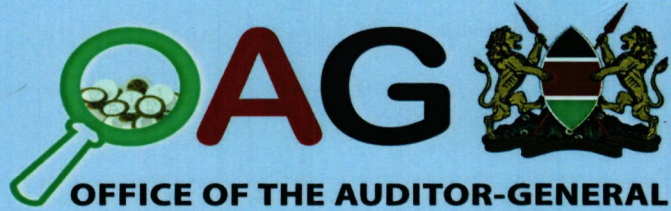


REPUBLIC OF KENYA



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## REPORT

THE NATIONAL ASSEMBLY  
PA

DATE: 23 MAR 2022

WEB (pm)

TABLED BY:	L. O. M.
CLERK-AT THE-TABLE:	142030

OF

**THE AUDITOR-GENERAL**

ON

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

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





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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
IJARA CONSTITTUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

**IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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:

- 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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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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.

**(b) Key Management**

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

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Hussein Mohamud
2.	Sub-County Accountant	Yassin Golicha
3.	Chairman NGCDFC	Nasir Bare
4.	Member NGCDFC	Halima Bulle

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -IJARA 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.

**(e) NGCDF IJARA Constituency Headquarters**

NEXT TO AGRICULTURE OFFICE  
P.O. Box 92-70105 MASALANI  
KENYA



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**(f) NGCDF IJARA Constituency Contacts**

Telephone: (254) 720020647

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

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

**(g) NGCDF IJARA Constituency Bankers**

FIRST COMMUNITY BANK

GARISSA BRANCH

Bank A/C No 50000774

**(h) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

**(i) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

IJARA-NG-CDFC has ensured that most projects that were initiated this year have been completed or the intended phase is completed.

**KEY ACHIEVEMENTS:**

- a) All projects have been carried out to standard with consultation with the relevant government ministries
- b) Whereas Bursary applications are so many they ended up being over and above what we could afford, we have however carried out the process as objectively as possible and have been able to reach out to the deserving cases.
- c) Various schools have benefited from Construction of new classrooms.
- d) Besides the regular Bursaries, we have been able to support 200 students with full scholarship an initiative that has seen bright and destitute students continue with their education uninterrupted.

**BUDGET PERFORMANCE**

During the collection of the project proposal meetings from the members of the public a lot of needs were presented to the committee. Unfortunately, only a few needs could be included in this budget proposals to the NG-CDF board due to the funds allocated for the IJARA-NG-CDF. Some of the Major needs presented to the committee were: Renovation of classrooms for Primary and secondary schools, construction of new classrooms due to the increased number of students, Construction of secondary schools' science laboratories and many others, to mention just a few. Given that the needs are too high compared to the allocated funds, the government needs to increase the funding allocation for the constituencies. The budget utilization has been doing fairly well since we have achieved a budget utilization of 59% of the total allocation, although with some challenges which includes delayed release of constituency budget ceilings, delayed disbursement of funds to the constituency, slow rate of re-allocation and re-submission approvals

**CHALLENGES AND EMERGING ISSUES**

The biggest challenge in the education sector this is because there are many needy students who are in need of support through the bursary fund which is never enough; this is due to lower middle income economy status within the

Delay of fund disbursement by the NG-CDF Board which makes it impossible to achieve performance contract targets which stipulates that projects are to be implemented within the financial year proposed.

Civic education should be improved to educate the public on the roles of the NG-CDF fund which should be done continuously and promptly to the individuals- This will be possible if the M/E vote is increased to also cater for the trainings.

NAME: NASRI BARE DABAR

SIGNATURE: 

**CHAIRMAN NGCDF COMMITTEE**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**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 key development objectives of NGCDF-IJARA Constituency's 2018-2022 plan are to:

- a) Improved Education standards.
- b) Enhanced security and safety within the Constituency.
- c) Improve and sustain safe and clean environment.
- d) Enhanced development of sporting activities within the constituency.
- e) Enhance Youth socio- Economic Development.

**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	Improved Education standards.	Improved retention of learners in primary schools and improved transition to secondary schools as well as enhance a conducive learning environment for learners and teachers.	Number of usable physical infrastructure renovated and/or built in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	The projects on education Funded in Financial year 2019/2020 are at implementation stage.
Security	Enhanced security and safety within the Constituency.	Improved service delivery, Enhanced security infrastructure and improved working environment for the security and administrative personnel.	Number of usable security sector physical infrastructure renovated and/ or built and equipped in the constituency.	The projects on Security Funded in Financial year 2019/2020 are at implementation stage.
Environment	Improve and sustain safe and clean environment.	Improved and sustained environmental conservation.	Number of toilets constructed in schools and security camps .	The sanitation project is funded under the environment project is completed
Sports	Enhanced development of sporting activities within the constituency.	Engagement of the constituents in sporting activities, enhanced social cohesion, talent identification and nurturing.	Number of Ijara Soccer tournament within the constituency.	The project was funded and completed in the financial year.



# **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA CONSTITUENCY**

## **Reports and Financial Statements**

**For the year ended June 30, 2020**

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

NGCDF –IJARA 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.

