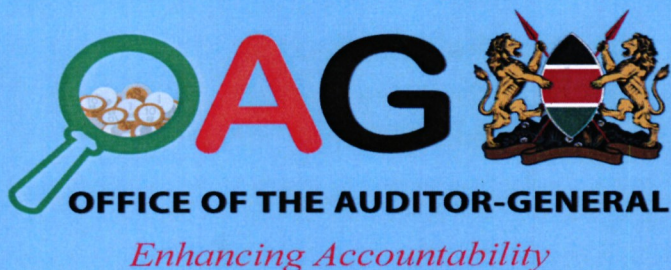



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 REPORT NATIONAL ASSEMBLY	
DATE: 04 JUL 2023	DAY: TUE
TABLED BY: OF	HON. OKEN BATH, CBS, MP Deputy Leader of Majority
CLERK-AT THE-TABLE:	WZDFU MAKALE

THE AUDITOR-GENERAL

ON

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

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



OFFICE OF THE AUDITOR GENERAL
NORTH EASTERN REGIONAL OFFICE
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GARSEN 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)



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

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I. Key Constituency Information and Management

(a) Background information

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

Mandate

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

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

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

- 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

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

Functions of NG-CDF Committee

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

(b) Key Management

The GARSEN CONSTITUENCY NGCDF day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)

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

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:

No	Designation	Name
1.	A.I.E holder	Bungale Masudi Bungale
2.	Sub-County Accountant	Ramadhan Katana Zungi
3.	Chairman NGCDFC	Daud Dube Mukullo
4.	Member NGCDFC	Warda Mbwana Mohamed

(d) Fiduciary Oversight Arrangements

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

(e) GARSEN CONSTITUENCY NGCDF Headquarters

P.O. Box 48-80201

Garsen

Minjila town

Junction of Malindi, Lamu & Garissa Road

(f) GARSEN CONSTITUENCY NGCDF Contacts

Telephone: 0726076840

E-mail: cdfgarsen@ngcdf.go.ke

Website: www.go.ke

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(g) GARSEN CONSTITUENCY NGCDF Bankers

KCB Bank
Garsen Branch
P.o Box 54-80201
Garsen

(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

GARSEN CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

II. NG-CDFC Chairman's Report

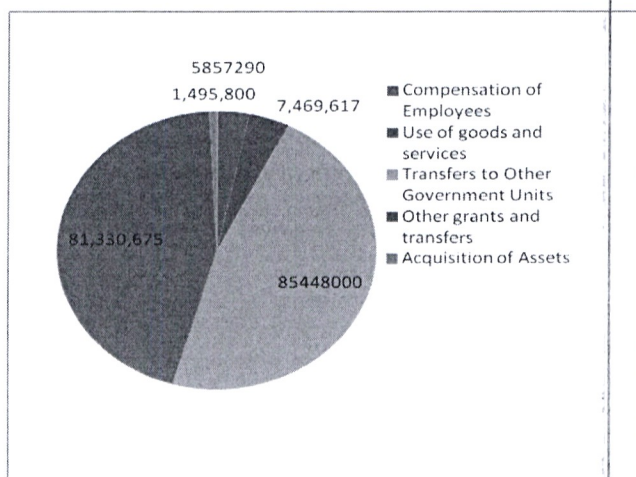


I am pleased to forward the Financial Statements and Reports for NGCDF Garsen Constituency for the period ended 30th June 2022.

The actual receipts from the NGCDF Board for the referred period were Kshs. 182,177,758.30 which represents 100% the total annual Project Proposal Budget for the FY 2021/2022. The actual final budget for the referred period was Kshs. 190,200,079 backed up by an Adjustment (cashbook opening balances) of Kshs 8,022,321

Total expenditure for the period was 181,601,205 which is equivalent to 95.5% of the actual final budget closing with a cashbook balance of Kshs. 8,599,874.

Budget allocations for the period have been summarized in a pie-chart as captured below



As depicted in the pie-chart, education has remained a major priority as it takes a lion's share of the entire budget totalling Kshs 85,448,000 being for education infrastructure projects such as construction of classrooms, dormitories, libraries, laboratories, administration blocks, ablution blocks among others and 49,296,727 being bursaries for needy and bright students both in secondary and tertiary institutions of learning.

Coming in second as a major beneficiary of the funds allocation is security which is understandable due to the perennial threats posed by Al-Shahab in the open porous sea at Kipini Delta and Witu area which borders Boni forest.

