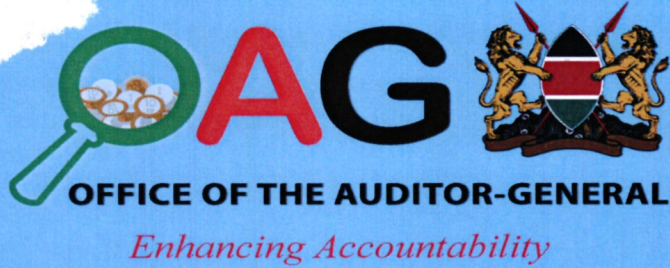
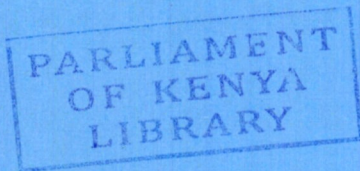


REPUBLIC OF KENYA



REPORT



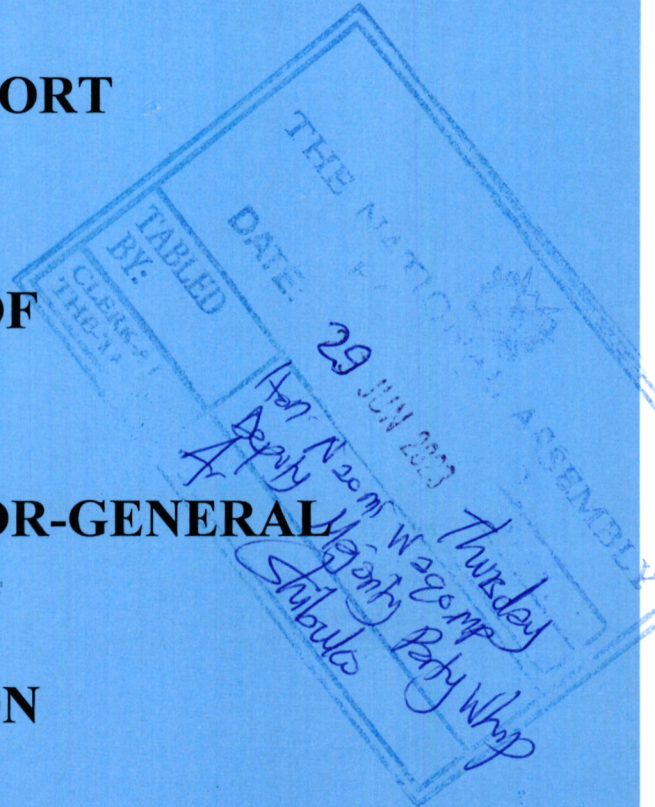
OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – GARISSA TOWNSHIP
CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2022**





OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGION
20 APR 2022
RECEIVED
P. O. BOX 88-70100 GARISA



GARISSA TOWNSHIP CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Table of Contents

	Page
I. Key Constituency Information and Management.....	iii
II. NG-CDFC Chairman’s Report	vi
III. Statement of Performance against Predetermined Objectives for FY2021/22	xi
IV. Environmental and Sustainability Reporting.....	xiii
V. Statement of Management Responsibilities.....	xvii
VI. Report of the Independent Auditors on the NGCDF- Garissa Township Constituency.....	xix
VII. Statement of Receipts and Payments for the Year Ended 30th June 2022	1
VIII. Statement of Assets and Liabilities as At 30th June, 2022	2
IX. Statement of Cash Flows for the Year Ended 30th June 2022	3
X. Summary Statement of Appropriation for the Year Ended 30th June 2022.....	4
X. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022.....	6
XI. Significant Accounting Policies	11
XII. Notes to the Financial Statements	15

I. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

***Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022***

- 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

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.

**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Functions of NG-CDF Committee

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

1.	A.I.E holder	Hassan Billow Ismail
2.	Sub-County Accountant	Mohamed A. Adan
3.	Chairman NGCDFC	Siyad Hared
4.	Member NGCDFC	Noor Moulid

(d) Fiduciary Oversight Arrangements

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

**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

(e) Garissa Township Constituency NGCDF Headquarters

P.O. Box 800-70100
Opposite A.I.C Church
Kismayu Rd
Garissa, KENYA

(f) Garissa Township Constituency NGCDF Contacts

Telephone: (254) 0723283423
E-mail: hismail@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) Garissa Township Constituency NGCDF Bankers

Equity Bank
Branch Garissa
P.O Box

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. NG-CDFC Chairman's Report

(One to two pages)

Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

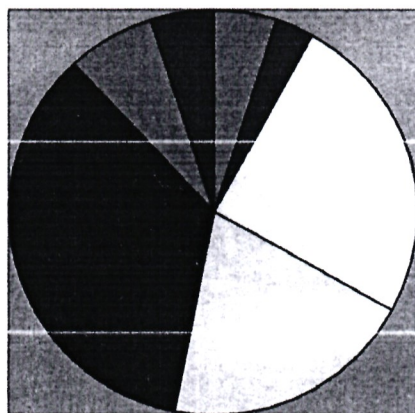
SIYAD MUHUMED

Garissa Township national government constituency development funds as mandated by NG-cdf act, prioritized on projects for funding during the financial year 2021/2022. The committee after carrying out the needed assessments and in consultation with other stake holders came up with projects for funding and forwarded to the board for approval. The following is the summary breakdown of proposed projects for funding during the financial year 2021/2022.

