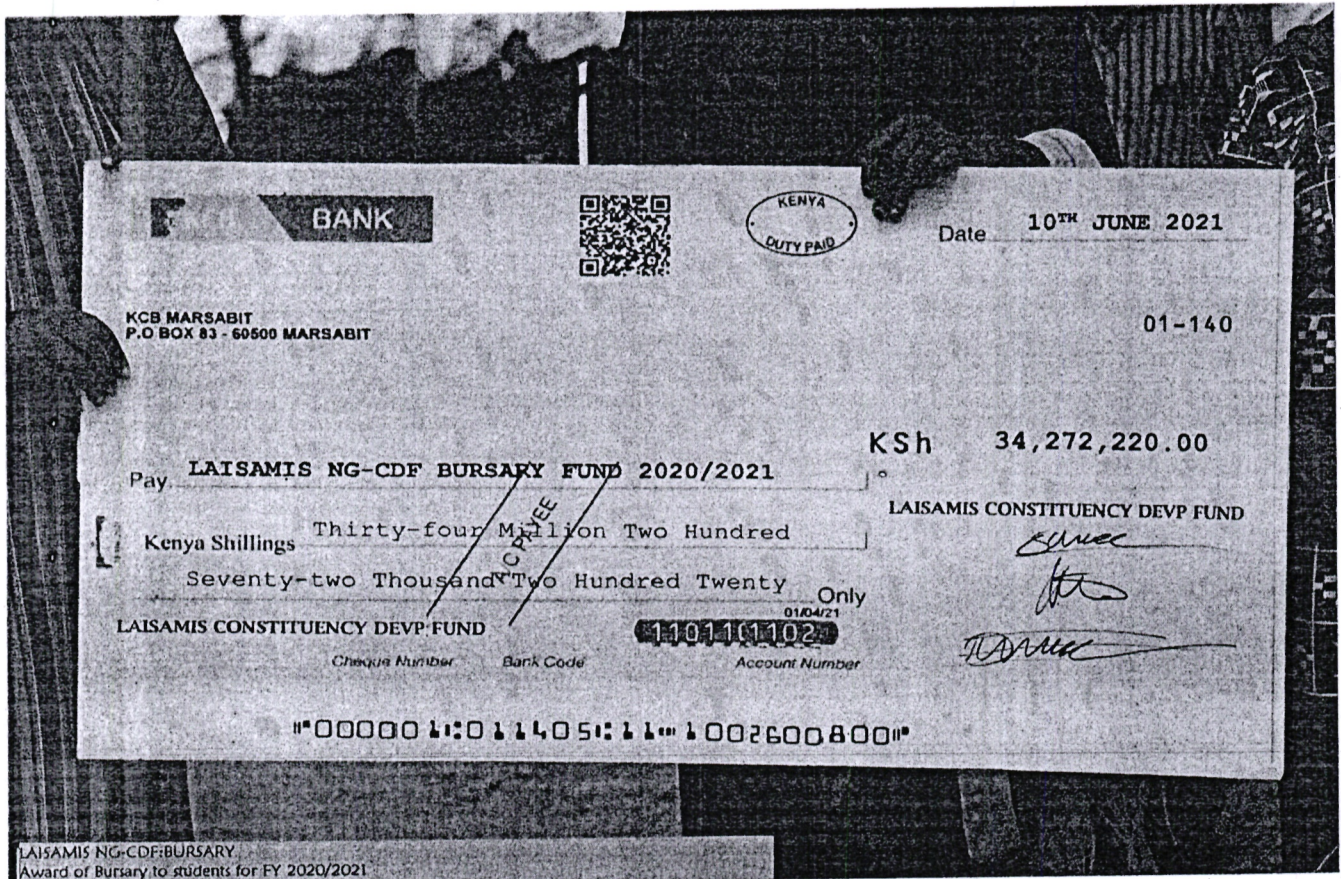
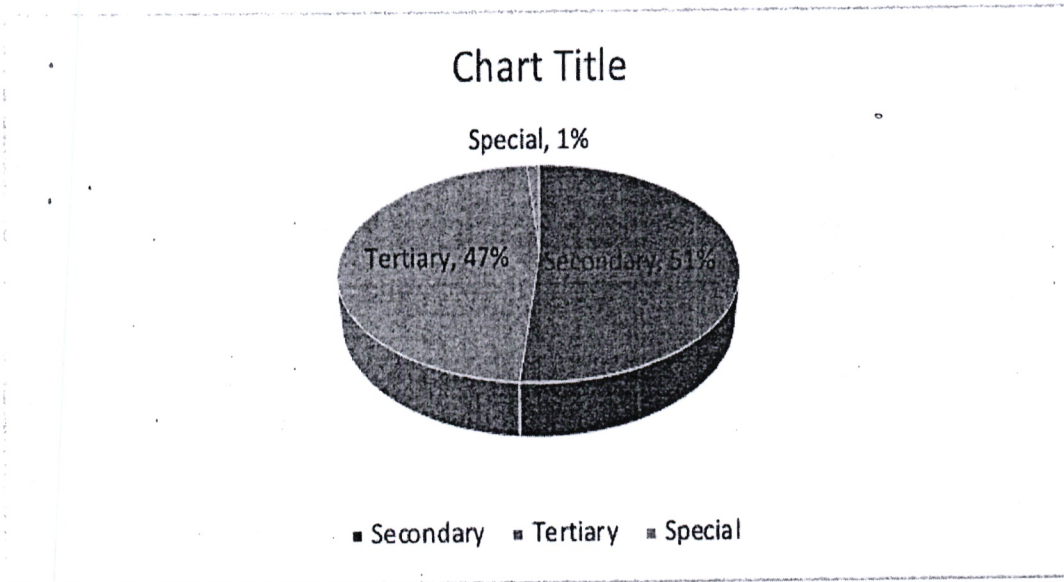


