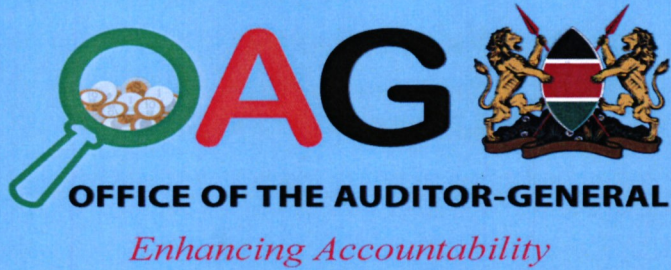



REPUBLIC OF KENYA



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

**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  
31 MAR 2023  
RECEIVED  
P. O. BOX 28-7100 GARSSA



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GARSEN CONSTITUENCY  
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2022

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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;

## **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) 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**

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ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 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](mailto:cdfgarsen@ngcdf.go.ke)

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

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

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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**

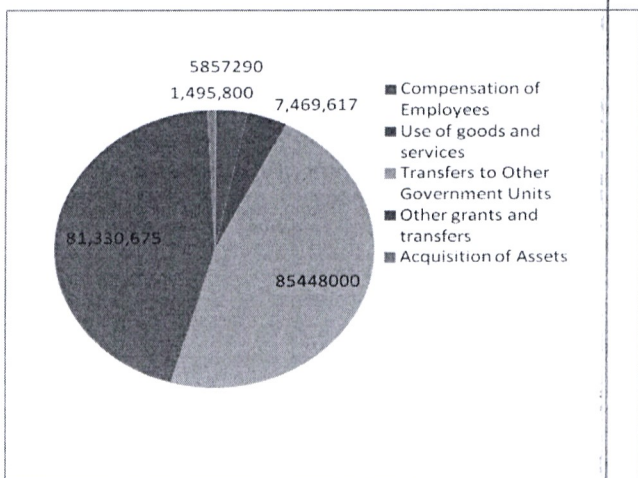


I am pleased to forward the Financial Statements and Reports for NGCDF Garsen Constituency for the period ended 30<sup>th</sup> June 2022.

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.

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

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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

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

**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	<b>One</b> 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.*

## **GARSEN CONSTITUENCY**

### **National Government Constituencies Development Fund (NGCDF)**

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

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- *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**

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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 11<sup>TH</sup> MARCH 2023.



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**Daudi Dube Mukullo**

**Chairman – NGCDF Committee**

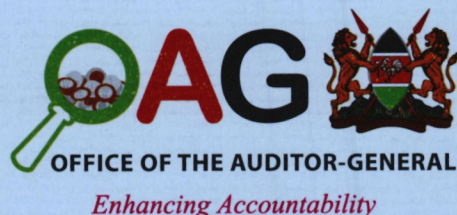


.....  
**Bungale Masudi Bungale**

**Fund Account Manager**

# REPUBLIC OF KENYA

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



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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

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### 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

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*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, the 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 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. Irregular Expenditure from Emergency Reserve**

The statement of receipts and payments reflects other grants and other transfers balance of Kshs.81,330,335 which includes emergency expenditure of Kshs.7,556,043 as disclosed in Note 5 to the financial statements. However, review of documents revealed that it included expenditures totalling to Kshs.1,929,582 in respect of bursaries and remittances to Kenya Revenue Authority remittance which are not emergency in nature. This is contrary to the provisions of Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which 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 the circumstances, the Management was in breach of the law.

### **2. Failure to Label Projects**

The statement of receipts and payments reflected transfer to other Government units of Kshs.85,448,000 which includes transfers to primary schools of Kshs.62,040,000 as disclosed in Note 4 to the financial statements. However, field inspection carried out on 10 March, 2023 revealed that projects implemented at a total cost of Kshs.3,000,000 were completed but 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 the circumstances, the Management was in breach of the law.