S/NO	PROPOSED NAME	AMOUNT ALLOCATED	%ALLOCATION
1.	Office administration	7,225,333.00	5
2.	Monitoring and evaluation	4,112,666.00	3
3.	Bursary	34,272,220.00	25
4.	Primary projects	27,086,454.00	20
5.	Secondary school projects	47,200,000.00	35
6.	Acquisition of assets	10,000,000.00	7
7.	Emergency projects	7,192,206.00	5
	TOTAL	137,088,879.00	100

**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Percentage of sector allocation



- OFFICE ADMINISTRATION
- MONITORING & EVALUATION
- BURSARY
- PRIMARY PROJECTS
- SECONDARY PROJECTS
- ASSETS

During the financial year the committee received amount of Kshs.168, 277,758.30 from the board that includes balances during last financial year 2020/21 and half of the allocation for 2021/22.

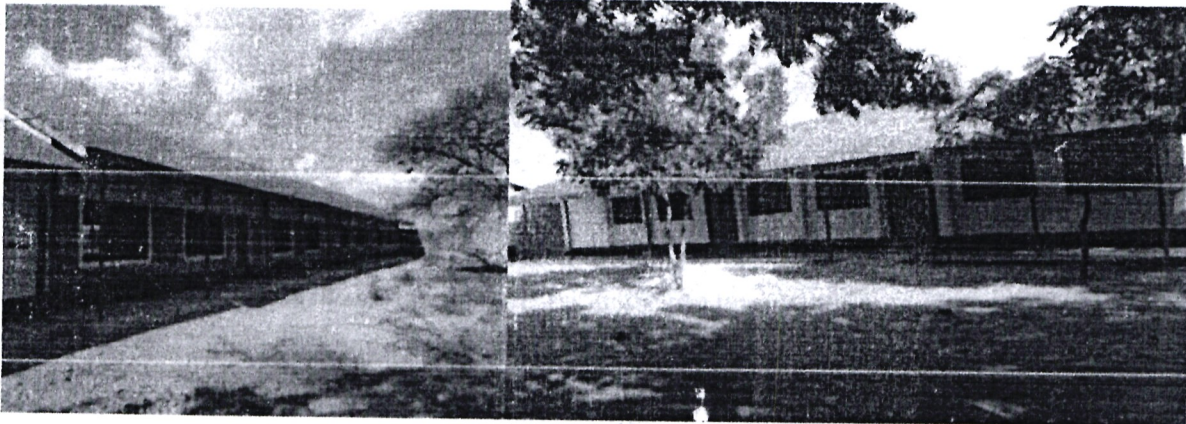
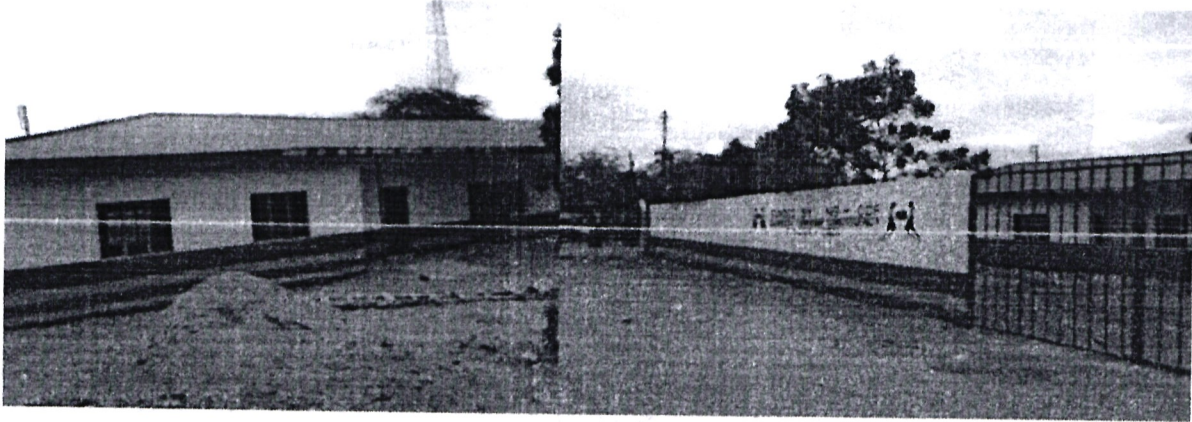
The committee further managed to disburse funds to both pmcs and other contractors and the expenditure is as follows:

ITEM	AMOUNT SPENT
Compensation of employees	379,400.00
Use of goods and services	7,595,000.00
Transfers to Other Government Units	136,828,232.00
Other grants and transfers	81,999,469.00
TOTAL PAYMENTS	226,802,101.00

