

REPUBLIC OF KENYA



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REPORT	
NATIONAL ASSEMBLY	
DATE: 15 NOV 2022	DAY: Tuesday
TABLED BY: Hon. Silvanus Osoo, MP	OF Chief Whip Majority
CLERK-AT-THE-TABLE: Halima Suleiman	

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND –
TESO NORTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2020**

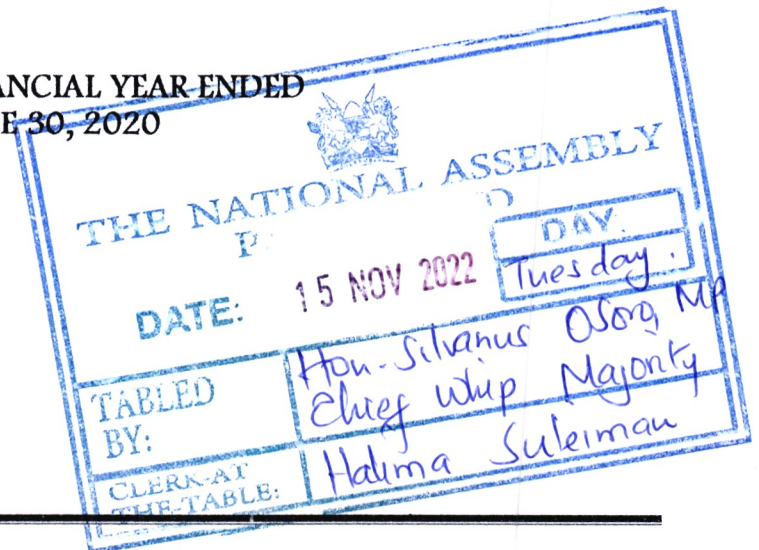


NG-CDF BOARD

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –TESO
NORTH CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020



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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

Recognize the constituency as a platform for identification, performance and implementation of national government functions;

Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;

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;

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;

Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;

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;

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;

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;

Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;

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

Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

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Core Values

Patriotism – we uphold the national pride of all Kenyans through our work

Participation of the people- We involve citizens in making decisions about programs we fund

Timeliness – we adhere to prompt delivery of service

Good governance – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people

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.

Key Management

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

National Government Constituencies Development Fund Board (NGCDFB)

National Government Constituency Development Fund Committee (NGCDFC)

Fiduciary Management

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

No.	Designation	Name
1.	A.LE holder	PETER O.OCHOKOLO
2.	Sub-County Accountant	NICHOLAS K. MUE
3.	Chairman NGCDFC	WILLIAM O.EPAYE
4.	Member NGCDFC	MARY W.KARANJA

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Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF –Teso North Constituency.

The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

NGCDF Teso North Constituency Headquarters

P.O. Box 255-50408

Kamuriai, Kenya

NGCDF TESO North-Constituency Contacts

Telephone: (254) 726269213

E-mail: cdftesonorth.go.ke

Website: www.ngcdf.go.ke.

Kenya Commercial Bank (specify the constituency account banker details)

ACCOUNT NO: 1050278831272

Equity Bank of Kenya Limited

Malaba Branch

Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

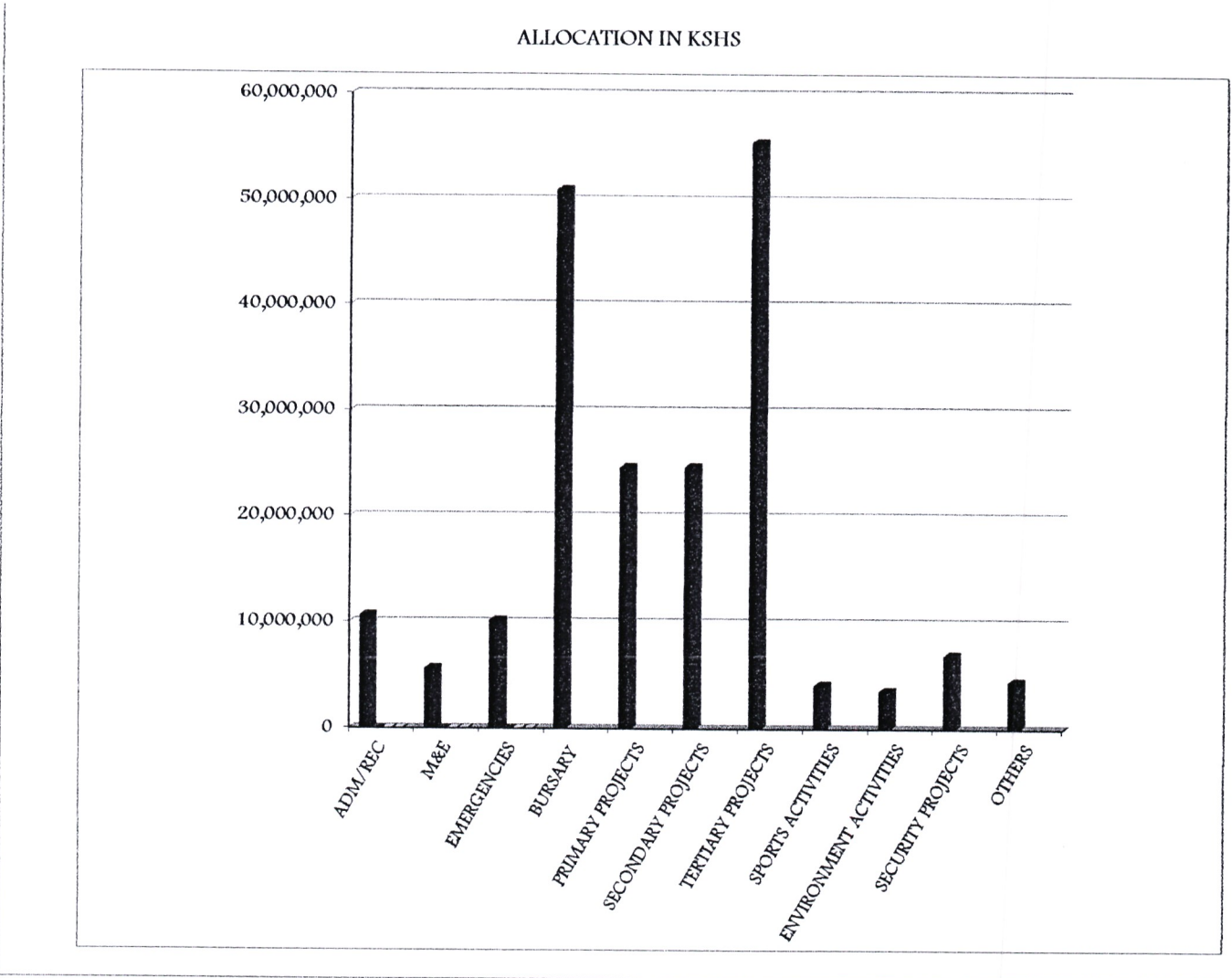
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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Budget performance against actual amounts for current year based on economic classification and programmes



