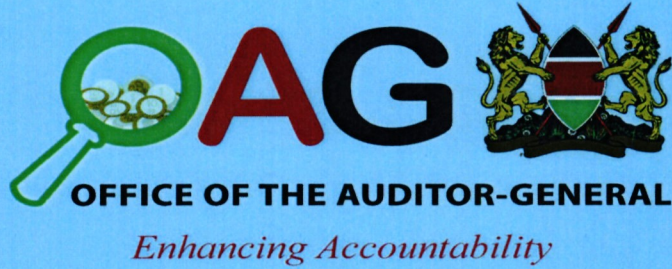


REPUBLIC OF KENYA



REPORT

PARLIAMENT
OF KENYA
LIBRARY

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

OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – WAJIR SOUTH CONSTITUENCY**

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



WAJIR SOUTH CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

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

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National Government Constituencies Development Fund (NGCDF)
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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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 Wajir South Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	Shafee Hassan Odhwa
2.	Sub-County Accountant	Francisco Masha Iha
3.	Chairman NGCDFC	Abdiweli Mohamed Barkatle
4.	Member NGCDFC	Nima Elmoge Affey

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Wajir South 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) Wajir South Constituency NGCDF Headquarters

P.O. Box 90-70210
Opposite Habaswein Community Library
Habaswein, KENYA

*Wajir South Constituency
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(f) Wajir South Constituency NGCDF Contacts

Telephone: (254) 729,224,379
E-mail: cdfwajirsouth@ngcdf.go.ke
Website: www.go.ke

(g) Wajir South Constituency NGCDF Bankers

First Community Bank
Wajir branch
P.o Box 67-70200
Wajir

(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



The National Government Constituency Development Fund – Wajir South received kshs92,000,000 out approved budgets/allocation of kshs137,088,879 for the financial year 2020/2021. The constituency also received Kshs69,367,724.10 from the board as balances of financial year 2019-2020 . In total the constituency had kshs166,542,017.26 during the financial year. This also includes Kshs5,174,293.16 cash balances brought forward from previous financial year . The total expenditure for the financial year is kshs 115,467,871.

The Budget utilization on receipts and expenditure are as follows: -

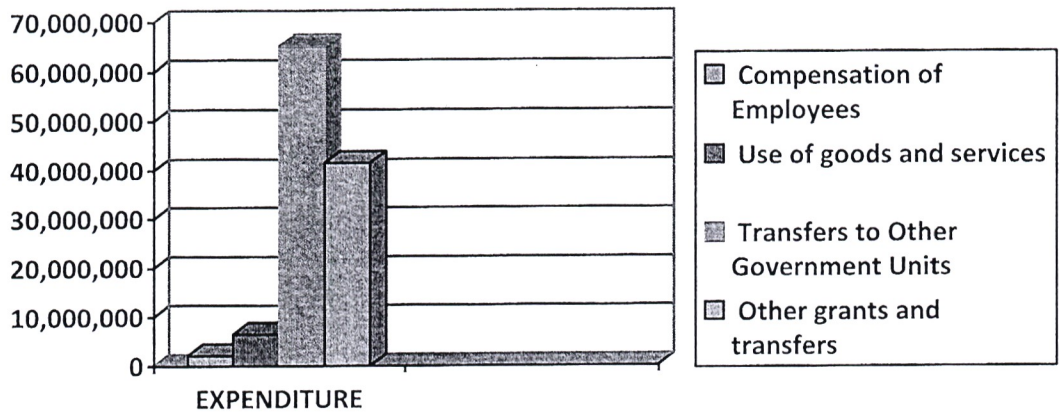
Item	Receipts (Kshs)	Expenditure (Kshs)	Balances (Kshs)	%Utilization
1	166,542,017.26	115,467,871.	51,074,146.26	69.3%

The financial year expenditure was recorded in all the components as detailed below; -

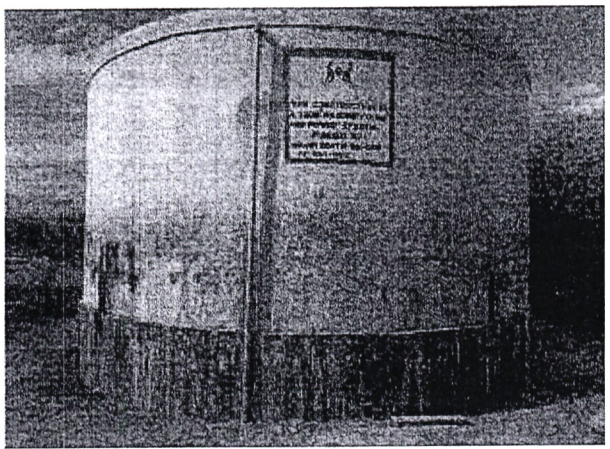
Item	Actual Expenditure (Kshs)
Compensation of Employees	2,162,400
Use of goods and services	6,487,471
Transfers to Other Government Units	65,220,000
Other grants and transfers	41,598,000
Totals	115,467,871.