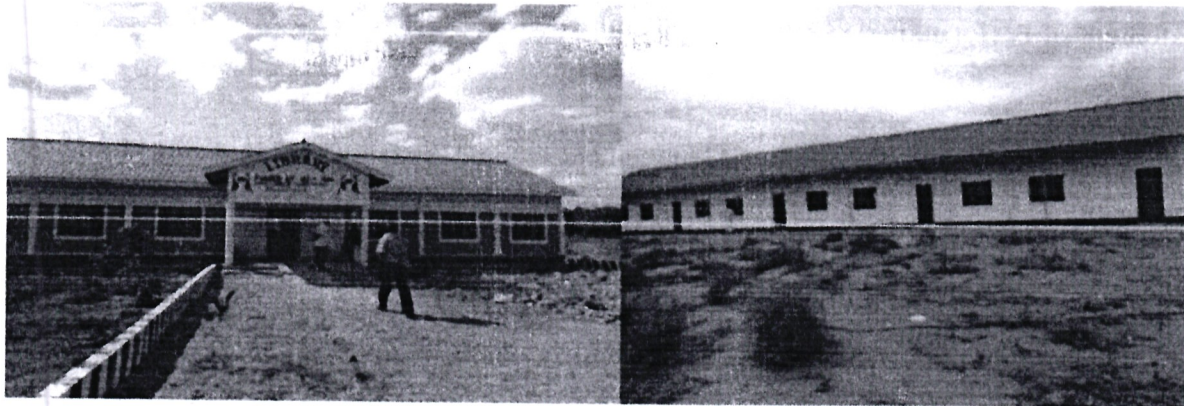
During the financial year there were several emergencies that occurred but the committee through its discretion managed to solve.

***Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022***

The following are some of the projects implemented by NG-CDF Garissa Township during 2021/2022 financial year.



Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022



However, there have been emerging issues like **political, economic, social, legal** and global challenges influencing the implementation of NG-CDF Project. Other issues that affected the project implementation process included the late disbursement of funds and time lapse to approval of projects. However, NG CDF Garissa Township managed to perform satisfactorily in terms of ensuring development programs are undertaken despite the said challenges. Included above find pictorial representation of budget expenditure against actual comparable implemented status and the absorption rate per expenditure categorization as incurred through the financial year 2021/2022

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line and a flourish.

.....
Siyad Muhumed
CHAIRMAN NGCDF COMMITTEE

Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

III. Statement of Performance against Predetermined Objectives for FY2021/22

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 **Garissa Township Constituency 2021-2022** plan are to: **(Enumerate all the objectives of the constituency as per the Strategic Plan)**

- a) To have all children of school going age attending school
- b) To ensure the community is secured
- c) To promote environmental conservation through installation of water gutters and water tanks to schools and police stations.
- d) To promote sporting and recreation facilities and provide sporting kits to the youths.
- e) To reduce or avoid, the potential losses from herds, assure prompt appropriate assistance to victims of disaster

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 Sector	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 build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	In FY 20/21 we increased number of classrooms, dormitories, laboratories etc. from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	To ensure the community is secured through construction of	Ensuring good cooperation with the security organs	Good working condition for the officers	We constructed new police offices and also renovated some office block

Garissa Township Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

	police posts and staff houses.			
Environment	promotes environmental conservation	Mobilise community to participate on tree planting exercise	Installation of water gutters and water tanks to schools and police stations.	Community tree planting
Sports	Promote sporting and recreation facilities.	Ensures that they are healthy and engaged to discourage their involvement in criminal activities.	Develops talents through annual sporting events.	We promoted 20 clubs within the constituency.
Emergency	To reduce or avoid ,the potential losses from hards,assure prompt appropriate assistance to victims of disaster,	Ensure community participation	Environmental change	We ensured fully participation of the community

IV. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

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

from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary programme engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

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

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels

FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

3. Employee welfare

We invest in providing the best working environment for our employees. Garissa Township Constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups.

We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

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

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

4. Market place practices-

Garissa Township Ngcdf Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn

V. Statement of Management Responsibilities

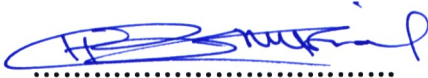
Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form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

The Accounting Officer in charge of the NGCDF-Garissa Township Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Garissa Township Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Garissa Township Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF Garissa Township Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external

*Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*



.....
Hassan Billow Ismail


FAM

**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

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

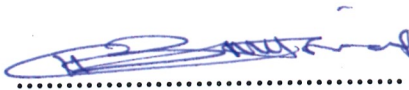
Approval of the financial statements

The NGCDF- Garissa Township Constituency financial statements were approved and signed by the Accounting Officer on 25/09/2022.


.....

Siyad Muhumed

Chairman – NGCDF Committee


.....

Hassan Billow Ismail

Finance Account Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – GARISSA TOWNSHIP CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Garissa Township Constituency set out on pages 1 to 25, which comprise of the statement of assets and liabilities as at 30 June, 2022 and

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

In my opinion, except for the 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 - Garissa Township Constituency as at 30 June, 2022 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 Public Finance Management Act, 2015 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

Unsupported Bursary Payments

The statement of receipts and payments reflects other grants and transfers payments and as disclosed in Note 6 to the financial statements Kshs.81,999,469 which includes bursary disbursements to secondary, tertiary institutions and special schools of Kshs.46,692,000, Kshs.14,156,000 and Kshs.230,000 respectively. However, examination of a sample of bursary disbursements revealed that bursary payments amounting to Kshs.2,800,000 were not supported by acknowledgement of receipt from the learning institutions. In addition, Management did not provide a soft copy of the list of beneficiaries to facilitate detailed audit analysis of the bursary payments.

In the circumstances, the accuracy of the bursary payments amounting to Kshs.2,800,000 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters which, 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 reflects final receipts budget and actual on comparable basis of Kshs.249,588,244 and Kshs.234,588,244 respectively, resulting in an underfunding of Kshs.15,000,000 (or 6%) of the budget. Similarly, the Management spent Kshs.226,802,101 against the actual receipts of Kshs.234,588,244, resulting into an under absorption of Kshs.7,786,143 (or 3%) of the actual receipts.