### **3. Project Management Committee (PMC)**

#### **3.1. Lack of Work Plans and Handover Reports**

During 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 prepare work plans showing how it intends to utilize the funds given to it for implementing the project and Regulation 15(2) which requires a PMC to prepare and submit handover reports to a Constituency Committee.

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

#### **3.2. Failure to Return Bank Balances for Completed Projects**

Annex 3 of the financial statements reflects project management committees bank balances of Kshs.22,776,717 as at 30 June, 2022, out of which an amount of Kshs.391,531 related to balances for completed projects. However, review of records

noted that the amounts had not been returned to the Constituency account as required by Section 12(8) of the National Government Constituencies Development Fund Act, 2015 that provides that all unutilized funds of the project management committee shall be returned to the Constituency account.

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

#### **4. Lack of Constituency Oversight Committee**

Review of records revealed that Management had not established a Constituency Oversight Fund Committee as required by 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.

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**

##### **Incomplete 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, review of the maintained asset register revealed that it lacked key information relating to the assets including identification or serial numbers, acquisition date, accumulated depreciation, net book value and assets tag identification codes.

In the circumstances, it was not possible to confirm that 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 the 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 to sustain its services.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.



I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 May, 2023

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

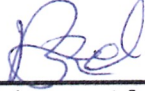
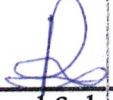

**Annual Report and Financial Statements for The Year Ended June 30, 2022**

vII. Statement Of Receipts and Payments for the Year Ended 30th June 2022

	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
<b>Receipts</b>			
Transfers From NGCDF Board	1	182,177,758	92,000,000
<b>Total Receipts</b>		<b>182,177,758</b>	<b>92,000,000</b>
<b>Payments</b>			
Compensation Of Employees	2	5,857,250	2,610,266
Use Of Goods and Services	3	7,468,817	8,118,118
Transfers To Other Government Units	4	85,448,000	72,534,960
Other Grants and Transfers	5	81,330,335	52,320,054
Acquisition Of Assets	6	1,495,803	-
		-	-
<b>Total Payments</b>		<b>181,600,205</b>	<b>135,583,398</b>
<b>Surplus/(Deficit)</b>		<b>577,553</b>	<b>(43,583,398)</b>

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 11<sup>TH</sup> MARCH 2023 and signed by:

 Fund Account Manager	 National Sub-County Accountant	 Chairman NG-CDF Committee
Bungale Masudi Bungale	Ramadhan Katana Zungi	Daudi Dube Mukullo

ICPAK M/No:23209

**GARSEN 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 30<sup>th</sup> June, 2022

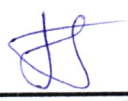
	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances (As Per the Cash Book)	7	8,599,874	8,022,321
<b>Total Cash and Cash Equivalents</b>		<b>8,599,874</b>	<b>8,022,321</b>
<b>Accounts Receivable</b>			
<b>Total Financial Assets</b>		<b>8,599,874</b>	<b>8,022,321</b>
<b>Financial Liabilities</b>			
<b>Accounts Payable (Deposits)</b>			
Gratuity	8	0	
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>
<b>Net Financial Assets</b>		<b>8,599,874</b>	<b>8,022,321</b>
<b>Represented By</b>			
Fund Balance B/Fwd	9	8,022,321	51,605,719
Prior Year Adjustments	10		
Surplus/Deficit for The Year		577,553	(43,583,398)
<b>Net Financial Position</b>		<b>8,599,874</b>	<b>8,022,321</b>

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 11<sup>TH</sup> MARCH 2023 and signed by:

  
Fund Account Manager

  
National Sub-County  
Accountant

  
Chairman NG-CDF  
Committee

Bungale Masudi Bungale

Ramadhan Katana Zungi

Daudi Dube Mukullo

ICPAK M/No:23209

**GARSEN 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**

	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
<b>Receipts From Operating Activities</b>			
Transfers From NGCDF Board	1	182,177,758	92,000,000
<b>Total Receipts</b>		<b>182,177,758</b>	<b>92,000,000</b>
Payments			
Compensation Of Employees	2	5,857,250	2,610,266
Use Of Goods and Services	3	7,468,817	8,118,118
Transfers To Other Government Units	4	85,448,000	72,534,960
Other Grants and Transfers	5	81,330,335	52,320,054
<b>Total Payments</b>		<b>180,104,402</b>	<b>135,583,398</b>
<b>Total Receipts Less Total Payments</b>		<b>2,073,356</b>	<b>(43,583,398)</b>
<b>Net Cash Flow from Operating Activities</b>		<b>2,073,356</b>	<b>(43,583,398)</b>
<b>Cashflow From Investing Activities</b>			
Acquisition Of Assets	6	(1,495,803)	
<b>Net Cash Flows from Investing Activities</b>		<b>(1,495,803)</b>	<b>(43,583,398)</b>
Net Increase In Cash And Cash Equivalent		<b>577,553</b>	<b>(43,583,398)</b>
<b>Cash &amp; Cash Equivalent At Start Of The Year</b>	<b>9</b>	<b>8,022,321</b>	<b>51,605,719</b>
<b>Cash &amp; Cash Equivalent At End Of The Year</b>	<b>9</b>	<b><u>8,599,874</u></b>	<b><u>8,022,321</u></b>

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

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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 11<sup>TH</sup> MARCH 2023 and signed by:



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**Fund Account Manager**

**Bungale Masudi Bungale**



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**National Sub-County  
Accountant**

**Ramadhan Katana Zungi  
ICPAK M/No: 23209**



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**Chairman NG-CDF  
Committee**

**Daudi Dube Mukullo**

**GARSEN 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 30<sup>th</sup> June 2022**

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements and Reallocation from previous Years	2021/2022	30/06/2022		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts							
Transfers From NGCDF Board	137,088,879	8,022,321	45,088,879	190,200,079	190,200,079	0	
<b>Totals</b>	<b>137,088,879</b>	<b>8,022,321</b>	<b>45,088,879</b>	<b>190,200,079</b>	<b>190,200,079</b>	<b>0</b>	<b>0%</b>
Payments							
Compensation Of Employees	5,200,000		3,062,051	8,262,051	5,857,250	2,404,801	70.9%
Use Of Goods and Services	7,137,999		335,818	7,473,817	7,468,817	5,000	99.9%
Transfers To Other Government Units	57,300,000	8,022,321	24,806,975	90,129,296	85,448,000	4,681,296	94.9%
Other Grants and Transfers	67,450,880		15,076,103	82,526,983	81,330,335	1,196,648	98.5%
Acquisition Of Assets			1,807,932	1,807,932	1,495,803	312,129	82.7%
Other Payments							
Funds Pending Approval**							0.0%
<b>Totals</b>	<b>137,088,879</b>	<b>8,022,321</b>	<b>45,088,879</b>	<b>190,200,079</b>	<b>181,600,205</b>	<b>8,599,874</b>	<b>95.5%</b>

The actual receipts from the NGCDF Board for the referred period were Kshs. 182,177,758 which represents 100 % of 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. 10,023,498. Total expenditures for the period were Kshs. 181,601,382 which is equivalent to 95.5% of the actual final budget closing with a cashbook balance of Kshs. 8,598,697.


**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	8,599,874
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2022	
	8,599,874
Cash and Cash Equivalents at the end of the FY 2021/2022	8,599,874

The Constituency financial statements were approved on 11<sup>TH</sup> MARCH 2023 and signed by:



Fund Account Manager

Bungale Masudi Bungale



National Sub-County  
Accountant

Ramadhan Katana Zungi  
ICPAK M/No: 23209



Chairman NG-CDF  
Committee

Daudi Dube Mukullo

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

**XI. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> June 2022**

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	5,200,000		3,062,051	8,262,051	5,857,250	2,404,801
1.2 Committee allowances	2,000,000.00		134,000	2,134,000	2,134,000	-
1.3 Use of goods and services	1,025,333		104,933.	1,130,266	1,125,267	5000
	8,225,333		3,300,984	11,526,317	9,116,517	2,409,800
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building	1,812,666.37		0.10	1,812,666	1,812,666	0
2.2 Committee allowances	2,300,000.00		96,885	2,396,885	2,396,884	1
2.3 Use of goods and services						
<b>Total</b>	<b>4,112,666</b>		<b>96,885</b>	<b>4,209,551</b>	<b>4,209,550</b>	<b>1</b>
<b>3.0 Emergency</b>	<b>7,192,207.00</b>		<b>1,549,121</b>	<b>8,741,328</b>		
Semikaro Primary School					1,500,000	
KRA					400,000	
GADENI PRIMARY SCHOOL					1,000,000	
Juma Buduguh					350,000	
Juma Buduguh					200,000	
Juma Buduguh					250,000	
Onjila Primary School					250,000	
JOGI MOTORS					49,121	
Juma Buduguh					400,000	
KRA					476,461	
Bursary Various Institutions					607,000	
Bursary Various Institutions					237,000	
Bursary Various Institutions					60,000	
Bursary Various Institutions					100,000	



**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Juma Buduguh					700,000	
KRA					476,461	
Gerarasa Secondary school					500,000	
<b>Total</b>	<b>7,192,207</b>		<b>1,549,120.90</b>	<b>8,741,328</b>	<b>7,556,043</b>	<b>1,185,285</b>
<b>4.0 Bursary and Social Security</b>						
4.1 Secondary Schools	22,339,330		3,124,105.00	25,463,435	25,463,807	628
4.2 Tertiary Institutions	21,517,673		2,316,693	23,834,366	23,833,920	446
<b>Total</b>	<b>43,857,003</b>		<b>5,440,798</b>	<b>49,297,801</b>	<b>49,296,727</b>	<b>1,074</b>
<b>5.0 Sports</b>						
5.1			1,577,981.	1,577,981.	1,575,895	2,086
<b>Total</b>			<b>1,577,981</b>	<b>1,577,981</b>	<b>1,575,895</b>	<b>2,086</b>
<b>6.0 Environment</b>						
Imani Primary School	-	862		862		862
Dalu Primary School	-	862		862		862
Kipini Primary School	-	862		862		862
Garsen Police Station		1,952		1,952		1,952
<b>Total</b>	<b>-</b>	<b>4,539</b>		<b>4,539</b>	<b>-</b>	<b>4,539</b>
<b>7.0 Primary Schools Projects (List all the Projects)</b>						
Danisa primary school	2,000,000.00	-		2,000,000	2,000,000	-
Dibe Primary School	500,000.00	-		500,000	500,000	-
Diidade Primary School	2,400,000.00	-		2,400,000	2400000	-
Gomesa Primary School	200,000.00	-		200,000	200000	-
Gubani Primary School	1,000,000.00	-		1,000,000	1000000	-
Hurara Primary School	2,400,000.00	-		2,400,000	2400000	-
Katsangani Primary School	2,400,000.00		138.	2,400,138	2400000	138
Kibusu Primary School	2,000,000.00	-		2,000,000	2000000	-
Konkona Primary School	200,000.00	-		200,000	200000	-

