

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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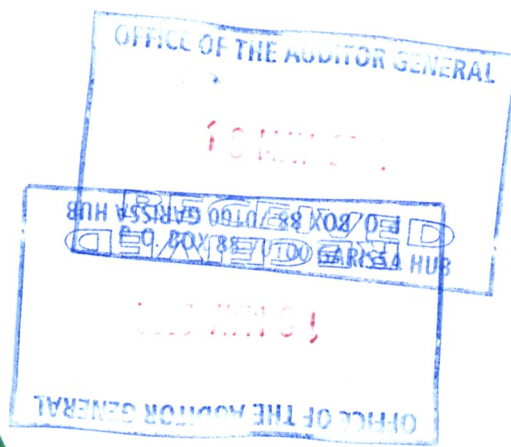
THE NATIONAL ASSEMBLY	
DATE: 23 NOV 2022	DAY: Wednesday
OF	
TABLED BY: Majority Whip	
CLERK-AT-THE-TABLE: Christine	

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND -  
FAFI CONSTITUENCY**

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



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**FAFI CONSTITUENCY**

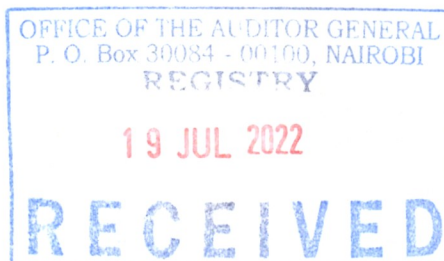
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**REPORTS AND FINANCIAL STATEMENTS**

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

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



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

**Table of Content  
Page**

I.	KEY CONSTITUENCY INFORMATION AND MANAGEMENT .....	2
II.	NG-CDFC CHAIRMAN'S REPORT .....	5
III.	STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES .....	6
IV.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING .....	8
V.	STATEMENT OF MANAGEMENT RESPONSIBILITIES .....	11
VI.	REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- FAFI CONSTITUENCY</i> .....	12
VII.	STATEMENT OF RECEIPTS AND PAYMENTS .....	13
VIII.	STATEMENT OF ASSETS AND LIABILITIES .....	14
VIII	STATEMENT OF CASHFLOW .....	15
IX.	SUMMARY STATEMENT OF APPROPRIATION .....	16
X.	BUDGET EXECUTION BY SECTORS AND PROJECTS .....	18
XI.	SIGNIFICANT ACCOUNTING POLICIES .....	30
XII.	NOTES TO THE FINANCIAL STATEMENTS .....	34

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

**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

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

**Mission**

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

**Core Values**

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

**Functions of NG-CDF Committee**

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

**(b) Key Management**

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

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

**(c) Fiduciary Management**

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

No	Designation	Name
1.	A.I.E holder	OMAR HASSAN MAHA
2.	Sub-County Accountant	PAUL MAKOKHA
3.	Chairman NGCDFC	MOHAMED ADEN KETHIE

**(d) Fiduciary Oversight Arrangements**

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

**(e) FAFI Constituency NGCDF Headquarters**

P.O. Box 1914-Garissa  
NG-CDF Office Building

Bura-masalani road, Adjacent to Bura hospital



**(f) FAFI Constituency NGCDF Contacts**

Telephone: (254) 722911803

E-mail: [faficdf@ngcdf.go.ke](mailto:faficdf@ngcdf.go.ke)

Website: [www.ng-cdf.go.ke](http://www.ng-cdf.go.ke)

**(g) FAFI Constituency NGCDF Bankers**

Equity Bank-Garissa Branch

A/C Name: Fafi National Government Constituency Development Fund

A/C no: 0580262524480

**(h) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

## II. NG-CDFC CHAIRMAN'S REPORT



In the Financial year 2020/2021 NG-CDF Fafi was allocated Ksh **137,088,879** however the final budget to be utilized for the same year amounted to ksh **221,527,983** ,out of this the management spent **Ksh141,249,226** bringing the utilization difference to **Ksh 80,278,757** which is attributed delayed disbursement.

To improve the education standard the NG\_CDFC supported both secondary and tertiary institutions through construction of classes, dormitories, administration blocks, beds and mattresses etc.

To promote proper teaching environment the NG-CDF Fafi constructed administration block for Bore5 secondary school

On the security sector, the committee also constructed administration block, renovation of existing houses, and construction of toilets and fencing of police posts to support security agencies and promote security in the area.

To upgrade and improve the learning environment the committee funded the supply of lockers, chairs and beds to various schools.

Emerging issues related to NG-CDF includes; Increasing population, Upcoming/increasing settlement, increasing school enrolment and Global climatic change.

There has also been implantation challenges such as; lack of clear boundary among constituencies, insecurity and political interference.

For the fund to thrive, I recommend that there should be a minimum or no interference from the political figures and no projects should be undertaken in boundary conflict zone without the involvement of the concerned security organs of the government.

**Signature**



**CHAIRMAN NGCDF COMMITTEE**



**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES**

**Introduction**

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

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

- i. To improve access to quality education
- ii. To harness youth talent and local culture by funding school tournaments
- iii. To improve access to safe drinking water in schools
- iv. To improve access to health services by providing social security benefits
- v. To improve security in the constituency by construction and fencing of police stations and chiefs office

**Progress on attainment of Strategic development objectives**

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education		Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary beneficiaries at all levels</li> </ul>	In FY 20/21 -we increased number of classrooms, dormitories, to accommodate more students More than 1800 students were awarded burasaries and medical students given partial sponsorship
Security	To support government agencies in	Improved security	Number of police post fenced The no of housing	Two police post and stations fenced,

**FAFI Constituency**

**National Government Constituencies Development Fund (NGCDF)**

**Reports and Financial Statements for The Year Ended June 30, 2021**

	improving security		provided to the personnel	constructed kamuthey and mansabubu police houses and toilets
Sports	To harness youth talent and local culture by funding school tournaments	Improved youth talent	The no of event sponsored	Sponsored various sports activites in different wards in the course of the financial year

**IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

**1. Sustainability strategy and profile -**

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

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

**2. Environmental performance**

- *To encourage tree planting in the constituency and to improve the forest cover NG-CDF supported students in various schools to carry out environmental conservation activities e.g planting trees once or twice in an academic calendar*
- *The NG-CDFC promoted purchase and installation of fire extinguishers to aid in extinguishing and controlling fires*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff have at least one day in FY to sensitize the local communities to promote afforestation through voluntarily planting of tree to encourage soil conservation*

• **Employee welfare**

We invest in providing the best working environment for our employees. FAFI constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. FAFI constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

**3. Market place practices-**

FAFI NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests

**4. Community Engagements-**

FAFI NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

**Public Participation in Project Identification and Implementation and Monitoring**

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

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**Public participation** is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision. The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

**Public Awareness**

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community based needs assessments and public awareness campaigns and holding community meetings.

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

**V. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the NGCDF-FAFI Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-FAFI Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- FAFI Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

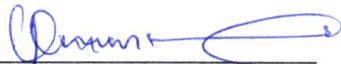
The Accounting Officer in charge of the NGCDF FAFI Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the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

**Approval of the financial statements**

The NGCDF- FAFI Constituency financial statements were approved and signed by the Accounting Officer on 7<sup>th</sup> April, 2022.

  
\_\_\_\_\_  
Chairman NGCDF Committee

Name: *Mohamed Aden*

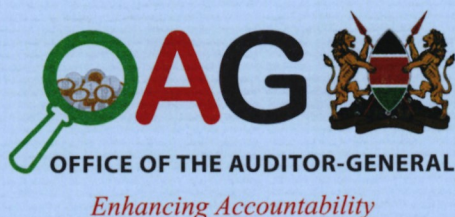
  
\_\_\_\_\_  
Fund Account Manager

Name: *Omar Hassan*



# REPUBLIC OF KENYA

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

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Fafi Constituency set out on pages 13 to 47, which

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

comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Fafi Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

### **Basis for Qualified Opinion**

#### **1.0. Inaccuracies in Unutilized Funds**

Note 9 to the financial statements reflects total unutilized funds balance of Kshs.80,278,757. The balance includes amounts for compensation of employees of Kshs.1,224,609, use of goods and services of Kshs.3,599,119 and amounts due to other grants and other transfers of Kshs.30,761,494. However, the amounts differ from balances reflected in Annex 1 on unutilized funds of Kshs.1,426,749, Kshs.3,396,979 and Kshs.18,402,875 respectively. The resultant variances have not been explained or reconciled.

In the circumstances, the accuracy and completeness of unutilized funds amount of Kshs.80,278,757 could not be confirmed.

#### **2.0. Unsupported Expenditure on Other Grants and Transfers**

The statement of receipts and payments reflects other grants and transfers of Kshs.65,029,251 as disclosed in Note 5 to the financial statements. The amount includes bursary amount of Kshs.43,240,349. However, bursary amount of Kshs.5,563,349 was not acknowledged by the recipient institutions. Further, bursary applications register was not provided for audit.

In addition, annex 1 reflects unutilized bursary funds amount of Kshs.6,602,634. However, no explanation was provided for not utilizing the funds to support education for needy students.

In the circumstances, the accuracy and completeness of bursaries amounting to Kshs.5,563,349 could not be confirmed.

### **3.0. Summary of Fixed Assets Register**

The summary of fixed assets at Annex 2 to the financial statements reflects assets amounting to Kshs.17,067,473. However, the asset register provided for audit review reflects assets valued at Kshs.16,358,674 resulting to an unexplained variance of Kshs.708,799. Further, the fixed assets register availed for audit review did not contain information required as per IPSAS 17 on location of the asset, class, accumulated depreciation, net book value and tagging of assets with identification codes.

In addition, physical verification carried out in the month of April, 2022 revealed that the land where the office building is situated did not have registration documents.

In the circumstances, the accuracy and ownership of fixed assets could not be confirmed.

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

#### **Key Audit Matters**

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

#### **Other Matter**

##### **1.0. Budgetary Control and Performance**

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.221,527,983 and Kshs.176,439,105 respectively, resulting to an underfunding of Kshs.45,088,878 or 20% of the budget. Similarly, the Fund spent Kshs.141,249,226 against an approved budget of Kshs.221,527,983 resulting to underperformance of Kshs.80,278,757 or 36% of the budget.

The under-funding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

##### **2.0. Projects Implementation**

Review of Project Implementation Status (PIS) report revealed that the Fund had planned to implement fifty-five (55) projects with a value of Kshs.119,609,103. However, as at 30 June, 2021, thirty-three (33) projects were complete, fifteen (15) were ongoing and seven (7) had not started.

In the circumstances, delayed implementation of projects may have impacted negatively on service delivery to the public.

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

### Conclusion

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

### Basis for Conclusion

#### 1.0 Idle Projects

The statement of receipts and payments reflects other grants and transfers of Kshs.65,029,251 as disclosed in Note 5 to the financial statements which includes security projects of Kshs.17,511,252. It was observed that Kshs.2,500,000 was spent on renovation of six (6) single room houses and Kshs.550,000 on construction of two (2) door toilet and septic tank at Mansabubu Police Station respectively. However, physical verification carried out in the month of April, 2022 revealed that despite these two (2) projects being complete by 12 October, 2020 and 27 May, 2021 respectively the houses had not been occupied and the doors to the toilets had been vandalized hence value for money may not have been realized. The two projects have therefore not been put to intended use.

In the circumstances, value for money on the expenditure of Kshs.3,050,000 could not be confirmed.