The under absorption affected the planned activities and may have impacted negatively on service delivery to the residents of Garissa Township Constituency.

2. Project Implementation Status

Analysis of the Project Implementation Status for the year under review revealed that the Management had budgeted to implement fifty-one (51) projects with a total allocation of Kshs.137,088,877. It was noted that forty-eight (48) projects were complete, (2) projects with a budget of Kshs.2,600,000 were incomplete but ongoing while one project with a budget of Kshs.7,400,000 had not started.

Failure to complete projects in time may have denied the residents of Garissa Township Constituency the intended services.

3. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022. Management did not provide reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Expenditure on Emergency Projects

The statement of receipts and payments reflects other grants and other payments of Kshs.81,999,469 as disclosed in Note 6 to the financial statements. Included in the payments is an expenditure of Kshs.9,692,206 in respect of emergency expenses.

However, one (1) project costing Kshs.2,500,000 did not meet the criteria for emergency as envisaged in Section 8(3) of the National Government Constituencies Development Fund Act, 2015 that defines emergency as an 'urgent' unforeseen need for expenditure for which it is in the opinion of the Committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. In addition, the utilization of the emergency reserve was not reported to the Board within thirty (30) days of the occurrence as required by Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

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

2. Lack of Constituency Oversight Committee

The Management did not establish the Constituency Oversight Fund Committee provided for under Section 53(1) of the National Government Constituencies Development Fund Act, 2015 which provides that there is established a Constituency Oversight Committee for projects undertaken under this Act.

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

3. Failure to Label Projects

Audit inspection carried out in the month of March, 2023 revealed that projects worth Kshs.13,800,000 that were completed did not have identification labels.

This was contrary to Regulation 11(1)(c) of the National Government Constituencies Development Fund Regulation, 2016 that requires constituency development committee to ensure projects are labeled in accordance with the guidelines issued by the Board.

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

4. Unapproved Over Expenditure

The summary statement of appropriation reflects expenditure of Kshs.81,999,469 on other grants and transfers against an approved budget of Kshs.62,579,846 resulting in over expenditure of Kshs.19,419,623 or 31% of the budgeted budget. This is contrary to Regulation 43(2) of the Public Finance Management (National Government) Regulations, 2015 that provides that National government entities shall execute their approved budgets based on the annual appropriation legislation and the approved annual cash flow plan with the exception of unforeseen and unavoidable spending dealt with through the Contingencies Fund or supplementary estimates.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the

financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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

1. Compensation of Employees

The statement of receipts and payments reflects compensation of employees of Kshs.379,400 as reflected under note 3 to the financial statements. The expenditure represented 18.9% of the total employee cost budget of Kshs.2,011,781, thus resulting to underutilization of Kshs.1,632,381 or 81.1% of the budgeted amount. Further, it was noted that the Constituency Committee had engaged only one employee, thus negatively impacting on project monitoring, evaluation, co-ordination and proper keeping of records. Management did not provide an explanation for the unrealistic provision in the budget for employee cost and the failure to engage adequate number of employees.

Inadequate staffing may have negatively affected project monitoring, evaluation, co-ordination and records management.

2. Summary of Fixed Assets Register

Annex 2 of the financial statements reflects a summary of fixed assets register with a balance of Kshs.850,000 as at 30 June, 2022. Although a fixed asset register was maintained, the register did not contain all key asset details including identification or serial numbers, acquisition date, description of asset, location, class, cost of acquisition, accumulated depreciation, net book value. The assets were also not tagged with identification codes.

In the circumstances, it was not possible to confirm the existence of effective internal controls on fixed assets.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 which would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

09 May, 2023

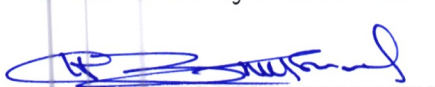
**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

VII. Statement of Receipts and Payments for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	168,277,758	160,267,724
Other Receipts	2	1,485,286	-
TOTAL RECEIPTS		169,763,044	160,267,724
PAYMENTS			
Compensation of employees	3	379,400	300,000
Use of goods and services	4	7,595,000	6,303,437
Transfers to Other Government Units	5	136,828,232	71,876,973
Other grants and transfers	6	81,999,469	77,263,241
TOTAL PAYMENTS		226,802,101	155,743,651
SURPLUS/DEFICIT		(57,039,057)	4,524,073

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved on 25/09/2022 and signed by:



Fund Account Manager

Hassan B. Ismail



**National Sub-County
Accountant**

Mohamed A. Adan



**Chairman NG-CDF
Committee**

Siyad Muhumed

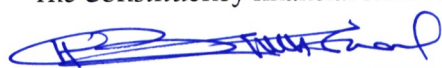
*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

VIII. Statement of Assets and Liabilities as At 30th June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7A	7,786,143	64,825,199
Total Cash and Cash Equivalents		7,786,143	64,825,199
TOTAL FINANCIAL ASSETS		7,786,143	64,825,199
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
NET FINANCIAL ASSETS		7,786,143	64,825,199
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	64,825,199	59,759,715
Prior year adjustments	9	-	541,412.00
Surplus/Deficit for the year		(57,039,057)	4,524,073
NET FINANCIAL POSITION		7,786,142	64,825,200