Environment allocation has gone a long way to conserve the environment through implementation of projects such as construction of VIP toilets to improve waste disposal.

Sports allocation has awoken talents harnessing for the youths as they engage in various sporting activities and competitions.

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National Government Constituencies Development Fund (NGCDF)

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

Emergency allocation has come in hand to arrest life threatening calamities mostly caused by mother nature that may not have been prior planned for as they are unforeseen in nature Administration allocation capacitates the committee to manage the fund efficiently and effectively.

2. PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION

The 95.5% level of project implementation was occasioned by speedy disbursement of funds by the Board as the first receipt of funds for the FY 2021-2022 budget was received in the month of September 2022.

PERENIAL ISSUES

Garsen Constituency suffers from pre-independence challenges of;

- Diseases, illiteracy and poverty
- Transport in most parts of the constituency is hampered by lack of good roads. The only exception is the Malindi Garissa and Minjila Lamu highways.
- Insecurity caused by Al Shahab terrorist activities.

As a result, the fund has continuously endeavoured to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students' sponsorship to various institutions of learning, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- Economic collapse caused by covid-19 pandemic
- Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- Ban on dawn to dusk fishing
- Ban on mangrove harvesting

Despite these challenges, NG-CDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broader and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and abject poverty.



.....
Daudi Dube Mukullo
CHAIRMAN NGCDF COMMITTEE

GARSEN 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 **GARSEN CONSTITUENCY 2018-2022** plan are to:

- a) To improve the quality of the socio-economic well-being of the marginalized and vulnerable local communities.
- b) To contribute in enhancing infrastructure improvement.
- c) To enhance education at all levels of learning in Garsen Constituency
- d) To promote conservation and management of the environment.
- e) To promote sporting activities in the constituency
- f) To contribute in reducing unemployment among the youth in the constituency
- g) To Promote social welfare programs in Garsen Constituency
- h) To improve security in Garsen Constituency
- i) To develop and sustain institutional capacity of Garsen Constituency NG-CDF Committee

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	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions Number of bursary's beneficiaries at all levels	In FY 21/22 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 improve	Increased	Number of	In FY 21/22 we

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

	security in the sub county	number of police posts and chiefs' offices and VIP toilets	chiefs' offices, police stations built.	built 8 chief's offices and 2 police posts,
Environment	To improve environmental conservation	Increased number of VIP toilets	Number of VIP toilets built.	to improve waste disposal
Sports	To harness youth talents and potential in the constituency	Reduced crime rate, number of youth participating in sports activities	Number of tournaments held	One tournament held in the constituency
Emergency	To cater for unforeseen occurrences in the sub county	Increased number of students not affected by drought and famine	Number of institution that got help from the fund	In FY 21/22 we supported students in bursaries, purchased sanitizers, and renovated schools that were unworthy for students to learn

IV. Environmental and Sustainability Reporting

GARSEN 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 GARSEN NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** GARSEN 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.

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

- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*

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

- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.*

3. Employee welfare

We invest in providing the best working environment for our employees. GARSEN 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. GARSEN 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-

GARSEN NGCDF Constituency is committed to fair and ethical market practises.

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

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-

GARSEN 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.

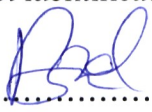
Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

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.

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



.....
Bungale Masudi Bungale

FAM

7. 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-Garsen 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-Garsen 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- GARSEN 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.

GARSEN CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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

Approval of the financial statements

The NGCDF- GARSEN CONSTITUENCY financial statements were approved and signed by the Accounting Officer on 11TH MARCH 2023.



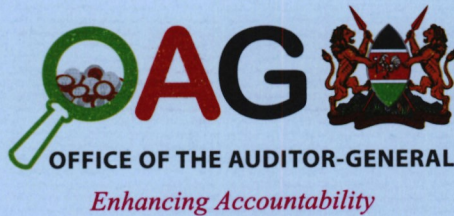
.....
Daudi Dube Mukullo
Chairman – NGCDF Committee



.....
Bungale Masudi Bungale
Fund Account Manager

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 - GARSEN 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 - Garsen Constituency set out on pages 1 to 34, 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

Report of the Auditor-General on National Government Constituencies Development Fund - Garsen Constituency for the year ended 30 June, 2022

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 effect 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 - Garsen Constituency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Unsupported Bursary Payments

The statement of receipts and payments reflects other grants and other transfers balance of Kshs.81,330,335 as disclosed in Note 5 to the financial statements, which includes bursary payments to secondary schools and tertiary institutions totalling to Kshs.49,296,727. However, bursary payments amounting to Kshs.16,139,307 disbursed to various institutions were not supported by acknowledgement letters or official receipts from the beneficiary institutions.