*Buhayi Muslim Secondary School – construction of one storey building of 8no. classrooms in Bunyala West Ward, complete and handed over*

### Bursary Projects

Issuance of bursary enables orphans and other needy students to learn in various institutions without interruption of their studies. This intervention has drastically reduced the education burden on the community minimizing harambees organized to raise school fees thus increasing disposable income to many households across the country. As indicated below tertiary and secondary students are the major beneficiaries of Bursary.

Below is a pictorial representation of bursary allocations in the country in this financial year



**Security sector**

NG-CDF significantly supported the security sector in this financial year, 10% of funds were utilized for projects in the security sector. The funds were used for construction or renovation of national government administration offices, police stations, police posts and staff houses. 1714 infrastructural facilities were developed in 2020/2021 FY. These projects helped to create secure environment for safe living and conducting business.



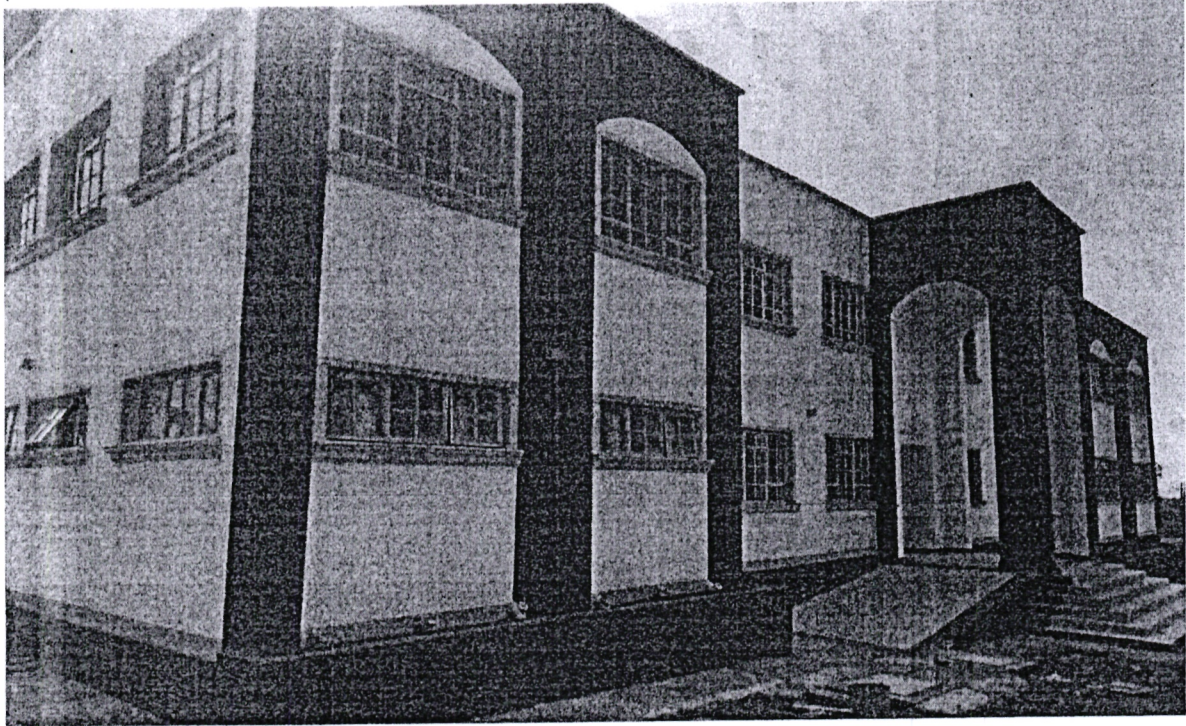
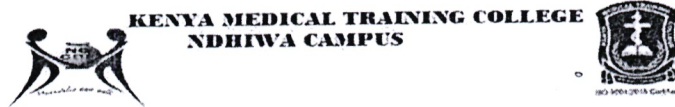
**Ongoing construction of Ruaraka police station funded by Ruaraka National Government Constituency Development Fund.**