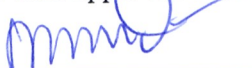
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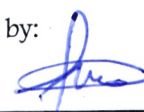
Fund Account Manager

Hassan B. Ismail



**National Sub-County
Accountant**

Mohamed A. Adan



**Chairman NG-CDF
Committee**

Siyad Muhumed

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

IX. Statement of Cash Flows for the Year Ended 30th June 2022

		2021-2022		2020-2021	
		Kshs	Kshs	Kshs	Kshs
Receipts from operating activities					
Transfers from NGCDF Board	1	168,277,758		160,267,724	
Other Receipts	2	1,485,286		-	
		169,763,044		160,267,724	
Payments for operating activities					
Compensation of Employees	3	379,400		300,000	
Use of goods and services	4	7,595,000		6,303,437	
Transfers to Other Government Units	5	136,828,232		71,876,973	
Other grants and transfers	6	81,999,469		77,263,241	
		226,802,101		155,743,651	
Prior year Adjustments	-	-		541,412.00	
Net Adjustments	-	-		541,412.00	
Net cash flow from operating activities		(57,039,057)		5,065,485	
NET INCREASE IN CASH AND CASH EQUIVALENT		(57,039,057)		5,065,485.00	
Cash and cash equivalent at BEGINNING of the year	7A	64,825,200		59,759,715.00	
Cash and cash equivalent at END of the year		7,786,143		64,825,200	

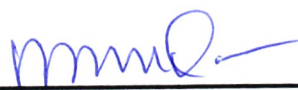
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved on 25/09/2022 and signed by:



Fund Account Manager

Hassan B. Ismail



**National Sub-County
Accountant**

Mohamed A. Adan



**Chairman NG-CDF
Committee**

Siyad Muhumed

**Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS		Opening Balance (C/Bk) and AIA				
Transfers from NG-CDF Board	137,088,879	47,674,165	249,588,244	234,588,244	15,000,000	94.0%
TOTAL RECEIPTS	137,088,879	47,674,165	249,588,244	234,588,244	15,000,000	94.0%
PAYMENTS						
Compensation of Employees	2,011,781	-	2,011,781	379,400	1,632,381	18.9%
Use of goods and services	9,326,218	-	10,258,948	7,595,000	2,663,948	74.0%
Transfers to Other Government Units	74,286,454	31,986,298	147,003,232	136,828,232	10,175,000	93.1%
Other grants and transfers	41,464,426	8,339,885	62,579,846	81,999,469	(19,419,623)	131.0%
Acquisition of Assets unallocated fund	10,000,000	7,347,982	25,000,000	-	25,000,000	0.0%
		-	2,734,437	-	2,734,437	
TOTAL	137,088,879	47,674,165	249,588,244	226,802,101	22,786,143	90.9%

Uwizuba rwashyamba constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Description	Amount
Budget utilisation difference totals	22,786,143
Less undisbursed funds receivable from the Board as at 30 th June 2022	(15,000,000)
	7,786,143
Cash and Cash Equivalents at the end of the FY 2021/2022	7,786,143

The Constituency financial statements were approved on 25/09/ 2022 and signed by:



Fund Account Manager

Hassan B. Ismail



National Sub-County Accountant

Mohamed A. Adan



Chairman NG-CDF Committee

Siyad Muhumed

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

X. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget(a)	Adjustments(b)	Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(=d/c %)
		Opening Balance (C/Bk) and AIA	2021/2022	30/06/2022		
		Previous years Outstanding Disbursements	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,011,781	-	2,011,781	379,400	1,632,381	19
1.2 Committee allowances	2,567,270	732,730.00	3,300,000	3,300,000	-	100
1.3 Use of goods and services	2,646,282	-	2,646,282	1,105,000	1,541,282	42
Total	7,225,333	732,730	7,958,063	4,784,400	3,173,663	60
2.0 Monitoring and evaluation						
2.1 Capacity building	1,200,000	200,000.00	1,400,000	1,400,000	-	100
2.2 Committee allowances	2,432,666	-	2,432,666	1,367,000	1,065,666	56
2.3 Use of goods and services	480,000	-	480,000	423,000	57,000	88
Total	4,112,666	200,000	4,312,666	3,190,000	1,122,666	74
3.0 Emergency						
3.1 Primary Schools	7,192,206	2,500,000.00	9,692,206	9,692,206	-	100
Total	7,192,206	2,500,000	9,692,206	9,692,206	-	100
4.0 Bursary and Social Security						
4.1 Secondary Schools	34,272,220	-	34,582,105	46,692,000	(12,109,895)	135
4.2 Tertiary Institutions	-	9,046,272.00	6,846,272	14,156,000	(7,309,728)	207

