


Enhancing Accountability



 THE NATIONAL ASSEMBLY PAPERS L AID	
DATE:	04 MAY 2023 DAY. Thursday
TABLED BY:	Hon. Kitiani Ichungwa (Leader of the Majority Party)
CLERK-AT THE-TABLE:	Joyce Kemerele

REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND BOARD**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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Revised Template 30th June 2022



NATIONAL GOVERNMENT CONSTITUENCIES FUND BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2022

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

National Government Constituencies Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

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(Indicate actual name of the NGCDF Board)

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1. KEY NGCDF BOARD INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NGCDF) is established under the NGCDF Act, 2015 as amended in 2022. The NG-CDF is under the National Treasury and Planning. The objective of the Fund is agenda at the constituency level. to provide mechanisms for supplementing implementation of the National Government development

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

The Board has aligned the operations of the Fund with the new Act and the Constitution. The Board launched its new strategic plan on 16th August 2016 for the planning period 2016/2017 to 2020/2022. The Board has also attained ISO 9001:2015 certification.

(b) Principal Activities

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

- a) Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with the Act and send funds to respective Constituency operations account of the approved projects;
- b) Ensure timely and efficient disbursements of funds to every constituency;
- c) Ensure efficient management of the Fund;
- d) Coordinate the implementation of projects at the inter-constituency level;
- e) Receive and address complaints that may arise from the implementation of the Act;
- f) Encourage best practices in the implementation of projects;
- g) Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund; and
- h) Perform such other duties as the Board may deem necessary from time to time for the proper management of the Fund.

The Board aims to 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:

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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

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- 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

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

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- 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 project
- 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 IdNGCDF Board 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

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Key Strategic Priorities

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- 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 the office of the Auditor General requirements

(c) Key Management

The NGCDF Board's day to day management is under the following key organs

- Board of Directors
- Chief Executive Officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were as follows:

S/No.	Name	Title
1.	Yusuf Mbuno	Chief Executive Officer
2.	Polly Maingi	Manager Field Services (to 30/9/2021)
3.	James Chebii	Manager Financial Services
4.	Anne Thumbi	Manager Human Resource Management
5.	Kennedy Nyabiera	Senior Procurement Officer (to 30/9/2021)
6	Romana Okwany	Procurement Officer (to 30/5/2022)
7	ShafeeYaqub	Manager Supply Chain Management

(e) Fiduciary Oversight Arrangements

- i. Audit Committee of the Board
- ii. Finance, Human Resource and administration committee of the Board
- iii. Parliamentary special funds accounts committee (SFAC)

(f) NGCDF Headquarters

NGCDF headquarters

Harambee Plaza Building, 5th Floor and Ukulima Building 6th Floor

Telephone No. 2230015/19/27

Haille Sellasie/Uhuru Highway Junction.

P.O. Box 46682 – 00100 NAIROBI

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(g) Contacts

Telephone :(020) 2230015/9,2230027

E-mail : info@ngcdf.go.ke

Website: www.ngcdf.go.ke

(h) NGCDF Bankers

1. Co-operative Bank of Kenya Ltd Parliament Road Branch	2. KCB Bank Ltd Kipande House Branch
3. Equity Bank Parliament Road Branch	4. SBM Bank Ltd Riverside Branch

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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2. THE BOARD OF DIRECTORS

	<p>Mr. Robert Nyariki Momanyi Masese Chairman of the Board (Upto March 25, 2022)</p> <p>Born on 19th May, 1956, Mr. Robert is the chairman of NG-CDF Board of directors. He was appointed to this position on 29th 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</p> <p>Mr. Robert has a Master of Education, Management & Planning and Bachelor of Science Education.</p>
<p>Mr. Kennedy Ogendi Ondieki Alternate Director to the principle Secretary, the National Treasury</p> <p>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.</p> <p>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.</p> <p>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</p>	

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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 Njihia Mukui
Alternate Director to the Principal Secretary , State Department for Planning
 Born in June 1958, Mr. Mukui 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 Community Development Trust Fund (CDTF) and Tana and Athi Rivers Development Authority (TARDA) boards. Mr. Joseph holds a Master of Arts and

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	<p>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>Ms. Karen Rono Alternate Director to the Attorney General 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 & Administration Committee of the Board. 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>Mr. Paul Kibet Alternate Director to the Principal Secretary , State Department of Early Learning and Basic Education, Ministry of Education. Born on 6th June 1964, Mr. Kibet was appointed to the Board on 5thFebruary, 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>Ms. Maria Lekoloto Director(term ended March 26, 2022; reappointed on May 13,2022) Born on 23rd 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, Bachelor of Business Administration-Human Resource and Diploma in Community Based Development. She has specilized in Human Resource Management, and she is a member of Institute of Human Resource Management.</p>	

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	<p>Mr. Abdiaziz Bulle Yarrow Director (term ended March 26, 2022; reappointed on May 13, 2022) Born on 15th February 1982, Mr. Abdiaziz was appointed to the NG-CDF Board on 26th 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.</p>
<p>Dr. Isabel Nyambura Waiyaki Director (term ended March 26, 2022; reappointed on May 13, 2022) Born on 19th 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 26th March 2019.</p>	

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Hon. Peter Edick O. Anyanga

Director (Up to February 9, 2022)

Born on 23rd August, 1966, Hon. Peter was appointed to the NG-CDF Board on 26th 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 (Up to September 2, 2021)

Born on 29th March 1967, Ms. Irene was appointed to the NG-CDF Board on 26th 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, AthnasKandie Boys Secondary Board, and ElgeyoMarakwet 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).



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Mr. George Kasatua Ole Meshuko

Director (term ended March 26, 2022; reappointed on May 13,2022)

Born on 26th December 1972, Mr. George was appointed to the NG-CDF Board on 26th 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 Art 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.

Born on 27th 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.



Mr. Yusuf Mbuno

Chief Executive Officer



Simon Ndweka

Secretary to the Board

Born on 24th 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.

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3. 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 and 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

James Chebii holds Masters in Business Administration degree (Finance) and Bachelor of Education.

He is a Certified Public Accountant and a member of the Institute of Certified Public Accountants, Kenya (ICPAK) in good standing.

Responsibilities: providing professional advice to the National Government Constituencies Development Fund Board and staff on financial management and providing technical guidance and support to Constituencies in Preparation of Constituencies financial statements.



James Chebii
Manager, Financial Services

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 <p>Raphael Nduati, Chief Manager Corporate Planning and Strategy</p>	<p>Raphael Nduati holds Masters and Bachelor’s degrees in Economics. 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). 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>Responsibilities: 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>Alice Wachira Chief Internal Auditor</p>




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	<p>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.</p> <p>She is a member of the Institute of Human Resource Management (IHRM) in good standing.</p> <p>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.</p>
<p>Anne Thumbi Manager Human Resource & Administration</p>	<p>Elizabeth Kitundu holds a Master in Education degree in (Economics of Education) and Diploma in Project Management.</p> <p>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.</p> <p>Responsibilities: Coordination Project planning, implementation and continuous monitoring of implementation of projects by the National Government Constituencies Development Fund and Project Management Committees.</p>
	<p>Elizabeth Kitundu Chief Manager Programme and Field Services Coordination</p>
	<p>Jack Odhoch holds Master in Information Systems and Bachelor of Science (Statistics & Computer).</p> <p>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>
<p>Jack Odhoch Manager ICT</p>	

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 <p>Brenda Onyino Manager Corporate 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>CPA Robert Maina, Manager Risk & Compliance Division</p>
<p>ShafeeYaqub Mohamed holds Master in procurement and Logistics, Bachelor of Commerce (Finance Option) and Diploma – Purchasing & Supply (CIPS) and is currently doing a Master of Science in Finance at the University of Nairobi.</p> <p>He is a member ofCharteredInstitute of Purchasing and supply and Kenya Institute of Supply Management.</p> <p>Responsibilities: Provide professional advice to NG-CDF Board on procurement of goods, Works and Services</p>	 <p>ShafeeYaqub Mohamed Manager Supply Chain</p>

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4. CHAIRMAN'S STATEMENT

On behalf of the Board, I take this opportunity to present the Annual Report and Financial Statements for the Board for the 2021/2022 Financial year. The report provides key achievements and challenges encountered through the plan period. This resulted from implementation of various activities aimed at the Board's mandate and supporting poverty reduction at the grass root level

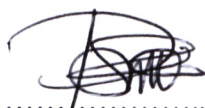
The Board's activities have a fundamental contribution in poverty reduction through socio-economic development. The interventions target all the 290 constituencies in the country which promotes regional equity and peace building.