### **Social Security**

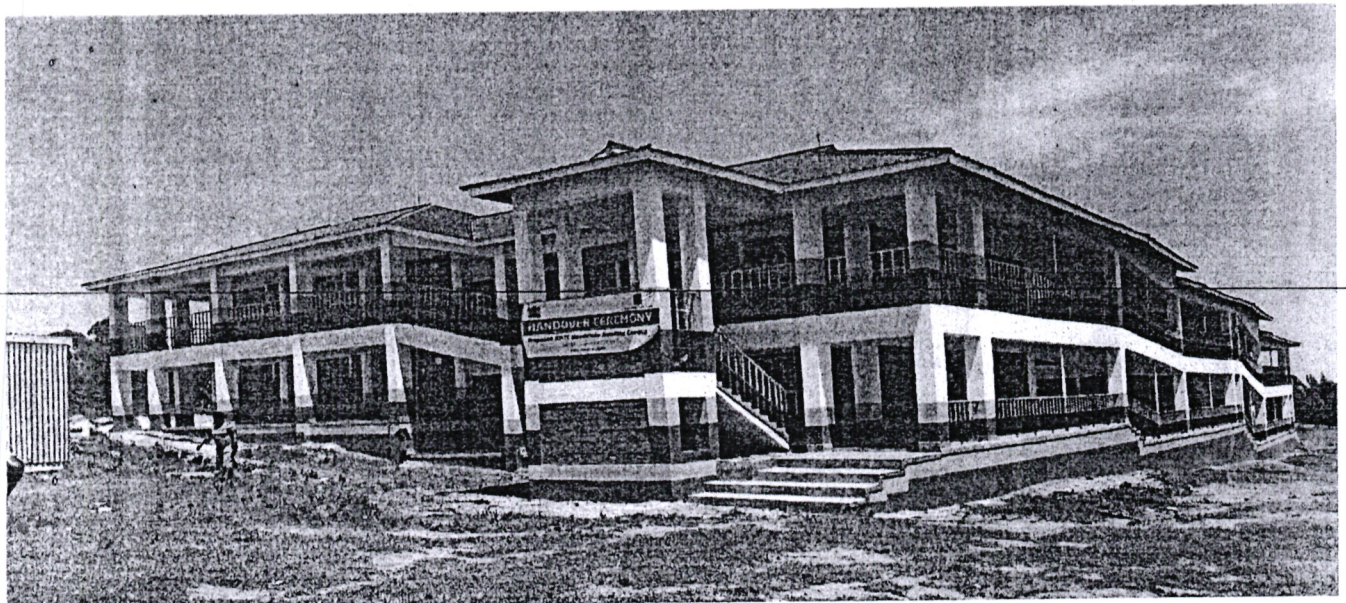
NG-CDF supports social security by providing NHIF covers for the elderly in the community. There was increased demand for social security measures during the 2020/2021 FY as compared to the previous years due to negative effects of the Covid-19. A total of 23,456 elderly persons benefited from this year's programme

### **Big 4 initiatives and Vision 2030 Flagship projects:**

The Board approved construction; renovation and equipping KMTCS in FY 2020/2021. These projects were at different phases of implementation during the reporting time. The KMTCS support the universal health coverage, one of the agendas aimed at enhancing a healthy nation and a productive workforce. The technical training institutes support production of artisan and technician needed in the manufacturing sector.



Kenya Medical Training College- Ndhiwa campus – Funded by Ndhiwa NGCDFC



KMITC Navakholo – Construction of Storey building of 12 lecture halls in Bunyala Central Ward, complete and handed over

## **STATUTORY REQUIREMENTS**

The Board has continued to ensure that management of the Fund at the constituency level complies with all the statutory requirements through issuance of circulars and policies. In the period under review no sanction was received for non-compliance in the management of the Fund.

## **MAJOR RISKS FACING THE FUNDS**

Mwongozo code of governance on state corporations require the board to ensure risk assessment is conducted and the risks are monitored. The NGCDF board through management conducted risk assessment and identified major risks facing the fund.

1. Inadequate technical support from relevant government departments.
2. Litigations on Constitutionality of NGCDF Act
3. Inadequate managerial and technical skills among some NG-CDFC members
4. Abandonment of/ Non allocation of funds to ongoing projects
5. Delayed disbursement of funds to the constituencies.
6. Inadequate project management and supervision skills among the PMC members
7. Delay in approval of project proposals, resubmissions and reallocations by the NG-CDF Board
8. Excess employment of NGCDFC staff
9. Poor and unreliable internet connectivity in NGCDF offices
10. Insecurity incidences in constituencies
11. Needy and deserving students missing out on bursary
12. Inequitable distribution of projects within the constituency
13. Stalled projects under devolved factions resulting from commencement of NG-CDF act

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2015

14. Complete but unutilized projects
15. Lack of ownership documents on public land for project implementation.
16. Poor workmanship on projects by contractors
17. Non adherence to public procurement process.

Proper internal controls have been put in place and they are being monitored continuously.

## IMPLEMENTATION CHALLENGES AND EMERGING ISSUES

During the period under review, the NG-CDF Board has continued pursue the goal of performance improvement by institutionalising public sector reforms implemented by the Government of Kenya as well as other internal interventions with the aim of ensuring efficient, effective and ethical delivery of services to the people of Kenya.

The Board continues to commit itself to this goal by developing annual performance targets that it believes will aid in bring about sustainable change and ultimately negotiating a performance contract with the Government of Kenya. This coupled with other public sector reforms that have been put in place all serve to improve efficiency and effectiveness in the management of public affairs by the Board in its operations at the constituency level as well as at its headquarters.