A.FUNDS ALLOCATED IN THE YEAR PLUS BALANCE BROUGHT FORWARD

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
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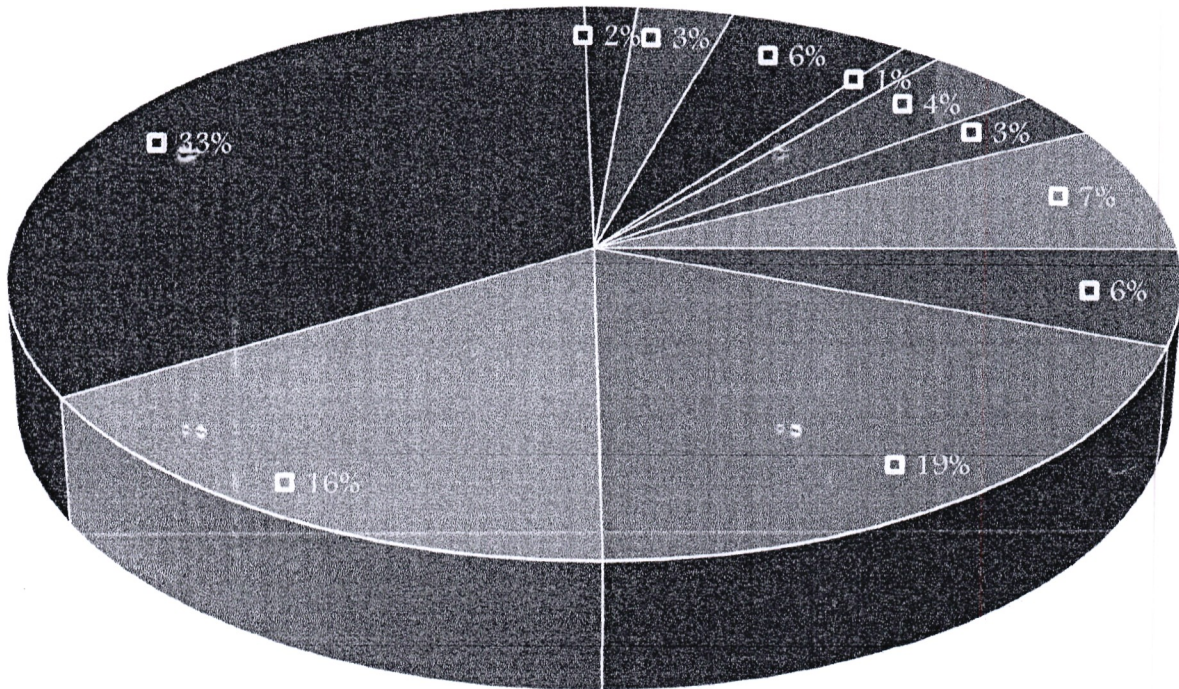
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EXPENDITURE

Out of this budget, we were able to spend **Kshs. 121,064,416** in specific vote items as shown below:

EXPENDITURE IN KSHS

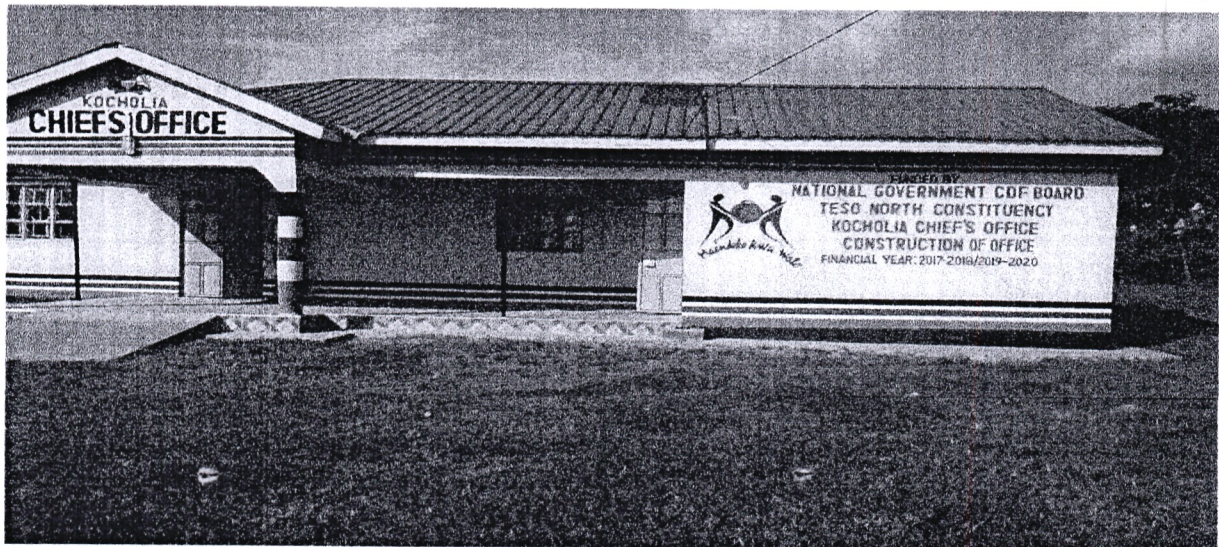


- ADM/REC
- EMERGENCIES
- PRIMARY PROJECTS
- TERTIARY PROJECTS
- ENVIRONMENT ACTIVITIES
- OTHERS
- M&E
- BURSARY
- SECONDARY PROJECTS
- SPORTS ACTIVITIES
- SECURITY PROJECTS

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ACHIEVEMENTS

The NGCDFC Managed to Start key and model projects which were signed in the performance contracting of 2019/2020 such as Kenya Medical Training College at Kocholya, built a welding shed and facilitated to operationalize of Chamasiri Technical Vocational College by Sponsoring 400 Students for various courses which enabled it to be Registered, completion of a modern Science Laboratory at St. Theresa Girls Secondary School, Started A modern Science Laboratory at SA Kolanya Girls National School and a Modern Assistant County Commission Office at Changara Location.

The Committee also managed to complete various Projects which were incomplete in the previous year's such as Kocholya Chiefs office, Kamuriai Chiefs Office and a number of classrooms which was a plus to the committee.

The Committee also managed to build two modern toilets to improve on sanitation situation planted various tree seedlings in most Schools to improve vegetation coverage.

Challenges

The year in question was coupled with a number of challenges; Such as the Corona Pandemic among others.

Change of managers leading to two different managers in one year.

There is a high demand and pressure on the fund where the needs are more than the available funds especially bursary request.

The community solely relies on government funding to for any development.

There is influx of rising institutions that need more funding for its growth due to rise in population and the Community is unable to contribute to its improvement hence relying heavily on Government.