The Board operations are guided by the mid-term plans where the 2016/17-2020/21 strategic plan was extended by one year to cover the reporting period and also give the Board a chance to align its strategic planning with the government mid-term planning cycle. The strategic plan provided targets for the five-year period which were implemented through the annual work plan, performance contracts as well as the staff appraisal system and supported by the budget.

The Board focused was guided by the strategic objectives stipulated in the strategic plan: improving operational efficiency and effectiveness; strengthening institutional capacity; ensuring efficient and effective project management; enhancing good governance; and Promote effective communication and appropriate partnerships. Strategies associated with these objectives alongside post Covid-19 strategies. During the period, timely approval of projects and timely disbursement of funds to constituencies remained a priority of the Board. Strengthening of internal control systems through financial, audit and risk management was executed.

The Board remain committed to ensuring prudent management of the Fund which is achieved through Board of Directors meetings the Board Committees. These committees include; Programmes, Performance and Risk Management Committees, Audit Committee, Finance and Human Resource Committee and Governance, complaints & publicity committee. The committee ensure Board activities are reviewed in details before being submitted to the full Board for deliberation leading to efficiency and productivity. These committee and Board activities ensured success in operations and achievement of the Board's mandate.

I wish to take this opportunity to thank my fellow Board members and the management for the support accorded to me.



.....
PAUL KIBET
FOR. BOARD CHAIR

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5. REPORT OF THE CHIEF EXECUTIVE OFFICER



The National Government Constituencies Development Fund Board being a body corporate has a mandate to ensure efficient management of the Fund. The Board comprises of the Board of Directors and secretariat. The secretariat, headed by the Chief executive Officer is responsible for the day to day management of the affairs by implementing decisions of the Board of Directors. It is also in-charge of the administrative and technical support in the running of the Board.

The running of the Board is guided by strategic plans which are implemented yearly through performance contracts and work plans supported by annual budgets. The Board expenses are financed by an amount not more than five per centum of the Fund. During the year under review (2021/2022), the Board's operations and expenses was allocated 4.69 per cent of the Fund in accordance with the NG-CDF Act. The amount was utilized in financing the Board's activities. During the period, the secretariat reviewed project proposals from all the 290 constituencies in accordance with the Act which were subsequently approved by the Board.

The Board developed an annual work plan and signed a performance contract with the National Treasury and Planning. Performance contracts were also cascaded to all the 290 constituencies. These were implemented throughout the financial year as supported by the budget and progress reports prepared periodically. Board enhanced achievement of its targets through Automation of some operations. The NG-CDFMIS continued to fast track the processing of project proposals through electronic submission, review and approval. Further Board meetings operate under paperless platform, e-Board platform. The accounting systems were improved through preparation of 292 financial statements, 290 for constituencies and one each for the secretariat and the Fund. The Board achieved most of its targets for the period despite some challenges.

Some of the challenges experience during the period which include phased disbursement of funds which affected the pace of implementation of Board programmes. Delay by some constituencies in submission of project proposals also affected the operations some of which were not fully compliant with the Act leading to conditional approval and deferment. On-going court cases also affected the operations.

Next financial 2022/2023 marks 20 year since start of the Fund. Therefore, there is need to showcase the Fund's achievement over that period of time. The Board will endeavor to avail relevant information to stakeholders including the public to mark the milestones realized this far. The Board will continue to improve on service delivery by leveraging on information, communication and technology. Monitoring and evaluation will form a key feedback mechanism to track activities implemented by the Board. This will provide vital information for decision making which include addressing challenges and deepen the gains made in the period under review contributing to Board's success.

Finally, I would like to thank our Chairman, Board of Directors and the entire Board for their relentless support. I also appreciate the Board secretariat for the skills and dedication they offered to us.

.....
YUSUF MBUNO
CHIEF EXECUTIVE OFFICER

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

The Board's strategic plan (2016/2017-2020/2021) is aligned to the Vision 2030, Second Medium-Term Plan, NG-CDF Act 2015, the Constitution, Sustainable Development Goals, Code of Governance for State Corporations (*Mwongozo*) and other relevant development plans. The Board identified five strategic issues to be pursued during the Plan period which include:

1. To improve the operational efficiency and effectiveness
2. To strengthen institutional capacity (skills, numbers and work environment)
3. To ensure efficient and effective project management
4. To enhance good governance
5. Promote effective communication and appropriate partnerships

NG-CDF Board develops its annual work plans based on the five objectives stated above. Progress assessment of the Board's work plan is done monthly whereas that of the performance contract is done quarterly.

Achievement for the performance targets set for 2021/22 period is as indicated in the table below;

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

Strategic Issue	Objective	Activities	Key Performance Indicators	Achievements
Operational efficiency and effectiveness	Continue Automation of Board's operations	<ul style="list-style-type: none"> Automation and rollout of Vote Book Management (VBM) at Constituencies Automation and rollout of Human Resource operations for performance appraisals and Payslips 	% Automation	<ul style="list-style-type: none"> All constituencies were on boarded to the Vote Book Management System Staff were onboarded to the GHRIS portal and trainings conducted
	Improve performance management	Negotiate, vet and sign performance contract with the PSPMMU Cascade the performance contract to NG-CDF Committees	No. of PCs signed	The Board signed performance contracts with PSPMMU and NG-CDF Committees. It also conducted an evaluation of the 2020/21FY contracts
	Implement Quality Management Systems	Conduct internal audits for ISO 9001:2015	No. of Audits conducted	The Board conducted ISO 9001:2015 internal audit to maintain certification and ISO 27001 guided audit in preparation for certification

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

	Improve accounting system	Train staff and key stakeholders on public finance management and reporting	No. of trainings conducted	The Board trained staff and key stakeholders on public finance management and reporting
	Strengthen planning and research capacity to support policy formulation and evidence based decision making	<ul style="list-style-type: none"> • Carry out research study on bursaries • Equip the resource centre • Update database on key statistics 	No. of research studies conducted No. of publications added to the resource centre. Database on key statistics	One research was conducted on the Board's intervention through bursaries 40 publications, 290 Project Implementation Status Reports and 290 project codelists were added to the resource centre
	Strengthening Audit and Risk management	<ul style="list-style-type: none"> • Conduct audits for the constituencies • Risks and controls monitoring 	No. of audits conducted	The Internal audit department conducted audits for 117 constituencies The risk management division conducted risk and controls monitoring for 18 constituencies and all the departments at headquarters
	Strengthening disaster responsiveness	Train NG-CDF Committees on disaster risk reduction	No. of NG-CDF Committees trained	A training was conducted for all the 290 NG-CDF Committee chairpersons

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

Institutional Capacity	Streamline organizational structure	Recruit more staff	No. of people recruited	The Board conducted a recruitment to fill the vacant positions.
	Develop capacity of staff	Capacity build staff	No. of capacity building sessions conducted	The Board conducted ICT Clinics and trainings on various issues for staff
	Improve on the work environment	Conduct an OSH audit	No. of audits conducted	The Board conducted an Occupational Safety and Health Audit within the financial year.
	Promote timely submission and approval of project proposals	Call for project proposal		The Board made a call for project proposals to constituencies on 26 th August, 2021 with the deadline for submission set at 30 th September, 2021
	Promote prioritization of on-going projects in allocation of funds	Guidelines on prioritization	No. of guidelines issued	The call for submission of project proposals guided the constituencies to prioritize completion of ongoing projects

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

Good Governance	Promote openness and accountability in management of the Fund	Resolution of complaints Review corruption prevention strategy	No. of visits conducted	The Board conducted visits to western and Nyanza regions to handle complaints The Board came up with a whistle blowing policy which is awaiting approval.
	Mainstream cross cutting issues and public participation	Training on cross cutting issues	No. of trainings conducted	Trainings for HIV/AIDS, Road Safety, Alcohol and Drug Abuse and Gender issues were conducted during the year
Communication and linkages	Enhance engagement with internal and external stakeholders	Carry out customer satisfaction survey	No. of surveys undertaken	Customer satisfaction survey conducted. The Board is awaiting the findings and recommendations of the survey.
	Enhance media relations	Participate in relevant TV and Radio programmes	No. of programmes participated in	NG-CDF Committee chairmen participated in various vernacular radio stations.