However, despite its best efforts, the accomplishment of these goals has been hampered by several factors over the past year.

### i) Pending receipts for previous Financial Years

Analysis of the receipts from the National Treasury for 2014/15, 2013/14 and 2011/12 financial years indicates an outstanding arrears amounting to Kshs. **4,973,196,750** as shown in the table below: -

No.	Financial Year	Allocation Kshs	Amount Received Kshs	Amount in Arrears Kshs
2	2014/2015	33,213,000,000	30,910,053,250	2,302,946,750
3	2013/2014	23,062,000,000	20,933,500,000	2,128,500,000
4	2011/2012	22,978,000,000	22,436,250,000	541,750,000
	<b>Total</b>	<b>120,967,800,000</b>	<b>102,279,803,250</b>	<b>4,973,196,750</b>

This gap between allocation and receipts constrains the Board's ability to finance the entire approved Constituencies' Project Proposals.

### ii) Pace in replenishment of the Board's main account.

The pace of replenishment of Board's account has remained a challenge to project implementation. However, the Board continues to engage the National Treasury with a view to ensuring regular replenishment of the account at predictable tranches

### **iii) Legal challenges**

The National Government Constituency Development Fund is facing Constitutional legal suits now at the Supreme Court after two organisations challenged a decision made by the Court of Appeal in November 2017. The Institute for Social Accountability (TISA) and Centre for Enhancing Democracy and Good Governance have gone to Supreme Court to challenge the constitutionality of NG-CDF Act, 2015. They argue that the current NG-CDF Act is unconstitutional as it offends the principles of public finance, division of revenue and the division of functions of the national and county governments.

### **iv) Staff Levels**

The NG-CDF Board secretariat is understaffed. This has severely hampered the Board's operations especially in as far as labour intensive tasks are concerned. As a result, the existing staff find themselves spread thin and take longer to perform some duties than expected. However, recruitment of additional staff will be undertaken once the National Treasury blanket freezing on hiring that was put in place in July 2017 is lifted.

### **v) Effects of the Covid19 Pandemic**

Covid 19 Containment measures, especially travel restrictions to and from certain areas and limitation on public gatherings that adversely affected the pace of implementation of NG-CDF programmes hence limiting the utilization of the allocated funds.

### **vi) Project implementation challenges**

These include:

- i) Non adherence to public procurement process which could lead to overfunding or stalling of some projects. This could also result in poor workmanship on projects by contractors
- ii) Irregular Reallocation of funds hence delayed project implementation.
- iii) Non allocation of funds to ongoing projects leaving some projects incomplete
- iv) Allocation of insufficient funds to projects thus lengthening the completion period

## XII. STATEMENT OF DIRECTORS' 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.

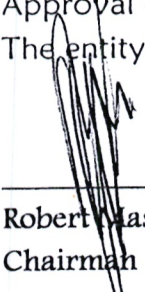
The Accounting Officer in charge of the (National Government Constituencies Development Fund) is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the period ended on June 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) 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 period ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the (NGCDF) 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.

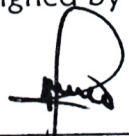
The Accounting Officer in charge of the NGCDF confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the 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 entity's financial statements were approved and signed by

  
Robert Masese  
Chairman of the Board

25/10/2021

  
Yusuf Mbuno  
Chief Executive Officer

**XIII. REPORT OF THE INDEPENDENT AUDITORS ON THE NATIONAL  
GOVERNMENT GOVERNEMENT CONSTITUENCIES DEVELOPMENT  
(FUND)**

# REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2021**

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted 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 an entity has complied with all relevant laws and regulations, and that its internal control, 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 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

#### **Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund set out on pages 50 to 77, which comprise the statement of financial assets and liabilities as at 30 June, 2021, and the statement of

receipts and payments, the statement of cash flows and the statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund (Amendment) Act, 2015.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund 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 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.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

## **Conclusion**

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

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 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**

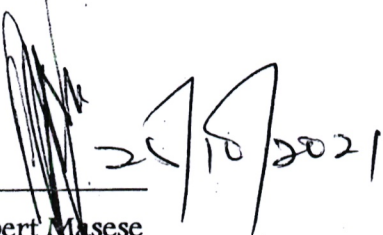
**Nairobi**


**15 November, 2021**


**XIV. STATEMENTS OF RECEIPT AND PAYMENTS**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from Other Government Entities	1	55,424,928,640	33,286,162,000
<b>TOTAL RECEIPTS</b>		<b>55,424,928,640</b>	<b>33,286,162,000</b>
<b>PAYMENTS</b>			
Transfers to Constituencies and secretariat	2	47,714,715,505	33,735,973,205
<b>TOTAL PAYMENTS</b>		<b>47,714,715,505</b>	<b>33,735,973,205</b>
<b>SURPLUS/DEFICIT</b>		<b>7,710,213,135</b>	<b>-449,811,205</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:

  
 Robert Masese  
 Chairman of the Board


  
 Yusuf Mbuno  
 Chief Executive Officer


  
 James Chebii  
 Ag. Manager, HQ Financial Services  
 ICPAK No. 6912


**XV. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances	3	9,710,213,138	2,000,000,003
<b>TOTAL FINANCIAL ASSETS</b>		<b>9,710,213,138</b>	<b>2,000,000,003</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	4	2,000,000,003	2,449,811,208
Surplus/Deficit for the year		7,710,213,135	-449,811,205
<b>Total Financial Liabilities</b>		<b>9,710,213,138</b>	<b>2,000,000,003</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:

  
 25/10/2021  
 Robert Masese  
 Chairman of the Board


  
 Yusuf Mbuno  
 Chief Executive Officer


  
 James Chebii  
 Ag. Manager, HQ Financial  
 Services  
 ICPAK No. 6912


## XVI. STATEMENT OF CASH FLOWS

		2020-2021	2019-2020
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from Other Government Entities	1	55,424,928,640	33,286,162,000
<b>Payments for operating expenses</b>			
Transfer to the Constituencies and the Secretariat	2	47,714,715,505	33,735,973,205
Net cash flow from operating activities		7,710,213,135	(449,811,205)
Net increase in cash and cash equivalent		7,710,213,135	(449,811,205)
Cash and cash equivalent at BEGINNING of the year	4	2,000,000,003	2,449,811,208
Cash and cash equivalent at END of the year	3	9,710,213,138	2,000,000,003

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:

  
Robert Mase  
Chairman of the Board

  
Yusuf Mbuno  
Chief Executive Officer

  
James Chebii  
Ag. Manager, HQ Financial  
Services  
ICPAK No. 6912

NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS-2020-2021**


Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		Opening Balance	Pending Receipts from National Treasury				
	a		b	c=a+b	d	e=c-d	f=d/c
<b>RECEIPTS</b>							92
Transfers from Other Government Entities	41,714,800,000	2,000,000,003	18,683,325,390	62,398,125,393	57,424,928,643	4,973,196,750	92
<b>TOTALS</b>	<b>41,714,800,000</b>	<b>2,000,000,003</b>	<b>18,683,325,390</b>	<b>62,398,125,393</b>	<b>57,424,928,643</b>	<b>4,973,196,750</b>	
<b>PAYMENTS</b>							76
Transfers to the Constituencies	39,755,775,000	2,000,000,003	18,683,325,390	60,439,100,393	45,894,215,505	14,544,884,888	93
Transfers to the Secretariat	1,959,025,000			1,959,025,000	1,820,500,000	138,525,000	76
<b>TOTALS</b>	<b>41,714,800,000</b>	<b>2,000,000,003</b>	<b>18,683,325,390</b>	<b>62,398,125,393</b>	<b>47,714,715,505</b>	<b>14,683,409,888</b>	


**Explanatory notes on material variances**


- The Board was allocated Kshs. 41,714,800,000 in 2020/2021 Financial Year. In addition, the Board had a balance of Kshs. 18,683,325,390 relating to previous financial years and an opening cashbook balance of Kshs 2,000,000,003. This totals to a budget of Kshs 62,398,125,393 within the reporting period.
- The variance of 24% on transfer to the constituencies was due to delay in receipt of funds from The National Treasury

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	14,683,409,888
Less undisbursed funds receivable from the Board as at 30th June 2021	4,973,196,750
Add Accounts payable	9,710,213,138
Less Accounts Receivable	
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2020/21	9,710,213,138

Accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF financial statements were signed on behalf of the Board by:

  
 Robert Masege  
 Chairman of the Board

  
 Yusuf Mbuno  
 Chief Executive Officer

  
 James Chebii  
 Ag. Manager, HQ Financial Services  
 ICPAK No. 6912

## **XVIII. 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.

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 Fund. 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 (Ksh), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

### **4. Summary of Significant Accounting Policies Applied**

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

#### **Recognition of Receipts**

##### **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 the amount is reflected in the bank statement.

### **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. Some similar recognition criteria is applied for loans received in the form of a direct payment.

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

### **Budget Information.**

The budget is the allocation to the Fund as approved by the National Assembly. This comprises of 95% allocation to the constituencies and 5% allocation to the Secretariat. The original budget was approved by Parliament for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021 as required by Law. 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.

### **Recognition of payments**

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

### **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.

### **Accounts Receivable**

For the purposes of these financial statements, Monies allocated to the Fund but not yet received at the end of the Financial comprises of pending receipts from the national Treasury. This is in compliance with Sec 7(2) of the NGCDF Act that states that all funds allocated to a constituency shall be cumulative and shall be carried forward from one financial year to the next, including funds returned into the accounts in accordance with section 6(3) or funds which are not utilized for whatever reasons.

### **Accounts Payable**

For the purposes of these financial statements, amount allocated to the constituencies but not disbursed by the end of the financial year have been recognized on an accrual basis (as owing disbursements to the constituencies). This is in compliance with Sec 7(2) of the NGCDF Act that states that all funds allocated to a constituency shall be cumulative and shall be carried forward from one financial year to the next, including funds returned into the accounts in accordance with section 6(3) or funds which are not utilized for whatever reasons. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies.

