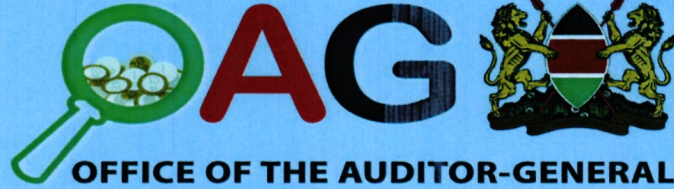
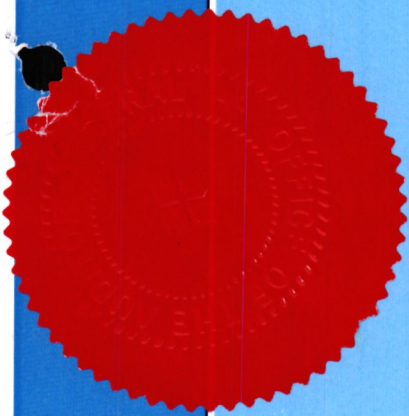


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DATE: 23 MAR 2022 WED (PM)

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CLERK-AT THE-TABLE:	14/20/20

REPORT

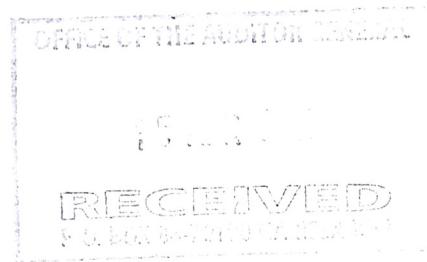
OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – BALAMBALA CONSTITUENCY

FOR THE YEAR ENDED 30 JUNE, 2020



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

REPORTS AND FINANCIAL STATEMENTS

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BALAMBALA CONSTITUENCY
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For the year ended June 30, 2020**

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BALAMBALA CONSTITUENCY
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For the year ended June 30, 2020**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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)
BALAMBALA CONSTITUENCY
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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 BALAMBALA 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 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Yussuf Kilas Aden
2.	Sub-County Accountant	Victor N. Muindi
3.	Chairman NGCDFC	Bishar Abdi HUSsein
4.	Member NGCDFC	Abdi Shale Bulle

(d) Fiduciary Oversight Arrangements

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

P O Box 418 – 70100,
Sub-County Education Office - Balambala
Garissa – Balambala Road
GARISSA, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BALAMBALA CONSTITUENCY
Reports and Financial Statements
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(f) NGCDF BALAMBALA Constituency Contacts

Telephone: (254) 723 504 365
E-mail: cdfbalambala@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF BALAMBALA Constituency Bankers

1. Equity Bank
Garissa Branch
Account Number: 058026858022
P.O. Box 700 - 70100
Garissa, Kenya

2. Chase Bank
Garissa Branch
Account Number: 8212210001
Garissa, Kenya

(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)
BALAMBALA CONSTITUENCY
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For the year ended June 30, 2020**

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Balambala NG-CDF had been allocated Kshs. 137,367,724 in the financial year 2019/2020. The committee were able to implement most of the projects earmarked during the financial year. The constituency has received Kshs. 115,304,712 from the NG-CDF Board that includes money for 2018/2019 and for 2019/2020.

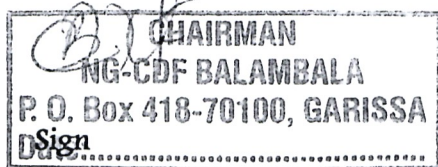
The committee has worked tirelessly to ensure projects are completed in good time and disbursed funds to the intended beneficiaries to ensure efficient utilisation of the available funds.

During the financial year under review a good number of proposed approved projects have been implemented that includes construction of new classrooms, renovations of classrooms, administration blocks, and staff houses.

NG-CDF as a development fund had achieved a lot at the constituency level but is faced with numerous challenges that included political interference, lack of enough funds to complete projects.

During wards meetings community members expressed concern that most youth have been left out in the procurement of works hence asked the NGCDFC to assist them by asking the project management committees to consider and give priority to youth in order for them improve on the financial capability.

From the observation in the implementation of the fund there is need to sensitize the public on NG-CDF mandate and functions to enhance youth's participation in development of projects.



CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BALAMBALA 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-BALAMBALA Constituency's 2018-2022 plans are to:

- a) Improve the quality of education by constructing classrooms
- b) Improve security in the constituency through creation of police stations
- c) Improve on the environmental hazards in schools
- d) Empowerments of youths through creation of youth programmes

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> ✓ number of usable physical infrastructure built in primary, secondary, and tertiary institutions ✓ number of bursary beneficiaries at all levels 	<ul style="list-style-type: none"> ✓ we have increased number of classrooms, dormitories, laboratories in schools ✓ Bursary beneficiaries at levels disbursed.
Security	Improve security status in the constituency	Improved security centres and housing for the officers	<ul style="list-style-type: none"> ✓ number of physical station and staff houses ✓ increased number of officers in the stations ✓ reduced crime rates in the constituency 	<ul style="list-style-type: none"> ✓ increased number of staff houses from 1-3 ✓ improved two police stations and 2 chief offices ✓ reduction in number of arrests in the constituency

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BALAMBALA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Environment	Improve on the environmental hazards in the constituency	<ul style="list-style-type: none">✓ Reduction in human waste✓ Increased afforestation✓ Reduction in littered waste	<ul style="list-style-type: none">✓ building of toilets in the schools and other government institutions✓ Planting of trees in schools✓ Construction of dump sites	<ul style="list-style-type: none">✓ Built 6 number toilets in schools and 4 number toilets in police stations✓ Planted trees 4 schools✓ Constructed 2 dumping sites
Sports	Empowerments of youths through sports tournaments	<ul style="list-style-type: none">✓ Development of youth talents✓ Build the morale of youths✓ Reduction of crimes through engagements in sports activities	<ul style="list-style-type: none">✓ Formation of sport clubs and playgrounds✓ Award of trophies	<ul style="list-style-type: none">✓ Increased number of clubs from 4 to 16✓ Purchased trophies, football kits✓ Increased number of youths engaging in sports
Disaster Management	Reduce and mitigate natural disasters	<ul style="list-style-type: none">✓ Capacity build the community on disaster preparedness through timely weather forecast information	<ul style="list-style-type: none">✓ Timely purchase of water tanks and animal feeds✓ Timely destocking of excess livestock	<ul style="list-style-type: none">✓ Purchased water tanks for storage✓ Purchased animal feeds for storage

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – BALAMBALA Constituency exists to transform lives of the community living in all the areas within the constituency. The driving force behind the achievements of the constituency strategic goals 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

Balambala constituency has implemented its strategic plan in order to improve quality of lives. The strategies implemented in the constituency to uplift the standards of its residence includes, providing employment to the locals. Training of pmcs,ngcdf and its staff on financial management is done within the constituency

Balambala ngcdf undertakes empowerment projects targeting youths, women and persons with disability.

2. Environmental performance

Balambala national government constituency development engages other stakeholders to promote environmental programmes through construction of public toilets and waste management by developing waste management units.

3. Employee welfare

Employees being an important pillar in the development of ngcdf programmes, Balambala ngcdf provides conducive working environment through provision of office space and clean working environment.

The ngcdf undertakes training of its staff on financial management, public procurement, project management, monitoring and evaluation, gender mainstreaming and HIV and AIDS on regular basis.

The staffs are provided with gratuity to motivate and build their trust in the organization.

During the covid 19 pandemic, the office provided essential supplies including face mask and hand sanitizes to its staff.

4. Market place practices

Balambala ngcdf provides competitive public procurement practices by enabling strict adherence to public procurement and disposal Act 2015.this was made possible by advertising all tenders on public notice boards, website and news papers.

Balambala ngcdf ensures that suppliers and contractors are paid upon completion and submission of the necessary documents. The office further placed suggestion box to report on corruption cases so that immediate action can be taken.the office made sure that all tenders are prepared in English language in order to avoid misinterpretation by suppliers.

5. Community Engagements

Balambala national government constituency development fund engages its operational activities in public participation especially during the identification of projects for preparation of projects proposals.

It also enhances community participation by creating an awareness campaigns on bursary application in conducting public barazas in all wards in the constituency.

Balambala ngcdf promotes CSR through construction of classrooms, staff houses in both the schools and police posts.

Balambala ngcdf undertakes annual sport tournaments through provision of sport kits and rewarding of the winning teams with trophies. This helped in engaging the youth in sport activities thus reducing criminal activities in the constituency. It also encouraged the youths to develop their talents.

Balambala ngcdf holds public meeting especially y when matters of security is to be discussed

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BALAMBALA 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, 2013 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.