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

7. CORPORATE GOVERNANCE STATEMENT

The nature of the Corporation's Business and environment within which it operates demand adoption of good corporate governance practice which is vital in realization of stakeholders' expectations. Entrenchment of good corporate governance ensures that both the Board and the management execute their respective roles in a complementary manner. The statement sets out the main corporate governance practices and the structure of the corporation. The Directors possess a broad mix of skills, age, qualifications and experience required to discharge their responsibility.

Board Charter and Strategic Plan

The Board has in place a Board Charter, in addition to the Constitution Act and Code of Governance for State Corporations *[Mwongozo]*. These documents set out the corrective and individual powers, rights, obligations duties and responsibilities of Directors. The Board charter seek to ensure the effectiveness of each of the Director's contribution in the Governance of the Corporation by facilitating full and free exercise if independence judgment and professional competencies. The Charter outlines the governance arrangements that are to be applied in the Corporation on among others, the following areas:

- Respective roles and functions of the Board, Directors, Chairman, Chief Executive Officer and Corporation Secretary;
- Conduct of Board Meetings; and
- Terms of Reference for all the Committees.

In the Corporation's operations, the Board strives to achieve its objective as embedded in the strategic plan. The immediate past strategic plan run from 2016/2017 to 2020/2021 financial years. The Board is in the process of formulating a new Strategic Plan, to run from 2022/2023 to 2028/2027 Financial years.

Conflict of interest, remunerations and Governance Audits

The Board has in place a conflict of interest register as required by Leadership and Integrity Regulations, 2015. The Directors are required to declare any conflict during meetings, which whenever declared, would be recorded in the minutes and in the register.

Regarding Board's remuneration, Directors are paid sitting allowances whenever they attend meetings and or an official function of the Board. While attending Board's functions outside the station, Directors are entitled to a Daily Subsistence Allowance in accordance with government's prevailing rates.

On Governance Audit, the Code of Governance for State Corporations requires that the exercise should be conducted once every year. The exercise can only be facilitated by accredited officers. During the year under review, the governance audit was not undertaken due to exogenous factors beyond the Board's control. However, during the year, the Board undertook legal Audit, which, to a larger extent, covered governance areas. The Board would continue to observe and enforce set governance standards in its operations. The Board shall continually improve its performance with a view to achieving the strategic objectives for effective management of the Fund.

Constitution of Board of Directors

The Board consists twelve (12) members including the Chief Executive Officer, as an ex-officio member. Four [4] of the members of the Board represent Government ministries, being: Ministry of Education, National Treasury, State Department of Planning and the Attorney General. Seven [7]

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

other Directors are independent, including the Chairman. The Corporation Secretary is the Secretary to the Board.

Appointment

The independent members of the Board are nominated by the Cabinet Secretary responsible for the Fund, vetted and approved by the National Assembly and appointed by the Cabinet Secretary. The said independent members of the Board serve for a period of three (3) years, renewable once.

Upon appointment, the Board members are trained on the applicable laws, regulations, policies, circular and governance processes. Directors are also sponsored to attend other governance related trainings offered by reputable institutions. During the year, the Board members attended trainings, organised by among other entities, the Institute of Internal Auditors and the Institute of Certified Public Accountants.

Removal from Office

Section 19 of the NGCDF Act stipulates removal of a member of the Board on any the following ground as:

- a. Serious violation of the Constitution or any other Laws;
- b. Gross misconduct, whether in performance of the member's or office holder's functions or otherwise;
- c. Physical or mental incapacity to perform the functions of office;
- d. Incompetence;
- e. Bankruptcy;
- f. Engaging in active politics; or
- g. Absence from three consecutive meetings of the Board without the permission of the Chairperson

The removal of a member on any of the above grounds may be initiated by sending a petition to the National Assembly Select Committee on NGCDF. A member of the Board may be suspended pending hearing of such a petition. The National Assembly Committee hears a petition and makes final determination on the matter.

1. Functions of the Board

Functions of the Board are enumerated under section 16 of the Act as follows:

- a. Ensure timely and efficient disbursement of funds to every constituency
- b. Ensure efficient management of the Fund;
- c. Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with this Act and send funds to the respective constituency fund account of the approved projects;
- d. Co-ordinate the implementation of projects at the inter-constituency level;
- e. receive and address complaints that may arise from the implementation of the Act;
- f. Encourage best practices in the implementation of projects; and
- g. Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund.

National Government Constituencies Development Fund Board

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Board meetings

The Board transacts its businesses majorly through meetings. Section 2 (1) of the Second Schedule to the NGCDF Act, 2015, provides that the Board shall not meet less than six and not more than eighteen times in any financial year and not more than two months shall elapse between the date of one meeting and the date of the next meeting. The Board work plan and calendar of meetings is prepared annually in advance. Adequate notice is given for each Board meeting and the Directors receive detailed papers in good time before the meeting.

During the year under review, the Board held a total of eight (7) meetings which were attended as below:

No	Members	Number of eligible meetings during the year, including adjourned meetings	Number of meetings attended	% Attendance
1.	Mr. Robert Masese	8	7	88%
2.	Mr. George Ole Meshuko	8	8	100%
3.	Mr. Abdiaziz Yarrow	8	8	100%
4.	Ms. Maria Lekoloto	8	8	100%
5.	Ms. Irene Masit*	8	2	25%
6.	Hon. Peter Anyanga**	8	6	75%
7.	Dr. Isabel Waiyaki	8	8	100%
8.	Mr. Paul Kibet	8	8	100%
9.	Mr. Kennedy Ondieki	8	2	25%
10.	Mr. Paul Kibet	8	6	75%
11.	Ms. Karen Rono	8	8	100%
12.	Mr. Yusuf Mbuno [CEO]	8	8	100%

*Resigned on September 02, 2021

**Resigned on February 09, 2022

Board Committees

In order to fulfil its responsibilities, the Board is assisted by four [4] committees and the management. Each of the members of the Board belongs to not more than two [2] committees and they are rotated annually. The rotation gives the Directors an opportunity to contribute to numerous aspects of the Corporation's activities. The chairpersons to the committees are appointed by the Board. During the year under review, the Board had the following Committees:

I. Audit Committee

The Committee's Terms of Reference (ToRs) include:

- To consider, deliberate, guide and make recommendations to the Board on reports presented to the Committee by the management;
- Report to the Board on Committee activities, emerging issues and recommendations thereto;
- Provide an open avenue of communication between Internal Audit, the External Auditors and the Board;

II. Finance, Human Resource & Administration Committee

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The Committee's Terms of Reference (ToRs) include:

- a. To review quarterly, annual and other statutory financial estimates/statements and make appropriate recommendations;
- b. To review and monitor Corporation's performance against financial benchmarks established by the Board in compliance with statutory requirements;
- c. To receive, review and advice the Board on Corporation's annual budget;
- d. To recommend on authorization, on annual basis, expenditure against Corporation's annual work plan developed in accordance with the projections of the yearly performance contract;
- e. To consider matters relating to Human Resource Policies and Procedures;
- f. To consider reports on Recruitment of Staff and where necessary undertake preliminary screening of candidates (heads of departments) and participate in actual recruiting process, as it may be necessary and as provided by Human Resource Procedure Manual; and
- g. To consider and recommend to the Board on matters relating to procurement and assets disposals.