#### 2.0 Constituency Oversight Committee

The Fund did not appoint a Constituency Oversight Committee contrary to Section 53 of the National Government Constituencies Development Fund Act, 2015.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

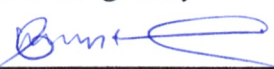
**23 September, 2022**

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

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2020 - 2021	2019 - 2020
			Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	162,455,724	76,559,448
<b>TOTAL RECEIPTS</b>		162,455,724	76,559,448
<b>PAYMENTS</b>			
Compensation of employees	2	3,043,705	2,484,957
Use of goods and services	3	5,834,271	9,837,041
Transfers to Other Government Units	4	66,633,200	66,219,422
Other grants and transfers	5	65,029,251	32,756,843
Acquisition of Assets	6	708,799	1,300,000
<b>TOTAL PAYMENTS</b>		141,249,226	112,598,263
<b>SURPLUS/DEFICIT</b>		<b>21,206,498</b>	<b>(36,038,815)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 7<sup>th</sup> april 2022 and signed by:



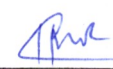
**Fund Account Manager**

Name: Omar Hassi



**National Sub-County Accountant**

Name: Paul MUKOKHU  
ICPAK M/No:



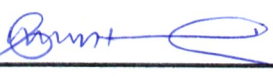
**Chairman NG-CDF Committee**

Name: Mohamed Azle

**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Bank Balances ( as per the cash book)	7A	35,189,879	13,983,380
Cash Balances (cash at hand)	7B	-	-
Total Cash and Cash Equivalents		35,189,879	13,983,380
<b>TOTAL FINANCIAL ASSETS</b>		<b>35,189,879</b>	<b>13,983,380</b>
<b>FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL SSETS</b>		<b>35,189,879</b>	<b>13,983,380</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...		13,983,380	50,022,195
Surplus/Defict for the year		21,206,498	(36,038,815)
<b>NET FINANCIAL POSITION</b>		<b>35,189,879</b>	<b>13,983,380</b>

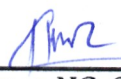
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 7<sup>th</sup> april 2022 and signed by:

  
\_\_\_\_\_  
Fund Account Manager

Name: *Amos Hassan*

  
\_\_\_\_\_  
National Sub-County  
Accountant

Name: *Paul Mwakole*  
ICPAK/M/No:

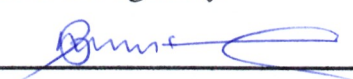
  
\_\_\_\_\_  
Chairman NG-CDF  
Committee


Name: *Mohamed Ale*


**VIII STATEMENT OF CASHFLOW**

<b>STATEMENT OF CASH FLOW</b>			
		<b>2020- 2021</b>	<b>2019 - 2020</b>
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	162,455,724	76,559,448
		<b>162,455,724</b>	<b>76,559,448</b>
Payments for operating activities			
Compensation of Employees	2	3,043,705	2,484,957
Use of goods and services	3	5,834,271	9,837,041
Transfers to Other Government Units	4	66,633,200	66,219,422
Other grants and transfers	5	65,029,251	32,756,843
		<b>140,540,427</b>	<b>111,298,263</b>
Net cash flow from operating activities		21,915,297	(36,738,815)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(708,799)	(1,300,000)
Net cash flows from Investing Activities		(708,799)	(1,300,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	7	13,983,380	50,022,195
Cash and cash equivalent at END of the year		35,189,878	13,983,380

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-FAFI Constituency financial statements were approved on 7<sup>th</sup> april 2022 and signed by:

  
 \_\_\_\_\_  
**Fund Account Manager**

  
 \_\_\_\_\_  
**National Sub-County Accountant**

  
 \_\_\_\_\_  
**Chairman NG-CDF Committee**

Name: 

Name:   
 ICPAK M/No:

Name: 

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
		a	b				
RECEIPTS	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	13,983,380	70,455,724	221,527,983	176,439,105	45,088,878	79.6
Proceeds from Sale of Assets							
Other Receipts							
<b>TOTALS</b>	137,088,879	13,983,380	70,455,724	221,527,983	176,439,105	45,088,878	79.6
PAYMENTS							
Compensation of Employees	2,820,000	548,314	900,000	4,268,314	3,043,705	1,224,609	71.3
Use of goods and services	9,427,999	5,391		9,433,390	5,834,271	3,599,119	61.8
Transfers to Other Government Units	59,320,000	7,406,313	43,530,000	110,256,313	66,633,200	43,623,113	60.4
Other grants and transfers	63,748,880	6,016,141	26,025,724	95,790,745	65,029,251	30,761,494	67.9
Acquisition of Assets	1,772,000	7,221		1,779,221	708,799	1,070,422	39.8
<b>TOTALS</b>	137,088,879	13,983,380	70,455,724	221,527,983	141,249,226	80,278,757	63.8

(a) The utilization rate of compensation of employees, Transfer to other government entities and other payment is below 90% as a result of delayed disbursement from the board as well as committees' preference in prioritization of projects.

(b). The adjustment column reflects money not yet received from the Board as at 30th June 2020 and balances from the previous year resulting to variations from the original budget

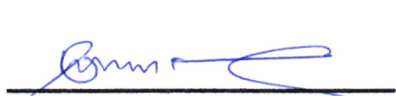
The changes between the original and final budget are as a result of resubmission made and relating to the previous years as well as outstanding previous balance with the board.