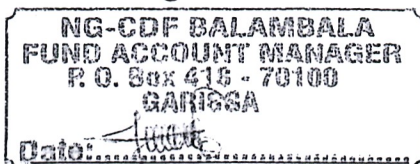
The Accounting Officer in charge of the NGCDF-BALAMBALA Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year (period) ended on June 30, 2020. 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-BALAMBALA 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 fund's 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 fund's financial position as at that date. The Accounting Officer charge of the NGCDF-BALAMBALA Constituency further confirms the completeness of the accounting records maintained for the fund, 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.

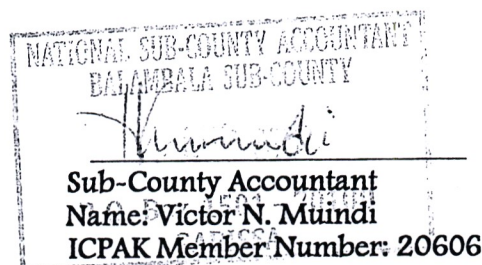
The Accounting Officer in charge of the NGCDF-BALAMBALA Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the fund'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-BALAMBALA Constituency financial statements were approved and signed by the Accounting Officer on 29/08/ 2020.



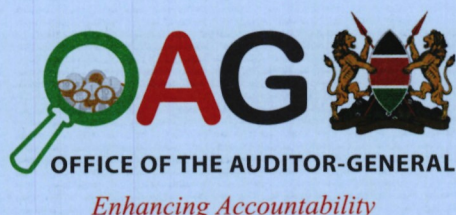
**Fund Account Manager
Name: Yussuf Kilas Aden**



**Sub-County Accountant
Name: Victor N. Muindi
ICPAK Member Number: 20606**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 – BALAMBALA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Balambala Constituency set out on pages 12 to 41, which comprise the statement of financial assets and liabilities as at 30 June, 2020 statement of receipts and payments, statement of cash flows and 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 – Balambala Constituency as at 30 June, 2020 and 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

Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.101,532,498 as at 30 June, 2020. However, included in this balance is an amount of Kshs.23,891,044 relating to Chase Bank account number 8212210001. As reported in earlier years' reports, the balances were not supported with bank reconciliation statements, cashbook or a bank certificate because the bank was under receivership. In April, 2018, the Central Bank announced that the State Bank of Mauritius would acquire certain assets and matched liabilities from Chase Bank after being placed under receivership on 07 April, 2016. However, the Management did not provide evidence of

efforts made or follow up with the State Bank of Mauritius or the Kenya Deposit Insurance Corporation for the funds held.

Consequently, the Fund may have lost Kshs.23,891,044 disclosed as part of bank balances.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund – Balambala 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 Matter

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

Basis for Conclusion

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.274,093,845 and Kshs.196,989,958 respectively resulting to an under funding of Kshs.77,103,887 or 28% of the budget.

Similarly, the actual expenditure reflects a balance of Kshs.95,457,460 against an approved budget of Kshs.274,093,845 resulting to an under-expenditure of Kshs.178,636,386 or 65% of the budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the constituents of Balambala Constituency.

2.0 Project Implementation Status

During the year under review and according to the project implementation status report, the Board approved a budget of Kshs.125,004,629 for implementation of thirty seven (37) projects. However, an analysis revealed that only twenty six (26) projects worth Kshs.51,682,975 were complete while five (5) projects worth Kshs.49,936,595 were ongoing and six (6) projects worth Kshs.23,385,058 had not been implemented.

The underperformance in project implementation affected the planned activities and may have impacted negatively on service delivery to the citizens.

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 the 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.

1.0 Unutilized Project

Included in the other grants and transfers figure of Kshs.42,467,084 under Note 5 to the financial statements for the year ended 30 June, 2020, is Kshs.8,532,327 for security expenditure. The Kshs.8,532,327 expenditure includes an amount of Kshs.1,267,327 being the second disbursement in respect of completion of construction of Chiefs/District Officer's office at Kuno Location with a contract sum of Kshs.3,100,000. However, a physical verification done in the month of March, 2021 established that although the project had been completed, it was not put into use and was depreciating through wear and tear.

The project may not have achieved the intended objective and constituents may not get value for money spent.

2.0 Constituency Oversight Committee

During the year under review, Management had not appointed a Constituency Oversight Committee, contrary to Section 54(1) of the National Government Constituencies Development Fund Act, 2015 which requires that a Constituency Oversight Committee be appointed for every National Government Constituencies Development Fund.