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Matangeni Primary school	1,500,000.00	-		1,500,000	1500000	-
Maziwa Primary School	1,000,000.00	-		1,000,000	1000000	-
Mchelelo Primary School	1,000,000.00	-		1,000,000	1000000	-
Mnazini Primary School	1,000,000.00	-		1,000,000	1000000	-
Ngumu primary school	200,000.00	-		200,000	200000	-
Kipao Primary School	2,000,000.00		2,211.52	2,002,212	2000000	2,212
Ramadha Primary School	2,000,000.00		138	2,000,138	2000000	138
Lailoni Primary School	1,200,000.00	-		1,200,000	1200000	-
Marafa Primary School	1,200,000.00	-		1,200,000	1200000	-
Ongonyo Primary School	2,400,000.00	-		2,400,000	2400000	-
Onkolde Primary School	1,000,000.00	-		1,000,000	1000000	-
Sheli Primary School	1,000,000.00	-		1,000,000	1000000	-
Ziwani Primary School	200,000.00	-		200,000	200000	-
Idd Primary School			1,560	1,560		1,560
Tulu Primary School	2,000,000.00	-		2,000,000	2000000	-
Assa Boarding Primary School		1,000,000		1,000,000	1000000	-
Assa Boarding Primary School		1,000,000.		1,000,000	1000000	-
Galma Primary School		2,400,000.		2,400,000	2400000	-
Galma Primary School		2,000,000.		2,000,000	2000000	-
Gomesa Primary School		622,321.	1,777,679	2,400,000	2400000	-
Iddi Primary School			1,200,000.00	1,200,000	1200000	-
Kizuliani Primary School			2,400,000.00	2,400,000	2400000	-
Kone Primary School			2,000,000.00	2,000,000	2000000	-
Minjila Primary School			2,400,000.00	2,400,000	2400000	-
Odoganda Primary School			2,000,000.00	2,000,000	2000000	-
Odoganda Primary School			2,000,000.00	2,000,000	2000000	-
Odole Primary School			2,000,000.00	2,000,000	2000000	-
Shaurimoyo Primary School			2,400,000.00	2,400,000	2400000	-

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Ziwani Primary School			2,000,000.00	2,000,000	2000000	-
Tulu Primary School			2,400,000.00	2,400,000	2400000	-
Onjila Primary School			500,000.00	500,000	500000	-
Chamwanamuma primary school		1,000,000.00		1,000,000	1000000	-
Tulu Primary School			140,000.00	140,000	140000	-
<b>Total</b>	<b>30,800,000</b>	<b>8,022,321</b>	<b>23,221,727</b>	<b>62,044,048</b>	<b>63,040,000</b>	<b>4,048</b>
<b>8.0 Secondary Schools Projects (List all the Projects)</b>						
Gerarsa Secondary School	500,000.00			500,000	1,500,000.00	-
Gadeni Secondary School			21448.00	21448		21448
Buyani Secondary School	2,000,000.00		-	2,000,000	2,000,000	-
Dalu Secondary School	2,000,000		-	2,000,000	2,000,000	-
Oda Secondary School			303,800.00	303,800	150,000	153,800
Kipini Girls Secondary school	2,000,000		-	2,000,000	2,000,000	-
Hashaka Secondary School	2,500,000		-	2,500,000	2,500,000	-
Hurara Secondary School			1,200,000	1,200,000	1,200,000	-
Hurara Secondary School			60,000.00	60,000	60,000	-
Kipao Secondary School	2,500,000	-		2,500,000	2,500,000	-
Kitere Secondary school	2,400,000	-		2,400,000	2,400,000	-
Minhajj Secondary School	2,400,000	-		2,400,000	2,400,000	-
sane girls secondary school	7,800,000	-		7,800,000	3,298,000	4,502,000
Kipao Secondary School	2,400,000	-		2,400,000	2,400,000	-
<b>Total</b>	<b>26,500,000</b>		<b>1,585,248</b>	<b>28,085,248</b>	<b>23,408,000</b>	<b>4,677,248</b>
<b>9.0 Security Projects</b>						
Tana Delta Sub-county Head Quarters			790	790		790
Tana Delta Sub-county DCC Residence			2,874.	2,874		2,874
Bilisa Chiefs office			2,000,000	2,000,000	2,000,000	-