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

In order to realize the aspirations of the constituents, NGCDF –IJARA has identified the shared development agenda. Strategies and mechanisms to propel the constituency has been put in place and are geared towards attaining its development goals.

#### **Vision Statement**

To become united and economically progressive community empowering the constituents, improving quality of life where all resources and opportunities are well utilized.

#### **Mission Statement**

To create and improve institutions and structures to achieve the shared objectives by incorporating all stakeholders towards a common goal

#### **Core values**

Our core values are; integrity, professionalism, teamwork, accountability, transparency, diligence, Commitment and hard work.

NG-CDF -IJARA constituency has been able to do a thorough assessment of the operating macro-economic environment before putting in place mechanisms to respond to the challenges.

Political regimes play an important role in providing an enabling political environment for equitable sharing of resources. Political tolerance and goodwill between constituencies, counties and countries encourage cross border trade and cooperation creating a perfect environment for both distribution of produce and sharing of development information.

#### **2. Environmental performance**

IJARA NG-CDF has put measures regarding the effects of human activities on the environment, particularly those measures that are designed to prevent or reduce effects of human activities on ecosystem.

#### **Our Environment Policy**

We are committed to;

- Comply with all environmental regulations.
- Prevent pollution whenever possible.
- Train our staff on our environmental program and empower them to contribute and participate.
- Communicate environmental aims and objectives to employees and external stakeholders
- Recycle, re-use and reduce.
- Conserve energy, water and natural resources.
- To monitor and record our environmental impact on a regular basis and compare our performance with our policies, objectives and targets.
- Liaise with the local community in environmental activities
- Participate in discussions about environmental issues
- Agree to commit to environmental principles and continual improvement at the highest level



# **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA CONSTITUENCY**

## **Reports and Financial Statements**

**For the year ended June 30, 2020**

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IJARA NG-CDF has been in the forefront to conserve the environment. Environmental conservation aims at promoting sustainable and equitable resource exploitation and utilization for posterity and prosperity. There is high correlation between poverty and environment degradation. Through poverty eradication programs we have been able to educate the constituents utilise the available natural resources.

### **3. Employee welfare**

All employees in IJARA NG-CDF are hired in accordance to Employment Act, 2007 and all laws governing labour.

#### **Recruitment**

We ensure that recruitment of staff is competitive giving all candidates an equal opportunity and ensure that the most qualified persons are hired. We ensure openness and opportunity for all eligible applicants by advertising for posts in social media, posts in public offices and announcements to public forums.

#### **Terms of service**

Staffs are employed on contract terms, which is renewed subject to performance.

#### **Remuneration**

Remuneration of staff is benchmarked to prevailing Civil Service salary scale. The pay package is subject to statutory deductions in accordance to legislation. They are entitled to 21 days 'annual leave. They are also eligible for a service gratuity tabulated at 31% of annual basic pay for all the years worked.

#### **Termination of employment**

The contract may be terminated by either party with one-month notice.

In addition to the above, IJARA NG-CDF has the following responsibilities;

- Provide a workplace free from serious recognized hazards and comply with standards, rules and regulations issued under the OSH Act.
- Examine workplace conditions to make sure they conform to applicable OSHA standards.
- Make sure employees have and use safe tools and equipment and properly maintain this equipment.
- Use color codes, posters, labels or signs to warn employees of potential hazards.
- Establish or update operating procedures and communicate them so that employees follow safety and health requirements.
- Must provide safety training in a language and vocabulary workers can understand.
- Provide medical examinations and training.
- Report all work-related fatalities within 8 hours, and all work-related inpatient hospitalizations, all amputations and all losses of an eye within 24 hours.
- Provide access to employee medical records and exposure records to employees or their authorized representatives.
- Not discriminate against employees who exercise their rights under the Act.

### **4. Market place practices-**

Economic factors such as inflation, tax policies, subsidies, trade barriers, and trade policies all have a direct bearing on the cost of living and performance of interventions by NG-CDF. These factors have a direct bearing on the growth and development of the constituency. There is therefore, need for development friendly economic policies to check on the costs of farm inputs and other capital goods.



## **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA CONSTITUENCY**

### **Reports and Financial Statements**

**For the year ended June 30, 2020**

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**a) Responsible competition practice.**

Agriculture is the mainstay of the economy of the constituency. Poor market systems, scanty market information and existence of middle men who exploit farmers, make the whole venture unattractive particularly to the youth. We have been able to spur growth and development through robust infrastructure base, which will enhance information sharing, security and movement of goods and people.

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

Payments to suppliers are done promptly upon presentation of requisite supporting documents and satisfactory delivery of service or product as per the agreement.

**c) Responsible marketing and advertisement**

Advertising of tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

**d) Product stewardship**

In order to safeguard consumer rights and interests, IJARA NG-CDF has come up with a service charter and a complaints register. The service charter points out the commitment towards giving quality services to all constituents and stakeholders.

Complaints handling policy ensures consistent, fair and confidential complaints handling and to resolve complaints as quickly as possible.