Graphical representation of the expenditure components

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Due to Outbreak of COVID 19 pandemic the committee has improved water supply in various schools by constructing water tanks



Sabuli mixed secondary school-Masonry Tank

One of thing has been challenge over years is lack projects ownership by the Community. The committee will offer continuous sensitization programs to community for projects ownership

Abdiweli Mohamed Barkatle
Abdiweli Mohamed Barkatle
CHAIRMAN NGCDF COMMITTEE

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 NGCDF-Wajir South Constituency's *2018-2022* strategic plans has identified seven (7) strategic themes and development objectives as a guide in developing the constituency. These are: **Education Infrastructure; Security; Youth and Sports; Environment; Emergency Support; Tracking of Results; and Institutional Strengthening.**

To address these strategic themes, the constituency has formulated a number of strategic objectives and activities in order to realize the community aspirations. Some of these include;

1. Improving access to quality education through expansion of schools through rehabilitation, renovation and construction of school infrastructure in various primary and secondary schools in the constituency.
2. Harnessing youth talent by funding youth sporting initiatives, creating awareness on the establishment of youth groups, creating awareness among the youth on seeking development fund loans, and promoting youth talent.
3. Promoting environment in the constituency by organizing tree planting days. In the NGCDF Act 2015, environmental activities may be considered as development projects, provided the allocation to such activities does not exceed two percent (2%) of the total allocation of the constituency in any financial year.
4. Catering for any unforeseen occurrences in the constituency
5. Enhancing security in the constituency by constructing chiefs' and sub-chiefs' offices, AP housing units; constructing/rehabilitating chiefs' offices, Police stations, and Police housing units, among other initiatives.
6. Improving the tracking of implementation NGCDF programmes. In the NG-CDF Act 2015, monitoring and evaluation of ongoing, projects and capacity building of various operatives has been considered as a development project provided that not more than three percent (3%) is allocated for this purpose; and

Promoting performance management and smooth running of the NGCDF 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

**Wajir South Constituency
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for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

No	Program	Objective	Outcome	Indicators	performance
1	Education Infrastructure	To improve access, affordability and availability of quality education	Expansion of schools through rehabilitation/ renovation/construction of classrooms/laboratories/staff houses/fencing in various primary and secondary schools in the constituency	Number of Physical school structure in various school around the constituency	So far 88 Number of classrooms constructed against 220 projected in strategic plan 2018-2022
2	Youth and Sports	To harness talent and empower youth	Funding of youth sporting initiatives	Number of Tournaments held	Talent identification
4	Environment	To promote environmental sustainability in the constituency	Purchase of tree seedlings and their planting/Organizing tree planting days	Numbers trees in various public institution	A forestation and environmental conservancy
5	Security	To enhance security in the constituency	Construction/renovation of offices/houses for chiefs and Ass. Chiefs, police, Administration offices	Number of office & houses	Increased offices by 3
6	Tracking of results	To improve tracking of implementation NG-CDF programmes	Monitoring and Capacity Building of NG-CDFC's and PMC's/ Organizing regular projects monitoring field visits	Number of Routine monitoring & capacity Building exercise undertaken	Decreased number of PMCs/projects audit related issue

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

a. **Education and Training:** Wajir South NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

b. **Security Sector Support:** Among its key pillars; NG-CDF 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

Global warming and climate change have negatively affected the constituency economy due to their adverse effects on productive sectors. There is need to enhance capacity for environmental planning to mitigate against global warming and adaptation to climatic changes. Wajir South NG-CDFC allocates 2% of its total budget towards afforestation and mitigation against the impacts of environmental degradation. Areas where we have invested in include rain water harvesting at schools.

3. Employee welfare

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

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

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

4. Market place practices-

Wajir South NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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.

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

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

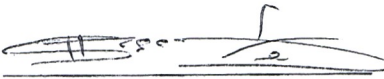
The Accounting Officer in charge of the NGCDF Wajir South Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used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

Approval of the financial statements

The NGCDF- Wajir South Constituency financial statements were approved and signed by the Accounting Officer on 25th August 2021.



Chairman NGCDF Committee
Name: Abdiweli Mohamed



Fund Account Manager
Name: Shafee Hassan

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

- A. Report on the Financial Statements 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 - Wajir South Constituency set out on pages 13 to 42,

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

which comprise the statement of financial position as at 30 June, 2021 and the statement of receipts and payments, statement of assets and liabilities, statement of cash flows 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 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 National Government Constituencies Development Fund - Wajir South Constituency as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

Other Grants and Transfers - Other Payments

Unsupported Bursaries

The statement of receipts and payments reflects expenditure on other grants and transfers totalling Kshs.41,598,000, as further disclosed in Note 7 to the financial statements. The balance includes Kshs.8,123,000 and Kshs.16,650,000 spent on bursaries for secondary schools and tertiary institutions respectively. However, review of documents provided for audit indicated that several beneficiaries were awarded bursaries twice in the financial year under review resulting in excess payments totalling Kshs.1,466,804. Further, the Management awarded bursaries totalling Kshs.645,000 to beneficiaries with no school or college admission numbers.