### **Comparative Figures**

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

### **Subsequent Events**

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

**a. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: 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.

**b. 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.

## XIX. NOTES TO THE FINANCIAL STATEMENTS

### 1. Transfer from other Government Entities

Date	2020/2021 (Kshs)	2019/2020 (Kshs)
10 <sup>th</sup> July 2019		5,286,162,000.
15 <sup>th</sup> October 2019		1,200,000,000
30 <sup>th</sup> October 2019		2,000,000,000
11 <sup>th</sup> November 2019		2,000,000,000
28 <sup>th</sup> November 2019		2,000,000,000
11 <sup>th</sup> December 2019		2,000,000,000
14 <sup>th</sup> January 2020		2,000,000,000
4 <sup>th</sup> February 2020		2,800,000,000
13 <sup>th</sup> February 2020		2,000,000,000
24 <sup>th</sup> February 2020		2,000,000,000
25 <sup>th</sup> February 2020		2,000,000,000
4 <sup>th</sup> March 2020		2,000,000,000
17 <sup>th</sup> March 2020		2,000,000,000
18 <sup>th</sup> May 2020		2,000,000,000
6 <sup>th</sup> July 2020		2,000,000,000
11 <sup>th</sup> August 2020	4,000,000,000	
20 <sup>th</sup> August 2020	2,000,000,000	
28 <sup>th</sup> August 2020	2,000,000,000	
4 <sup>th</sup> September 2020	2,000,000,000	
14 <sup>th</sup> September 2020	2,000,000,000	
28 <sup>th</sup> September 2020	2,000,000,000	
15 <sup>th</sup> December 2020	2,000,000,000	
24 <sup>th</sup> December 2020	2,000,000,000	
4 <sup>th</sup> February 2021	2,000,000,000	

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

Date	2020/2021 (Kshs)	2019/2020 (Kshs)
10 <sup>th</sup> February 2021	2,000,000,000	
23 <sup>rd</sup> February 2021	2,000,000,000	
4 <sup>th</sup> March 2021	2,000,000,000	
12 <sup>th</sup> March 2021	2,000,000,000	
17 <sup>th</sup> March 2021	2,000,000,000	
24 <sup>th</sup> March 2021	2,000,000,000	
12 <sup>th</sup> April 2021	2,000,000,000	
16 <sup>th</sup> April 2021	2,000,000,000	
23 <sup>rd</sup> April 2021	2,000,000,000	
5 <sup>th</sup> May 2021	2,000,000,000	
10 <sup>th</sup> May 2021	1,714,800,000	
3 <sup>rd</sup> June 2021	2,000,000,000	
9 <sup>th</sup> June 2021	2,000,000,000	
25 <sup>th</sup> June 2021	4,000,000,000	
30 <sup>th</sup> June 2021	4,000,000,000	
1 <sup>st</sup> July 2021	1,710,128,640	
<b>Total</b>	<b>55,424,928,640</b>	<b>33,286,162,000</b>

**2. TRANSFER TO THE CONSTITUENCIES AND SECRETARIAT**

	2020/2021(Kshs)	2019/2020 (Kshs)
Transfers to the constituencies( Annex I)	45,894,215,505	
Transfer to NGCDF Board Secretariat (	1,820,500,000	
<b>Total</b>	<b>47,714,715,505</b>	<b>33,735,973,205</b>

### 3. BANK ACCOUNTS

Name of Bank, Account No. & currency	2020/2021	2019-2020
	Kshs	Kshs
Central Bank of Kenya, Recurrent Account no.1000304316	9,710,213,138	2,000,000,003
<b>Total</b>	9,710,213,138	2,000,000,003

### 4. BALANCES BROUGHT FORWARD

	2020/2021	2019/2020
	Kshs	Kshs
Bank account	2,000,000,003	2,449,811,208
<b>Total</b>	2,000,000,003	2,449,811,208

### 5. IMPORTANT DISCLOSURES

- |  |                |
|--|----------------|
| 1. Owing to the constituencies and Secretariat | 14,683,409,888 |
| 2. Pending receipts from National Treasury     | 4,973,196,750  |

Annex I

## DISBURSEMENT TO THE CONSTITUENCIES IN 2020/2021 FINANCIAL YEAR

No.	Constituency	Amount Disbursed
1	Ainabkoi	162,267,724
2	Ainamoi	161,367,724
3	Aldai	172,267,724
4	Alego Usonga	172,367,724
5	Awendo	161,367,724
6	Bahati	108,600,000
7	Balambala	168,803,888
8	Banissa	153,867,724
9	Baringo Central	165,567,724
10	Baringo North	152,272,918
11	Baringo South	154,667,724
12	Belgut	161,367,724
13	Bobasi	158,907,724
14	Bomachoge Borabu	132,267,724
15	Bomachoge Chache	161,367,724
16	Bomet Central	159,410,724
17	Bomet East	162,867,724
18	Bonchari	