In the circumstances, the Fund 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, except for the matter 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

Unsupported Project Management Committees Bank Balances

The financial statements under Annex 5 reflects twenty two (22) Project Management Committees (PMC) bank balances totalling to Kshs.3,900,000 as at 30 June, 2020. However, the fund did not provide for audit bank reconciliations and bank certificates for the twenty two (22) bank accounts to confirm these balances. Further, Management did not disclose additional ten (10) Project Management Committees (PMC) bank balances under Annex 5 to the financial statements.

In the circumstances, the existence of an effective project control and monitoring mechanism cannot be established.

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 continue 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional 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 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

17 February, 2022

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

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	115,304,712	107,673,483
TOTAL RECEIPTS		115,304,712	107,673,483
PAYMENTS			
Compensation of employees	2	1,925,639	1,658,040
Use of goods and services	3	8,790,837	6,185,995
Transfers to Other Government Units	4	42,273,899	21,507,570
Other grants and transfers	5	42,467,084	34,222,919
TOTAL PAYMENTS		95,457,460	63,574,524
SURPLUS/DEFICIT		19,847,252	44,098,959

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BALAMBALA Constituency financial statements were approved on 29/08/2020 and signed by:

NG-CDF BALAMBALA
 FUND ACCOUNT MANAGER
 P. O. Box 418 - 70100
 GARISSA
 Date: 29/08/2020

Fund Account Manager.....
 Name: Yussuf Kilas Aden

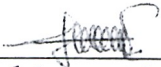
NATIONAL SUB-COUNTY ACCOUNTANT
 BALAMBALA SUB-COUNTY
 Name: Victor N. Muindi
 ICPAK Member Number: 20606

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

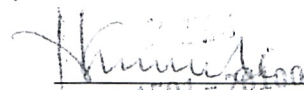
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6	101,532,498	81,685,246
Total Cash and Cash Equivalents		101,532,498	81,685,246
Current Receivables			
Outstanding Imprests		-	-
TOTAL FINANCIAL ASSETS		101,532,498	81,685,246
FINANCIAL LIABILITIES			
Accounts Payable-Retention			
NET FINANCIAL ASSETS		101,532,498	81,685,246
REPRESENTED BY			
Fund balance b/fwd 1st July...	7	81,685,246	37,586,287
Surplus/Deficit for the year		19,847,252	44,098,959
NET FINANCIAL POSITION		101,532,498	81,685,246

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BALAMBALA Constituency financial statements were approved on 29/08/2020 and signed by:



Fund Account Manager
Name: Yussuf Kilas Aden



Sub-County Accountant
Name: Victor N. Muindi
ICPAK Member Number: 20606

NGCDF BALAMBALA
FUND ACCOUNT MANAGER
P.O. Box 418 - 70100
GARISSA
Date:.....

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

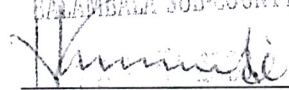
IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	115,304,712	107,084,483
Other Receipts		-	589,000
		115,304,712	107,673,483
Payments for operating expenses			
Compensation of Employees	2	1,925,639	1,658,040
Use of goods and services	3	8,790,837	6,185,995
Transfers to Other Government Units	4	42,273,899	21,507,570
Other grants and transfers	5	42,467,084	34,222,919
		95,457,460	63,574,524
Adjusted for:			
Decrease/(Increase) in Accounts receivable			
Increase/(Decrease) in Accounts Payable		-	-
Net Adjustments		-	-
Net cash flow from operating activities		19,847,252	44,098,959
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets			-
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		19,847,252	44,098,959
Cash and cash equivalent at BEGINNING of the year	7	81,685,246	37,586,287
Cash and cash equivalent at END of the year	6	101,532,498	81,685,246

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BALAMBALA Constituency financial statements were approved on 29/08/2020 and signed by:

NG-CDF BALAMBALA
 FUND ACCOUNT MANAGER
 P.O. Box 410 - 70100
 GARISSA
 Date: 29/08/2020

Fund Account Manager
Name: Yussuf Kilas Aden

NATIONAL SUB-COUNTY ACCOUNTANT
 BALAMBALA SUB-COUNTY

Sub-County Accountant
Name: Victor N. Muindi
ICPAK Member Number: 20606

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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	136,726,121	274,093,845	196,989,958	77,103,887	71.9%
TOTAL RECEIPTS	137,367,724	136,726,121	274,093,845	196,989,958	77,103,887	71.9%
PAYMENTS						
Compensation of Employees	2,709,672	3,713,648	6,423,320	1,925,639	4,497,681	30.0%
Use of goods and services	9,653,423	9,718,638	19,372,061	8,790,837	10,581,224	45.4%
Transfers to Other Government Units	58,270,679	65,838,179	124,108,858	42,273,899	81,834,959	34.1%
Other grants and transfers	54,733,950	57,305,656	112,039,607	42,467,084	69,572,522	37.9%
Acquisition of Assets	12,000,000	-	12,000,000	-	12,000,000	0.0%
Other Payments	-	150,000	150,000	-	150,000	0.0%
TOTAL	137,367,724	136,726,121	274,093,845	95,457,460	178,636,386	34.8%