In the circumstances, the propriety of the expenditure totalling Kshs.2,111,804 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 - Wajir South Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters 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 for the year under review reflects final receipts budget and actual receipts on comparable basis totalling Kshs.192,402,249 and Kshs.147,313,370 respectively, resulting to a shortfall of revenue totalling Kshs.45,088,879 or 23% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totaling Kshs.211,630,897 and Kshs.115,467,871 respectively, resulting to under-expenditure of Kshs.96,163,026 or 45% of the budget.

The shortfall of revenue and under-expenditure constrained execution of planned activities and delivery of services to the residents of Wajir South Constituency.

2.0 Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2020 raised several issues relating to balances reflected in the financial statements, lawfulness and effectiveness in use of public resources and effectiveness of internal controls and risk Management and governance. However, Management's report on progress made in following up of the Auditor's recommendations appended to the financial statements for the year under review indicates that the issues had not been resolved as at 30 June, 2021.

No explanations were provided for the delay in resolving the issues.

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 Delay in Projects Implementation

The project implementation status report as at 30 June, 2021 indicated that the Constituency Fund Committee had budgeted to undertake eighty (80) projects. However, the Fund completed forty-five (45) projects whereas therefore thirty-five (35) projects or 44% of the portfolio was not implemented.

Failure to implement the thirty-five (35) budgeted projects implied that the residents of Wajir South Constituency did not obtain a large portion of goods and services that the Fund had planned by for their use.

2.0 Failure to Disclose Utilization of Emergency Reserve

Records on other grants and transfers indicated that payments totalling Kshs.3,550,000 were made for emergency projects in the year under review. However, review of the payment vouchers and schedules provided for audit review indicated that use of the emergency reserve by the Fund was not reported to the Board within thirty days of occurrence of the emergency as required under Regulation 20(2) of the National Government Constituencies Development Fund Regulation, 2016.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

22 September, 2022

*Wajir South Constituency
National Government Constituencies Development Fund (NGCDF)
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VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	161,367,724	123,040,876
TOTAL RECEIPTS		161,367,724	123,040,876
PAYMENTS			
Compensation of employees	2	2,162,400	2,499,304
Use of goods and services	3	6,487,471	7,327,505
Transfers to Other Government Units	4	65,220,000	92,479,000
Other grants and transfers	5	41,598,000	19,819,000
Acquisition of Assets	6	-	2,103,500
TOTAL PAYMENTS		115,467,871	124,228,309
SURPLUS/(DEFICIT)		45,899,853	(1,187,434)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Wajir South Constituency financial statements were approved on 25th August 2021 and signed by:



Fund Account Manager
Name: Shafee Hassan Odhwa



National Sub-County
Accountant
Name: Francisco Masha iha
ICPAK M/No:13892



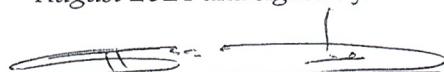
Chairman NG-CDF Committee
Name: Abdiweli Mohamed
Barkatle

*Wajir South Constituency
National Government Constituencies Development Fund (NGCDF)
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VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	51,074,146	5,174,293
Total Cash and Cash Equivalents		51,074,146	5,174,293
Accounts Receivable		-	-
TOTAL FINANCIAL ASSETS		51,074,146	5,174,293
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)		-	-
NET FINANCIAL ASSETS		51,074,146	5,174,293
REPRESENTED BY			
Fund balance b/fwd	8	5,174,293	6,361,726.66
Surplus/Deficit for the year		45,899,853	(1,187,434)
NET FINANCIAL POSITION		51,074,146	5,174,293

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Wajir South Constituency financial statements were approved on 25th August 2021 and signed by:



Fund Account Manager
Name: Shafee Hassan Odhwa



**National Sub-County
Accountant**
Name: Francisco Masha Iha

ICPAK M/No: 13892



Chairman NG-CDF Committee

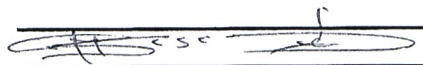
Name: Abdiweli Mohamed
Barkatle

*Wajir South Constituency
National Government Constituencies Development Fund (NGCDF)
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STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	161,367,724	123,040,876
Total receipts		161,367,724	123,040,876
Payments for operating activities			
Compensation of Employees	2	2,162,400	2,499,304
Use of goods and services	3	6,487,471	7,327,505
Transfers to Other Government Units	4	65,220,000	92,479,000
Other grants and transfers	5	41,598,000	19,819,000
Total payments		115,467,871	122,124,809
Total Receipts Less Total Payments			
Adjusted for:			
Net cash flow from operating activities		45,899,853	916,067
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			(2,103,500)
Acquisition of Assets	6		(2,103,500)
Net cash flows from Investing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		45,899,853	(1,187,434)
Cash and cash equivalent at BEGINNING of the year	8	5,174,293	6,361,727
Cash and cash equivalent at END of the year		51,074,146	5,174,293