III. Programs, Risk and Performance Management Committee

The Committee's Terms of Reference (ToRs) include:

- a. To consider project proposals submitted from various constituencies in accordance with the Act and recommending to the Board for approval and funding;
- b. Undertake monitoring of projects, deliberate on findings and table report and recommendations to the Board;
- c. To guide in development, implementation, monitor and review of Corporation's strategic plan; and
- d. To ensure Enterprise Risk Management (ERM) processes and culture are embedded throughout the organization including effectiveness of risk identification and management, and compliance with internal guidelines and external requirements.

IV. Governance, Complaints and Publicity Committee

The Committee's Terms of Reference (ToRs) include:

- a. To review and make appropriate recommendations on all governance matters affecting the Corporation;
- b. To address complaints that may arise from the implementation of the Act;
- c. To guide on enhancing positive NG-CDF image by routinely updating the public on the activities of NG-CDF vis-à-vis its set objectives;
- d. To review and make recommendations to the Board on NG-CDF communications needs and priorities through appropriate consultation; and
- e. To recommend for approval and monitor the Corporation's ICT policies and practices to ensure that they continue to remain effective and accurate.

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

8. MANAGEMENT DISCUSSION AND ANALYSIS

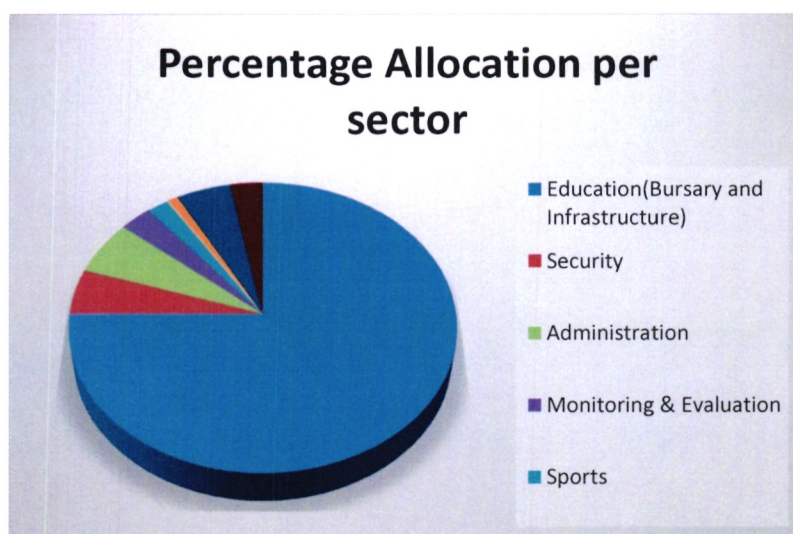
Financial Performance

Operational Performance

The Fund was allocated Kshs. 41,714,800,000.00 in the 2021/2022 Financial Year. The Board set aside Kshs. 1,959,025,000.00 (4.69%) for purpose of running the Board. The total allocation to constituencies Kshs. 39,755,775,000.00. (Each Constituency was allocated an equal allocation of Kshs. (137,088,889.31)

The table below show the analysis of projects implemented per sector for 2021/2022 Financial Year.

Sector	Percentage Allocation
Education (Bursary and Infrastructure)	75
Security	5
Administration	6
Monitoring & Evaluation	3
Sports	2
Environment	1
Emergency	5
Others (Construction of Access roads, NG-CDF offices, Innovation Hubs, Resource centres; Purchase of Motor Vehicles and Motor Bikes)	3
Total	100



Compliance with statutory requirements

Major Risks facing the Board

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.

National Government Constituencies Development Fund Board

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1. Delayed disbursement of funds to the constituencies.
 2. Non-compliance with NGCDF Act on 25% quarterly disbursements of funds
 3. Improper constituency books of accounts and records
 4. Inadequate accounting support and resources
 5. Misstatement of Financial reports
 6. Inadequate working knowledge on public finance management of constituencies
 7. Submission to OAG financial statements not meeting required standards
 8. Inadequate audit responses to the National Assembly
 9. Delay or Non-submission of periodic reports and returns by constituencies
 10. Delayed submission of budget estimates
 11. Inaccurate costing of activities for budget allocation
 12. Inadequate bank statements information
 13. Late submission of Treasury quarterly financial reports
 14. Non adherence to public procurement process.
 15. Irregular Reallocation of funds
 16. Noninvolvement of key stakeholders during strategic plan development
 17. Recommending for approval of projects which are not priority of the community
 18. Non allocation of funds to ongoing projects
 19. Institutional memory loss
 20. Skills gap amongst staff
 21. Inadequate technical support from relevant government departments.
 22. Litigations on Constitutionality of NGCDF Act
- Proper internal controls have been put in place and they are being monitored continuously.

Material arrears in statutory obligations

NG-CDF Board does not have any pending bills for the FY 2021/2022. In 2021/2022 the Board was allocated **Ksh. 41,714,800,000** and an additional **4.9 billion** for pending arrears. The Board received **Ksh. 43,714,800,000**. This therefore means there are pending receipts of **Kshs. 2.9 billion** from the National Treasury.

National Government Constituencies Development Fund Board

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9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The National Government Constituencies Development Fund Board plays an important role in transforming the lives and livelihoods of the Kenyan citizens. This achieved through the promotion of equitable socio-economic development countrywide. The Board ensures timely and efficient disbursement of Funds to all constituencies. Furthermore, it provides oversight to ensure efficient management of the Fund. Below is a brief highlight of the sustainability activities conducted in the 2021/22 financial year:

I. Sustainability strategy and profile

The Board strives to provide leadership and policy direction to ensure effective and efficient management of the Fund. Moreover, the Board demonstrates best practices to constituencies in implementation of projects through its Corporate Social Responsibility programmes. The Board also engages students on internship for skills transfer. Over the reporting period, the Board engaged a total of 55 students.

II. Environmental performance/climate change/mitigation of natural disasters

As captured in its performance contract, the Board's strategy to promote environmental sustainability is to conduct tree planting in at least five regions every year. During the 2021/22 financial year tree planting activities in Nyanza, North Eastern, Central and Nairobi regions. In addition, the NG-CDF Act provides that each constituency may set aside funds to be utilized for environmental conservation. In 2021/22FY, ABOUT 1% of the funds set aside for project implementation were utilized in the environment sector.

III. Employee welfare

NG-CDF employees are considered very crucial in the attainment of the objectives of the Board. During the year, the Board disseminated its human Resource Manual. The Board also conducted a training needs assessment at the beginning of the financial year and thereafter a number of trainings conducted to address skills gaps. In addition, recruitment to various positions was done to enhance staff capacity. An occupational Safety audit was undertaken to ensure a healthy and safe working environment for all employees. The Board further reconstituted various committees such as the gender mainstreaming committee and the Alcohol and Drug Abuse committees.

IV. Market place practices

a) Responsible competition practice

NG-CDF Board's procurement process is guided by provisions of the Public Procurement and Asset Disposal Act, 2015. To ensure that suppliers for goods and services were accorded opportunities without discrimination; the Board employed the following strategies:

- Advertising tenders on the website and newspapers
- Procuring through open tender

A whistle blowing policy was developed and is in place awaiting approval by the Board.

b) Responsible Supply chain and supplier relations

The Board has continued to improve supplier relationship management. In 2021/22FY, special groups i.e. youth, women and PLWDs were capacity built on government procurement procedures, requirements for accessing government procurement opportunities and the specific opportunities available at NG-CDF Board. Furthermore, the Board has a clear provision that suppliers are to be paid within 30 days of as stipulated in its ISO procedures. In cases where there are delays in payment, the supplier is notified in good time. The Board ensured that by the end of the FY there were no pending bills.