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The Community also is reluctant to engage in other income generating activities to enable them pay fees or cater for Lunch program instead posing a greater challenge for Day Schools also requesting bursary need

To address these challenges, the committee is working towards creation of a factual data base on the NGCDF funded projects to guide future development.

The committee is also to ensure completion of all on-going projects and realistic funds allocation per project to get quality projects as well as timely completion.

The NGCDFC has launched an advisory committee to help parents seek other source of assistance instead of depending on NGCDF for the whole fee payment.

The NGCDFC is encouraging self-reliance skills for the constituents to manage and be able to survive instead of depending on government funding alone.

The NGCDFC has engage community in providing other items such as firewood, Vegetables to enable them pay day schools fees to minimize over reliance on Bursary kit.

Sign



MR. WILLIAM OKALIO EPAYE

NG-CDFC CHAIRMAN

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
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III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED 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 constituency stands feet high on the potent of the capable constituents, its geographical location and the existence of natural resources.

The recognition of its potential development and growth majorly depends on its process of planning for and regulating physical and economic development that capitalizes on reliable opportunities and prudent financial and administrative threads.

The key development objectives of NGCDF-Teso North Constituency's 2018-2022 plan sort to contribute towards the identification of how and where development programmes identified will be implemented especially in the economic activities with special focus on marketing and value addition, improved social infrastructure on road development and improved governance.

It was anticipated that this will help in achieving food security, improved quality of education, health care for all, expanded access to ICT and environmental conservation among others are to:

Strategic Area One: Education

Objective- To have all children of school going age attending school

Initiative: equipping them to encourage drop outs to enroll for middle level courses and ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Strategic Area Two: Security

Objective- To be a leading Constituency in provision of security to all.

Initiative: Construction of police stations and Chiefs office in every Ward.

Strategic Area Three: Information Communication and Technology (ICT)

Objective: Enhance access to information and technology by Teso North residents and use ICT to enhance service delivery and spurring individual development.

Initiative: Enhancement of infrastructure and accessibility of ICT resources in the constituency by Setting ICT HUB across the Constituency.

Strategic Area Four: Sports

Objective: Empower and develop youths to reduce dependence and spur economic growth through Nurturing sports Talent

Initiative: Develop and empower youths through sports

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Strategic Area Five: Water and Environment

Objective: Improve access to clean water and a more sustainable and conserved environment

In Teso North through natural resources conservation initiatives and Construction of Modern Toilets

Initiative: Initiate and enhance conservation programs within the constituency

Initiative: Water and Sanitation: To ensure water sustainability in the Constituency

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	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary beneficiaries at all levels	In FY 19/20 -we increased number of classrooms, dormitories, laboratories etc. from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	To Provide Security Agencies closer to mwananchi	To equip all Security agencies to enable them perform their services diligently	Built and Renovation number of Chiefs and police post DCC Office in wards	In FY 2019/2020 we increased chief offices in all wards as per attached schedules
Environment	To Provide Environmental look within the Constituency	To Improve Sanitation and Environmental Hygiene in all Wards	Built at least one modern Toilet in Every Ward and Planting of Trees in all wards	In FY 2019/2020 Build 2NO modern Toilets to increase population of students in those schools as per attached schedules
Sports	To Provide Recreation facilities through Sports	To improve and encourage talents among youth across the constituency	Organize Sporting Activities across the Constituency	In FY 2019/2020 Set aside funds for tournament for yours to increase talent identification
Disaster Management	To Provide Methods of minimizing disasters and Risks within the Constituency	To provide disaster avoidance and prevention mechanism	Organization more Trainings on disaster and Risks preventions	In FY 2019/2020 Constituted a sub-committee to handle disasters in the Constituency

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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

REPORTING

NGCDF – Teso North Constituency just like any Government entity has the responsibility of ensuring public involvement in project identification, prioritization of projects and adequate allocation of funds to the projects.

In undertaking the aforementioned, the NG-CDF Teso North Committee always highlights Corporate Responsibility as a tool with relevance for public policy actualization with the aim of enhancing sustainable and inclusive development programmes in the constituency.

The financial prudence has a lot of weight in development agenda which drives on a delicate thread of enormous community expectations.

In enhancing the financial trust in various sectors, we assessed the risks factors, long term and short term performance.

We further looked at performance on responsible leadership with clear undertone on the interest of the constituents and stakeholders and sufficient respect for environmental, social and governance issues. This is aimed at ensuring efficient and effective management of public resources at the grassroots level thus transformation of livelihoods. It remains our purpose and the driving force behind everything we do.

It's what guides us to deliver our strategies, 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.

NGCDF – Teso North Constituency 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.

Sustainability strategy and profile -

The Constituency plans to eradicate poverty and Transform Economies of Scales through Sustainable Development by carrying out forward the Spirit of the Millennium Declaration emphasizing that the post 2015 development agenda should leave no one behind.

Environmental performance

The Constituency has put measures on adaptation plan on an elaborate framework that they will rely on to develop mitigation on climate and environmental changes.

Employee welfare

The Constituency has put measures on recruitment of all Constituency Employees in accordance with Government set guidelines and Regulations and also in line with Labour laws.

The Constituency also has put measures on Staff Career progression and set Staff appraisal at the end of every year to improve their performance.

The Constituency has set guidelines on Occupations and safety compliance.

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4. Market place practices-

The Constituency has set measures on all contracts to be competitively bided by advertising to potential bidders.

5. Community Engagements -

The Constituency has given instructions to all contracts worn for engagement of locals and also purchase of their local materials after confirmation of the Works Engineer.

Covid-19 Mitigation Measures

Taking into consideration the current Corona Virus epidemic, in line with the Governments directive on reducing the chances of being infected or spreading COVID-19, the office resolved in aiding by taking the following precautionary measures.

Organized a Public Sensitization exercise to Sensitize Residents and purchased Sensitizers and masks distributed to various Government offices to enable them reduce the spread of the virus.

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V.STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-Teso North 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 ended on June 30, 2020.

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Teso North Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date.

The Accounting Officer charge of the NGCDF-Teso North Constituency further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as *the adequacy of the systems of internal financial control.*

The Accounting Officer in charge of the NGCDF-Teso North Constituency confirms that the entity has complied fully with applicable Government Regulations and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

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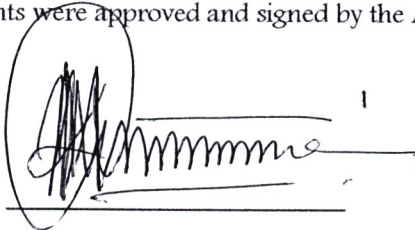
Approval of the financial statements

The NGCDF-Teso North Constituency financial statements were approved and signed by the Accounting Officer on 18/12/20 2020.