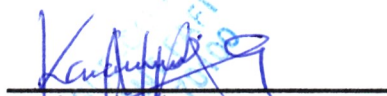



**FAFI Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Reports and Financial Statements for The Year Ended June 30, 2021**

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilization difference totals	80,278,757
Less undisbursed funds receivable from the Board as at 30th June 2021	45,088,879
	35,189,879
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 202021	35,189,879

The NGCDF-FAFI Constituency financial statements were approved on 7<sup>th</sup> April 2022 and signed by:

  
 Fund Account Manager

  
 National Sub-County  
 Accountant

  
 Chairman NG-CDF  
 Committee

Name: *Onas Hassan*

Name: *Paul Makokko*  
 ICPAK M/No:

Name: *Mohamed Aden*



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

**X. BUDGET EXECUTION BY SECTORS AND PROJECTS**

Programme/Sub-programme	Original Budget(a) 2020/2021 Kshs	Adjustments(b)		Final Budget c = (a+b) 2020/2021 Kshs	Actual on comparable basis(d) 30/06/2021 Kshs	Budget utilization difference
		Opening Balance (C/Bk) and AIA	30/06/2021			
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,820,000	548,314	900,000	4,268,314	3,043,705	1,224,609
1.2 Committee allowances	1,500,000	392		1,500,392	1,470,000	30,392
1.3 Use of goods and services	3,815,333	1,074		3,816,407	2,823,477	992,930
<b>Total</b>	<b>8,135,333</b>	<b>549,780</b>	<b>900,000</b>	<b>9,585,113</b>	<b>7,337,182</b>	<b>2,247,931</b>
2.0 Monitoring and evaluation						
2.1 Capacity building	1,500,000	3,925		1,503,925	-	1,503,925
2.2 Committee allowances	2,612,666			2,612,666	1,742,934	869,732







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

5.1												
Total	2,741,778	-			2,741,778	1,300,000					1,441,778	
7.0 Primary Schools Projects												
ballagolol primary			2,500,000		2,500,000	2,500,000						
yumpis primary			800,000		800,000	800,000						
borehole5 primary			800,000		800,000	800,000						
welmarer primary			800,000		800,000	800,000						
bara boarding primary			1,600,000		1,600,000	1,600,000						
Aliemij primary			800,000		800,000	800,000						
hawajot primary			400,000		400,000	400,000						
Amuna primary			2,600,000		2,600,000	2,600,000						
Gora primary			1,800,000		1,800,000	1,800,000						
Abaqdera primary school			1,640,000		1,640,000	1,640,000						
Mansabubu primary			3,770,000		3,770,000	3,770,000						
alinjugur primary			2,500,000		2,500,000	2,500,000						

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

bara boarding primary		500,000	500,000	500,000	500,000	-
Taqal primary		900,000	900,000	900,000	900,000	-
bullagolol primary		1,500,000	1,500,000	1,500,000	1,500,000	-
Fafihajin primary		1,200,000	1,200,000	1,200,000	1,200,000	-
Fafihajin primary		600,000	600,000	600,000	600,000	-
Kamuthey primary		500,000	500,000	500,000	500,000	-
Nadhir primary	84,750		84,750	84,750	84,750	-
Fafi girls pry		85,475	85,475	85,475	85,475	-
jambele pry		85,475	85,475	85,475	85,475	-
Alijugur boarding		75,470	75,470	75,470	75,470	-
Abaqdera infrastructure		75,500	75,500	75,500	75,500	-
Bullagolol primary school	90,000		90,000	90,000	90,000	-
harbole primary		85,538	85,538	85,538	85,538	-
Guyo primary school		575,000	575,000	575,000	575,000	-
Guyo primary school	38,000		38,000	38,000	38,000	-

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

Garasweino primary school		85,005		85,005			
Welmarer primary school		83,900		83,900			
Amuma primary school	6,000,000			6,000,000			6,000,000
Sadahgose primary school	2,000,000			2,000,000			2,000,000
Sadahgose primary school	400,000			400,000			400,000
Welmarer primary school	3,500,000			3,500,000			3,500,000
Hawajot primary school	550,000			550,000			550,000
Alinjugur Primary School	400,000			400,000			400,000
Alinjugur integrated Primary School	300,000			300,000			300,000
Ruka primary school	400,000			400,000			400,000
Jambele primary school	1,600,000			1,600,000			1,600,000

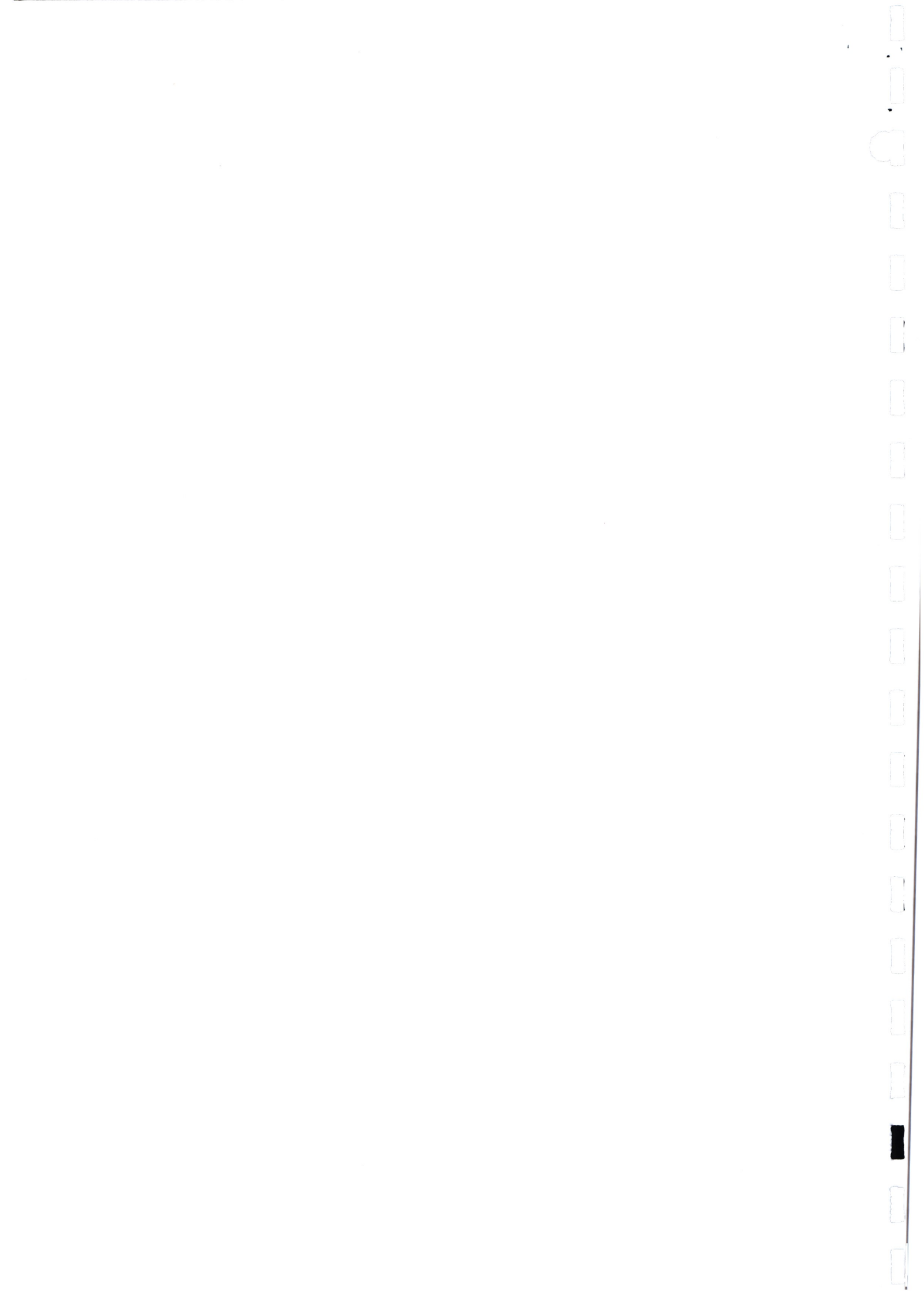
**National Government Constituencies Development Fund (NGCDF)  
Reports and Financial Statements for The Year Ended June 30, 2021**