**GARSEN CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Garsen Police Station	2,500,000	-	500,000.00	3,000,000	3,000,000	-
Kipao Chiefs Office			2,000,000	2,000,000	2,000,000	-
Oda Chiefs Office			2,000,000	2,000,000	2,000,000	-
Handaraku Chiefs office	2,000,000	-		2,000,000	2,000,000	-
Kone chiefs office	2,000,000			2,000,000	2,000,000	-
Kone police station	3,901,670			3,901,670	3,901,670	-
Matangeni chiefs office	2,000,000			2,000,000	2,000,000	-
mwina chiefs office	2,000,000			2,000,000	2,000,000	-
salama chiefs office	2,000,000	-		2,000,000	2,000,000	-
				-		-
<b>Total</b>	<b>16,401,670</b>		<b>6,503,664</b>	<b>22,905,334</b>	<b>22,901,670</b>	<b>3,664</b>
<b>10.0 Acquisition of assets</b>						
Refurbishment of NGCDF Office Building			1,504,932.	1,504,932	1,495,803	9,129
Purchase of Office Computers			303,000	303,000		303,000
<b>Total</b>	-		<b>1,807,932</b>	<b>1,807,932</b>	<b>1,495,800</b>	<b>312,129</b>
<b>Total</b>	<b>137,088,879</b>	<b>8,022,321</b>	<b>45,088,879</b>	<b>190,200,079</b>	<b>181,600,202</b>	<b>8,599,874</b>

## **XII) 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-GARSEN CONSTITUENCY. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

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

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

#### **Proceeds from Sale of Assets**

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

***Significant Accounting Policies continued***

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Significant Accounting Policies continued**

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents.**

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

**7. Accounts Receivable**

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

***Significant Accounting Policies continued***

**8. Accounts Payable**

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

**9. Pending Bills**

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

**10. Unutilized Fund**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30th June 2021 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> 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.



**Significant Accounting Policies continued**

**12. Comparative Figures**

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

**13. Subsequent Events**

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

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

## Notes to the Financial Statements

## 1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board AIE NO		
B 140883	33,000,000.00	
B 105384	34,000,000.00	
B 105599	10,000,000.00	
B 105761	22,000,000.00	
B 132495	6,000,000.00	
B 128806	12,000,000.00	
B154004	12,000,000.00	
B 154297	18,000,000.00	
B 155811	10,988,879.00	
A 895003	12,100,000.00	
B155941	12,088,879	
B124514		9,000,000.00
B124935		10,000,000
B 119790		12,000,000
B 128080		6,900,000
B 128390		6,000,000
B132135		6,000,000
B 138803		13,000,000
B 126388		10,000,000
B 126098		7,100,000
B 140534		12,000,000
<b>TOTAL</b>	<b>182,177,758</b>	<b>92,000,000</b>

**GARSEN 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. Compensation Of Employees**

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,716,460	2,511,986
Gratuity to contractual employees	2,038,130	
Employer Contributions Compulsory national social security schemes	102,660	98,280
<b>Total</b>	<b>5,857,250</b>	<b>2,610,266</b>

**3. Use Of Goods and Services**

	2021-2022	2020-2021
	Kshs	Kshs
Electricity	26,102	5,762
Water & sewerage charges	49,200	9,450
Communication, supplies and services	9,450.00	9,450
Printing, advertising and information supplies & services		78,180
Training expenses	1,812,666	2,133,698
Other committee expenses	2,396,884	1,903,802
Committee allowance	2,134,000	1,766,000
Insurance costs	375,281	375,281
Office and general supplies and services	62,500	1,002,440
Fuel , oil & lubricants	400,000	501,852
Bank service commission and charges	-	31,602
Routine maintenance - vehicles and other transport equipment	202,734	300,601
<b>TOTAL</b>	<b>7,468,817</b>	<b>8,118,118</b>

**4. Transfer To Other Government Units**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	62,040,000	41,658,440
Transfers To Secondary Schools (See Attached List)	24,408,000	29,676,520
Transfers To Tertiary Institutions (See Attached List)	-	1,200,000
<b>Total</b>	<b>85,448,000.00</b>	<b>72,534,960</b>