National Government Constituencies Development Fund Board

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- c) Responsible marketing and advertisement**
- d) Product stewardship**

In compliance with the 2021/22 performance contract, the Board conducted a transparent and objective customer satisfaction survey to determine the levels of customer satisfaction and areas of improvement. The main objective of the survey was to assess customers' overall satisfaction and perception on NG-CDF Board's implementation of its mandate and whether their service expectations are dully met by the Board. A comprehensive report on the findings and recommendations is yet to be presented to the management but will be done within the first quarter of 2022/23FY.

V. Corporate Social Responsibility/Community engagements

NG-CDF Board implements a Corporate Social Responsibility policy with a view to strengthening corporate governance. The CSR programme guides stakeholders in embracing requisite values that drive the conduct of its affairs in relation to the community it seeks to serve, while also encouraging continuous improvement by demonstrating best practices in project implementation. This programme operates on the premise of sustainable development, environmental sustainability, social inclusion and economic development across all regions within the country. The Board allocated Kshs. 150,000,000 towards CSR in 2021/22FY. Most of these projects are still at procurement stage. However, the Board continued to implement the projects initiated in 2020/21FY which are at different stages as illustrated in the table below.

Continuous community engagement was done by the Bard through the following channels;

- i. Carrying out road shows to educate and engage with the public in western and Nyanza regions
- ii. Reaching grassroots audience by participating, through NG-CDF Committees, in vernacular radio programmes.
- iii. Participating in the Nakuru ASK show

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the NGCDF Board affairs.

i) Principal activities

The principal activities of the NGCDF Board continue to be to:

- a) Consider project proposals submitted from various constituencies in accordance with the Act, approve for funding those projects proposals that are consistent with the Act and send funds to respective Constituency operations account of the approved projects;
- b) Ensure timely and efficient disbursements of funds to every constituency;
- c) Ensure efficient management of the Fund;
- d) Coordinate the implementation of projects at the inter-constituency level;
- e) Receive and address complaints that may arise from the implementation of the Act;
- f) Encourage best practices in the implementation of projects;
- g) Administer the funds and assets of the Board in such manner and for such purpose as shall promote the best interest of the Board in accordance with the Act to ensure efficient management of the Fund; and
- h) Perform such other duties as the Board may deem necessary from time to time for the proper management of the Fund.

ii) Results

The results of the NGCDF Board for the year ended June 30, 2022, are set out on page 1 to 33 of this report

iii) Directors

The members of the Board of Directors who served during the year are shown on page ix to xv. During the year 7 directors retired/ resigned and 4 were reappointed with effect from May 13, 2022.

iv) Surplus remission

The NGCDF Board did not make any surplus during the year and hence no any remittance to the Consolidated Fund. Section 7(1) of NGCDF Act 2015 as amended in 2022 provides that all receipts, savings and accruals at the Fund and the balance of the Fund at the end of each financial year shall be retained in the Fund, and applied in accordance with this Act.

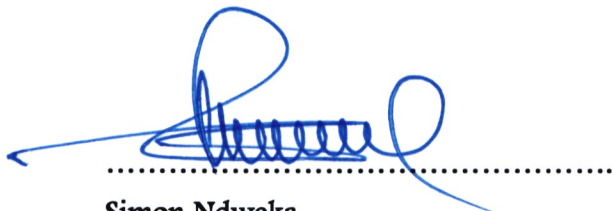
National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

v) Auditors

The Auditor-General is responsible for the statutory audit of the NGCDF Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

A handwritten signature in blue ink, consisting of a large initial 'S' followed by a series of loops and a long horizontal stroke extending to the left.

Simon Ndweka

Corporate Secretary/Secretary to the Board

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act), require the Directors to prepare financial statements in respect of the *NGCDF Board*, which give a true and fair view of the state of affairs of the *NGCDF Board* at the end of the financial year/period and the operating results of the *NGCDF Board* for that year/period. The Directors are also required to ensure that the *NGCDF Board* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *NGCDF Board*. The Directors are also responsible for safeguarding the assets of the *NGCDF Board*.

The Directors are responsible for the preparation and presentation of the *NGCDF Board's* financial statements, which give a true and fair view of the state of affairs of the *NGCDF Board* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *NGCDF Board*; (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 *NGCDF Board*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *NGCDF Board's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *NGCDF Act 2015* as amended in 2022. The Directors are of the opinion that the *NGCDF Board's* financial statements give a true and fair view of the state of *NGCDF Board's* transactions during the financial year ended June 30, 2022, and of the *NGCDF Board's* financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the *NGCDF Board*, which have been relied upon in the preparation of the *NGCDF Board's* financial statements as well as the adequacy of the systems of internal financial control.

National Government Constituencies Development Fund Board

Annual Report and Financial Statements For the year ended June 30, 2022.

Nothing has come to the attention of the Directors to indicate that the *NGCDF Board* will not remain a going concern for at least the next twelve months from the date of this statement

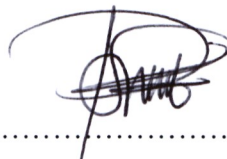
Approval of the financial statements

The *NGCDF Board's* financial statements were approved by the Board on 29th September, 2022 and signed on its behalf by:



.....
Yusuf Mbuno
Chief Executive Officer

Date:



.....
Paul Kibet
For Board Chair

Date:

REPUBLIC OF KENYA



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P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution of Kenya, 2010, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund Board set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement

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

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, 2010 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 National Government Constituencies Development Fund Board as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

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 Board 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.

Other Matter

1. Delays in Project Implementation

The statement of financial position reflects provisions relating to other payables balance of Kshs.374, 002,463 as disclosed in Note 19B to the financial statements. Included in the amount is best practice - contractual payables amounting to Kshs.347,765,753. However, review of projects related to the payables revealed that thirty-eight (38) projects with a contract sum of Kshs.180,827,966 were behind schedule and thirteen (13) projects with a contract sum of Kshs.25,454,807 had stalled.

Projects not completed within scheduled time frame, may result in escalation of projected costs and delayed provision of expected service to the intended beneficiaries.

2. Unresolved Prior Year Matters

Prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Employee Costs

The statement of financial performance reflects an amount of Kshs.932,589,017 relating to employee costs as disclosed in Note 9 to the financial statements. This amount represents 46% of the Board's total revenue of Kshs.2,017,273, 724. This is contrary to Regulation 26. (1) (a) of the Public Finance Management (National Government) Regulations, 2015 which states that expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the revenue.

In the circumstance, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229 (7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control which might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022


	Notes	2021-2022	2020-2021
Revenue from non-exchange transactions			
Transfers from the National Treasury & planning	6	1,959,025,000	1,954,578,640
Revenue from exchange transactions			
Interest on deposits	7	57,060,779	26,831,139
Other income		1,187,945	683,835
Total revenue		2,017,273,724	1,982,093,614
Expenses			
Use of goods and services	8	757,932,391	655,920,809
Employee costs	9	932,589,017	975,174,847
Remuneration of directors	10	29,997,227	34,964,004
Depreciation and amortization expense	11	50,236,058	53,677,996
Repairs and maintenance	12	29,385,936	32,138,081
Contracted services	13	36,663,626	4,997,175
Tax Expense	26	17,118,234	64,596,406
Total expenses		1,853,922,489	1,821,469,318
Surplus/(deficit) for the period/year		163,351,235	160,624,296

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.