Kamuthey primary school	1,200,000				1,200,000		1,200,000
Abaqdera primary school	3,000,000				3,000,000		3,000,000
Garasweino primary school	3,000,000				3,000,000		3,000,000
Alinjgur Primary School	2,000,000				2,000,000		2,000,000
Alicinij primary school	800,000				800,000		800,000
Hajjimay primary school	2,000,000				2,000,000		2,000,000
Dekaharja primary school	3,000,000				3,000,000		3,000,000
Harbole primary school	800,000				800,000		800,000
Nanighi primary school	1,200,000				1,200,000		1,200,000
Borehole five primary school	1,200,000				1,200,000		1,200,000
Amuma primary school	600,000				600,000		600,000
galmagala primary	400,000				400,000		400,000



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

	34,350,000	1,364,113	25,210,000	60,924,113	26,574,113	34,350,000
<b>Total</b>						
8.0 Secondary Schools Projects						-
Shill secondary school	4,500,000		4,500,000	4,500,000	4,500,000	-
nanighi secondary school	1,000,000		1,000,000	1,000,000	1,000,000	-
Galmagala secondary	1,900,000		1,900,000	1,900,000	1,900,000	-
Shill secondary school	1,900,000		1,900,000	1,900,000	1,900,000	-
Bura secondary	1,900,000		1,900,000	1,900,000	1,900,000	-
Galmagala secondary	1,900,000		1,900,000	1,900,000	1,900,000	-
Bura secondary	1,360,000		1,360,000	1,360,000	1,360,000	-
Shill secondary school	2,500,000		2,500,000	2,500,000	2,500,000	-
Shill secondary school	1,360,000		1,360,000	1,360,000	1,360,000	-
Bura secondary school	1,800,000	1,800,000		1,800,000	1,800,000	-
Bura secondary school	600,000	600,000		600,000	600,000	-



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

Nanighi secondary school		156,017		156,017	156,017	
borehole5 sec		386,183		386,183	386,183	
Shill secondary school p.m.c		600,000		600,000	600,000	
Shill secondary school p.m.c		2,500,000		2,500,000	2,500,000	
Galmagala secondary school	750,000			750,000		750,000
Bura secondary school	1,800,000			1,800,000		1,800,000
Bura secondary school	750,000			750,000		750,000
Shill secondary school	5,300,000			5,300,000	5,300,000	4,941,348
Shill secondary school	750,000			750,000		750,000
Galmagala secondary school	1,360,000			1,360,000		1,360,000
Fafi girls secondary	2,000,000			2,000,000	1,568,139	431,861





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

Bura police houses		2,400,000	2,400,000	2,400,000	2,400,000	-
DCI fafi office		400,000	400,000	400,000	400,000	-
welmarer police		500,000	500,000	500,000	500,000	-
Mansabubu police houses		1,000,000	1,000,000	1,000,000	1,000,000	-
Kamuthey police houses		1,800,000	1,800,000	1,800,000	1,800,000	-
Nanighi police post		700,000	700,000	700,000	700,000	-
Amuma police post		500,000	500,000	500,000	500,000	-
Amuma Gsu camp		500,000	500,000	500,000	500,000	-
Registrar of person office		450,000	450,000	450,000	450,000	-
DCI fafi office		2,000,000	2,000,000	2,000,000	2,000,000	-
Mansabubu police houses		1,500,000	1,500,000	1,500,000	1,500,000	-
welmarer police		3,220,000	3,220,000	3,220,000	3,220,000	-
Mansabubu police houses	200,000		200,000	200,000	200,000	
welmarer police	1,500,000		1,500,000	1,500,000	1,500,000	
Nanighi police	665,000		665,000	665,000	665,000	
welmarer police	75,000		75,000	75,000	75,000	
Kamuthey police station	2,500,000		2,500,000	2,500,000	2,500,000	
Bura police	2,000,000		2,000,000	2,000,000	2,000,000	







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

	137,088,879	13,983,380	70,455,724	221,527,983	141,249,226	<b>80,276,757</b>
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(NB: This statement is a disclosure statement indicating the utilisation in the same format as the entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)



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

**XI. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

**2. Reporting Entity**

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

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

**Transfers from the National Government Constituency Development Fund (NG-CDF)**  
Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

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

**Proceeds from Sale of Assets**

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

**Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

**Unutilized Funds from PMCs.**

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

**External Assistance**

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance received.