### **5. Community Engagements**

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 benefits of public participation are as follows;

- **Sustainable Development**

Sustainable development can be achieved only through the involvement of all stakeholders

- **Environmental Protection**

Environmental issues can be addressed when valued by the public. It is important that a party represents the interest of the environment in the public debate. Without such a party, the environment will not be put on the agenda

- **Conflict Management**

Although conflicts cannot be avoided, they are made explicit in the public participation debate. This makes conflict handling more efficient.

- **Project Understanding and Reduction of Public Opposition**

The public, being the user of a system, is the only party that can assess and evaluate the impacts of (possible) measures on the functions of a coastal environment.

- **Economic Benefits**

If the public is involved in the full decision-making process, their concerns may be met early on in the planning process when changes may be easier to make, rather than late in the process when even small changes may cost both time and money.

We have also been able to engage in Corporate Social Responsibilities (CSR) through engaging the community in mitigation of Covid-19. We have been able to procure locally manufactured masks and having the same distributed across the constituency.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

**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.

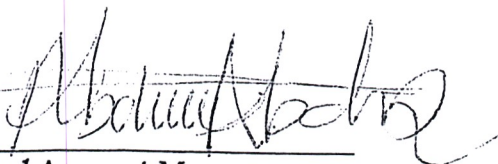
The Accounting Officer in charge of the NGCDF-IJARA Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year (period) ended on June 30, 2020. This 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 fund; (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 fund; (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-IJARA Constituency accepts responsibility for the fund'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 NGCDF-IJARA Constituency financial statements give a true and fair view of the state of fund's transactions during the financial year ended June 30, 2020, and of the NGCDF-IJARA Constituency financial position as at that date. The Accounting Officer charge of the NGCDF-IJARA Constituency further confirms the completeness of the accounting records maintained for the NGCDF-IJARA Constituency, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

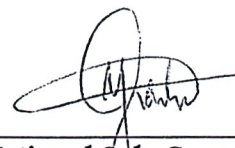
The Accounting Officer in charge of the NGCDF-IJARA Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NGCDF-IJARA Constituency 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-IJARA Constituency financial statements were approved and signed by the Accounting Officer on 30-03-2021.



**Fund Account Manager**  
**Name: Hussein M Abdullahi**



**National Sub-County Accountant**  
**Name: Yassin Golicha**  
**ICPAK Member Number: 12255**



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

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

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Ijara Constituency set out on pages 12 to 43, 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 the summary statement of appropriation - recurrent and development combined 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 the National Government Constituencies Development Fund - Ijara 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1. Unsupported Disbursements to Secondary Schools and Tertiary Institutions

The statement of receipts and payments reflects other grants and transfers of Kshs.56,293,620 which as disclosed at Note 5 to the financial statements, included Kshs.35,095,500 being bursary to needy students disbursed to various secondary schools and tertiary institutions. However, bursary disbursements amounting to Kshs.8,460,000 were not supported with official receipts or acknowledgement letters from the recipient institutions.

Consequently, the accuracy and propriety of the bursary disbursements of Kshs.8,460,000 could not be confirmed.



## **2. Disclosure of Project Management Committees Bank Balances**

Note 11 and Annex 5 to the financial statements reflect Kshs.5,143 being the balance held in two (2) bank accounts for project management committees (PMC). However, balances held in seventeen (17) PMC bank accounts as at 30 June, 2020 were not disclosed. In addition, bank statements and certificates of bank balances for the bank accounts were not disclosed.

Consequently, the accuracy of the reported PMC bank balances could not be confirmed.

## **3. Lack of Authority to Incur Expenditure**

The statement of receipts and payments and Note 1 to the financial statements, reflect transfers from the Board totalling Kshs.190,208,600. However, Authority to Incur Expenditure (AIEs) for receipts totalling to Kshs.83,040,875 were not provided for audit contrary to Regulation 52 (1) of Public Finance Management (Regulations, 2015 which provides that no public officers can spend or commit funds until he or she has been properly authorized by means of an AIE to do so.

## **4. Lack of Assets Register**

Annex 4 to the financial statements reflects a balance of Kshs.22,146,874 being the historical cost of fixed assets as at 30 June, 2020. However, the fixed assets register maintained in accordance with Regulation 143 of Public Finance Management (National Government) Regulations, 2015 was not provided.

In the circumstances, the completeness and accuracy of the historical cost of Kshs.22,146,874 for assets could not be ascertained.

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

The summary statement of appropriation-recurrent and development reflects a final expenditure budget and actual expenditure on comparable basis of Kshs.201,032,214



and Kshs.126,644,594 respectively resulting to an under-expenditure of Kshs.74,387,620 or 37% of the budget.

Based on the approved estimates, under-expenditure affected the planned activities and may have impacted negatively on service delivery to the constituents of Ijara.

## **2. Unresolved Prior Year Audit Matters**

As disclosed under the progress on follow up of auditor recommendations section of the financial statements, some of the prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided satisfactory reasons 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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, based on the audit procedures performed, 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**

#### **Delayed Implementation of Projects**

The project implementation status report provided for audit indicated that the Fund had planned to implement forty (40) projects with a total budget of Kshs.125,154,629 during the year under review. However, as at the time of the audit, in March, 2021 eleven (11) projects were still on-going and three (3) projects had not started.