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
		150,367,724
19	Bondo	162,267,724
20	Borabu	162,267,724
21	Budalangi	159,367,724.
22	Bumula	161,367,724
23	Bura	151,267,724
24	Bureti	161,367,724
25	Butere	161,367,724
26	Butula	174,267,724'
27	Buuri	160,767,724
28	Central Imenti	160,767,724
29	Changamwe	168,767,724
30	Chepalungu	161,367,724
31	Cherangany	216,008,600
32	Chesumei	163,567,724
33	Chuka/Igambang'ombe	180,067,724
34	Dadaab	173,198,536
35	Dagoretti North	154,767,724
36	Dagoretti South	174,396,697
37	Eldama Ravine	172,267,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
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No.	Constituency	Amount Disbursed
38	Eldas	162,267,724
39	Embakasi Central	171,125,224
40	Embakasi East	180,281,121
41	Embakasi North	159,867,724
42	Embakasi South	158,185,920
43	Embakasi West	158,440,875
44	Emgwen	149,767,724
45	Emuhaya	161,367,724
46	Emuria Dikirr	153,567,724
47	Endebess	162,267,724
48	Fafi	162,455,724
49	Funyula	177,225,495
50	Galole	95,900,000
51	Ganze	235,469,128
52	Garissa Township	160,267,724
53	Garsen	92,000,000
54	Gatanga	161,367,724
55	Gatundu North	168,367,724
56	Gatundu South	171,367,724
57	Gem	168,867,724

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Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
58	Gichugu	169,367,724
59	Gilgil	95,000,000
60	Githunguri	161,367,724
61	Hamisi	166,067,724
62	Homa Bay Town	99,200,001
63	Igembe Central	169,048,541
64	Igembe North	167,267,724
65	Igembe South	132,967,724
66	Ijara	112,200,000
67	Ikolomani	162,267,724
68	Isiolo North	147,000,000
69	Isiolo South	187,867,724
70	Jomvu	241,508,600
71	Juja	159,367,724
72	Kabete	160,867,724
73	Kabondo Kasipul	176,110,927
74	Kabuchai	158,547,724
75	Kacheliba	161,967,724
76	Kaiti	161,367,724
77	Kajiado Central	161,067,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
78	Kajiado East	235,464,634
79	Kajiado North	156,767,724
80	Kajiado South	162,067,724
81	Kajiado West	162,558,039
82	Kaloleni	161,367,724
83	Kamukunji	92,400,000
84	Kandara	161,367,724
85	Kanduyi	181,267,724
86	Kangema	175,367,724
87	Kangundo	162,336,141
88	Kapenguria	134,610,844
89	Kapseret	161,367,724
90	Karachuonyo	175,367,724
91	Kasarani	159,767,724
92	Kasipul	161,367,724
93	Kathiani	161,367,724
94	Keiyo North	161,867,724
95	Keiyo South	161,367,724
96	Kesses	161,867,724
97	Khwisero	97,900,000

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed <sup>a</sup>
98	Kiambaa	154,367,724
99	Kiambu	161,367,724
100	Kibra	161,367,724
101	Kibwezi East	175,923,931
102	Kibwezi West	162,267,724
103	Kieni	177,456,474
104	Kigumo	139,367,724
105	Kiharu	160,667,724
106	Kikuyu	165,367,724
107	Kilgoris	131,367,724
108	Kilifi North	155,000,000
109	Kilifi South	165,367,724
110	Kilome	160,984,749
111	Kimilili	110,972,827
112	Kimini	161,867,724
113	Kinango	165,801,047
114	Kinangop	161,367,724
115	Kipipiri	171,512,724
116	Kipkelion East	161,367,724
117	Kipkelion West	92,000,000

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
118	Kirinyaga Central	161,367,724
119	Kisauni	160,937,724
120	Kisumu Central	176,566,686
121	Kisumu East	152,267,724
122	Kisumu West	157,218,527
123	Kitui Central	162,267,724
124	Kitui East	162,517,724
125	Kitui Rural	162,767,724
126	Kitui South	164,267,724
127	Kitui West	161,367,724
128	Kitutu Chache North	160,767,724
129	Kitutu Chache South	162,267,724
130	Kitutu Masaba	161,984,749
131	Konoin	158,667,724
132	Kuresoi North	177,767,724
133	Kuresoi South	157,367,724
134	Kuria East	131,367,724
135	Kuria West	160,767,724
136	Kwanza	172,767,724
137	Lafey	161,367,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
138	Lagdera	161,367,724
139	Laikipia East	159,967,724
140	Laikipia North	162,267,724
141	Laikipia West	161,367,724
142	Laisamis	161,567,724
143	Lamu East	113,400,000
144	Lamu West	149,426,187
145	Langata	160,317,724
146	Lari	161,367,724
147	Likoni	161,867,724
148	Likuyani	92,900,000
149	Limuru	163,440,876
150	Loima	161,367,724
151	Luanda	166,167,724
152	Lugari	100,460,817
153	Lunga Lunga	92,900,000
154	Lurambi	169,832,260
155	Maara	160,767,724
156	Machakos Town	161,367,724
157	Magarini	169,057,052