Garissa Township constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

4.3 Special Needs	-	-	230,000	-	230,000	230,000	-	-	-
Total	34,272,220	9,046,272	(1,660,115)	41,658,377	61,078,000	(19,419,623)	-	147	
5.0 Primary Schools Projects									
ADC Primary School	800,000	-	-	800,000	600,000	200,000	75		
Garissa Primary School	800,000	3,246,164.00	2,153,836	6,200,000	5,400,000	800,000	87		
Hyuga Girls Primary School	2,000,000	-	-	2,000,000	2,000,000	-	100		
Hyuga girls primary school	500,000	-	-	500,000	-	500,000	-		
Iftin Primary School	500,000	-	-	500,000	500,000	-	100		
Iftin Primary School	3,600,000	-	-	3,600,000	3,600,000	-	100		
Jarroi primary school	2,000,000	-	-	2,000,000	-	2,000,000	-		
Nasib primary school	800,000	-	-	800,000	-	800,000	-		
Tetu primary school	500,000	-	-	500,000	-	500,000	-		
Tetu primary school	2,786,454	-	-	2,786,454	2,786,454	-	100		
Yathrib primary school	500,000	-	-	500,000	-	500,000	-		
Yathrib primary school	3,600,000	-	-	3,600,000	3,600,000	-	100		
Yathrib primary school	800,000	-	-	800,000	-	800,000	-		
Al-faroug Primary School	600,000	-	-	600,000	-	600,000	-		
Al-fatah primary school	2,000,000	-	-	2,000,000	2,000,000	-	100		
Boystown primary school	800,000	680,074.00	2,519,926	4,000,000	4,000,000	-	100		
Bulla Rahma primary school	2,000,000	-	-	2,000,000	2,000,000	-	100		
Iftin Primary School	-	3,100,000.00	4,000,000	7,100,000	7,100,000	-	-		
Kazuko Girls primary school	-	1,000,000.00	2,000,000	3,000,000	3,000,000	-	100		
Sarbul primary	-	2,000,000.00	-	2,000,000	2,000,000	-	-		
Bulla Adey pri	-	1,500,000.00	-	1,500,000	1,500,000	-	-		
Sarbul primary	2,000,000	-	-	2,000,000	2,000,000	-	100		

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Garissa Primary School	500,000	-	-	-	500,000	-	-	500,000	-
Total	27,086,454	11,526,238	10,673,762	49,286,454	42,086,454	7,200,000	-	85	-
6.0 Secondary Schools Projects									
County High School	6,000,000.00	-	-	6,000,000	6,000,000	-	-	100	-
County High School	2,500,000.00	-	-	2,500,000	2,500,000	-	-	100	-
County High School	625,000.00	-	-	625,000	500,000	125,000	-	80	-
Garissa High School	5,000,000.00	-	-	5,000,000	5,000,000	-	-	100	-
Garissa High School	2,500,000.00	-	-	2,500,000	2,500,000	-	-	100	-
Garissa High School	625,000.00	-	-	625,000	625,000	-	-	100	-
Garissa High School	800,000.00	-	-	800,000	800,000	-	-	100	-
Garissa Special School	2,000,000.00	-	-	2,000,000	2,000,000	-	-	100	-
Ifitin Girls Secondary School	3,600,000.00	-	-	3,600,000	3,600,000	-	-	100	-
Ifitin Girls Secondary School	800,000.00	-	-	800,000	-	800,000	-	-	-
Nep Girls Sec.School	800,000.00	-	-	800,000	800,000	-	-	100	-
Nep girls sec. school	625,000.00	-	-	625,000	600,000	25,000	-	96	-
Sambul secondary School	625,000.00	-	-	625,000	500,000	125,000	-	80	-
Tetu secondary school	1,000,000.00	-	-	1,000,000	1,000,000	-	-	100	-
Tumaini Secondary School	1,000,000.00	-	-	1,000,000	1,000,000	-	-	100	-
Umu-salama Girls Sec. School	2,500,000.00	-	-	2,500,000	2,000,000	500,000	-	80	-
Umu-salama Girls Sec.School	800,000.00	-	-	800,000	-	800,000	-	-	-
Yathrib Girls Sec .school	800,000.00	-	-	800,000	200,000	600,000	-	25	-
Yathrib Girls Secondary School	7,400,000.00	-	-	7,400,000	7,400,000	-	-	100	-
Garissa special for the Deaf	-	2,304,242.00	-	437,536	2,741,778	-	-	100	-
Boyston Sec.school	-	3,600,000.00	-	9,500,000	13,100,000	-	-	100	-
County High School	-	-	-	6,000,000	6,000,000	-	-	100	-

**Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Garissa High School	-	3,600,000.00	875,000	4,475,000	4,475,000	-	100
Sambul Sec. school	-	2,000,000.00	-	2,000,000	2,000,000	-	100
Nep girls sec. school	-	2,200,000.00	-	2,200,000	2,200,000	-	100
Tetu secondary school	-	3,600,000.00	-	3,600,000	3,600,000	-	100
Tumaini Secondary School	-	5,000,000.00	-	5,000,000	5,000,000	-	100
Tumaini Secondary School	-	1,000,000.00	-	1,000,000	1,000,000	-	100
sambul sec. school	-	1,100,000.00	-	1,100,000	1,100,000	-	100
Garissa High School	4,500,000	-	-	4,500,000	4,500,000	-	100
Tumaini Secondary School	2,700,000	-	-	2,700,000	2,700,000	-	100
County High School	-	4,800,000.00	4,500,000	9,300,000	9,300,000	-	100
Total	47,200,000	29,204,242	21,312,536	97,716,778	94,741,778	2,975,000	97
10.0 Security Projects							
County Administration police office complex	-	-	10,000,000	10,000,000	10,000,000	-	100
Child protection unit	-	1,229,263.00	-	1,229,263	1,229,263	-	100
Total	-	1,229,263	10,000,000	11,229,263	11,229,263	-	100
11.2 Construction of CDF office	-	7,652,018.00	7,347,982	15,000,000	-	15,000,000	-
11.3 Purchase of furniture and equipment	10,000,000	-	-	10,000,000	-	10,000,000	-
Total	10,000,000	7,652,018	7,347,982	25,000,000	-	25,000,000	-
13.0 unallocated fund							
Unapproved projects	-	1,249,151.00	-	1,249,151	-	1,249,151	-
PMC savings	-	1,485,286.00	-	1,485,286	-	1,485,286	-
Total	-	2,734,437	-	2,734,437	-	2,734,437	-
	137,088,879	64,825,200	47,674,165	249,588,244	226,802,101	22,786,143	91

***Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022***

(NB: This statement is a disclosure statement indicating the utilisation in the same format as the entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury

XI. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-Garissa Township 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.