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Wajir South Constituency financial statements were approved on 25th August 2021 and signed by:



Fund Account Manager
Name: Shafee Hassan Odhawa



**National Sub-County
Accountant**
Name: Francisco Masha Iha

ICPAK M/No: 13892



Chairman NG-CDF Committee
Name: Abdiweli Mohamed
Barkatle

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

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	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 %
	2020/2021	Kshs	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
RECEIPTS	2020/2021	Kshs			2020/2021	30/06/2021		
Transfers from NGCDF Board	137,088,879		5,174,293	69,367,724	211,630,897	166,542,017	45,088,879	79%
Proceeds from Sale of Assets								
Other Receipts								
TOTALS	137,088,879		5,174,293	69,367,724	211,630,897	166,542,017	45,088,879	79%
PAYMENTS								
Compensation of Employees	2,635,346		759,561	2,360,546	5,755,453	2,162,400	3,593,053	38%
Use of goods and services	8,335,567		372,450	733,095	9,441,112	6,487,471	2,953,641	69%
Transfers to Other Government Units	61,950,000		4,039,000	53,311,000	119,300,000	65,220,000	54,080,000	55%
Other grants and transfers	62,267,967		3,282	12,963,083	75,234,332	41,598,000	33,636,332	55%
Acquisition of Assets	1,900,000				1,900,000		1,900,000	0%
Other Payments								
Funds pending approval**								
TOTALS	137,088,879		5,174,293	69,367,724	211,630,897	115,467,871	96,163,026	55%

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

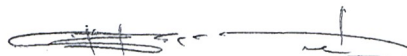
*Wajir South Constituency
National Government Constituencies Development Fund (NGCDF)
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(a) all the expenditure components were underutilised as indicated

- i.* Compensation of Employees was underutilized because unpaid service gratuity for employees is still factored in this component
- ii.* Use of goods and services- this component was underutilized due to low disbursement of funds to constituency during the financial
- iii.* Transfers to Other Government Units- this component was underutilized due to low disbursement of funds to constituency during the financial
- iv.* Other grants and transfers- this component was underutilized due to low disbursement of funds to constituency during the financial

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	96,163,026
Less undisbursed funds receivable from the Board as at 30 th June 2021	45,088,879
	51,074,146
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/2021	51,074,146

The NGCDF-Wajir South Constituency financial statements were approved on 25th August 2021 and signed by:



Fund Account Manager
Name: Shafee Hassan Odhwa



**National Sub-County
Accountant**
Name: Fransico Masha Iha

ICPAK M/No: 13892



Chairman NG-CDF Committee

Name: Abdiweli Mohamed
Barkatle

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization Difference
	Kshs	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,635,346	759,561	2,360,546	5,755,453	2,162,400	3,593,053
1.2 Committee allowances	1,648,000		147,546	1,795,546	1,263,329	532,217
1.3 Use of goods and services	2,997,105	366,485	481,063	3,844,653	3,150,847	693,806
2.0 Monitoring and evaluation						
2.1 Capacity building	2,400,000			2,400,000	1,390,000	1,010,000
2.2 Committee allowances	550,000	3,000		553,000	400,000	153,000
2.3 Use of goods and services	740,462	2,966	104,486	847,913	283,296	564,618
3.0 Emergency						
3.1 Primary Schools	7,192,207	2,395	241	7,194,843	3,550,000	3,644,843
3.2 Secondary schools						
3.3 Tertiary institutions						
3.4 Security projects						
4.0 Bursary and Social Security						
4.1 Primary Schools						
4.2 Secondary Schools	8,000,000	-	123,386	8,123,386	8,123,000	386
4.3 Tertiary Institutions	15,000,000	887	1,649,999	16,650,886	16,650,000	886
4.4 Universities						
4.5 Social Security						