Failure to complete projects within the stipulated period may have negatively affected service delivery to the constituents.

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, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **Constituency Oversight Committee**

During the year under review, Management had not appointed a Constituency Oversight Committee, Contrary to Section 53(1) of the National Government Constituencies Development Fund Act, 2015 which provides for establishment of Constituency Oversight Committees for every National Government Constituencies Development Fund.

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 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 sustain services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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



and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

**Nairobi**

**15 February, 2022**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

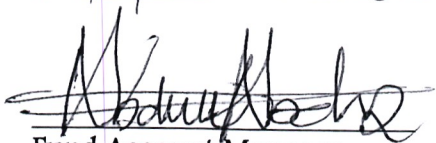
**Reports and Financial Statements**

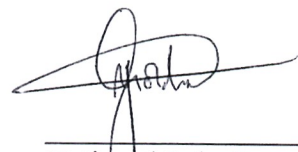
**For the year ended June 30, 2020**

**VI. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	190,208,600	54,000,000
<b>TOTAL RECEIPTS</b>		<b>190,208,600</b>	<b>54,000,000</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,777,998	2,339,200
Use of goods and services	3	10,123,876	7,795,592
Transfers to Other Government Units	4	54,139,000	23,864,245
Other grants and transfers	5	56,293,620	39,016,811
Acquisition of Assets	6	660,000	966,400
Other Payments	7	2,650,000	350,000
<b>TOTAL PAYMENTS</b>		<b>126,644,594</b>	<b>74,232,247</b>
<b>SURPLUS/(DEFICIT)</b>		<b>63,564,006</b>	<b>(20,232,247)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-IJARA Constituency financial statements were approved on 30/02/ 2021 and signed by:

  
Fund Account Manager  
Name: Hussein M Abdullahi

  
National Sub-County Accountant  
Name: Yassin Golicha  
ICPAK Member Number: 12255

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

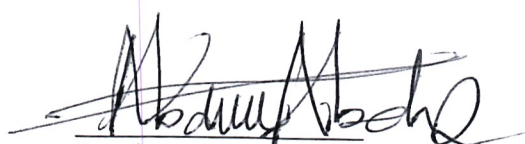
**Reports and Financial Statements**

**For the year ended June 30, 2020**

**VII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	8	72,187,619	8,623,613
<b>Total Cash and Cash Equivalents</b>		<b>72,187,619</b>	<b>8,623,613</b>
Outstanding Imprest		-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>72,187,619</b>	<b>8,623,613</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable		-	-
<b>TOTAL FINANCIAL LIABILITES</b>		<b>-</b>	<b>-</b>
<b>NET FINANCIAL ASSETS REPRESENTED BY</b>		<b>72,187,619</b>	<b>8,623,613</b>
Fund balance B/fwd	9	8,623,613	28,855,860
Surplus/Deficit for the year		63,564,006	(20,232,247)
<b>NET FINANCIAL POSITION</b>		<b>72,187,619</b>	<b>8,623,613</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-IJARA Constituency financial statements were approved on 30/03/2021 and signed by:



Fund Account Manager  
Name: Hussein M Abdullahi



National Sub-County Accountant  
Name: Yassin Golicha  
ICPAK Member Number: 12255



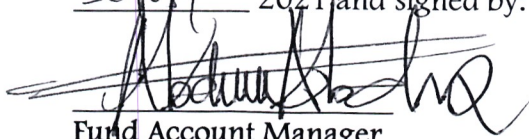
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) IJARA  
CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

**VIII. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS FOR OPERATING INCOME</b>			
Transfers from NGCDF Board	1	190,208,600	54,000,000
<b>Total receipts</b>		<b>190,208,600</b>	<b>54,000,000</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	2,777,998	2,339,200
Use of goods and services	3	10,123,876	8,045,592
Transfers to Other Government Units	4	54,139,000	23,864,245
Other grants and transfers	5	56,293,620	39,016,811
Other Payments	7	2,650,000	966,400
<b>Total payments</b>		<b>125,984,494</b>	<b>74,232,247</b>
<b>Total Receipts Less Total Payments</b>		<b>64,224,106</b>	<b>(20,232,247)</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)		-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(660,000)	
<b>Net cash flows from Investing Activities</b>		<b>63,564,006</b>	<b>(20,232,247)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>63,564,006</b>	<b>(20,232,247)</b>
Cash and cash equivalent at BEGINNING of the year	9	8,623,613	8,237,382
Cash and cash equivalent at END of the year	8	72,187,619	8,623,613

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-IJARA Constituency financial statements were approved on 30/08/2021 and signed by:



Fund Account Manager  
Name: Hussein M Abdullahi



National Sub-County Accountant  
Name: Yassin Golicha  
ICPAK Member Number: 12255



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**7. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