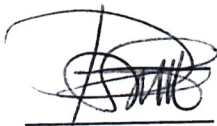
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


Yusuf Mbuno
Chief Executive Officer

Date: 27/02/2023


James Chebii
Manager Financial Services
ICPAK No. 6912

Date: 27/02/2023


Paul Kibet
For Chairman of the Board

Date: 27/02/2023

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.**

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022	2020-2021
Current assets			
Cash and cash equivalents	14	1,254,059,140	958,560,637
Receivables from exchange transactions	15	37,231,997	24,955,692
Receivables from non-exchange transactions	16	1,787,650	136,160,197
		1,293,078,787	1,119,676,526
Non-current assets			
Property, plant and equipment	17	187,615,150	199,054,022
Intangible assets	18	652,739	932,484
		188,267,889	199,986,506
Total assets		1,481,346,676	1,319,663,032
Current liabilities			
Trade and other payables	19A	73,665,753	90,684,215
Current benefit obligation	20	118,870,121	29,200,693
Provisions	19B	374,002,463	417,172,433
		566,538,338	537,057,341
Non-current liabilities			
Non-current employee benefit obligation	21	138,495,957	169,644,544
		138,495,957	169,644,544
Total liabilities		705,034,295	706,701,885
Net assets		776,312,381	612,961,147
Accumulated surplus		776,312,381	612,961,148

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Yusuf Mbuno
Chief Executive Officer

Date: 27/02/2023



James Chebii
Manager Financial Services
ICPAK No. 6912

Date: 27/02/2023



Paul Kibet
For Chairman of the Board

Date: 27/02/2023

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.**

15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Retained earnings	Total
At July 1, 2020	452,336,851	452,336,851
Surplus /Deficit for the year	160,624,295	160,624,295
At June 30, 2021	612,961,146	612,961,146
At July 1, 2021	612,961,146	612,961,146
Surplus /Deficit for the year	163,351,235	163,351,235
At June 30, 2022	776,312,381	776,312,381

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Yusuf Mbuno
Chief Executive Officer

Date: 27/02/2023



James Chebii
Manager Financial Services
ICPAK No. 6912

Date: 27/02/2023



Paul Kibet
For Chairman of the Board

Date: 27/02/2023

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.**

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2020-2021
Cash flows from operating activities			
Receipts			
Transfers from the National Treasury & planning	6	1,959,025,000	1,954,578,640
Interest on deposits	7	57,060,779	26,831,139
Other income		1,187,945	683,835
Total Receipts		2,017,273,724	1,982,093,614
Payments			
Use of goods and services	8	757,932,391	655,920,809
Employee costs	9	932,589,017	975,174,847
Remuneration of directors	10	29,997,227	34,964,004
Repairs and maintenance	12	29,385,936	32,138,081
Contracted services	13	36,663,626	4,997,175
Tax Expense	27	17,118,234	64,596,406
Total Payments		1,803,686,431	1,767,791,322
Cash flows from operating activities		213,587,293	214,302,292
Net Changes in working capital		334,015,892	14,699,709
Net Cash flows from operating activities		334,015,892	229,002,001
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(38,517,390)	(114,556,504)
Proceeds from sale of property, plant and Equipment			
Net cash flows used in investing activities		(38,517,390)	(114,556,504)
Cash flows from financing activities		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		295,498,502	114,445,497
Cash and cash equivalents at 1 JULY	15	958,560,637	844,115,140
Cash and cash equivalents at 30 Sept	15	1,254,059,139	958,560,637

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

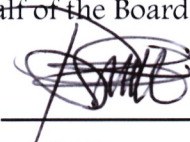


Yusuf Mbuno
Chief Executive Officer

Date:

James Chebii
Manager Financial Services
ICPAK No. 6912

Date:



Paul Kibet
For Chairman of the Board

Date:

National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Particulars	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilisation
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from the National Treasury & planning	1,959,025,000	-	1,959,025,000	1,959,025,000	-	100%
Interest on deposits	30,000,000	15,000,000	45,000,000	57,060,779	(12,060,779)	127%
Other income	-	-	-	1,187,945	(1,187,945)	
Roll over Balance b/f	50,700,000	21,523,100	72,223,100		72,223,100	
Total income	2,039,725,000	36,523,100	2,076,248,100	2,017,273,724	58,974,376	1
Expenses						
Use of goods and services	750,062,000	35,350,782	785,412,782	757,932,391	27,480,391	97%
Employee costs	1,159,603,000	(67,570,782)	1,092,032,218	932,589,017	159,443,201	85%
Remuneration of directors	30,000,000		30,000,000	29,997,227	2,773	100%
Depreciation and amortization expense	-	-	-	50,236,058	(50,236,058)	-
Repairs and maintenance	22,200,000	17,420,000	39,620,000	29,385,936	10,234,064	74%
Contracted services	27,160,000	24,800,000	51,960,000	36,663,626	15,296,374	71%
Tax Expense	-	5,000,000	5,000,000	17,118,234	(12,118,234)	342%
Purchase of Assets	50,700,000	21,523,100	72,223,100	38,517,390	33,705,710	53%
Total expenditure	2,039,725,000	36,523,100	2,076,248,100	1,892,439,879	183,808,221	91%
Surplus for the period		-	-	124,833,845	(124,833,845)	

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements for the year ended June 30, 2022.**

Budget notes

1. The Board was allocated - **Kshs 1,959,025,000** during the financial year. The actual transfers' from the fund amounted **Kshs 1,959,025,000**.
2. The variance for compensation of employees was caused by the delay in receiving authority to employ thus delay in recruitment of additional staff budgeted for.
3. Other activities were slowed down by the advent of Covid-19 pandemic.

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Yusuf Mbuno
Chief Executive Officer

Date: 27/02/2023



James Chebii
Manager Financial Services
ICPAK No. 6912

Date: 27/02/2023



Paul Kibet
For Chairman of the Board

Date: 27/02/2023

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

18. Notes to the Financial Statements

1. General Information

The National Government Constituency Development Fund Board is established by and derives its authority and accountability from NG-CDF Act 2015 as amended in 2022. The NGCDF Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The NGCDF Board's principal activity is to ensure timely and efficient disbursement of funds for implementation of approved projects to every constituency.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *NGCDF Board's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *NGCDF Board*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the NGCDF Act 215, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

Standard	Effective date and impact:
	<p>of the amounts, timing and uncertainty of an NGCDF Board's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an NGCDF Board's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting NGCDF Board provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the NGCDF Board. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the NGCDF Board's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an NGCDF Board.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The NGCDF Board did not early – adopt any new or amended standards in year 2021/2022.

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The NGCDF Board recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the NGCDF Board and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the NGCDF Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The NGCDF Board recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the NGCDF Board.

**National Government Constituencies Development Fund Board
Annual Report and Financial Statements
for the year ended June 30, 2022.**

**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the NGCDF Board's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly on *June 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the NGCDF Board upon receiving the respective approvals in order to conclude the final budget. Accordingly, the NGCDF Board recorded additional appropriations of *Ksh two billion* on the 2021-2022 budget following the governing body's approval.

The NGCDF Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the NGCDF Board operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over their useful life. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition

of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the NGCDF Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as

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a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the NGCDF Board. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The NGCDF Board also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the NGCDF Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the NGCDF Board. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The NGCDF Board expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the NGCDF Board can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The NGCDF Board determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the NGCDF Board has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

Impairment of financial assets

The NGCDF Board assesses at each reporting date whether there is objective evidence that a financial asset or an NGCDF Board of financial assets is impaired. A financial asset or an NGCDF Board of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cashflows of the financial asset or the NGCDF Board of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an NGCDF Board of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The NGCDF Board determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *NGCDF Board*.

k) Provisions

Provisions are recognized when the NGCDF Board has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the NGCDF Board expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The NGCDF Board does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

m) Contingent assets

The NGCDF Board does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the NGCDF Board in the notes to the

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financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Changes in accounting policies and estimates

The NGCDF Board recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

The *NGCDF Board* employs staff on contract basis and are paid gratuity as per their contracts of employment

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

r) Related parties

The *NGCDF Board* regards a related party as a person or an NGCDF Board with the ability to exert control individually or jointly, or to exercise significant influence over the *NGCDF Board*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

s) Service concession arrangements

The *NGCDF Board* analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements.