*Wajir South Constituency
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5.0 Sports									
5.1	800,000		514,457	1,314,457					1,314,457
5.2									
5.3									
6.0 Environment									
6.1	100,000		100,000	200,000	200,000				-
6.2									
6.3									
7.0 Primary Schools Projects (List all the Projects)									
Shildey Primary School	200,000			200,000	200,000				-
Argane Primary School	200,000			200,000	200,000				-
Tesorie Primary School	200,000			200,000	200,000				-
Jilalow Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Madina Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Kulaley Primary School	1,500,000			1,500,000	1,500,000				1,500,000
Machesa Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Alidumal Primary School	300,000			300,000	300,000				300,000
Dahabley Primary School	1,000,000			1,000,000	1,000,000				1,000,000
Shoma Geri Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Shabeel Duula Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Finj Primary Schools	1,000,000			1,000,000	1,000,000				1,000,000
Dilmanyale Primary School	1,900,000			1,900,000	1,900,000				1,900,000
Above Primary School	1,300,000			1,300,000	1,300,000				1,300,000
Shidley Primary School	1,350,000			1,350,000	1,350,000				1,350,000
Abaqmadobe Primary School	1,350,000			1,350,000	1,350,000				1,350,000
Habaswein Primary School	2,000,000			2,000,000	2,000,000				2,000,000
Diff Primary School			2,100,000	2,100,000	2,100,000				-
Gerille Primary School			300,000	300,000	300,000				-
Welgaras Primary School			300,000	300,000	300,000				-
Gulettere Primary School			1,000,000	1,000,000	1,000,000				-
Alangonder Primary School			1,300,000	1,300,000	1,300,000				-

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

Ibrahim ure Primary School			3,300,000	3,300,000	3,300,000	-
Elado Primary School			1,400,000	1,400,000	1,400,000	-
Ohayo Primary School			1,300,000	1,300,000	1,295,000	5,000
Banane-shantarat Primary School			1,000,000	1,000,000	1,000,000	1,000,000
Lambaraha Primary School			1,000,000	1,000,000	1,000,000	-
Sarif Primary School			1,000,000	1,000,000	1,000,000	-
Dalsan Primary School			2,000,000	2,000,000	2,000,000	-
Shimribul Primary School			700,000	700,000	700,000	-
Waregder Primary School			1,300,000	1,300,000	1,300,000	-
Qanjara Primary School			100,000	100,000	100,000	-
Kibilay Primary School			2,000,000	2,000,000	2,000,000	-
Bula Juu Primary School			2,000,000	2,000,000	2,000,000	-
Tesorie Primary School			1,300,000	1,300,000	1,300,000	-
Abakore Primary School			700,000	700,000	700,000	-
Dadajabula Primary School			700,000	700,000	700,000	-
Getwap Primary School			1,350,000	1,350,000	1,350,000	-
Hubsoy Primary School		100,000		100,000	100,000	-
	7.2					-
	7.3					-
	7.4					-
8.0 Secondary Schools Projects (List all the Projects)						
Sheikh Omar Mixed Secondary School		2,500,000		2,500,000	2,500,000	-
Sheikh Omar Mixed Secondary School		2,000,000		2,000,000	2,000,000	-
Sheikh Omar Mixed Secondary School		3,500,000		3,500,000	3,500,000	-
Habaswein Boys Secondary School		1,500,000		1,500,000	1,375,000	125,000
Diff Secondary School		6,000,000		6,000,000	6,000,000	600,000
Sheikh Omaar Mixed Secondary School		600,000		600,000	600,000	600,000
Inshaallah High School		3,300,000		3,300,000	3,300,000	3,300,000
Abakore Mixed Day Secondary		1,000,000		1,000,000	1,000,000	1,000,000

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

School									
Burder Mixed Secondary School	4,500,000					4,500,000			4,500,000
Snr Chief Ogle Girls Secondary School	2,000,000					2,000,000			2,000,000
Habaswein Mixed Secondary School	3,950,000					3,950,000			3,950,000
Burder Mixed Secondary School	600,000					600,000			600,000
Diff Secondary School			1,000,000			1,000,000		1,000,000	-
Burder Secondary School			2,000,000			2,000,000		1,900,000	100,000
Sheikh Omaar Girls Secondary School			1,000,000			1,000,000		1,000,000	-
Abakore Mixed Day Secondary School			1,000,000			1,000,000		1,000,000	-
Snr Chief Ogle Girls Secondary School			1,000,000			1,000,000		1,000,000	-
Habaswein Boys Secondary			1,000,000			1,000,000		1,000,000	-
Habaswein Mixed Secondary School			2,500,000			2,500,000		2,500,000	-
Habaswein Mixed Secondary School	3,200,000					3,200,000		3,000,000	200,000
Abakore Mixed Day Secondary School	739,000		2,461,000			3,200,000		3,000,000	200,000
Sabuli Mixed Day Secondary School			3,200,000			3,200,000		3,000,000	200,000
									-
8.4									
9.0 Tertiary institutions Projects (List all the Projects)									
Wajir South Vocational & Training College	11,700,000					11,700,000			11,700,000
Wajir South Vocational & Training College			12,000,000			12,000,000		11,600,000	400,000
9.4									
10.0 Security Projects									
Diff Deputy County Commissioner	4,500,000					4,500,000		4,500,000	-
Diff Deputy County Commissioner office	5,800,000					5,800,000			5,800,000
Diff Deputy County Commissioner office	696,260					696,260			696,260