<b>A</b>	<b>Original Budget a</b>	<b>Adjustments b</b>	<b>Final Budget c=a+b</b>	<b>Actual on Comparable Basis d</b>	<b>Budget Utilisation Difference e=c-d</b>	<b>% of Utilisation f=d/c %</b>
<b>RECEIPTS</b>						
Transfers from NGCDF Board	137,367,724	63,664,490	201,032,214	190,208,600	10,823,614	94.6%
	137,367,724	63,664,490	201,032,214	190,208,600	10,823,614	96.4%
<b>PAYMENTS</b>						
Compensation of Employees	2,678,400.00	326,800	3,005,200	2,777,998	227,202	92.4%
Use of goods and services	9,534,695.17	936,900	10,471,595	10,123,876	347,719	96.9%
Transfers to Other Government Units	59,150,000.00	36,598,442	95,748,442	54,139,000	41,609,442	56.5%
Other grants and transfers	62,004,628.97	21,519,748	83,524,377	56,293,620	27,230,757	67.4%
Acquisition of Assets	400,000.00	883,600	1,283,600	660,000	623,600	51.4%
Other Payments	3,600,000.00	3,399,000	6,999,000	2,650,000	4,349,000	37.9%
<b>TOTAL</b>	<b>137,367,724.14</b>	<b>63,664,490</b>	<b>201,032,214</b>	<b>126,644,594</b>	<b>74,387,620</b>	<b>63%</b>

The sectors with under absorption was as a result of funds that had not been released by the Board.

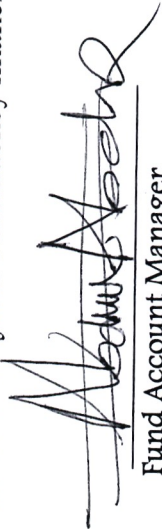


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

- i. –Transfer to other government units had a utilization of 56.5% and this was attributed to delay in disbursement of funds by the Board.
- ii. – Other grants and transfers had a utilization of 67.4 % and this was attributed to delay in disbursement of funds by the Board.

a) Change in budget between Original and Final was due to release of funds for previous financial Years.

The NGCDF-IJARA Constituency financial statements were approved on 26/03 2021 and signed by:



Fund Account Manager  
Name: Hussein M Abdullahi



Sub-County Accountant  
Name: Yassin Golicha  
ICPAK Member Number:12255



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

**X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,678,400	326,800	3,005,200	2,777,998	227,202
<b>Sub-Total</b>	<b>2,678,400</b>	<b>326,800</b>	<b>3,005,200</b>	<b>2,777,998</b>	<b>227,202</b>
<b>Use of Goods and Services</b>					
1.3 Use of goods and services	9,534,695	936,900	10,471,595	10,123,876	347,719
<b>Sub-Total</b>	<b>9,534,695</b>	<b>936,900</b>	<b>10,471,595</b>	<b>10,123,876</b>	<b>347,719</b>
<b>Transfer to Other Government Entities</b>					
<b>7.0 Primary Schools Projects</b>					
7.1 Kasbasalow primary school	1,900,000	-	1,900,000	-	1,900,000
7.2 Sabenale primary school	1,900,000	-	1,900,000	-	1,900,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

7.3 Masalani primary school	2,800,000	-	2,800,000	-	2,800,000	-	2,800,000
7.4 Ijara girls primary school	1,500,000	-	1,500,000	-	1,500,000	-	1,500,000
7.5 Garabey primary school	1,900,000	-	1,900,000	-	1,900,000	-	1,900,000
7.6 Ege primary school	2,900,000	-	2,900,000	-	2,900,000	-	2,900,000
7.8 Hulugho primary school	2,800,000	-	2,800,000	-	2,800,000	-	2,800,000
7.9 Warsarme primary school	900,000	-	900,000	-	900,000	-	900,000
7.10 Alfurgan primary school	2,800,000	-	2,800,000	-	2,800,000	-	2,800,000
7.11 Ijara primary school	1,200,000	-	1,200,000	-	1,200,000	-	1,200,000
7.12 Ijara primary school	2,800,000	-	2,800,000	-	2,800,000	2,800,000	-
7.13 Gababa primary school	2,800,000	-	2,800,000	-	2,800,000	2,800,000	-
7.14 Korisa primary school	600,000	-	600,000	-	600,000	600,000	-



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

7.15 Hara primary school	600,000	-	600,000	600,000	-
7.16 Handaro primary school	2,800,000	-	2,800,000	2,800,000	-
7.17 Sangailu primary school	1,000,000	-	1,000,000	-	1,000,000
7.18 Ijara primary school	2,100,000	-	2,100,000	-	2,100,000
7.19 Ijara primary school	1,400,000	-	1,400,000	1,400,000	-
7.2 Masalani primary sch		290,000	290,000	290,000	-
7.2 Eregorwan primary sch		39,000	39,000	39,000	-
7.22 Nasib primary sch		2,800,000	2,800,000	2,800,000	-
7.23 Elkambere primary sch		2,800,000	2,800,000	2,800,000	-
7.24 Ruqa primary school		800,000	800,000	800,000	-
7.25 Elkambere primary sch		750,000	750,000	750,000	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