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**Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)**

In particular, where a private party contributes an asset to the arrangement, the *NGCDF Board* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *NGCDF Board* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) 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 June 30, 2022.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the NGCDF Board's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The NGCDF Board based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the NGCDF Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the NGCDF Board.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2021-2022	2020-2021
Unconditional grants		
Operational grant from Fund	1,959,025,000	1,954,578,640
	1,959,025,000	1,954,578,640

6a) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	2021-2022	2020-2021
Fund	1,959,025,000	1,959,025,000	1,954,578,640
Total	1,959,025,000	1,959,025,000	1,954,578,640

7. OTHER INCOME

	2021-2022	2020-2021 Restated	2020-2021
Interest income - co operative	28,016,301	17,246,436	17,203,782
Interest income - Equity Bank	8,757,656	-	
Interest Income - SBM	20,286,822	9,627,356	9,627,356
Commissions and Others	1,187,945	683,835	683,835
Total other income	58,248,724	27,557,628	27,514,974

8 USE OF GOODS AND SERVICES

	2021-2022	2020-2021
Telephone, Electricity, internet & courier	11,012,639	11,700,652
Travel cost	15,071,095	6,422,841
Daily Subsistence Allowance	129,039,634	103,264,323

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Publishing and Printing	12,896,513	13,638,035
Newspapers	836,397	923,670
Adverting, awareness and publicity	14,270,106	24,259,714
Best Practice	169,377,868	174,622,294
Trade shows and exhibitions	1,772,820	550,000
Rent	37,933,523	34,504,900
Training expenses	231,451,927	174,493,064
Catering Services	12,555,125	9,463,823
Insurance	72,210,023	64,445,141
General Office Suppliers	24,014,945	18,701,676
Fuel, Oils & Lubricants	10,033,884	7,252,368
Medical, Cleaning, membership, legal, parking	15,455,891	11,678,308
Total Use of Goods and Services	757,932,391	655,920,809

9 EMPLOYEE COSTS

	2021-2022	2020-2021
Personnel Emoluments	375,720,081	379,599,735
Other Personnel Emoluments	417,900,281	424,447,896
Temporary Employees	22,468,099	15,377,612
Leave Allowance	6,632,198	4,910,129
NSSF paid by employer	952,600	909,584
Gratuity & Pensions	108,915,757	149,929,891
Total Employee costs	932,589,017	975,174,847

10. REMUNERATION OF DIRECTORS

	2021-2022	2020-2021 Restated	2020-2021
Chairman/Directors' Honoraria	720,000	960,000	960,000
Sitting allowances	14,428,000	17,238,000	17,058,000
Medical Insurance	-		
Induction and Training	-	1,320,000	1,320,000
Travel and accommodation	14,200,230	15,446,004	15,446,004

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Other allowances	648,997	-	-
Total Remuneration Of Directors	29,997,227	34,964,004	34,784,004

11. DEPRECIATION AND AMORTIZATION EXPENSE

	2021-2022	2020-2021
Property, plant and equipment	49,956,313	53,278,360
Intangible assets	279,745	399,636
Total depreciation and amortization	50,236,058	53,677,996

12 REPAIRS AND MAINTENANCE

	2021-2022	2020-2021
Vehicles	9,782,135	5,580,105
Furniture and fittings	37,661	959,970
Computers and accessories	18,796,290	25,034,242
Building	769,850	563,764
Total repairs and maintenance	29,385,936	32,138,081

13 CONTRACTED SERVICES

	2021-2022	2020-2021
Contracted Services	36,663,626	4,997,175
Total contracted services	36,663,626	4,997,175

14 CASH AND CASH EQUIVALENTS

	2021-2022	2020-2021
Current account	882,953,189	761,809,530
Saving account	288,221,060	113,866,216
KDIC	82,884,891	82,884,891
Total cash and cash equivalents	1,254,059,140	958,560,637

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14 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021-2022	2020-2021
i.Current account			
Kenya Commercial bank	1104168863	34,876,621	38,022,921
Kenya Commercial bank- ESP	1145351190	32,504,840	32,504,840
Co-operative bank of Kenya	0114119936610 0	553,131,643	335,324,707
Equity Bank-Gratuity	1770271336731	262,440,084	198,845,237
SBM-Current	0088068320001	287,612,813	157,111,825
Sub- total		1,170,566,002	761,809,530
ii.Saving Account			
SBM bank	0088068320011	608,247	41,442,446
Sub- total		608,247	41,442,446
iii.Fixed deposits account			
SBM Bank	0088068320013	-	72,423,770
Sub- total		-	72,423,770
KDIC		82,884,891	82,884,891
Grand total		1,254,059,140	958,560,637

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021-2022	2020-2021
Kenyatta National Hospital	-	250,000
Mater Hospital	-	300,000
Amolo&Gachoka Advocates	845,478	845,478
Jubilee Insurance	1,584,977	
Vivo Energy	2,000,000	
Kenya Airways	2,000,000	
Insurance	30,801,542	23,560,214
Total current receivables from exchange transaction	37,231,997	24,955,692

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16. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

	2021-2022	2020-2021
Un-Surrendered imprests	1,787,650	1,825,135
Salary Advance	-	256,422
Fund Account-CBK	-	134,078,640
Total current receivables from non-exchange transactions	1,787,650	136,160,197

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17. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles		Furniture and fittings		Computers		Capital Work in Progress		Total	
		Shs		Shs		Shs		Shs		Shs
Cost										
At 1 July 2020		156,111,627		111,453,527		106,875,994		15,000,000		389,441,148
Additions		34,478,000		40,649,706		39,428,798				114,556,504
Disposals		-		-		-				-
Transfers/adjustments		-		15,000,000		-		(15,000,000)		-
At 30th June 2021		190,589,627		167,103,233		146,304,792		-		503,997,652
Additions		-		12,690,500		25,826,890				38,517,390
Disposals		-		-		-				-
Transfer/adjustments		-		-		-				-
At 30th June 2022		190,589,627		179,793,733		172,131,682		-		542,515,042
Depreciation and impairment										
At 1 July 2020		109,734,870		62,238,139		79,692,211		-		251,665,220
Depreciation		20,213,689		13,080,895		19,983,775				53,278,359
Impairment		-		-		-				-
At 30 June 2021		129,948,559		75,319,034		99,675,986		-		304,943,579
Depreciation		15,160,267		13,059,337		21,736,709				49,956,313
Impairment		-		-		-				-
At 30th June 2022		145,108,826		88,378,371		121,412,695		-		354,899,892
Net book values										
At 30th June 2022		45,480,801		91,415,362		50,718,987		-		187,615,150
At 30th June 2021		60,641,068		91,784,199		46,628,806		-		199,054,073

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18. INTANGIBLE ASSETS-SOFTWARE

	2021-2022	2020-2021
Cost	KShs	KShs
At beginning of the year	11,322,835	11,322,835
Additions	-	-
At end of the year	11,322,835	11,322,835
Additions-internal development	-	-
At end of the year	11,322,835	11,322,835
Amortization and impairment		
At beginning of the year	10,390,351	9,990,715
Amortization	279,745	399,636
At end of the year	10,670,096	10,390,351
Impairment loss	-	-
At end of the year	10,670,096	10,390,351
NBV	652,739	932,484

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19 A. TRADE AND OTHER PAYABLES

	2021-2022	2020-2021
Trade payables	18,990,710	52,837,259
Staff Salary Recovery	1,249,746	1,513,020
Non Staff Deposit	14,223,200	10,877,180
Best practise -Retention	39,202,097	25,456,757
Total trade and other payables	73,665,753	90,684,215

19 B. PROVISIONS

	2021-2022	2020-2021
Best practise -Contractual Owings	347,765,753	417,172,433
Contracted professional services	26,236,710	-
Total	374,002,463	417,172,433

20. EMPLOYEE BENEFIT OBLIGATIONS

Description	2021-2022	2020-2021
Current benefit obligation	118,870,121	29,200,693
Non-Current benefit obligation	138,495,957	169,644,544
Total employee benefits obligation	257,366,078	198,845,237

21. NON-CURRENT PROVISIONS

	2021-2022	2020-2021
Balance at the beginning of the year	198,845,237	130,791,419
Additional Provisions	101,312,118	141,265,190
Provision utilised	(42,791,277)	(73,211,371)
Change due to discount and time value for money		-
Less: Current portion	(118,870,121)	(29,200,693)
Total	138,495,957	169,644,545