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Significant Accounting Policies continued

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on xx June 20xx for the period 1st July 2021 to 30th June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

14. Errors

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

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

15. Related Party Transactions

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

XII. Notes to the Financial Statements

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

1. Transfers from NGCDF Board

Description		
NGCDF Board	-	-
AIE NO.B124821	-	54,367,724
AIE NO.B124746	-	5,000,000
AIE NO.B124934	-	25,000,000
AIE NO.B119789	-	13,000,000
AIE NO.B128079	-	6,900,000
AIE NO.B128389	-	6,000,000
AIE NO.B132134	-	6,000,000
AIE NO.B138802	-	13,000,000
AIE NO.B126097	-	6,000,000
AIE NO.B126387	-	10,000,000
AIE NO.B140533	-	15,000,000
AIE NO.B	31,188,879	-
AIE NO.B105432	6,800,000	-
AIE NO.B132494	5,000,000	-
AIE NO.B128805	16,000,000	-
AIE NO.B154003	17,000,000	-
AIE NO.B154296	31,088,879	-
TOTAL	168,277,758.30	160,267,724

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Other Receipts

Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	1,485,286	541,412
Other Receipts Not Classified Elsewhere	-	-
Total	1,485,286	541,412

3. Compensation of Employees

NG-CDFC Basic staff salaries	376,600	290,400
Personal allowances paid as part of salary	-	-
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	-	-
Employee contribution to NHIF Schemes	-	7,200
Employer Contributions Compulsory national social security schemes	2,800	2,400
Total	379,400	300,000

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Use of Goods and Services

Bank service commission and charges	35,000	50,000
Utilities, supplies and services	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	1,400,000	-
Hospitality supplies and services	-	-
Electricity	-	-
Water and sewerage charges	-	-
Office rent	423,000	454,437
Other committee expenses	-	951,000
Committee allowance	3,300,000	4,100,000
Office and general supplies and services	470,000	-
Other operating expenses	600,000	748,000
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
Total	7,595,000	6,303,437

*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Notes To the Financial Statements (Continued)

5. Transfer To Other Government Units

Transfers To Primary Schools (See Attached List)	42,086,454	18,300,000
Transfers To Secondary Schools (See Attached List)	94,741,778	46,576,973
Transfers To Tertiary Institutions (See Attached List)	-	7,000,000
Total	136,828,232	71,876,973

6. Other Grants and Other transfers

Bursary – secondary schools (see attached list)	46,692,000	43,357,000
Bursary – tertiary institutions (see attached list)	14,156,000	19,008,000
Bursary – special schools (see attached list)	230,000	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	11,229,263	-
Sports projects (see attached list)	-	-
Environment projects (see attached list)	-	-
Emergency projects (see attached list)	9,692,206	14,898,241
Total	81,999,469	77,263,241

7: Cash Book Bank Balance

7A: Bank Accounts (Cash Book Bank Balance)	(30/06/2022)	(30/06/2021)
Garissa Township NG-CDF, Account No. 0580261988646- Equity bank	7,786,142.88	64,825,200
Total	7,786,142.88	64,825,200
7 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-

*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Other Locations (Specify)	-	-
Total	-	-

8. Balances Brought Forward

Bank accounts	64,825,199.70	59,759,715
Cash in hand	-	-
Imprest	-	-
Total	64,825,199.70	59,759,715

9. Other Important Disclosures

91: Unutilized Fund (See Annex 1)

Compensation of employees	1,632,381	1,000,000
Use of goods and services	2,663,948	1,883,422
Amounts due to other Government entities (see attached list)	10,175,000	51,941,778
Amounts due to other grants and other transfers (see attached list)	(19,419,623)	10,000,000
Acquisition of assets	25,000,000	-
Others(specify)	-	-
Funds pending approval	2,734,437	-
Total	22,786,143	64,825,200