7.26 Hara primary school		600,000	600,000	600,000	-
7.27 Kofile primary sch		600,000	600,000	600,000	-
7.28 Korisa primary school		480,000	480,000	480,000	-
7.29 Korisa primary sch		900,000	900,000	900,000	-
7.3 Gedilun primary school		2,800,000	2,800,000	2,800,000	-
7.31 Herendiro primary sch		2,800,000	2,800,000	2,800,000	-
7.32 Kabasalo primary sch		2,800,000	2,800,000	2,800,000	-
7.33 Korisa primary school		1,200,000	1,200,000	1,200,000	-
7.34 Korahindi primary school		2,800,000	2,800,000	2,800,000	-
7.35 Ruqa primary sch		880,000	880,000	880,000	-
7.37 Ijara girls primary sch	-	600,000	600,000	-	600,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

7.38 Khalangai derow primary sch	-	1,700,000	1,700,000	-	1,700,000	-	1,700,000
7.39 Tokile township primary	-	1,700,000	1,700,000	-	1,700,000	-	1,700,000
7.4 Alijarire primary sch	-	1,700,000	1,700,000	-	1,700,000	-	1,700,000
7.41 Maderto primary sch	-	1,189,442	1,189,442	-	1,189,442	-	1,189,442
<b>8.0 Secondary Schools Projects</b>							
8.1 Hulugho boys secondary school	2,400,000	-	2,400,000	-	2,400,000	1,500,000	900,000
8.2 Shurie secondary school	2,800,000	-	2,800,000	-	2,800,000	2,400,000	400,000
8.3 Shurie secondary school	1,350,000	-	1,350,000	-	1,350,000	-	1,350,000
8.4 Shurie secondary school	3,200,000	-	3,200,000	-	3,200,000	3,200,000	-
8.5 Shurie secondary school	3,700,000	-	3,700,000	-	3,700,000	1,000,000	2,700,000
8.6 Shurie secondary school	3,600,000	-	3,600,000	-	3,600,000	1,900,000	1,700,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

8.7 Yussuf hajji girls secondary school	2,200,000	-	2,200,000	1,800,000	400,000
8.8 Yussuf hajji girls sec sch	1,300,000	-	1,300,000	1,300,000	-
8.9 Yussuf hajji girls sec sch	1,700,000	-	1,700,000	1,700,000	-
9.0 Yussuf hajji girls sec sch	2,200,000	-	2,200,000	950,000	1,250,000
9.1 Hulugho sec sch	-	150,000.00	150,000	150,000.00	-
9.2 Shurie sec sch	-	500,000.00	500,000	500,000.00	-
9.3 Hulugho sec sch	-	900,000.00	900,000	900,000.00	-
9.4 Shurie sec sch	-	800,000.00	800,000	800,000.00	-
9.5 Hulugho sec sch	-	1,700,000.00	1,700,000	1,700,000.00	-
9.6 Yussuf haji girls sec sch	-	900,000	900,000	-	900,000
9.7 Hulugho girls sec sch	-	920,000	920,000	-	920,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

9.8 Shurie sec sch	-	500,000	500,000	-	500,000
<b>Sub-Total</b>	<b>59,150,000</b>	<b>36,598,442</b>	<b>95,748,442</b>	<b>54,139,000</b>	<b>41,609,442</b>
<b>3.0 Emergency</b>					
3.1 Emergency	7,198,241	603,327	7,801,568	6,059,120	1,742,448
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools					
4.2 Secondary Schools	22,130,000	5,922,500	28,052,500	14,073,000	13,979,500
4.3 Tertiary Institutions	22,000,000	4,743,000	26,743,000	21,022,500	5,720,500
4.5 Social Security	3,600,000	749,000	4,349,000	3,509,000	840,000
<b>5.0 Sports</b>					
5.1 sport activities	2,676,388	991,921	3,668,309	3,220,000	448,309
<b>6.0 Environment</b>					
6.1 Kosari primary school	600,000		600,000	-	600,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

6.2 Kware police line	1,500,000		1,500,000	910,000	590,000
6.3 Masalani district office	500,000		500,000	500,000	-
6.4 Bothai primary			-	-	-
6.5 Garabey primary			-	-	-
6.6 Elkambere primary			-	-	-
6.7 Jalish primary		130,000	130,000	-	130,000
6.8 Boma primary		260,000	260,000	-	260,000
6.9 Hulugho primary		260,000	260,000	-	260,000
6.1 Bothai primary		260,000	260,000	-	260,000
<b>10.0 Security Projects</b>					
10.1 Ijara deputy county	900,000	1,000,000	1,900,000	-	1,900,000
10.2 Masalani police station	900,000		900,000	900,000	-
10.4 Masalani police camp	-	900,000	900,000	400,000	500,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