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

Diff Police Unit	2,600,000				2,600,000		2,600,000	
Habaswein Deputy County Commissioner	479,500				479,500		479,500	
Habaswein Police Unit	2,000,000				2,000,000		2,000,000	
Sabuli Deputy County Commissioner	2,300,000				2,300,000		2,300,000	
Ibrahim ure Chief Office	1,300,000				1,300,000		1,300,000	
Leheley Police Unit	11,500,000				11,500,000		11,500,000	
Diff Deputy County Commissioner		4,000,000			4,000,000		4,000,000	
Salalma Assistant Chief Office		1,300,000			1,300,000		1,300,000	
Aktalehel Chief Office		1,300,000			1,300,000		1,300,000	
Leheley Police		1,800,000			1,800,000		1,800,000	
Sabuli Deputy County Commissioner		2,000,000			2,000,000		2,000,000	
Habaswein Deputy County Commissioner		175,000			175,000		175,000	
11.0 Acquisition of assets								
Wajir South National Government Constituency Development Fund Office	1,900,000				1,900,000		1,900,000	
Total	137,088,879	5,174,293	69,367,724	211,630,897	115,467,871	96,163,026		

(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)

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

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

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, 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 Entity recognises all payments when the event occurs and the related cash has actually been paid out by the entity.

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

During the year, errors that have been corrected are disclosed 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.

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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	S/No	2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board	1		55,040,876
AIE NO B041073	2		4,000,000
AIE NO B041242	3		5,000,000
AIE NO B047766	4		18,000,000
AIE NO B041350	5		15,000,000
AIE NO B104181	6		26,000,000
AIE NO B096517	7		55,040,876
AIE NO.B104515	1	15,000,000.00	
AIE NO.B104690	2	19,000,000.00	
AIE NO.A823744	3	35,367,724.10	
AIE NO.B124691	4	9,000,000.00	
AIE NO.B119680	5	8,500,000.00	
AIE NO.B119719	6	13,000,000.00	
AIE NO.B128313	7	6,900,000.00	
AIE NO.B182073	8	7,000,000.00	
AIE NO.B132366	9	6,000,000.00	
AIE NO.B126035	10	13,000,000.00	
AIE NO.B126327	11	6,600,000.00	
AIE NO.B105122	12	10,000,000.00	
AIE NO.B140766	13	12,000,000.00	
TOTAL		161,367,724	123,040,876

2. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,140,800	2,140,800
Gratuity to contractual employees	-	337,504
Employer Contributions Compulsory national social security schemes	21,600	21,000
Total	2,162,400	2,499,304

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	-	4,359,000
Utilities, supplies and services	47,200	-
Domestic travel and subsistence	34,000	85,400
Printing, advertising and information supplies & services	694,980	
Rentals of produced assets	745,000	375,000
Training expenses	1,390,600	1,000,000
Other committee expenses	2,184,000	-
Committee allowance	851,400	-
Specialized materials and services	-	1,186,200
Fuel , oil & lubricants	500,000	118,800
Bank service commission and charges operating expenses	40,291	28,105
Routine maintenance – other assets	-	175,000
Total	6,487,471	7,327,505

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	25,845,000	45,964,000
Transfers to secondary schools (see attached list)	27,775,000	46,515,000
Transfers to tertiary institutions (see attached list)	11,600,000	
TOTAL	65,220,000	92,479,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	8,123,000	952,000
Bursary – tertiary institutions (see attached list)	16,650,000	2,317,000
Security projects (see attached list)	13,075,000	5,450,000
Environment projects (see attached list)	200,000	2,000,000
Emergency projects (see attached list)	3,550,000	9,100,000
Total	41,598,000	19,819,000

6. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Office Furniture and General Equipment	-	796,420
Purchase of Specialized Plant, Equipment and Machinery	-	203,580
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	1,103,500
Total	-	2,103,500

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. CASH BOOK BANK BALANCE
7: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>First Community Bank, Account No. 0009535102</i>	51,074,146	5,174,293
Total	51,074,146	5,174,293

8. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	5,174,293	6,361,727
Total	5,174,293	6,361,727

9. OTHER IMPORTANT DISCLOSURES

9.1: PENDING STAFF PAYABLES (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	989,244.72	-
Total	989,244.72	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.2: UNUTILIZED FUND (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	3,593,053	2,642,652
Use of goods and services	2,953,641	4,273,454
Amounts due to other Government entities (see attached list)	54,080,000	34,660,000
Amounts due to other grants and other transfers (see attached list)	33,636,332	32,965,911
Acquisition of assets	1,900,000	-
Totals	96,163,026	74,542,017

9.3: PMC account balances (See Annex 4)

	2020-2021	2019-2020
	Kshs	Kshs
Sheikh Omar Mixed Secondary School PMC	3,663,810	-
Total	3,663,810	-