**GARSEN 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. Other Grants and Other transfers**

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	25,462,807	18,781,836
Bursary – tertiary institutions (see attached list)	23,833,920	21,966,674
Security projects (see attached list)	22,901,670	5,013,496
Sports projects (see attached list)	1,575,895	-
Environment projects (see attached list)		898,048
Emergency projects (see attached list)	7,556,043	5,660,000
<b>Total</b>	<b>81,330,335</b>	<b>52,320,054</b>

**6. Acquisition Of Assets**

	2021-2022	2020-2021
	Kshs	Kshs
Refurbishment of Buildings	1,495,803	-
<b>Total</b>	<b>1,495,803</b>	<b>-</b>

**7. Cash Book Bank Balance**

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
<b>10A: Bank Accounts (Cash Book Bank Balance)</b>	8,599,874	8,022,321
<i>KCB Bank Garsen Branch. Garsen NG CDF 1107969735</i>		
<b>Total</b>	<b>8,599,874</b>	<b>8,022,321</b>

**8. Gratuity**

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 <sup>st</sup> July (A)	1,226,245	-
Gratuity held during the year (B)	771,925	-
Gratuity paid during the Year (C)	2,038,170	-
Closing Gratuity as at 30 <sup>th</sup> June D= A+B-C	<b>0</b>	<b>-</b>

**GARSEN 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)**

**9. Balances Brought Forward**

	2021-2022 (1 <sup>st</sup> July 2021)	2020-2021 (1 <sup>st</sup> July 2020)
	Kshs	Kshs
Bank accounts	8,022,321	51,605,719
<b>Total</b>	<b>8,022,321</b>	<b>51,605,719</b>

**10: Unutilized Fund (See Annex 1)**

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	2,404,801	3062051
Use of goods and services	5000	335818
Amounts due to other Government entities (see attached list)	4,681,297	40567527
Amounts due to other grants and other transfers (see attached list)	1,196,648	8997872
Acquisition of assets	312,129	7932
Funds pending approval	-	140,000
<b>Total</b>	<b>8,599,874</b>	<b>53,111,200</b>

**11: PMC account balances (See Annex 3)**

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	22,776,717	9,509,239
<b>Total</b>	<b>22,776,717</b>	<b>9,509,239</b>

**GARSEN 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)****Annexes****Annex 1 – Unutilized Fund**

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		2,404,801	3,062,051	
Use of goods & services		5000	335,818	
Amounts due to other Government entities				
Primary schools		4048		
Secondary schools		4,677,248		
<b>Sub-Total</b>		<b>4,681,296</b>	<b>40,567,527</b>	
Amounts due to other grants and other transfers				
Emergency		1,185,285		
Security		3,664		
sports		2,086		
Environment		4,539		
bursary		1,074		
<b>Sub-Total</b>		<b>1,196,648</b>	<b>899,7872</b>	
Acquisition of assets		312,129	7,932	
Funds pending approval			140,000	
<b>Grand Total</b>		<b>8,599,874</b>	<b>53,111,200</b>	

**GARSEN CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****Annex 2 – Summary of fixed asset register**

Asset class	Historical Cost b/f	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost
	(Kshs)			(Kshs)
	2020/2021			2021/2022
Land				
Buildings and structures	7,848,624			7,848,624
Transport equipment	13,709,430		3309430	10,400,000
Office equipment, furniture and fittings	1,057,655			1,057,655
ICT Equipment, Software and Other ICT Assets	797,160			797,160
Other Machinery and Equipment	62,686			62,686
Heritage and cultural assets	~			-
Intangible assets	~			-
<b>Total</b>	<b>21,531,943</b>			<b>18,522,513</b>

**GARSEN CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****Annex 3 –PMC Bank Balances At 30<sup>th</sup> June 2022**