NB. Underutilization was as a result of delayed disbursement of funds that was received end of financial year

NG-CDF BALAMBALA
 FUND ACCOUNT MANAGER
 P. O. BOX 410 - 70100
 GARUSSA

Fund Account Manager
 Name: Yussuf Kilas Aden

NG-CDF BALAMBALA
 FUND ACCOUNT MANAGER
 P. O. BOX 410 - 70100
 GARUSSA

Sub-County Accountant
 Name: Victor N. Muindi
 ICPAK Member Number: 20606

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BALAMBALA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,709,672	3,713,648	6,423,320	1,925,639	4,497,681
1.2 Committee allowances	2,532,391	2,221,522	4,753,913	2,563,774	2,190,139
1.3 Use of goods and services	3,000,000	2,640,340	5,640,340	2,605,837	3,034,503
Sub-Total	8,242,063	8,575,510	16,817,573	7,095,250	9,722,323
2.0 Monitoring and evaluation					
2.1 Capacity building	1,200,000	2,802,188	4,002,188	3,441,226	560,962
2.2 Committee allowances	2,321,032	809,588	3,130,620	180,000	2,950,620
2.3 Use of goods and services	600,000	1,245,000	1,845,000	-	1,845,000
Sub-Total	4,121,032	4,856,776	8,977,808	3,621,226	5,356,582
3.0 Emergency					
3.1 Primary Schools	7,189,241	4,853,374	12,042,615	3,050,000	8,992,615
Sub-Total	7,189,241				

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

4.0 Bursary and Social Security		4,853,374	12,042,615	3,050,000	8,992,615
4.2 Secondary Schools	19,000,000	9,245,157	28,245,157	9,245,157	19,000,000
4.3 Tertiary Institutions	15,000,000	15,000,000	30,000,000	15,000,000	15,000,000
4.4 NHIF Cover		-	-		-
4.5 Social Security		-	-		-
Sub-Total	34,000,000	24,245,157	58,245,157	24,245,157	34,000,000
5.0 Sports	2,747,354	294,740	3,042,094	-	3,042,094
Sub-Total	2,747,354	294,740	3,042,094	-	3,042,094
6.0 Environment					
6.1 Environment	-	3,880,818	3,880,818	-	3,880,818
Sub-Total	-	3,880,818	3,880,818	-	3,880,818
7.0 Primary Schools Projects					
Balambala Primary School	2,500,000	-	2,500,000	-	2,500,000
Raya Primary School	1,400,000	-	1,400,000	-	1,400,000
Raya Primary School	600,000	-	600,000	-	600,000
Jarajara Primary School	2,000,000	-	2,000,000	-	2,000,000
Abdisamad Primary School	2,000,000	-	2,000,000	-	2,000,000
Saka Primary School	2,500,000				

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

			-	2,500,000	-	2,500,000
Qabobey Primary School	1,900,000		-	1,900,000		1,900,000
Abdi Gab Primary School	1,900,000		-	1,900,000		1,900,000
Bulla Mobile Primary School	2,500,000		-	2,500,000		2,500,000
Derderey Primary School	1,900,000		-	1,900,000		1,900,000
Hirbaya Primary School	1,900,000		-	1,900,000		1,900,000
Lebiley Primary School	1,900,000		-	1,900,000	1,900,000	-
Raya NEYAD Primary School	1,900,000		-	1,900,000		1,900,000
Balich Primary School	2,000,000		-	2,000,000		2,000,000
Karbuna Primary School	1,900,000		-	1,900,000		1,900,000
Dololowein Primary School	2,500,000		-	2,500,000		2,500,000
Ashadin Primary School	2,000,000		-	2,000,000		2,000,000
Lago Primary School	2,000,000		-	2,000,000		2,000,000
Danyere Primary School	1,000,000		-	1,000,000		1,000,000
Sankuri Primary School	300,000		-	300,000		300,000
Balambala Primary School	300,000		-	300,000		300,000
Saka Primary School	332,975		-	332,975		332,975