Fund Account Manager

Name: Peter O. Ochokolo



Sub-County Accountant

Name: Nicholas K. Mue

ICPAK Member Number: 17823



REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TESO NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Teso North Constituency set out on pages 1 to 27, which comprise the statement of assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Teso North Constituency as at 30 June, 2020, 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

Transfer to other Government entities- Unverified Expenditure Returns

As disclosed under note 5 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects transfers to other government entities of Kshs.83,676,384, which includes an amount of Kshs.8,500,000 in respect of transfers to five (5) secondary schools for various projects as detailed below:

Project Name	Institution	Amount Kshs.
Drilling and Equipping of a Borehole.	St Thomas Girls Secondary School.	3,000,000
Completion of Laboratory, Plastering, Flooring, Shuttering And Painting.	St Teresa Malaba Secondary School.	1,500,000
Completion of Laboratory, Plastering, Flooring, Internal Slabs, Electrical Wiring, Plumbing and Painting.	St Antony Akobwait Cha Secondary School.	1,500,000
Balance for Clearing School Bus Loan.	Bishop Sulumeti Girls Secondary School.	500,000
Construction of Dormitory.	SA Kolanya Girls High School.	2,000,000
Total		8,500,000

The expenditure returns for the projects were not provided for audit contrary to Regulation, 15(1)(d) of the National Government Constituencies Development Fund Regulations, 2016.

In the circumstances, it was not possible ascertain the completeness, accuracy and occurrence of the expenditure of Kshs.8,500,000 for the year under review.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

1.1 Budget Performance

The summary statement of appropriation - recurrent and development combined reflects a final receipts budget and actual on a comparable basis of Kshs.201,444,410 and Kshs.123,413,298 respectively resulting to an underfunding of Kshs.78,031,112 or 39% of the budget. Similarly, the Fund spent Kshs.121,076,416 against an approved budget of Kshs.201,444,410 resulting to an under expenditure of Kshs.80,357,994 or 40% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Teso North Constituency.

1.2 Project Implementation Status

During the year under review, the Fund had planned to implement forty-three (43) projects at a total cost of Kshs.75,016,124 and which were at various levels of implementation as summarized below:

Status	No. of Projects	Value Kshs.
Complete	25	15,366,124
Ongoing	10	44,750,000
Not Started	8	14,900,000
Sub-Total	43	75,016,124

The Project Implementation status report further indicated that nineteen (19) projects costing Kshs.17,000,000 relating to 2018/2019 and earlier years were still ongoing and no reason was provided for their non-completion.

Further eight (8) projects relating to 2018/2019 and earlier years did not have information relating to the budget, amounts disbursed and their completion status as detailed below:

Entity	Description	Financial year
Malaba Youth Empowerment	Construction of welding shed under emergency	2018/2019
Malaba Youth Empowerment Centre	Construction of two door pit latrine under emergency	2018/2019
Kakapel Community Centre	Completion of resource Centre	2015/2016
Ikapolok Primary	Change of activity from fencing to Septic	2018/2019
Ikapolok Primary	Replacement of fencing and gate	2017/2018
Aboloi Secondary	Construction of laboratory	2017/2018
Chemasiri TTI	Water drilling	2018/2019
Kocholya KMTC	Fencing and gate	2019/2020

Failure to complete the projects within the stipulated period is likely to deny the constituents the much-needed services.

1.3 Project Verification

During the year under review, eleven projects costing Kshs.33,369,900 were verified in March, 2021 out of which eight (8) projects totalling Kshs.27,069,900 were at different levels of implementation, and three (3) projects totalling to Kshs.6,300,000 were not implemented as summarized below.

No.	Institution	Project Details	Amount Kshs.	Comments
1	Malaba Youth Empowerment Centre	Fencing of the entity	500,000	The fencing was well done-project complete
2	Akichelesit GSU Camp	Construction of 4 door toilets and 2 bathrooms	400,000	Project complete and in use
3	St Benard Kakurikit Secondary School	Construction of four modern toilets with sewerage system, purchase of one 2,500 litres water tank and 4 hand wash cylinders and four hand washstands.	623,677	Instead of four doors five had been fixed - 1000litre water tank installed instead of 2500 litres, No hand wash cylinder and washstands hand been installed.
4	Changara Secondary School	Purchase of tree seedlings, avocado, eucalyptus and fertilizer	100,000	No seedling survived
5	Echakara Secondary School	Purchase of tree seedlings, avocado, eucalyptus and fertilizer	200,000	Only a few seedlings survived that is approximately twenty out of the 1700
6	Changara Chief's Office	Construction of a chiefs' office	2,000,000	Project yet to be implemented.
7	Moding Chiefs Office	Construction of 4 door toilets and 2 bathrooms	400,000	Project complete no major anomaly was noted
8	Kocholya KMTC	Construction of a three-storey building for administration block, lecture rooms and laboratory.	22,846,223	Not implemented as per the guidelines of the Director of KMTC and project documents. Building not in accordance with BQs, one storey building was done instead of two
9	Malaba Youth Polytechnic	Kshs.700,000 - fencing, gate, reinforcement shutters. - 4 No laptops, and one printer for Kshs.600,000, -20 No sewing machines, 20 tables and 20 stools for Kshs.700,000	1,300,000	Fencing of Malaba Youth Polytechnic of Kshs.700,000 done, however,4 laptops, 2 desktops, one printer, 20 sewing machines, 20 worktables, 20 stools totalling to Kshs.1,300,000 not procured
10	Malaba Youth Empowerment Centre	Drilling and equipping of borehole).	2,000,000	Borehole not equipped, hence not functional).

No.	Institution	Project Details	Amount Kshs.	Comments
11	St Thomas Amagoro Girls High School	Drilling and equipping of borehole).	3,000,000	Borehole not equipped, hence not functional.
		Grand Total	33,369,900	

Non-implementation of projects as planned may result to denial of services to the Constituents and possible loss of public funds through price escalations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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 of Conclusion

1. Delayed implementation of Changara Chief's Office

As disclosed under note 6 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects other grants and transfers of Kshs.28,228,853 which includes Kshs.6,832,744 is in respect of security operations out of which Kshs.2,000,000 was transferred towards the construction of Changara Chiefs' office on 7 May, 2020. The tender for the construction was awarded to a local firm on 6 November, 2020 and accepted the offer on 7 November, 2020 for a contract sum of Kshs.5,920,735. However, as at the time of audit, there was no evidence that contract agreement was signed between the Fund and the contractor and the work had therefore not commenced. Although the management explained that the delay in implementation of the project was due to disagreements within the community, no further information was provided on how the management is addressing the concerns of the community so that the project may be implemented.

In the circumstances, the constituents may not have benefited due to the delayed implementation of the project.