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
158	Makadara	127,367,724
159	Makueni	170,911,438
160	Malava	131,367,724
161	Malindi	161,367,724
162	Mandera East	180,267,724
163	Mandera North	161,367,724
164	Mandera South	161,367,724
165	Mandera West	153,617,724
166	Manyatta	158,067,724
167	Maragua	164,367,724
168	Marakwet East	161,367,724
169	Marakwet West	161,367,724
170	Masinga	172,567,724
171	Matayos	162,917,724
172	Mathare	168,266,117
173	Mathioya	161,367,724
174	Mathira	168,767,724
175	Matuga	172,267,724
176	Matungu	154,157,724
177	Matungulu	161,367,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
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No.	Constituency	Amount Disbursed
178	Mavoko	161,367,724
179	Mbeere North	163,866,724
180	Mbeere South	193,402,552
181	Mbooni	162,567,724
182	Mogotio	159,917,724
183	Moiben	161,367,724
184	Molo	161,367,724
185	Mosop	174,367,724
186	Moyale	161,617,724
187	Msambweni	161,367,724
188	Mt. Elgon	172,267,724
189	Muhoroni	148,791,749
190	Mukurweini	161,768,542
191	Mumias East	151,917,724
192	Mumias West	98,750,000
193	Mvita	196,218,813
194	Mwala	179,467,724
195	Mwatate	161,367,724
196	Mwea	162,467,724
197	Mwingi Central	177,240,876

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
198	Mwingi North	162,267,724
199	Mwingi West	163,867,724
200	Naivasha	161,367,724
201	Nakuru Town East	166,817,724
202	Nakuru Town West	129,367,724
203	Nambale	161,367,724
204	Nandi Hills	161,367,724
205	Narok East	158,367,724
206	Narok North	161,367,724
207	Narok South	166,367,724
208	Narok West	155,867,724
209	Navakholo	115,900,000
210	Ndaragwa	156,306,517
211	Ndhiwa	168,987,197
212	Ndia	172,267,724
213	Njoro	161,367,724
214	North Horr	161,367,724
215	North Imenti	161,367,724
216	North Mugirango	130,767,724
217	Nyakach	163,367,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
218	Nyali	157,567,724
219	Nyando	127,367,724
220	Nyaribari Chache	174,207,636
221	Nyaribari Masaba	98,000,000
222	Nyatike	158,852,724
223	Nyeri Town	149,117,724
224	OI Jororok	126,767,724
225	OI Kalou	157,267,724
226	Othaya	160,267,724
227	Pokot South	161,367,724
228	Rabai	95,000,000
229	Rangwe	158,467,724
230	Rarieda	176,067,725
231	Rongai	161,367,724
232	Rongo	92,000,000
233	Roysambu	157,728,021
234	Ruaraka	166,367,724
235	Ruiru	161,367,724
236	Runyenjes	163,658,342
237	Sabatia	162,617,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)  
Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
238	Saboti	161,868,757
239	Saku	165,567,724
240	Samburu East	161,367,724
241	Samburu North	158,867,724
242	Samburu West	165,267,724
243	Seme	159,367,724
244	Shinyalu	155,867,724
245	Sigor	161,967,724
246	Sigowet/Soin	161,367,724
247	Sirisia	159,367,724
248	Sotik	166,767,724
249	South Imenti	172,067,724
250	South Mugirango	160,767,724
251	Soy	161,367,724
252	Starehe	132,617,724
253	Suba North	163,867,724
254	Suba South	105,000,000
255	Subukia	161,367,724
256	Suna East	179,604,294
257	Suna West	127,367,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
258	Tarbaj	160,767,724
259	Taveta	100,000,000
260	Teso North	157,960,790
261	Teso South	161,367,724
262	Tetu	160,267,724
263	Tharaka	161,367,724
264	Thika Town	167,519,768
265	Tiaty	162,067,724
266	Tigania East	178,767,724
267	Tigania West	161,367,724
268	Tinderet	161,367,724
269	Tongaren	131,367,724
270	Turbo	172,267,724
271	Turkana Central	172,267,724
272	Turkana East	161,367,724
273	Turkana North	161,367,724
274	Turkana South	179,367,724
275	Turkana West	171,467,724
276	Ugenya	152,367,724
277	Ugunja	163,267,724

*NATIONAL GOVERNMENT- NG-CDF BOARD (FUND)*  
*Reports and Financial Statements For the year ended June 30 2021*

No.	Constituency	Amount Disbursed
278	Uriri	161,867,724
279	Vihiga	163,848,542
280	Voi	161,367,724
281	Wajir East	160,767,724
282	Wajir North	169,467,724
283	Wajir South	161,367,724
284	Wajir West	161,367,724
285	Webuye East	152,577,724
286	Webuye West	156,667,724
287	West Mugirango	167,867,724
288	Westlands	161,367,724
289	Wundanyi	161,503,940
290	Yatta	161,367,718
	<b>Total</b>	<b>45,894,215,505</b>

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**Annex II**

**Disbursement to the Board Secretariat**

<b>Date</b>	<b>Amount Disbursed</b>
28/09/2020	500,000,000
06/01/2021	300,000,000
16/03/2021	50,000,000
01/04/2021	260,000,000
22/04/2021	255,000,000
21/05/2021	321,500,000
16/06/2021	134,000,000
<b>Total</b>	<b>1,820,500,000</b>