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ANNEX 1 – PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
			Kshs	
NG-CDFC Staff				
1. Hassan Dubow Kule	Grounds man	April 2018	182,142.36	
2. Adan Ahmed Abdi	Night Watchman	April 2018	182,142.36	
3. Abdi Ali Yussuf	Clerical Officer Ii	April 2018	200,880.00	
4. Asha Abdullahi Jubase	Clerical Officer I	April 2018	178,560.00	
5. Bishar Siyat Bare	Records Officer	April 2018	245,520.00	
Sub-Total			989,244.72	
Grand Total			989,244.72	

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ANNEX 2 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21 Kshs	Outstanding Balance 2019/20 Kshs	Comments
	Salaries	3,593,053	3,120,107	
Compensation of employees	Office & Committee cost	2,953,641	1,105,545	
Use of goods & services				
Amounts due to other Government entities				
Diff Primary School	Construction of two classrooms		2,100,000	
Gerille Primary School	Construction of twin toilets		300,000	
Welgaras Primary School	Construction of twin toilets		300,000	
Gulettere Primary School	Construction of one classroom		1,000,000	
Alangonder Primary School	Construction of one classroom & twin toilets		1,300,000	
Ibrahim ure Primary School	Construction of a dormitory		3,300,000	
Elado Primary School	Renovation of four classrooms		1,400,000	
Ohioyo Primary School	Construction of one classroom & twin toilets		1,300,000	
Banane-shantatal Primary School	Construction of one classroom		1,000,000	
Lambaraha Primary School	Construction of one classroom		1,000,000	
Sarif Primary School	Construction of one classroom		1,000,000	
Dalsan Primary School	Construction of two classrooms		2,000,000	
Shimbirbul Primary School	Renovation of two classrooms		700,000	
Waregger Primary School	Construction of one classroom &		1,300,000	

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	twin toilets			
Qanjara Primary School	Construction of two classrooms		100,000	
Kibilay Primary School	Construction of two classrooms		2,000,000	
Bula Juu Primary School	Construction of two classrooms		2,000,000	
Tesorie Primary School	Construction of one classroom & twin toilets		1,300,000	
Abakore Primary School	Renovation of two classrooms		700,000	
Dadajabula Primary School	Renovation of two classrooms		700,000	
Getwap Primary School	Construction of one classroom & twin toilets		1,350,000	
Hubsoy Primary School	Construction of two classroom		100,000	
Diff Secondary School	Construction of kitchen		1,000,000	
Burder Secondary School	Construction of two classrooms		2,000,000	
Sheikh Omaar Girls Secondary School	Supply of beds		1,000,000	
Abakore Mixed Day Secondary School	Construction of one classroom		1,000,000	
Snr Chief Ogle Girls Secondary School	Construction of kitchen		1,000,000	
Habaswein Boys Secondary	Construction of comp lab		1,000,000	
Habaswein Mixed Secondary School	Construction of toilets		2,500,000	
Habaswein Mixed Secondary School	Masonry Tank		3,200,000	
Abakore Mixed Day Secondary School	Masonry Tank		3,200,000	
Sabuli Mixed Day Secondary School	Masonry Tank		3,200,000	
Wajir South Vocational & Training College	Borehole & Masonry Tank		12,000,000	
Jilalaw Primary School	Construction of			

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	One classroom & toilets	1,300,000		
Madina Primary School	Construction of one classroom & toilets	1,300,000		
Kutaley Primary School	Construction of masonry Tank	1,500,000		
Machesa Primary School		1,300,000		
Alidumal Primary School	Construction of twin toilets	300,000		
Dahabley Primary School	Construction of one classroom	1,000,000		
Shoma Geri Primary School	Construction of One classroom & toilets	1,300,000		
Shabeel Duula Primary School	Construction of One classroom & toilets	1,300,000		
Fini Primary Schools	Construction of one classroom	1,000,000		
Dilmanyale Primary School	Renovation of four Classrooms	1,900,000		
Abore Primary School	Construction of One classroom & toilets	1,300,000		
Shidley Primary School	Construction masonry tank	1,350,000		
Abaqmadobe Primary School	Construction masonry tank	1,350,000		
Habaswein Primary School	Construction of two classrooms	2,000,000		
Ohoyo Primary School	Construction of One classroom	5,000		
Banane-shantatal Primary School	Construction of One classroom	1,000,000		
Habaswein Boys Secondary School	Construction of Computer	125,000		