10.5 Masalani police camp	-	400,000	400,000	400,000	-
10.6 Masalani police camp	-	1,000,000	1,000,000	1,000,000	-
10.7 Masalani district office	-	900,000	900,000	900,000	-
10.8 Masalani police station	-	100,000	100,000	100,000	-
10.9 Masalani district office	-	1,800,000	1,800,000	1,800,000	-
10.1 Kware AP line	-	1,500,000	1,500,000	1,500,000	-
<b>Sub-Total</b>	<b>62,004,629</b>	<b>21,519,748</b>	<b>83,524,377</b>	<b>56,293,620</b>	<b>27,230,757</b>
<b>11.0 Acquisition of assets</b>					
11.2 Construction of CDF office	400,000		400,000		400,000
11.4 Purchase of computers	-	883,600	883,600	660,000	223,600
<b>Sub-Total</b>	<b>400,000</b>	<b>883,600</b>	<b>1,283,600</b>	<b>660,000</b>	<b>623,600</b>
<b>13.0 Others</b>					
13.1 Strategic Plan	3,600,000	3,399,000	6,999,000	2,650,000	4,349,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**

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Sub-Total	3,600,000	3,399,000	6,999,000	2,650,000	4,349,000
GRAND TOTALS	137,367,724	63,664,490	201,032,214	126,644,494	74,387,720



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**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 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-IJARA 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.

**Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to 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.

**SIGNIFICANT ACCOUNTING POLICIES**

**External Assistance**

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

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

**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.

**SIGNIFICANT ACCOUNTING POLICIES**

**5. 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.



# **NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**

## **IJARA CONSTITUENCY**

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#### **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 the Central Bank of Kenya and 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 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. 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.

#### **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 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.

#### **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.

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **11. 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 1<sup>st</sup> July 2019 to 30<sup>th</sup> 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)**

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

**12. Comparative Figures**

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

**13. Subsequent Events**

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

**14. 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.

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

**15. 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.



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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
	AIE NO.		
	AIE NO.B047424	55,040,876	-
	AIE NO.B041278	4,000,000	-
	AIE NO.B047699	20,000,000	-
	AIE NO.B096525	7,000,000	-
	AIE NO.	9,000,000	-
	AIE NO.	19,000,000	-
	AIE NO.B096753	9,000,000	-
	AIE NO. 2015/2016/1013	67,167,724	-
	AIE NO. 2016/2017/092	-	10,000,000.00
	AIE NO. 2014/2015/541	-	20,000,000.00
	AIE NO. 2016/2017/354	-	6,000,000.00
	AIE NO. 2016/2017/491	-	11,000,000.00
		-	7,000,000.00
		<b>190,208,599.60</b>	<b>54,000,000.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,513,038	2,116,000
Pension and other social security contributions (Gratuity)	264,960	
Employer Contributions Compulsory national social security schemes	-	223,200
<b>Total</b>	<b>2,777,998</b>	<b>2,339,200</b>

**3. USE OF GOODS AND SERVICE**

	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	-	580,122
Domestic travel and subsistence	1,033,000	827,300
Printing, advertising and information supplies & services	910,325	910,300
Training expenses	-	950,000
Hospitality supplies and services	70,000	-
Office and general supplies and services	3,619,184	2,223,870
Other operating expenses	40,287	-
Fuel ,oil & lubricants	940,000	-
Committee expenses and allowance	3,365,500	2,204,000
Bank service commission and charges	60,580	-
Water & sewerage charges	85,000	350,000
<b>Total</b>	<b>10,123,876</b>	<b>8,045,592</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools	34,339,000	14,307,500
Transfers to secondary schools	19,800,000	9,200,000
Transfers to tertiary institutions	-	356,745



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TOTAL	54,139,000	23,864,245
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	14,073,000	6,671,500
Bursary – tertiary institutions	21,022,500	15,528,311
Mocks & CAT	-	3,251,000
Security	7,000,000	9,800,000
Sports	3,220,000	2,790,000
Environment	1,410,000	650,000
Emergency Projects	6,059,120	326,000
NHIF- Social Security	3,509,000	-
<b>Total</b>	<b>56,293,620</b>	<b>39,016,811</b>

**6. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Refurbishment of Buildings	-	630,000
Purchase of ICT Equipment, Software and Other ICT Assets	660,000	336,400
<b>TOTAL</b>	<b>660,000</b>	<b>966,400</b>

**7. OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	2,650,000	
	<b>2,650,000</b>	-

**8. BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>FIRST COMMUNITY BANK-GARISSA BRANCH-Ijara NG-CDF- A/C no.50000774</i>	72,187,619	8,623,613
<b>Total</b>	<b>72,187,619</b>	<b>8,623,613</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**9. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	8,623,613	28,855,861
<b>Total</b>	<b>8,623,613</b>	<b>28,855,861</b>

**10. OTHER IMPORTANT DISCLOSURES**  
**UNUTILIZED FUND**

UNUTILIZED FUND	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	227,202	-
Use of goods and services	347,719	-
Transfer to other Government entities	41,609,442	-
Other grants and other transfers	27,230,757	8,623,613
Acquisition of assets	623,600	
Others	4,349,000	-
<b>TOTAL</b>	<b>74,387,720</b>	<b>8,623,613</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

11. PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020

	2019-2020	2018-2019
	Kshs	Kshs
PMC Bank accounts balances	5,143	5000
<b>Total</b>	<b>5,143</b>	<b>5000</b>



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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLES**