Garissa Township Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

Annexes

Annex 1 – Unutilized Fund

Programme/Sub-programme	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
	2021/2022	2020/2021	2019/2020	
	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent				
Compensation of employees	1,632,381.00	1,000,000	-	Pending Disbursement
Subtotals	1,632,381.00	1,000,000	-	
Use of goods and services	2,663,948.00	1,883,422	-	Pending Disbursement
Subtotals	2,663,948.00	1,883,422	-	
7.0 Primary Schools Projects				
7.1 ADC Primary School	200,000.00	-	-	Pending Disbursement
7.2 Garissa Primary School	800,000.00	-	-	Pending Disbursement
7.3 hyuga Primary School	500,000.00	-	-	Pending Disbursement
7.6 jarriot Primary School	2,000,000.00	-	-	Pending Disbursement
7.8 nasib Primary School	800,000.00	-	-	Pending Disbursement
7.10 tetu Primary School	500,000.00	-	-	Pending Disbursement
7.11 yathrib Primary School	500,000.00	-	-	Pending Disbursement
7.12 yathrib Primary School	800,000.00	-	-	Pending Disbursement
7.13 al-farouq Primary School	600,000.00	-	-	Pending Disbursement
7.14 garissa Primary School	500,000.00	-	-	Pending Disbursement
7.15 boystown Primary School	-	200,000.00	-	Pending Disbursement
7.16 iftin Primary School	-	100,000.00	-	Pending Disbursement
7.17 kazuko girls Primary School	-	500,000	-	Pending Disbursement
7.18 sambul Primary School	-	500,000	-	Pending Disbursement

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

7.19 bulla adey Primary School	-	500,000	-	Pending Disbursement
8.0 Secondary Schools Projects				
8.1 iftin girls Secondary School	800,000.00	-	-	Pending Disbursement
8.2 county high School	125,000.00	9,300,000.00	-	Pending Disbursement
8.3 county high School	-	6,000,000.00	-	Pending Disbursement
8.5 sambul sec School	125,000.00	3,100,000.00	-	Pending Disbursement
8.7 garissa special school for the deaf	-	2,741,778.00	-	Pending Disbursement
9.0 nep girls high school	25,000.00	2,200,000.00	-	Pending Disbursement
9.3 boystown sec school	-	5,000,000	-	Pending Disbursement
9.6 garissa Secondary School	-	4,475,000.00	-	Pending Disbursement
9.12 tetu Secondary School	-	3,600,000.00	-	Pending Disbursement
9.13 tumaini boys Secondary School	-	5,000,000.00	-	Pending Disbursement
9.14 tumaini boys Secondary School	-	2,500,000	-	Pending Disbursement
9.15 umusalama Secondary School	1,300,000.00	3,000,000	-	Pending Disbursement
9.16 yathrib girls Secondary School	600,000.00	3,225,000	-	Pending Disbursement
Sub-total	10,175,000.00	51,941,778	-	
3.0 Emergency				
3.1 Emergency	-	2,500,000.00	-	Pending Disbursement
4.0 Bursary And Social Security	-		-	
4.2 Secondary Schools	(12,109,895.00)		-	Pending Disbursement
4.3 Tertiary Institutions				
4.4 special needs	-	-		
10.0 Security Projects				Pending Disbursement
10.1 county adm police office complex	-	7,500,000.00	-	Pending Disbursement
child protection unit	-	-		Pending Disbursement

Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

11.1 sports	-	-	-	Pending Disbursement
12.1 environment	-	-	-	Pending Disbursement
unapproved projects	2,734,437.00	-	-	Pending Disbursement
purchase of furniture	10,000,000.00	-	-	Pending Disbursement
construction of cdf office	15,000,000.00	-	-	Pending Disbursement
Sub-total	8,314,814.00	10,000,000	-	
Grand totals	22,786,143.00	64,825,200	-	

Annex 2 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs)
	2020-2021			2021-2022
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	850,000	-	-	850,000
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	850,000	-	-	850,000

*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Annex 3 –PMC Bank Balances As At 30th June 2022

PMC	Bank	Bank Balance	Bank Balance
		2021-2022	2020-2021
Yathrib Girls Sec. School	EQUITY BANK		Nil
County AP Office Complex	EQUITY BANK		Nil
Garissa Special School	EQUITY BANK		Nil
Tetu Secondary school	EQUITY BANK		Nil
Nep Girls secondary school	EQUITY BANK		Nil
County High school	EQUITY BANK		Nil
Garissa High-school	EQUITY BANK		Nil
Garissa High School	EQUITY BANK	Nil	
Nep girls sec. school	EQUITY BANK	Nil	
County High School	EQUITY BANK	Nil	
ADC Primary School	EQUITY BANK	Nil	
Al-farouq Primary School	EQUITY BANK	Nil	
Al-fatah primary school	EQUITY BANK	Nil	
Bostown primary school	EQUITY BANK	Nil	
Bulla Rahma primary school	EQUITY BANK	Nil	
Garissa Primary School	EQUITY BANK	Nil	
Hyuga Girls Primary School	EQUITY BANK	Nil	
Hyuga girls primary school	EQUITY BANK	Nil	
Tumaini Boys Sec. school	EQUITY BANK	Nil	
Jarivot primary school	EQUITY BANK	Nil	

*Garissa Township constituency
National Government Constituencies Development Fund(NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Annex 4: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/GSA/AU DIT/VOL.11(5)	Financial statements errors and inaccuracies	The above error has already been rectified	Resolved	30 th June, 2021
	Cash and cash equivalents	The Error has since been corrected and December 2020 bank reconciliation which was not provided during the audit period is now available	Resolved	30 th June,2021
	Budget and budget control	Delay in project implementation was due to delays in funding from the board	Resolved	30 th June,2021
	Unsupported bursary expenditure to tertiary institutions and secondary school	The NGCDF Chairman took the matter serious and visited the institutions which did not submit the receipt on time and are now available for verification	Resolved	30 th June,2021
	Office and general supplies misclassification	The error has since been corrected and now provided for verification	Resolved	30 th June,2021

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Hassan Billow Ismail
Fund Account Manager.