Further, cheque dispatch register provided for audit review did not indicate names, identifications numbers, date of collection and signature of the persons collecting the cheques. It was, therefore, not clear how the cheques were issued and dispatched to various institutions.

In the circumstances, the accuracy and completeness of bursary payments amounting to Kshs.16,139,307 for the year ended 30 June, 2022 could not be confirmed.

2. Misstated and Incomplete Summary of Fixed Asset Register

The summary of fixed asset register at annex 2 of the financial statements reflects fixed assets with a total historical cost of Kshs.18,522,515 as at 30 June, 2022. However, the recalculated total fixed assets balance was Kshs.20,166,125 resulting to an unexplained variance of Kshs.1,643,612. In addition, Management did not provide evidence to confirm that assets whose values may have significantly changed over time were revalued. Further, the value of the land was not disclosed in the summary of the fixed asset register and the ownership documents for the land were also not provided for audit review.

In the circumstances, the accuracy and completeness of the summary of fixed asset register balance of Kshs.18,522,515 as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Garsen 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. Budget Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.190,200,079, resulting to 100% funding. However, Management spent Kshs.181,600,205 against the actual amount received of Kshs.190,200,079 resulting to under absorption of Kshs.8,599,874 representing 4.5% of the amount received.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Delayed Implementation and Utilization of Projects

Review of the project implementation status report provided for audit review revealed that the Management had planned to implement sixty-five (65) projects at a total cost of Kshs.107,801,670 during the year under review out of which sixty-four (64) projects were completed, while one (1) project allocated Kshs.2,500,000 had not started by the time of the audit. No explanation was given for the failure to implement the project.

In addition, field inspection carried out on 10 March, 2023 established that construction of 3 roomed Chief's office with one office, meeting room and store to completion at Bilisa location at Kshs.2,000,000 was complete but not in use. It also had visible cracks on the corridor pointing to poor workmanship.

Failure to implement one project in time and utilize the completed project deny the constituents the intended desired services.

3. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, Management had not resolved the issues as at 30 June, 2022. No explanation has been provided by Management for failure to resolve the issues as required by the Public Sector Accounting Standards Board guidelines.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Report of the Auditor-General on National Government Constituencies Development Fund - Garsen the year ended 30 June, 2022

me to my attention to cause me to believe that public resources have not been fully and in an effective way.

Conclusion

Expenditure from Emergency Reserve

ment of receipts and payments reflects other grants and other transfers balance 1,330,335 which includes emergency expenditure of Kshs.7,556,043 as in Note 5 to the financial statements. However, review of documents revealed un-audited expenditures totalling to Kshs.1,929,582 in respect of bursaries and transfers to Kenya Revenue Authority remittance which are not emergency in nature. Contrary to the provisions of Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which defines emergency as an 'urgent' need for expenditure for which it is in the opinion of the committee that it is delayed until the next financial year without harming the public interest of the constituency.

In such instances, the Management was in breach of the law.

Label Projects

ment of receipts and payments reflected transfer to other Government units of Kshs.18,000 which includes transfers to primary schools of Kshs.62,040,000 as in Note 4 to the financial statements. However, field inspection carried out on 15/06/2023 revealed that projects implemented at a total cost of Kshs.3,000,000 were not labeled. This is contrary to the provisions of Regulation 11(1)(c) of the National Government Constituencies Development Fund Regulations, 2016 that requires constituency development committees to ensure that projects are labeled in accordance with the guidelines issued by the Board.

In such instances, the Management was in breach of the law.

Management Committee (PMC)

Work Plans and Handover Reports

For the year under review, the Management did not provide for audit review project management committee records including procurement plans and handover reports to the Constituency Development Committee for the completed projects implemented at a total cost of Kshs.6,800,000. This is contrary to Regulation 15(4b) which requires a PMC to submit work plans showing how it intends to utilize the funds given to it for the project and Regulation 15(2) which requires a PMC to prepare and submit reports to a Constituency Committee.

In such instances, the Management was in breach of the law.

Bank Balances for Completed Projects

Statement of assets reflects project management committees bank balances at 30 June, 2022, out of which an amount of Kshs.1,330,335 was held for completed projects. However, review of records

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