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

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

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents.**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

For the purposes of these financial statements, Deposits (gratuity and retentions) held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

**9. Pending Bills**

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

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

**10. Unutilized Fund**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30<sup>th</sup> June 2020 for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2021

**14. Errors**

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

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

**15. Related Party Transactions**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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

**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2020-2021		2019-2020	
	Kshs		Kshs	
NGCDF Board				
B047127			3,531,862	
B047146			1,027,586	
B041404			4,000,000	
B047689			5,000,000	
B041270			18,000,000	
B047406			4,000,000	
B104119			15,000,000	
B096557			11,000,000	
B104119			15,000,000	
B104715				
B140877		20,000,000.00		
B104540		33,000,000.00		
B124512		16,367,724.10		
B124807		9,000,000.00		
B124930		1,088,000.00		
B119785		8,500,000.00		
B128075		12,000,000.00		
B128385		6,900,000.00		
B132130		7,000,000.00		
B138798		6,000,000.00		
B126093		12,000,000.00		
		7,000,000.00		



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

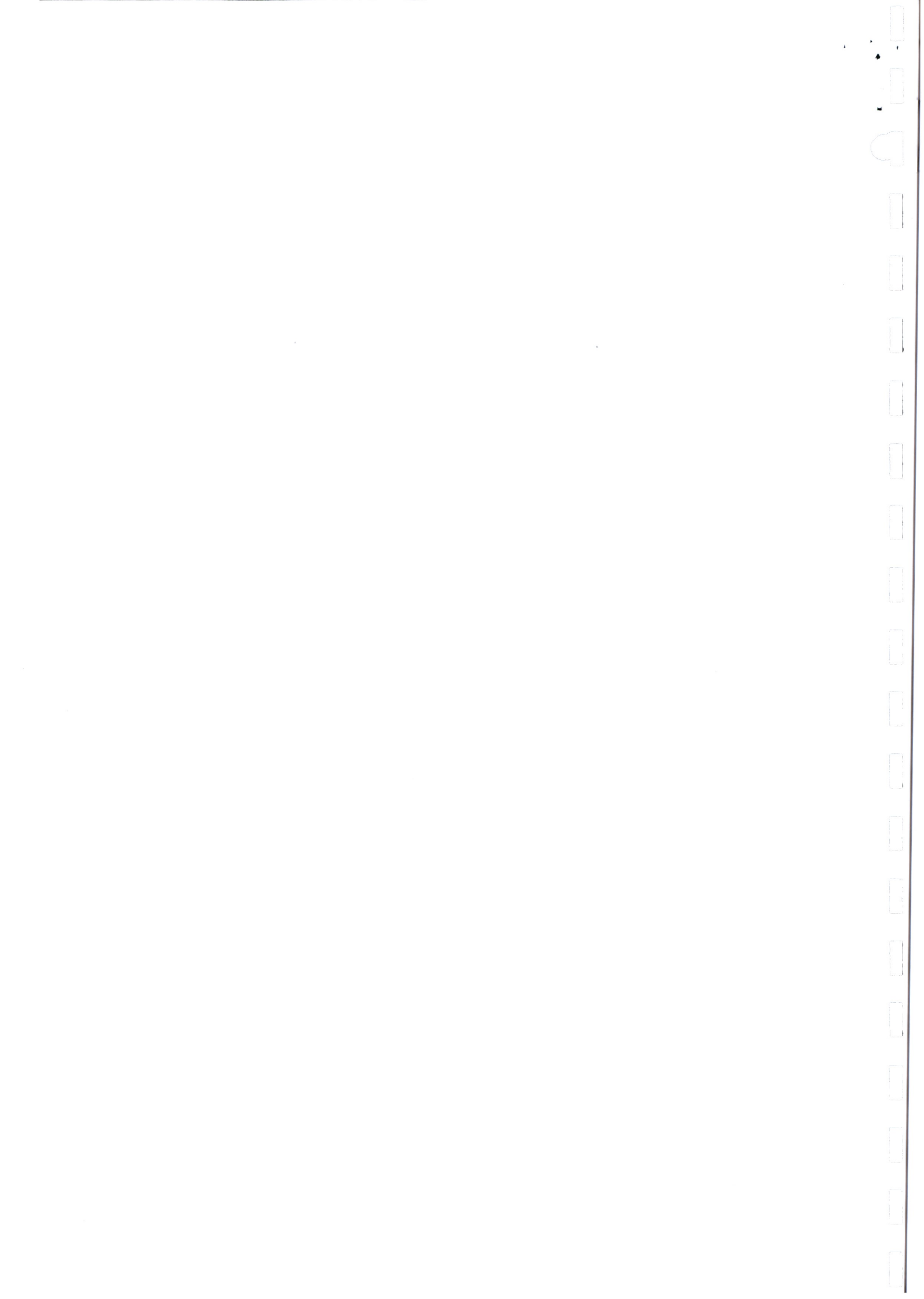
B126383			
B140529		11,600,000.00	
<b>TOTAL</b>		12,000,000.00	
		162,455,724	76,559,448

**2. COMPENSATION OF EMPLOYEES**

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries		
<b>Personal allowances paid as part of salary</b>	2,715,565	2,091,213
Gratuity to contractual employees		
Employer Contributions Compulsory national social security schemes	-	195,754
	328,140	122,340
<b>Total</b>	<b>3,043,705</b>	<b>2,409,307</b>