2. Bursaries

As disclosed under note 6 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects Kshs.28,228,853 in respect of other grants and transfers out of which Kshs.869,784 and Kshs.5,937,255 relates to bursaries to tertiary and secondary schools respectively. However, there was no evidence that a bursary sub-committee to issue, receive back completed bursary forms, vet, classify and categorize needy students according to the given criteria as required by the CDF Board Circular Vol.1/111 of 13 September, 2010.

In addition, minutes of the vetting committee showing recommendations to the Constituency Development Committee (CDC) and finally the adoption of the bursary committee report by the Constituency Development Committee to confirm as to who finally benefits from the bursary kitty were provided for audit.

In the circumstances, deserving and needy students may not have benefited.

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 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 such 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.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its services and disclosing as applicable matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention abolish 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 money is applied in an effective manner.

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

Auditor-General's Responsibilities for the Audit

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of

effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

03 February, 2022

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

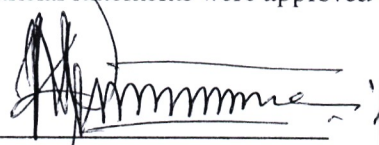
Description	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,040,880	69,479,310
Other Receipts	2	372,418	2,000
TOTAL RECEIPTS		123,413,298	69,481,310
PAYMENTS			
Compensation of employees	3	2,348,375	2,519,585
Use of goods and services	4	5,328,624	4,459,976
Transfers to Other Government Units	5	83,676,384	11,323,587
Other grants and transfers	6	28,228,853	42,331,699
Acquisition of Assets	7	1,494,180	1,441,061
Other Payments	8	0	8,780,659
TOTAL PAYMENTS		121,076,416	70,856,567
SURPLUS/(DEFICIT)		2,336,882	(1,375,257)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Teso North Constituency financial statements were approved on 18/12/20 2020 and signed by:



Fund Account Manager

Name: Peter O. Ochokolo



Sub-County Accountant

Name: Nicholas K. Mue

ICPAK Member Number: 17823



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
CONSTITUENCY


Reports and Financial Statements

For the year ended June 30, 2020

VIII.STATEMENT OF ASSETS AND LIABILITIES

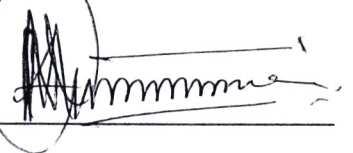
Description	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	12,071,692	9,665,392
Total Cash and Cash Equivalents		12,071,692	9,665,392
TOTAL FINANCIAL ASSETS		<u>12,071,692</u>	<u>9,665,392</u>
FINANCIAL LIABILITIES			
Retention	10	69,418	
TOTAL FINANCIAL LIABILITES			
NET FINANCIAL ASSETS		<u>12,002,274</u>	<u>9,665,392</u>
REPRESENTED BY			
Fund balance b/f	11	9,665,392	11,040,649
Surplus/Deficit for the year		2,336,882	(1,375,257)
NET FINANCIAL POSITION		<u>12,002,274</u>	<u>9,665,392</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Teso North Constituency financial statements were approved on 18/12/20 2020 and signed by:



Fund Account Manager

Name: Peter O.Ochokolo



Sub-County Accountant

Name: Nicholas K. Mue

ICPAK Member Number: 17823



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO NORTH
CONSTITUENCY

Reports and Financial Statements

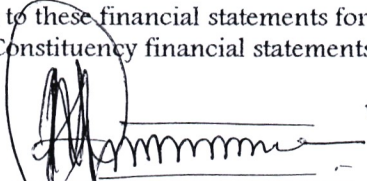
For the year ended June 30, 2020

IX.STATEMENT OF CASHFLOW

Description		2019 – 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS FOR OPERATING INCOME			
Transfers from NGCDF Board	1	123,040,880	69,479,310
Other Receipts	2	372,418	2,000
Total receipts		123,413,298	69,481,310
PAYMENTS FOR OPERATING EXPENSES			
Compensation of Employees	3	2,348,375	2,519,585
Use of goods and services	4	5,328,624	4,459,976
Transfers to Other Government Units	5	83,676,384	11,323,587
Other grants and transfers	6	28,228,853	42,331,699
Other Payments	8	0	8,780,659
Total payments		119,582,236	69,415,806
Net cash flow from operating activities		3,831,062	65,804
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	1,494,180	1,441,061
Net cash flows from Investing Activities		1,494,180	1,441,061
NET INCREASE IN CASH AND CASH EQUIVALENT		2,336,882	(1,375,257)
Cash and cash equivalent at BEGINNING of the year	9	9,665,392	11,040,649
Cash and cash equivalent at END of the year	9	12,002,274	9,665,392

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Teso North Constituency financial statements were approved on 18/12/20 2020 and signed by:


 Fund Account Manager
 Name: Peter O. Ochokolo


 Sub-County Accountant
 Name: Nicholas K. Mue
 ICPAK Member Number: 17823



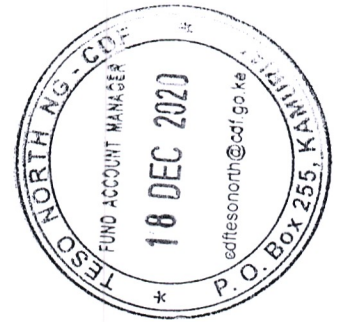
X.SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	63,704,268	201,071,992	123,040,880	78,031,112	61.19%
Other Receipts	0	372,418	372,418	372,418	0	0
Totals Receipts	137,367,724	64,076,686	201,444,410	123,413,298	78,031,112	61.26%
PAYMENTS						
Compensation of Employees	5,000,000	1,487,129	6,487,129	2,348,375	4,138,754	36.20%
Use of goods and services	7,363,095	2,417,127	9,780,222	5,328,624	4,451,598	53.99%
Transfers to Other Government Units	63,568,934	41,094,618	104,663,552	83,676,384	20,987,168	79.95%
Other grants and transfers	61,435,695	14,245,770	75,681,465	28,228,852	47,452,613	37.30%
Acquisition of Assets		1,459,624	1,459,624	1,494,180	-34,556	102.37%
Other Payments(REA)		3,372,418	3,372,418		3,372,418	
TOTALS	137,367,724	63,076,686	201,444,410	121,076,416	80,357,994	60.10%

(a) (i). All items were spent below 90% as only Kshs. 68 million had been received by the end of the financial year. The expenditure against available funds is 56%. The budget had few conditional approval items which were responded during the year.