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22.CASH GENERATED FROM OPERATIONS	2021-2022	2020-2021
Surplus for the year before tax	169,151,235	160,624,295
Adjusted for:		
Depreciation	50,236,005	53,677,996
Working Capital adjustments		
(Decrease)/Increase in Current Employee benefit obligation	89,669,428	(62,717,288)
(Decrease)/Increase in Non-Current Employee obligation	(31,148,587)	130,771,106
Increase/(Decrease) in Payables	(17,018,462)	86,461,559
Increase/(Decrease) in Provisions	(48,969,970)	
(Increase)/Decrease in Receivables	122,096,242	(139,597,790)
Adjustment		(217,878)
Net cash flow from operating activities	334,015,892	229,002,000

23. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Board has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	37,231,997	37,231,997	-	-
Receivables from non-exchange transactions	1,787,650	1,787,650	-	-
Bank balances	1,254,059,140	1,254,059,140	-	-
Total	1,293,078,787	1,293,078,787	-	-
At 30 June 2020				
Receivables from exchange transactions	24,955,692	24,955,692	-	-
Receivables from non-exchange transactions	136,160,197	136,160,197	-	-
Bank balances	958,560,637	958,560,637	-	-
Total	1,119,676,526	865,633,239	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Board through the risk management framework sets the credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade payables		427,427,760	-	427,427,760
Total		427,427,760	-	427,427,760
At 30 June 2020				
Trade payables		507,856,648	-	507,856,648
Total		507,856,648	-	507,856,648

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

a) Capital Risk Management

The objective of the Board capital risk management is to safeguard the organization ability to continue as a going concern. The entity capital structure comprises of the following funds:

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	2021/2022	2020-2021 (restated)	2020-2021
	Kshs	Kshs	
Retained earnings	169,151,235	160,624,295	167,537,672
Capital fund	612,961,146	452,336,851	452,336,851
Total funds	782,112,381	612,961,146	619,874,523
Total borrowings	-		
Less: cash and bank balances	-1,254,059,140	-958,560,636	(958,560,636)
Net debt/(excess cash and cash equivalents)	471,946,759	345,599,490	338,686,113
Gearing	0%	0%	0%

24 RELATED PARTY BALANCE

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The following are related party transactions that took place during the year:

	2021-2022	2020-2021 (restated)	2020-2021
	Kshs	Kshs	
Transactions with related parties			
a) Grants from the Government			
Grants from Fund	1,959,025,000	1,954,578,640	1,820,500,000
Total	1,959,025,000	1,954,578,640	1,820,000,000
b) Key management compensation			
Board Allowances	29,997,227	34,964,004	34,784,004
Board Expenses	-		
Total	29,997,227	34,964,004	34,784,004

25. CAPITAL COMMITMENTS

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for		
Authorized and contracted for-Best practise projects	347,765,753	417,172,433
Authorized and contracted for-Office Partitions		
Total	347,765,753	417,172,433

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Capital commitments of Kes. 347,765,753 is Owings towards ongoing Best practice demonstration projects

26. TAX EXPENSE

26.Tax Expense	2021-2022	2020-2021
Co operative bank	8,404,890	64,596,406
Equity bank	2,627,297	-
SBM Bank	6,086,046	
Total	17,118,234	64,596,406

27. EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.

28. Contigent Liability

The board has litigation matter that has been appealed and pending in the court of Appeal where the board was sued in the high court and the matter determined that the board and constituency were ordered to pay Kshs 19,000,000 jointly and severally in court case ref: Nairobi high court Elc no. 8 of 2015 Samuel NgariGithinji Vs CDF board Allocation.

Kenya Revenue Authority demanded a corporation tax in November 2020, where they required the Board to pay all outstanding corporate tax from FY 2012/2013. The Board undertook a reconciliation and made payments of the principal tax that was the 15% of the interest earned over the years. The demand letter from KRA had an higher amount that the Board disputed vide letter indicating the amount demanded was higher than the actual amount. The Board is engaging KRA as to clear up the matter and to have the issue of Corporate tax cleared. The Board is awaiting response from KRA to confirm whether they are satisfied with the response we wrote to them or to establish the actual amount payable to them.

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor FY 2019/2020, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status:
1.	<p>Statement of cashflows.</p> <p>The statement of cashflow reflects net cash generated from operating activities amount of Ksh. 229,002,000, which as disclosed in note 23 to the financial statements, was arrived at after making an adjustment of Ksh. 217,878. However the basis and records in support of the adjustment were not provided for audit verification.</p>	<p><i>The adjustment of Ksh. 217,878.00 was an error in the previous financial year on the property plant and equipment movement schedule</i></p>	<p>Manager, Financial Services</p>	<p>Unresolved</p>

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	<p>In the circumstances, the accuracy of net cash flows from operating activities amount of Kshs. 229,002,000 could not be confirmed.</p>			
<p>2.</p>	<p>Understatement of Tax expense</p> <p>As disclosed in Note 29 to the financial statements, the statement of financial performance reflects a tax expense amount of Ksh. 64,596,406. Review of the records provided for audit revealed that the Board had a tax demand of Ksh. 184,045,255 from KRA on 24th November 2020. The tax disclosed consisted of outstanding principal amount of Ksh. 97,267,727, interest of Ksh. 77,050,756 and penalties Kshs. 9,726,773 on unpaid corporation tax for the period commencing 2012/2013 financial year to date. Management</p>	<p><i>The corporate tax due arose from interest earnings from balances in various bank accounts over the years. The Board management made the assumption that the withholding tax rate of 15% remitted by banks was a final tax. KRA neither made any demands over the years until the November 2020 one.</i></p> <p><i>The board subsequently carried out a reconciliation of total interest earned over the period in question and determined that the outstanding principal tax due was the Kshs 64,596,406 paid. In addition, the board wrote to KRA to dispute the quantum of principal tax due and a prayer for waiver for interest and penalties whose response is awaited. Consequently the outstanding tax liability has not crystallized contingent on the ongoing review</i></p>	<p>Manager, Financial Services</p>	<p>Unresolved</p>

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	<p>indicated that they have paid Kshs. 57,327,620 of the taxes demanded resulting to an unpaid balance of Ksh. 126,717,635. However the balance is not reflected as outstanding payables in the financial statements.</p> <p>In the circumstances, the accuracy and validity of the tax expenses amount of Kshs. 64,596,406 could not be confirmed.</p>	<p>by KRA. Consequently the contingent tax liability has been disclosed in the notes to the amended financial statements</p>	
<p>3.</p>	<p>Unsupported trade and other payables.</p> <p>The statement of financial position reflects trade and other payables balance of Ksh. 507,856,648, which as disclosed in Note 20 to the financial statement includes an amount of Ksh. 417,172.433 for best practice – contractual Owings. Included in the later balance is an amount of Ksh. 174,622,294</p>	<p><i>The amount of Kshs.167,753,708 included in the best practice-contractual owing balance of Kshs.417,172,433 was an amount which had been contracted, amounts committed in the vote book and construction commenced. We considered it prudent to report the amount as a payable because the board already had a contractual obligation and the amounts</i></p>	<p>Manager, Financial Services Unresolved</p>

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	<p>recognised both as an expenditure and under payables. Although management explained that this amount had been committed in the votebook and construction had commenced by 30 June 2021, there were no invoices, interim certificates or signed agreements provided to confirm that the related services had been rendered. Under the circumstances, the accuracy and validity of the trade and other payables balance of Ksh. 507, 856,648 could not be confirmed.</p>	<p><i>was falling due and payable at short notice upon issuance of certificates of works done.</i></p>	
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APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:		NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND BOARD		
Break down of Transfers from the Fund				
FY 2021/2022				
a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/07/2021	134,078,640	2020/2021
		06/10/2021	500,000,000	2021/2022
		28/10/2021	500,000,000	2021/2022
		24/12/2021	209,000,000	2021/2022
		07/04/2022	750,025,000	2021/2022
		Total	2,093,103,640	