**3. USE OF GOODS AND SERVICES**

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services		
Communication, supplies and services	-	30,000
Domestic travel and subsistence	-	78,000
Printing, advertising and information supplies & services		29,200
Training expenses	-	5,000
Other committee expenses	-	1,317,107
<b>Committee allowance</b>	1,470,000	4,438,909
Office and general supplies and services	1,540,794	-
Other operating expenses		827,600
Routine maintenance – vehicles and other transport equipment	2,823,477	2,768,925
Routine maintenance – other assets	-	300,000
Bank charges	-	-
<b>Total</b>	<b>5,834,271</b>	<b>9,837,041</b>



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

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2020-2021		2019-2020	
	Kshs		Kshs	
Transfers to primary schools	35,319,110		43,965,610	
Transfers to secondary schools	31,314,090		21,033,812	
Transfers to tertiary institutions			1,220,000	
<b>TOTAL</b>	<b>66,633,200</b>		<b>66,219,422</b>	

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2020-2021		2019-2020	
	Kshs		Kshs	
Bursary – secondary schools	22,725,000		1,307,000	
Bursary – tertiary institutions	20,515,349		4,921,000	
Social Security programmes (NHIF)	97,650		75,650	
Security projects	17,511,252		14,411,248	
Sports projects	1,300,000		4,921,354	
Emergency projects	2,880,000		7,196,241	
<b>Total</b>	<b>65,029,251</b>		<b>32,832,493</b>	



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

**6. ACQUISITION OF ASSETS**

	2020-2021	2019-2020
	Kshs	Kshs
Construction of Buildings	708,799.00	-
Refurbishment of Buildings	-	700,000.00
Purchase of ICT Equipment, Software and Other ICT Assets	0	600,000
<b>Total</b>	<b>708,799</b>	<b>1,300,000</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7: CASH BOOK BANK BALANCE  
7A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2020-2021 Kshs	2019-2020 Kshs
Name of Bank, Account No. 0580262524480 Equity Bank-Garissa Branch	35,189,879	13,983,380
<b>Total</b>	<b>35,189,879</b>	<b>13,983,380</b>

**8. BALANCES BROUGHT FORWARD**

	2020-2021 (1 <sup>st</sup> July 2020) Kshs	2019-2020 (1 <sup>st</sup> July 2019) Kshs
Bank accounts	13,983,380	50,022,195
<b>Total</b>	<b>13,983,380</b>	<b>50,022,195</b>

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

**9: UNUTILIZED FUND (See Annex 1)**

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	1,224,609	548,314
Use of goods and services	3,599,119	5,392
Amounts due to other Government entities	43,623,113	27,824,308
Amounts due to other grants and other transfers	30,761,494	45,768,842
Acquisition of assets	1,070,422	7,221
Others	-	9,197,027
	<b>80,278,757</b>	<b>83,351,104</b>

**10. PMC account balances (See Annex 3)**

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	3,192,603	7,149

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**ANNEX 1 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/2020
		<b>Kshs</b>	
1.0 Administration and Recurrent			
1.1 Compensation of employees		1,426,749	1,006,127
1.2 Committee allowances		2,404,049	379,336
1.3 Use of goods and services		992,930	
<b>Total</b>		<b>4,823,728</b>	
2.0 Bursary and Social Security			
2.1 Secondary Schools			
2.2 Tertiary Institutions		2,695,117	
2.3 Social Security		3,907,517	
2.4 Special Needs			
<b>Total</b>		<b>6,602,634</b>	
3.0 Sports			
3.1		1,441,778	
<b>Total</b>		<b>1,441,778</b>	
4.0 Primary Schools Projects			
4.1. Annunia primary school		6,000,000	

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

4.2.Sadahgose primary school		2,000,000	
4.3Sadahgose primary school		400,000	
4.5Hawajot primary school		550,000	
4.6 Alinjugur Primary School		400,000	
4.7 Alinjugur integrated Primary School		900,000	
4.8 Ruka primary school		400,000	
4.9 Jambele primary school		1,640,000	
4.12.Garasweino primary school		3,000,000	
4.13 Alinjugur Primary School		2,000,000	
4.14.Allerij primary school		800,000	
4.15.Hajjimay primary school		2,000,000	
4.16.Dekaharja primary school		3,000,000	
4.17.Harbole primary school		800,000	
4.18.Nanighi primary school		1,200,000	
4.19.Borehole five primary school		1,200,000	
4.20.Amuma primary school		600,000	
4.21.galmagala primary		400,000	
<b>Total</b>		<b>26,689,904</b>	<b>24,283,721</b>
5.0.Galmagala secondary school		750,000	
5.1.Bura secondary school		1,200,000	
5.2.Bura secondary school		750,000	

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

5.3	Shill secondary school		4,241,348	
5.4	Shill secondary school		750,000	
5.5	Galmagala secondary school		1,260,000	
5.6	Fafi girls secondary school		431,861	
5.7	Fafi girls secondary school		750,000	
5.8	Galmagala secondary school		600,000	
5.9	Fafi girls secondary school		600,000	
5.9.1	Shill secondary school		600,000	
5.9.2	Alinjgur secondary school		600,000	
5.9.3	Namighi secondary school		600,000	
5.9.4	Bura secondary school		600,000	
5.9.5	Shill secondary school		600,000	
5.9.6	Shill secondary school		300,000	
	<b>Total</b>		1,500,000	
	<b>Other Grants and Other Transfers</b>		16,933,209	8,816,990
6.0	Security Projects		-	
6.1	Namighi police post		4,000,000	
6.2	Mansabubu police station		550,000	
6.3	Amuma police station		3,880,000	
6.4	Kamuthey police		2,400,000	
6.5	Bura police houses		1,090,422	
6.6	Amuma police station		1982,493	