(ii.) Transfers to other Government units and other grants and transfers part of the funds had not been disbursed by NGCDF BOARD as at 30th June, 2020, (b) The changes between the original and final budget are as a result of funds balance carried forward and previous funds received in the current financial year from the Board. The NGCDF-Teso North Constituency financial statements were approved on 15/12/2020 and Signed by

Pink
Fund Account Manager
Name: Peter O.Ochokolo



Nicholas K. Mue
Sub-County Accountant
Name: Nicholas K. Mue
ICPAK Member Number: 17823

Reports and Financial Statements

For the year ended June 30, 2020

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1. Compensation of employees	5,000,000	1,487,129	6,487,129	2,348,375	4,138,754
1.2. Committee allowances	1,400,000	183,620	1,583,620	210,000	1,373,620
1.3. Use of goods and services	1,842,063	724,000	2,566,063	1,825,712	740,351
2.0 Monitoring and evaluation					
2.1. Capacity building	1,621,032	178,881	1,799,913	1,091,000	708,913
2.2. Committee allowances	1,100,000	820,626	1,920,626	907,000	1,013,626
2.3. Use of goods and services	1,400,000	510,000	1,910,000	1,294,912	615,088
3.0. Emergency	7,198,241	2,983,584	10,181,825	9,036,715	1,145,110
4.0. Bursary and Social Security					
4.1. Secondary Schools	13,540,000	2,026,732	15,566,732	869,784	14,696,948
4.2. Tertiary Institutions	30,000,000	3,879,420	33,879,420	5,937,255	27,902,165
4.3. Special School	500,000	0	500,000	0	500,000
4.4. Social Security	960,000	0	960,000	0	960,000
5.0 Sports					
Teso north constituency sports	2,107,355	2,003,448	4,110,803	2,003,000	2,107,803
6.0 Environment					
Primary Schools	823,677	1,200,000	2,023,677	2,023,677	0
Secondary Schools	1,323,677	202,586	1,526,263	1,525,677	586
7.0 Primary Schools Projects					
7.1. S.A Goromait Primary School	200,000	0	200,000	200,000	0
7.2. Kengatuny primary school	200,000	0	200,000		200,000
7.3. Akudiet Primary School	200,000	0	200,000	200,000	0
7.4. Akiriamet Primary School	100,000	0	100,000	100,000	0

Reports and Financial Statements

For the year ended June 30, 2020

7.5.Osasame primary school	100,000	0	100,000	100,000	0
7.6.Matumbai primary school	200,000	0	200,000	200,000	0
7.7.Katanyu Primary school	1,700,000	0	1,700,000	1,700,000	0
7.8.Chelemuk Boys Primary School	1,700,000	0	1,700,000	1,700,000	0
7.9.Rwatama Primary School	1,700,000	0	1,700,000	1,700,000	0
7.10.Osajai Primary School	1,700,000	0	1,700,000	1,700,000	0
7.11.Kakemer Primary School	1,700,000	0	1,700,000	1,700,000	0
7.12.Kamuriai Primary School	300,000	0	300,000	300,000	0
7.13.Akichelesit Primary School	850,000	0	850,000	850,000	0
7.14.Akulonyi Primary School	850,000	100,000	950,000	950,000	0
7.15.Kalalaran Primary School	850,000	800,000	1,650,000	1,650,000	0
7.15.Adanya Primary School	850,000	300,000	1,150,000.00	300,000	850,000
7.16. Agonget primary school	0	150,000	150,000	150,000	0
7.17. Akadot primary school	0	800,000	800,000	800,000	0
7.18. Akiriamasit primary school	0	1,530,160	1,530,160	1,530,160	0
7.19. Aloete primary school	0	200,000	200,000	200,000	0
7.20. Ang'aro primary school	0	250,000	250,000	250,000	0
7.21. Atoot primary school	0	400,000	400,000	400,000	0
7.22. Changara primary school	0	250,000	250,000	250,000	0
7.23.Ekisegere primary school	0	700,000	700,000	700,000	0
7.24. Kagutio primary school	0	150,000	150,000	150,000	0
7.25. Kajei primary school	0	250,000	250,000	250,000	0
7.26. Kakeriaut primary school	0	300,000	300,000	300,000	0
7.27. Kokeri primary school	0	100,000	100,000	100,000	0
7.28. Kolait Boys primary school	0	50,000	50,000	50,000	0
7.29. Kolanya Boys Primary school	0	250,000	250,000	250,000	0
7.30.Kongololo Primary school	0	200,000	200,000	200,000	0
7.31. Koruruma primary school	0	900,000	900,000	900,000	0
7.32. Malaba Township primary school	0	900,000	900,000	900,000	0
7.33. Okuleu primary school	0	900,000	900,000	900,000	0

Reports and Financial Statements

For the year ended June 30, 2020

7.34. Opaare primary school	0	100,000	100,000	100,000	0
7.35. Osopotoit primary school	0	150,000	150,000	150,000	0
7.36. SA Aboloi primary school	0	1,000,000	1,000,000	1,000,000	0
7.37. St James Osia primary school	0	200,000	200,000	200,000	0
7.38. Amoni B Primary School	0	280,000	280,000		280,000
7.39. Kekalet Primary School	0	200,000	200,000	200,000	0
8.0 Secondary Schools Projects					
8.1. Bishop sulumeti girls secondary school	1,462,000	500,000	1,962,000	500,000	1,462,000
8.2. St Augustine Kamolo secondary school	1,106,934	500,000	1,606,934	500,000	1,106,934
8.3. St Theresa Malaba Secondary school	500,000	1,500,000	2,000,000	2,000,000	0
8.4. St. Thomas Amagoro Girls Secondary School	3,000,000	0	3,000,000	3,000,000	0
8.5. S.A Aboloi Secondary school	400,000	0	400,000	400,000	0
8.6. S.A Kolanya Girls High School	2,000,000	2,000,000	4,000,000	2,000,000	2,000,000
8.7. Kangelemuge Secondary school	100,000	0	100,000	0	100,000
8.8. St Jude Onyunyur Secondary school	0	450,000	450,000	450,000	0
8.9. Achiya Echakara Secondary school	0	800,000	800,000	800,000	0
8.10. Akobwait Cha Secondary school	0	1,500,000	1,500,000	1,500,000	0
8.11. Katanyu Secondary school	0	450,000	450,000	450,000	0
8.12. St Pauls Kakemer Secondary school	0	3,000,000	3,000,000	3,000,000	0
8.13. Kekalet Secondary school	0	500,000	500,000	500,000	0
8.13. SA Aedomoru Secondary School	0	800,000	800,000	800,000	0
8.14. St Jude Korisai Girls Secondary school	0	450,000	450,000	450,000	0
8.15. St Pauls Kakemer Secondary school	0	600,000	600,000	600,000	0
8.16. St Joseph's Kocholya Secondary school	0	34,458	34,458	0	34,458
8.17. Akobwait Cha Secondary school	0	3,000,000	3,000,000	3,000,000	0
9.0 Tertiary institutions Projects					
9.1. Kocholya Kenya Medical Training College	33,300,000	8,000,000	41,300,000	30,846,224	10,453,776
9.2. Akiriamet Technical Teachers Training College	1,000,000	0	1,000,000	0	1,000,000
9.3. Chamasiri Technical Training Institute	1,500,000	3,600,000	5,100,000	3,600,000	1,500,000
9.4. Angurai Youth Empowerment Centre	2,000,000	0	2,000,000	0	2,000,000