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Diff Secondary School	Laboratory			
Sheikh Omar Mixed Secondary School	Renovation & perimeter Fence	6,000,000		
Inshaallah High School	Laboratory Equipments	600,000		
Abakore Mixed Day Secondary School	Construction masonry tank	3,300,000		
Burder Mixed Secondary School	Construction of Laboratory	1,000,000		
Snr Chief Ogle Girls Secondary School	Construction of One classroom	4,500,000		
Habaswein Mixed Secondary School	Construction of two classrooms	2,000,000		
Burder Mixed Secondary School	Perimeter Fence	3,950,000		
Burder Secondary School	Laboratory Equipments	600,000		
Habaswein Mixed Secondary School	Construction of two classrooms	100,000		
Abakore Mixed Day Secondary School	Construction masonry tank	200,000		
Sabuli Mixed Day Secondary School	Construction masonry tank	200,000		
Wajir South Vocational & Training College	Construction masonry tank	200,000		
Wajir South Vocational & Training College	Renovation & perimeter Fence	11,700,000.00		
Wajir South Vocational & Training College	Construction masonry tank	400,000.00		
Sub-Total		54,080,000	57,350,000	
Amounts due to other grants and other transfers				
Diff Deputy County Commissioner	Construction of DCC House		4,000,000	
Salalma Assistant Chief Office	Construction of chief office & Toilets		1,300,000	
Aktalehel Chief Office	Construction of chief office &		1,300,000	

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	Toilets			
Leheley Police	Construction of police offices		1,800,000	
Sabuli Deputy County Commissioner	Construction of DCC house		2,000,000	
Habaswein Deputy County Commissioner	Construction of DCC Fence		175,000	
Emergency	Unforeseen Occurrences		2,636	
Bursary Secondary	Fees		123,386	
Bursary Tertiary	Fees		1,650,886	
Sports	Ward Tournament		514,457	
Environment	Trees Planting		100,000	
Emergency	unforeseen Occurrences	3,644,843		
Bursary Secondary	Fees	386		
Bursary Sports	Fees	886		
Sports	Constituency Tournament			
Diff Deputy County Commissioner office	Construction of DCC office	1,314,457		
Diff Deputy County Commissioner office	Furniture for DCC office	5,800,000		
Diff Police Unit	Construction of police houses	696,260		
Habaswein Deputy County Commissioner	Furniture for DCC office	2,600,000		
Habaswein Police Unit	Construction of police Offices	479,500		
Sabuli Deputy County Commissioner	Construction of DCC office	2,000,000		
Ibrahim ure Chief Office	Construction of chief office	2,300,000		
Leheley Police Unit	Borehole and masonry tank	1,300,000		
Sabuli Deputy County Commissioner	Construction of	11,500,000		

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	DCC office	2,000,000		
Sub-Total		33,636,332	12,966,365	
Acquisition of assets				
Wajir South National Government Constituency Development Fund Office	Construction masonry tank	1,900,000		
Sub-Total		1,900,000		
Funds pending approval				
Grand Total		96,163,026	74,542,017	

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ANNEX 3 – 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	NOT VALUED			
Buildings and structures	6,800,000			6,800,000
Office equipment, furniture and fittings	2049,670			2049,670
ICT Equipment, Software and Other ICT Assets	1,526,470			1,526,470
Other Machinery and Equipment	1,553,500			1,553,500
Total	11,929,640			11,929,640

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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 202xx

PMC	Bank	Account number	Bank Balance 2020/21 (Kshs)	Bank Balance 2019/20 (Kshs)
Sheikh Omar Mixed Secondary School PMC	Equity	1360279706036	3,663,810	-
Total			3,663,810	0.00

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>ii). Project files for projects worth Kshs.13,000,000 availed for audit did not contain tender documents such as confidential business questionnaires, form of tender, tender questionnaires and handing over reports. It was therefore not possible to confirm whether the projects were procured in accordance with the Public Procurement and Asset Disposal Act, 2015.</p>	<p>➤ The tender documents alleged to have been missing in the projects files were actually in place during the audit review. Provided herein a copies of the said documents as annex 1</p>	<p>Not Resolved</p>	
2.	<p>i). Tender opening committee did not append their signatures or initials on one or more pages of the Bills of Quantities and tender documents as required by Section 78(9) of the Public Procurement and Asset</p>	<p>➤ The tender opening committee did appended their signatures on the first page of the BQ but failed to endorse</p>	<p>Not Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Disposal Act, 2015. Tender documents that had not been initialed or signed by tender opening committee members were for projects worth Kshs. 1,231,000. Contracts worth Kshs. 12,335,000 were awarded without a professional opinion from the head of procurement as required by section 84 of the Public Procurement and Asset Disposal Act, 2015	the summary page which was presumably an oversight ➤ The Professional Opinions alleged to have been missing in the projects files were actually in place during the audit review. Provided herein a copies of the documents as annex 2	Not Resolved	
4	iii). Payment for projects worth Kshs 13,000,000 were not supported with Inspection and Acceptance Committee reports confirming the condition of the project before payment was made contrary to the requirement of section 48(3)(c) of Public	➤ The inspection and acceptance reports were retrieved from the projects duplicate files held by the project management		