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

Balambala Sub County Education Office	537,704	-	537,704	-	537,704
Sikley Primary School	-	2,000,000	2,000,000	2,000,000	-
Mudey Primary School	-	2,500,000	2,500,000	2,500,000	-
Kone Primary School	-	2,000,000	2,000,000	2,000,000	-
Balich Primary School	-	2,000,000	2,000,000	25,000	1,975,000
Dogob Primary School	-	2,000,000	2,000,000	2,000,000	-
Balambala Primary School	-	2,000,000	2,000,000	25,000	1,975,000
Kasha Primary School	-	1,900,000	1,900,000	1,900,000	-
Kasha Primary School	-	600,000	600,000	600,000	-
Hadley Primary School	-	1,900,000	1,900,000	1,900,000	-
Nunow Primary School	-	1,900,000	1,900,000	1,900,000	-
Ohio Primary School	-	1,900,000	1,900,000	1,900,000	-
Ture Primary School	-	1,900,000	1,900,000	1,900,000	-
Mathahlibah Primary School	-	1,900,000	1,900,000	25,000	1,875,000
Hagarjarer Primary School	-	4,200,000	4,200,000	-	4,200,000
Daley Primary School	-	2,000,000	2,000,000	25,000	1,975,000
Dololo Midi Primary School	-	-	-	-	-

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

			1,900,000	1,900,000	1,900,000	-
Shimbirey Primary School	-	2,000,000	2,000,000	2,000,000	2,000,000	-
Libahlow Primary School	-	185,000	185,000	185,000	185,000	-
Hirbaya Primary School	-	277,027	277,027	277,027	277,027	-
Kuno Primary School	-	155,000	155,000	155,000	155,000	-
Hifow Primary School	-	30,000	30,000	30,000	30,000	-
Shebtaad Primary School	-	390,000	390,000	390,000	390,000	-
Hirbaya Primary School	-	4,180,000	4,180,000	4,180,000	4,180,000	-
Nunow Primary School	-	2,080,000	2,080,000	2,080,000	2,080,000	-
Auliya primary school	-	1,500,000	1,500,000	1,500,000	1,500,000	-
Qabobey primary school	-	1,800,000	1,800,000	1,800,000	1,800,000	-
Sub-Total	37,770,679	45,197,027	82,967,706	27,227,027	55,740,679	
8.0 Secondary Schools Projects						
Danyere Secondary School	2,500,000	-	2,500,000	-	2,500,000	-
Danyere Secondary School	4,000,000	-	4,000,000	-	4,000,000	-
Danyere Secondary School	2,000,000	-	2,000,000	-	2,000,000	-
Danyere Secondary School	5,000,000	-	5,000,000	-	5,000,000	-
Sankuri Secondary School	7,000,000	-	-	-	-	-

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

Sankuri Girls Secondary School	-	-	7,000,000	7,000,000	-
Danyere Secondary School	-	1,800,000	1,800,000	1,800,000	-
Rahole Girls Secondary School	-	2,000,000	2,000,000	25,000	1,975,000
Saka Girls Secondary School	-	1,900,000	1,900,000	1,900,000	-
Balambala Secondary School	-	2,000,000	2,000,000	2,000,000	-
Danyere Secondary School	-	2,000,000	2,000,000	2,000,000	-
Danyere Secondary School	-	255,000	255,000	255,000	-
Danyere Secondary School	-	66,872	66,872	66,872	-
Balambala Secondary School	-	119,280	119,280	-	119,280
Sub-Total	20,500,000	10,141,152	30,641,152	15,046,872	15,594,280
9.0 Tertiary institutions Projects					
9.1 Balambala technical training institute	-	10,000,000	10,000,000	-	10,000,000
Sub-Total	-	10,000,000	10,000,000	-	10,000,000
10.0 Health institutions Projects					
10.1 Abdisamat dispensary	-	500,000	500,000	-	500,000
Sub-Total	-	500,000	500,000	-	500,000
11.0 Security Projects					