No pending accounts payables as at 30 June 2020

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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

No pending staff payables as at 30 June 2020



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**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
		Kshs	Kshs	
<b>1.0 Administration and Recurrent</b>				
1.1 Compensation of employees		227,202	-	Pending Disbursement
<b>Sub-Total</b>		<b>227,202</b>	-	Pending Disbursement
<b>Use of Goods and Services</b>				
1.3 Use of goods and services		347,719	-	Pending Disbursement
<b>Sub-Total</b>		<b>347,719</b>	-	-
<b>Transfer to Other Government Entities</b>				
<b>7.0 Primary Schools Projects</b>				
7.1 Kasbasalow primary school		1,900,000	-	Pending Disbursement
7.2 Sabenale primary school		1,900,000	-	Pending Disbursement
7.3 Masalani primary school		2,800,000	-	Pending Disbursement
7.4 Ijara girls primary school		1,500,000	-	Pending Disbursement
7.5 Garabey primary school		1,900,000	-	Pending Disbursement
7.6 Ege primary school		2,900,000	-	Pending Disbursement
7.8 Hulugho primary school		2,800,000	-	Pending Disbursement
7.9 Warsarme primary school		900,000	-	Pending Disbursement
7.10 Alfurgan primary school		2,800,000	-	Pending Disbursement
7.11 Ijara primary school		1,200,000	-	Pending Disbursement
7.17 Sangailu primary school		1,000,000	-	Pending Disbursement
7.18 Ijara primary school		2,100,000	-	Pending Disbursement

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7.37 Ijara girls primary sch		600,000	-	Pending Disbursement
7.38 Khalangai derow primary sch		1,700,000	-	Pending Disbursement
7.39 Tokile township primary		1,700,000	-	Pending Disbursement
7.4 Alijarire primary sch		1,700,000	-	Pending Disbursement
7.41 Maderto primary sch		1,189,442	-	Pending Disbursement
<b>8.0 Secondary Schools Projects</b>				
8.1 Hulugho boys secondary school		900,000	-	Pending Disbursement
8.2 Shurie secondary school		400,000	-	Pending Disbursement
8.3 Shurie secondary school		1,350,000	-	Pending Disbursement
8.5 Shurie secondary school		2,700,000	-	Pending Disbursement
8.6 Shurie secondary school		1,700,000	-	Pending Disbursement
8.7 Yussuf hajji girls secondary school		400,000	-	Pending Disbursement
9.0 Yussuf hajji girls sec sch		1,250,000	-	Pending Disbursement
9.6 Yussuf hajji girls sec sch		900,000	-	Pending Disbursement
9.7 Hulugho girls sec sch		920,000	-	Pending Disbursement
9.8 Shurie sec sch		500,000	-	Pending Disbursement
<b>Sub-Total</b>		<b>41,609,442</b>	<b>-</b>	<b>-</b>
<b>3.0 Emergency</b>				
3.1 Emergency		1,742,448	-	Pending Disbursement
<b>4.0 Bursary and Social Security</b>				
4.1 Primary Schools				
4.2 Secondary Schools		13,979,500	-	Pending Disbursement
4.3 Tertiary Institutions		5,720,500	-	Pending Disbursement
4.5 Social Security		840,000	-	Pending Disbursement



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<b>5.0 Sports</b>						
5.1 sport activities			448,309	-		Pending Disbursement
<b>6.0 Environment</b>						
6.1 Kosari primary school			600,000	-		Pending Disbursement
6.2 Kware police line			590,000	-		Pending Disbursement
6.7 Jalish primary			130,000	-		Pending Disbursement
6.8 Boma primary			260,000	-		Pending Disbursement
6.9 Hulugho primary			260,000	-		Pending Disbursement
6.1 Bothai primary			260,000	-		Pending Disbursement
<b>10.0 Security Projects</b>						
10.1 Ijara deputy county			1,900,000	-		Pending Disbursement
10.4 Masalani police camp			500,000	-		Pending Disbursement
<b>Sub-Total</b>			<b>27,230,757</b>	-		-
<b>11.0 Acquisition of assets</b>						
11.2 Construction of CDF office			400,000	-		Pending Disbursement
11.4 Purchase of computers			223,600	-		Pending Disbursement
<b>Sub-Total</b>			<b>623,600</b>	-		-
<b>13.0 Others</b>						
13.1 Strategic Plan			4,349,000	-		Pending Disbursement
<b>Sub-Total</b>			<b>4,349,000</b>	-		Pending Disbursement
<b>GRAND TOTALS</b>			<b>74,387,720</b>	-		-

***NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY***  
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – IJARA CONSTITUENCY**  
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**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 (shs) 2019/20
Buildings and structures	13,450,000	-	-	13,450,000
Office equipment, furniture and fittings	2,171,174	-	-	2,171,174
ICT Equipment, Software and Other ICT Assets		660,000	-	660,000
Other Machinery and Equipment	5,865,700	-	-	5,865,700
<b>Total</b>	<b>21,486,874</b>	<b>660,000</b>	<b>-</b>	<b>22,146,874</b>