Reports and Financial Statements

For the year ended June 30, 2020

9.5..Malaba youth Empowerment Centre					2,000,000	6,000,000	6,000,000	0
10.0 Security Projects								
10.1.Kakapel chiefs office	300,000			0		300,000	300,000	0
10.2.Akadetewai Chiefs Office	300,000			0		300,000	300,000	0
10.3.Moding Chiefs Office	400,000			0		400,000	400,000	0
10.4.Changara Chief's Office	2,000,000			0		2,000,000	2,000,000	0
10.5.Kocholya Chiefs Office	250,000			400,000		650,000	650,000	0
10.6.Kamuriai Chiefs Office	200,000			400,000		600,000	600,000	0
10.7.Deputy County Commissioner Teso North Old Office	1,532,745			750,000		2,282,745	2,282,745	0
10.8. Ang'urui ACC's Office	0			100,000		100,000	0	100,000
10.9. Kamolo Chief's Office	0			200,000		200,000	200,000	0
10.10. Katotoi Chief's Office	0			100,000		100,000	100,000	0
11.0 Acquisition of assets								
11.1 Construction of CDF office	0			659,624		659,624	694,180	(34,556)
11.2 Purchase ICT Equipment	0			800,000		800,000	800,000	0
12.0 Others								
12.1 REA	0			3,000,000		3,000,000	0	3,000,000
12.2 Deposit Equity	0			2,000		2,000	0	2,000
TOTAL	137,367,724			63,706,268		201,073,992	121,076,416	79,997,576

Reports and Financial Statements

For the year ended June 30, 2020

XII.SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance and Basis of Preparation

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

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

Reporting Entity

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

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.

Significant Accounting Policies

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

(a) Recognition of Receipts

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

Transfers from the Exchequer

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

Reports and Financial Statements

For the year ended June 30, 2020

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SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

(b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES

In-kind contributions

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

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.

Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized 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.

Accounts Payable

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

Pending Bills

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

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.

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES

Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

Comparative Figures

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

Subsequent Events

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

Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented. There were no errors incurred during the financial year 2019-2020

Related Party Transactions

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

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

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VI. REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF -TESO NORTH CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO NORTH
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Reports and Financial Statements

For the year ended June 30, 2020

XIII. NOTES TO THE FINANCIAL STATEMENT

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF BOARD		
AIE NO... A896992		1,100,000
AIE NO... B005221		11,379,310
AIE NO... B005394		3,000,000
AIE NO... B006278		20,000,000
AIE NO... B007485		10,000,000
AIE NO... B042626		11,000,000
AIE NO... B047054		13,000,000
AIE NO... B047102	39,690,876	
AIE NO... B041428	3,500,000	
AIE NO... B041219	4,000,000	
AIE NO... B047821	20,000,000	
AIE NO... B104156	15,000,000	
AIE NO... B104490	29,000,000	
AIE NO... B096799	11,850,004	
TOTAL	123,040,880	69,479,310

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. OTHER RECEIPTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Sale of tender documents	54,000	0
Other Receipts(Equity Bank Deposit)	2000	2,000
Other Receipts(Bank Transfer Cooperative bank)	316,418	0
Total	372,418	2,000

3. COMPENSATION OF EMPLOYEES

Description	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,884,891	1,763,333
Personal allowances paid as part of salary	0	4,000
Pension and other social security contributions (Gratuity)	361,894	664,665
Employer Contributions Compulsory national social security	101,790	87,587

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO NORTH
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For the year ended June 30, 2020

schemes		
Total	2,348,375	2,519,585

4. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,648,213	720,000
Utilities, supplies and services	15,000	27,250
Other Committee Expense	1,500	0
Communication, supplies and services	285,800	158,507
Domestic travel and subsistence	1,092,060	1,595,560
Printing, advertising and information supplies & services	106,830	165,932
Fuel , oil & lubricants	408,000	535,500
Training expenses	646,000	490,000
Hospitality supplies and services	483,510	244,272
Bank service commission and charges	12,840	94,572
Office and general supplies and services	206,870	48,805
Other operating expenses	1080	25,815
Routine maintenance – vehicles and other transport equipment	374,971	349,363
Routine maintenance – Assets	45,950	4,400
Total	5,328,624	4,459,976

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	23,280,160	2,400,000
Transfers to secondary schools (see attached list)	19,950,000	8,923,588
Transfers to tertiary institutions (see attached list)	40,446,224	
TOTAL	83,676,384	11,323,587

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

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For the year ended June 30, 2020

6. OTHER GRANTS AND OTHER PAYMENTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	869,784	7,973,268
Bursary – tertiary institutions (see attached list)	5,937,255	30,415,953
Security projects (see attached list)	6,832,744	0
Sports projects (see attached list)	2,003,000	199,138
Environment projects (see attached list)	3,549,354	0
Emergency projects (see attached list)	9,036,715	3,743,340
Total	28,228,853	42,331,699

7. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Construction of Buildings	694,180	0
Refurbishment of Buildings	0	348,661
Purchase of Office Furniture and General Equipment	0	795,400
Purchase of ICT Equipment, Software and Other ICT Assets	800,000	297,000
Total	1,494,180	1,441,061

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. OTHER PAYMENTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	0	1,568,000
ICT Hub	0	4,677,027
Rural Electrification Authority	0	2,000,000
NG CDF Access Road	0	535,632
Totals	00	8,780,659

9: BANK BALANCES (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Cooperative Bank of Kenya, Malaba Branch. A/C. No. 01141519587800		64,020
Equity Bank, Malaba Branch. A/C No. 1050278831272	12,071,692	9,601,372
Total	12,071,692	9,665,392

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO NORTH
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10: Retention

	2019 - 2020	2018-2019
	Kshs	Kshs
Millan and Dale Developers Limited	69,418	0
Total	69,418	00

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

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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. BALANCES BROUGHT FORWARD

Description	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	12,071,692	9,665,392
Total	12,071,692	9,665,392

12. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION

Description	2019 – 2020	2018 – 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	0	0
Deposit and Retentions held during the year (B)	69,418	0
Deposit and Retentions paid during the Year (C)	0	0
Net changes in account receivables D= A+B-C	69,418	00

13.1: PENDING STAFF PAYABLES (See Annex 2)

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Staff salaries	0	0
Staff Gratuity	961,120	0
Others (specify)	0	0
TOTAL	961,120	00

13.2: UNUTILISED FUNDS (See Annex 3)

Description	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	4,138,754	1,473,129
Use of goods and services	4,451,598	2,431,126
Amounts due to other Government entities (see attached list)	20,987,168	42,094,618
Amounts due to other grants and other transfers (see attached list)	47,452,612	14,245,771
Acquisition of assets	-34,556	1,459,624
Others-REA	3,000,000	3,000,000
DEPOSIT	2,000	2,000
TOTAL	79,997,576	64,706,268