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

Jarajara Police Post	-	700,000	700,000	700,000	-
Balambala chief's office	-	750,000	750,000	750,000	-
Raya chief's office	-	750,000	750,000	750,000	-
Kuno chiefs offices	-	3,100,000	3,100,000	1,307,327	1,792,673
Modika RDU Camp	-	1,100,000	1,100,000	1,100,000	-
Jarajara Police Post	-	165,000	165,000	165,000	-
Saka Police Post	-	165,000	165,000	165,000	-
Saka Police Post	-	50,000	50,000	50,000	-
Deputy County Commissioners Office	-	400,000	400,000	400,000	-
Deputy County Commissioners Official Residence	-	985,000	985,000	985,000	-
Saka Administration Police Camp	-	1,780,000	1,780,000	1,780,000	-
Modika RDU Camp	-	380,000	380,000	380,000	-
Modika RDU Camp	6,247,354	-	6,247,354	-	6,247,354
Modika RDU Camp	1,050,000	-	1,050,000	-	1,050,000
Modika RDU Camp	2,500,000	-	2,500,000	-	2,500,000
Modika RDU Camp	1,000,000	-	1,000,000	-	1,000,000
Sub-Total	10,797,354				

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

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-BALAMBALA 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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

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.

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.

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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 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

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 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
	AIE NO. B 005196		53,084,483
Normal Allocation	AIE NO. B 030164		10,000,000
	AIE NO. B 030348		10,000,000
	AIE NO. B 006288		6,000,000
	AIE NO. B 042709		12,000,000
	AIE NO. B 042979		16,000,000
	AIE NO. B 041396	46,604,712	
	AIE NO. B 047362	4,000,000	
	AIE NO. B 047801	18,000,000	
	AIE NO. B 049225	15,000,000	
	AIE NO. B 096528	16,000,000	
	AIE NO. B 104237	15,000,000	
	AIE NO. B 104140	700,000	
TOTAL		115,304,712	107,084,483

2. COMPENSATION OF EMPLOYEES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Basic wages of temporary employees	1,765,399	1,624,040
Personal allowances paid as part of salary	-	-
Employer contribution to NSSF	160,240	34,000
TOTAL	1,925,639	1,658,040

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3. USE OF GOODS AND SERVICES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Communication, supplies and services	32,000	-
Domestic travel and subsistence	17,000	-
Printing, advertising and information supplies & services	26,550	-
Training expenses	1,656,000	-
Hospitality supplies and services	250,200	-
Other committee expenses and allowances	5,409,000	1,637,200
Office and general supplies and services	1,141,360	998,795
Bank service commission and charges	60,427	-
Routine maintenance - vehicles and other transport equipment	198,300	3,550,000
TOTAL	8,790,837	6,185,995

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Transfers to Primary Schools	27,227,027	15,580,000
Transfers to Secondary Schools	15,046,872	5,927,570
TOTAL	42,273,899	21,507,570

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5. OTHER GRANTS AND OTHER PAYMENTS

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Bursary - Secondary	9,245,157	10,604,000
Bursary -Tertiary	15,000,000	2,943,000
Security	8,532,327	11,305,000
Roads and Bridges	6,639,600	-
Sports	-	3,585,260
Emergency Projects	3,050,000	5,785,659
TOTAL	42,467,084	34,222,919

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6. BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2019 - 2020	2018 - 2019
		Kshs (30/6/2020)	Kshs (30/6/2019)
<i>Equity Bank, Garissa Branch. Balambala NG-CDF</i>	<i>A/C no.0580268598022</i>	77,641,454	57,794,202
<i>Chase Ban, Garissa Branch</i>	<i>A/C no.8212210001</i>	23,891,044	23,891,044
TOTAL		101,532,498	81,685,246

7. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	81,685,246	81,685,246
Total	81,685,246	81,685,246

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8. UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	4,497,681	3,129,747
Use of goods and services	10,581,224	14,539,888
Amounts due to other Government entities (see attached list)	81,834,959	62,161,152
Amounts due to other grants and other transfers (see attached list)	69,572,522	58,006,334
Acquisition of assets	12,000,000	0
Others	150,000	0
	178,636,386	137,837,121

9. PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	-	-
	-	-

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

There were no accounts payables as at 30 June 2020

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

There were no accounts staff payable as at 30 June 2020

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		4,497,680.59		
Use of goods & services		10,581,224		
Amounts due to other Government entities				
Balambala Primary School		2,500,000		
Raya Primary School		1,400,000		
Raya Primary School		600,000		
Jarajara Primary School		2,000,000		
Abdisamad Primary School		2,000,000		
Saka Primary School		2,500,000		
Qabobey Primary School		1,900,000		
Abdi Gab Primary School		1,900,000		
Bulla Mobile Primary School		2,500,000		
Derderey Primary School		1,900,000		
Hirbaya Primary School		1,900,000		
Raya NEYAD Primary School		1,900,000		
Balich Primary School		2,000,000		
Karbuna Primary School		1,900,000		
Dololowein Primary School		2,500,000		
Ashadin Primary School		2,000,000		
Lago Primary School		2,000,000		
Danyere Primary School		1,000,000		
Sankuri Primary School		300,000		
Balambala Primary School		300,000		