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

6.7. Amuma police station		2,500,000	
6.8. Bura chiefs office		2,000,000	
<b>Total</b>		18,402,875	40,765,891
Acquisition of assets			
7.0. Ng-cdf office		-	
<b>Total</b>		1,070,422	
8.0 Other payments			
9.0. NHIF			
<b>Total</b>			9,187,099
Emergency		4,314,207	
<b>Total</b>		80,278,757	84,439,104
			<b>84,439,104</b>

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

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	4,716,000			4,716,000
Buildings and structures	9,997,184	708,799.00		10,705,983
Transport equipment	468,140			468,140
Office equipment, furniture and fittings	868,500			868,500
ICT Equipment, Software and Other ICT Assets	308,850			308,850
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>16,358,674</b>			<b>17,067,473</b>



**FAFI Constituency****National Government Constituencies Development Fund (NGCDF)****Reports and Financial Statements for The Year Ended June 30, 2021****ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2021**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2020/21</b>	<b>Bank Balance 2019/20</b>
MARASH COMMUNITY BASED ORGANISATION	0580179579690	EQUITY	1780.00	140
JAMBELE PRIMARY INFRASTRUCTURE	0580279311216	EQUITY	867.50	0
NADHIR PRIMARY INFRASTRUCTURE	0580279301449	EQUITY	177.05	0
FAFI GIRLS INFRASTRUCTURE	0580279308081	EQUITY	239.85	0
BURA SECONDARY SCHOOL	0580279904732	EQUITY	29.900.00	0
HODHAN YOUTH GROUP	0580178819846	EQUITY	3500.00	2040
ALJUGUR BOARDING	0580279289465	EQUITY	275.35	0
AL-FARAJ SELF HEL GROUP	0580177505255	EQUITY	1700.00	360
ABAQDERA INFRASTRUCTURE	0580279321402	EQUITY	1979.35	539
BULLAGOLOL PRIMARY SCHOOL	0580279295923	EQUITY	1,524.00	146
CHANA SELF HELP GROUP	0580179124240	EQUITY	1,220.00	0
GUYO PRIMARY SCHOOL	0580279294294	EQUITY	1,260.00	1260
GARASWEINO PRIMARY SCHOOL	0580279334341	EQUITY	100.00	400
WELMARER PRIMARY SCHOOL	0580179379102	EQUITY	1,899.95	0
NANIGHI SECONDARY SCHOOL	0580279321950	EQUITY	2,587.50	0
WARFA YOUTH GROUP	0580177094822	EQUITY	10,515.00	0
SHILL SECONDARY SCHOOL P.M.C	0580278998131	EQUITY	580.00	0
BOREHOLE FIVE TOILETS P.M.C	0580179428813	EQUITY	208.40	0
BURA POLICE CANTEEN P.M.C	0580179326879	EQUITY	160.00	0
FAFIHAJIN PRIMARY SCHOOL	0580279987470	EQUITY	1000.00	0
TAQAL PRIMARY SCHOOL	0580280043156	EQUITY	44,880.00	0
MANSABUBU INFRASTRUCTURE	0580279371241	EQUITY	67.50	0
BURA PRIMARY INFRASTRUCTURE	0580279309897	EQUITY	3,560.00	0



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

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
KAMUTHE POLICE P.M.C	0580180171341	EQUITY	2,400.00	0
AMUMA PRIMARY P.M.C	0580280155082	EQUITY	1,400.00	0
YUMPIS PRIMARY P.M.C	0580280230422	EQUITY	2,760.00	0
ALIEMIJ INFRASTRUCTURE	0580179298568	EQUITY	1,040,060.00	0
BOREHOLE FIVE PRIMARY SCHOOL	0580280202410	EQUITY	700.00	0
FAFI GIRLS SECONDARY SCHOOL	0580279922234	EQUITY	849,760.00	0
GALMAGALA INFRASTRUCTURE	0580279291402	EQUITY	337.50	0
NANIGHI POLICE P.M.C	0580180138905	EQUITY	380.00	0
NASRU MINA ALLAH YOUTH GROUP	0580179298518	EQUITY	1460.00	0
FAFTAN SELF HELP GROUP	0580179488425	EQUITY	1,880.00	0
AWAL SELF HELP GROUP	0580180123021	EQUITY	140.00	0
SALBATH SELF HELP GROUP	0580179682873	EQUITY	1,200.00	580
MUSTAQBAL SELF HELP GROUP	0580179908124	EQUITY	784.78	86
NANIGHI PRIMARY SCHOOL	0580279309927	EQUITY	1,200,520.00	0
BOREHOLE FIVE SECONDARY SCHOOL	0580180989654	EQUITY	79.00	0
KAMUDHE PRIMAR SCHOOL PMC	0580177638804	EQUITY	1500.00	0
HAWAJOT PRIMARY P.M.C	01521231495200	NATION AL	560.00	0
DOI WOMEN GROUP	1280369612	KCB	6600.00	0
GORA COMMUNITY GROUP	01270088124600	NATIONAL BANK	-	38
GACAL AGRI BUSINESS	01553220028600	NATIONAL BANK	-	760
BURA ONLINE COMMUNITY SELF HELP GROUP	1269814222	KCB BANK	-	800
<b>TOTAL</b>			<b>3,192,603.63</b>	<b>7149</b>



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

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Unsupported bursary disbursement	Management promised to follow up with respective institutions to provide the missing acknowledgement letters	FAM	Resolved	
4.2	Unsupported strategic plan	The documents was availed, nonetheless, the committee made commitment to avail some missing documents supporting the payments made to the consultancy firm	FAM	Resolved	
4.3	Unsupported payments for Roads projects	Management made commitment to retrieve the documents from B.O.M projects file	FAM	Resolved	
4.5	Unsupported environmental expenses	Management to ensure site clearance is done and projects labeled.	FAM	Resolved	
4.6	Unsupported committee allowances	Management to avail monitoring and evaluation file –containing documents justifying expenditure incurred	FAM	Resolved	