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO NORTH
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13.3: PMC account balances (See Annex 5)

Description	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	3,032,741	2,276,177
Total	3,032,741	2,276,177

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -TESO NORTH CONSTITUENCY

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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		A	B	C	d=a-c		
NGCDFC Staff gratuity							
1. Harrison Juma Esiromo	J	194,760	01.12.2017		194,760	117,346	
2. Elungat Elias Okambo	H	81,871	17.04.2019		81,871	13,950	
3. Daniel Okware Mulupi	G	163,390	01.02.2018		163,390	95,529	
4. Maureen Kikonya	D	42,594	01.10.2019		42,594		
5. Jacinta Kemunto Nyamao	G	179,675	01.02.2018		179,675	104,994	
6. Michael Odeke Okware	E	169,061	01.12.2017		169,061	101,791	
7. Douglas Kelvine Ibuloi	D	56,213	01.07.2019		56,213		
8. Augustine Okware	D	39,104	01.10.2019		39,104		
9. Stephen Ijesun	D	34,452	01.11.2019		34,452		
Grand Total		961,120			961,120	795,304	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -TESO NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20 KSHS	Outstanding Balance 2018/19 KSHS	Comments
Compensation of employees		4,138,754	1,473,129	
Use of goods & services		4,451,598	2,431,126	
Sub-Total		8,679,052	3,904,355	
Amounts due to other Government entities				
Transfers to Primary schools		1,330,000	11,410,160	
Transfers to Secondary schools		4,703,392	16,084,458	
Transfers to Tertiary schools		14,953,776	14,600,000	
Sub-Total		20,987,168	42,094,618	
Amounts due to other grants and other transfers				
Bursary –Secondary		14,696,948	2,026,732	
Bursary –Tertiary		27,930,165	3,879,420	
Bursary-Special		500,000		
Social Security NHIF		960,000		
Security		100,000	1,950,000	
Sports		2,107,803	2,003,448	
Environment		586	1,402,586	
Emergency Projects		1,145,110	2,983,584	
Sub-Total		47,452,612	14,245,771	
Acquisition of assets		(34,556)	1,459,624	
Others (specify)				
Rural Electrification programme		3,000,000	3,000,000	
Other receipts - Equity Bank Deposit		2,000	2,000	
Sub-Total		3,002,000	3,002,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) -TESO NORTH CONSTITUENCY

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For the year ended June 30, 2020

Name	Brief Transaction Description	Outstanding Balance 2019/20 KSHS	Outstanding Balance 2018/19 KSHS	Comments
Grand Total		79,997,576	64,706,268	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	800,000	0		800,000
Buildings and structures	15,532,440	694,180		16,226,620
Transport equipment	8,375,000	0		8,375,000
Office equipment, furniture and fittings	2,780,777	0		2,780,777
ICT Equipment, Software and Other ICT Assets	297,000	800,000		1,097,000
Total	27,785,217	1,494,180		29,279,397

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO NORTH
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Amoni Secondary School	Equity	1050278986616	425,647	600,000
Kalalaran Primary School	Cooperative	1139519663900		27,220
Kaukotoit Primary School	Cooperative	1141050789800		2,340
Aloete Primary School	Cooperative	1141049269200		200,000
Gara Primary School	Cooperative	1141011853200		2,190
St. Mark's Kidek Primary School	Cooperative	1141130588601		1,567
Kangelemuge Primary School	Cooperative	1141058688200		36,320
ACK Kopyia Primary School	Cooperative	1100049877800		398,800
Kangelemuge Secondary School	Cooperative	1141519261700		1,007,740
Adanya Primary School	Equity	1050278981085	710	
Agonget pr school	Equity	1050278906621	60	
Akiriast Primary School	Equity	1050297569757	17,604	
Akubwait CHA Sec Sch	Equity	1050279035063	988,425	
Akulony Primary School	Equity	1050278927929	493,104	
Aloete Primary School	Equity	1050278960124	30,050	
Angaro SA primary Scholl	Equity	1050278982625	26,500	
Changara primary school	Equity	1050278906235	700	
Chelelemuk Girls Boarding primary sch	Equity	1050278891238	343	
Ekisegere pr school	Equity	1050279091666	241,140	
Ikapolok pr school	Equity	1050278968980	3,895	
Kagutio pr sch	Equity	1050278931818	62,420	
Kajei pr school	Equity	1050279064759	275	
Kakapel Primary School	Equity	1950278895525	329,554	
Kakoli pr school	Equity	1050278899151	995	
Kalalaran primary school	Equity	1050278975803	77,163	
Kamolo Chiefs office	Equity	1050279000493	10	
Kamuriai chiefs office	Equity	1050278991549	350	
Kamuriai pr school	Equity	1050278911852	37,130	
Kangelemuge Primary School	Equity	1050278893129	68,368	
Kasogol Kapel primary school	Equity	1050299717894	740	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO NORTH
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For the year ended June 30, 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Katanyu sec sch	Equity	1050279103356	1,911	
Katotoi chies office	Equity	1050278979829	537	
Kekalet Secondary school	Equity	1050278931144	657	
Ketebat Primary School	Equity	1050278982369	18,831	
Kocholya Chiefs office	Equity	1050278989288	622	
Kolanya boys high sch	Equity	1050276556805	205,000	
TOTAL			3,032,741	2,276,177

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO NORTH CONSTITUENCY

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For the year ended June 30, 2020

XIV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Use of Goods and Services	the accuracy and completeness of the use of goods and services figure of Kshs.4, 459,976 for the year ended 30 June could not be confirmed	Peter Ochokolo FAM	Resolved	N/A
	Lack of Expenditure Returns	Kshs.8,408,045 in respect of transfers to nine (9) primary and secondary schools for various projects but the expenditure returns were not availed for audit review	Peter Ochokolo FAM	Resolved	Continuous
	Project Implementation Status	Project Implementation Status (PIS) report submitted for audit as at 30 June 2020, Teso North NGCDF had planned to implement seven hundred (700) projects since 2013/2014 to 2018/2019 at a total cost of Kshs.534,782,102 and which were at various levels of implementation Out of the seventy-seven (77) projects that were being implemented during 2018/19, only three projects costing Kshs.2, 787,385 were completed during the year. Seventy-four (74) projects relating to 2018/2019 costing Kshs.45, 243,646 were indicated as on-going. Further forty-four (44) projects costing Kshs.78,297,096 relating to the year 2017/2018 and earlier were indicated as still on-going while two (2)	Peter Ochokolo FAM	Resolved	Continuous

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)-TESO NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>projects costing Kshs. 1,100,000 were said to have stalled and no reason was provided for the delay in implementing of the projects which would have otherwise changed the lives of residents of Teso North Constituency.</p>			