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Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Saka Primary School		332,975		
Balambala Sub County Education Office		537,703.65		
Balich Primary School		1,975,000		
Balambala Primary School		1,975,000		
Mathahlibah Primary School		1,875,000		
Hagajjarer Primary School		4,200,000		
Daley Primary School		1,975,000		
Shebtaad Primary School		390,000		
Hirbaya Primary School		4,180,000		
Auliya primary school		1,500,000		
Qabobey primary school		1,800,000		
Danyere Secondary School		2,500,000		
Danyere Secondary School		4,000,000		
Danyere Secondary School		2,000,000		
Danyere Secondary School		5,000,000		
Danyere Secondary School		1,975,000		
Balambala Secondary School		119,280		
Balambala technical training institute		10,000,000		
Abdisamat dispensary		500,000		
Sub-Total		81,834,958.65		
Amounts due to other grants and other transfers				
Emergency		8,992,615.05		
Secondary Schools		9,000,000		
Tertiary Institutions		15,000,000		

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Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Sports		3,042,094.46		
Environment		3,880,817.51		
Kuno chiefs offices		1,792,672.72		
Modika RDU Camp		6,247,354.48		
Modika RDU Camp		1,050,000		
Modika RDU Camp		2,500,000		
Modika RDU Camp		1,000,000		
Garissa - Balambala Road		7,036,568.25		
Sankuri - Balich Road PMC		30,400		
	Sub-Total	69,572,522.47		
Acquisition of assets				
Construction of CDF office		12,000,000		
	Sub-Total	12,000,000		
Others (<i>specify</i>)				
Strategic Plan		500,000		
	Sub-Total	500,000		
	Grand Total	178,636,386		

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost Kshs 2019/2020	Additions during the year	Disposals during the year	Historical Cost Kshs 2018/2019
Transport equipment	8,050,270			8,050,270
Office equipment, furniture and fittings	2,395,629	-		2,395,629
Total	10,445,899	0	0	10,445,899

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Balambala secondary school	KCB	1267252707	2,000,000	–
Dololomidi primary school	EQUITY	0580279786175	–	–
Hadley primary school	EQUITY	0580279786114	–	–
Kasha primary school	EQUITY	0580279786065	–	–
Kasha primary school	EQUITY	0580279786065	–	–
Sankuri Girls Secondary school	EQUITY	0580279824247	–	–
Ohio primary school	EQUITY	0580279824689	–	–
Shimbir primary school	EQUITY	0580279834460	–	–
Mudey primary school	EQUITY	0580279860134	–	–
Ture primary school	EQUITY	0580279852399	–	–
Dogob primary school	EQUITY	0580177828132	–	–
Siqley primary school	EQUITY	0580279885973	–	–
Kone primary school	EQUITY	0580279886812	–	–
Nunow primary school	EQUITY	0580178213635	–	–
Labiley primary school	EQUITY	0580279888279	1,900,000	–
Sankuri secondary school	FCB	2977967901	–	–
Balambala chiefs office	EQUITY	0580179389435	–	–
Deputy county commissioners office official residence	EQUITY	0580179389435	–	–
Saka police post	EQUITY	0580179389435	–	–
Raya chiefs office	EQUITY	0580179389435	–	–
Kuno chief's/Do's office	EQUITY	0580179389435	–	–
Jarajara police post	EQUITY	0580179389435	–	–
TOTAL			3,900,000	–

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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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Cash and Cash Equivalents	The amount in chase bank could not be supported since the bank is under receivership.	Yussuf K. Aden FAM	Not Resolved	30 June 2021
2.	Transfer to Other Government Entities	Supporting documents will be provided	Yussuf K. Aden FAM	Not Resolved	30 June 2021
3	Other Grants and Transfers	Supporting documents will be provided	Yussuf K. Aden FAM	Not Resolved	30 June 2021
4	Use of Goods and Services	Supporting documents will be provided	Yussuf K. Aden	Not	30 June

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
			FAM	Resolved	2021
Other Matters 1	Budgetary Control and Performance	Was due to late disbursements	Yussuf K. Aden FAM	Not Resolved	30 June 2021
2	Lack of Fixed Asset Register		Yussuf K. Aden FAM	Not Resolved	30 June 2021