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Assa Primary School	KCB	1287028020	39,090	-
Bilisa Chief Office	KCB	1287028225	2,650	
Buyani Secondary School	KCB	1121382789	90,392	
chamwanamuma	KCB	1133889905	6,538	800,404
Dalu Primary School	KCB	1275248225		25
Dalu Secondary School	KCB		-	
Danisa Primary School	KCB	1176467395	1,002	
Dibe Primary School	KCB	1286478197	8,541	1,002,841
Diidade Primary School	KCB	1104144522	2,399,824	
Furaha Primary School	KCB	1276702027		1,016,324
Gadeni Primary School	KCB	1288611471	2,830	
Galma Primary School	KCB	1164914235	519,153	802
Garsen Administration Police Line	KCB	1165032287	640,382	2,500,304
Garsen Technical Training Institute	KCB	1285970268		54,900
Gatundu Primary School	KCB	1131209273		2,400,385
Gerasa Sec Sch	KCB	1238929311	35,537	614
Gubani Primary School	KCB	1242791256	5,670	
Gomesa Primary school	KCB	1287378706	3,375	
Handaraku Chief's office	KCB	1295101734	1,998,920	
Hashaka Secondary School	KCB	1233417428	134,439	3,008,723
Hurara Primary School	KCB	1296563987	1,355,024	
Hurara Secondary School	KCB	1240886241	7,739	2,985
Idd Primary School	KCB	1288160542	-	-



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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Katsangani Primary School	KCB	1157474934	2,401,167	
Kibokoni Primary School	KCB	1207844632		9,821
Kibusu Primary School	KCB	1292063920	1,699,880	
Kikomo Primary School	KCB	1183531583		261
Kilelengwani Primary School	KCB	1276609744		4,599
Kipao Primary School	KCB	1109502834	104,648	
Kipao Secondary School	KCB	1233232568	2,001,758	1,685,356
Kipini Girls' Secondary School	KCB	1288928394	2,004,995	853
Kizuliani Primary School	KCB	1287027962	1,750	-
Kone Chief Office	KCB	1291290532	9,520	
Kone police	KCB	1289081379	8,366	
Konkona primary school	KCB	1239239645	18,151	2,706,821
Lailoni Primary School	KCB	1282931091	5,605	5,605
Marifano Secondary School	KCB	1119111455		2,091
Matangeni Chief Office	KCB	1291212035	2,000,000	
Matangeni Primary School	KCB	1293611247	1,500,475	
Maua Primary School	KCB	1109525133		96,473
Mchelelo Primary School	KCB	1298431581	-	
Minjila Primary School	KCB	1200525019	10,399	
Miticharaka Primary School	KCB	1272825523		395,035
Mnazini Primary School	KCB	1292255295	-	
Mwina Chief Office	KCB	1291775471	999,425	
Ngumu Primary School	KCB	1274931258	207,745	
Odoganda Primary School	KCB	1266879811	17,547	6,667
Odole Primary School	KCB	1147818657	6,531	

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

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Ongonyo Primary School	KCB	1237897912	846	
Onjila Primary School	KCB	1288886268	31,872	
Onkolde Primary School	KCB	1237826705	5,621	1,506,861
Ramadha Primary School	KCB	1242127674	211,638	
Salama Chief Office	KCB	1290937583	101,680	
Semi karo primary School	KCB	1289081379		
Shauri Moyo Primary School	KCB	1176988573	25,537	
Sheli Primary School	KCB	1177799359	134,685	1,501,358
Tarasaa Primary School	KCB	1280462086		95,035
Tarasaa Secondary School	KCB	1282715577		1,885,664
Tulu Primary School	KCB	1287254624	2,003,875	-
Ziwani Primary School	KCB	1287254764	11,895	
<b>Total</b>			<b>22,776,717</b>	<b>9,509,239</b>

**GARSEN 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)
	<b>Basis for Qualified Opinion</b>			
	<b>REPORT ON THE FINANCIAL STATEMENTS</b>			
	<b>1. Unpresented Cheques</b>			
1.1	<p>The statements of assets and liabilities reflect cash and cash equivalents balance of Kshs.8, 022,321. The balance was supported by bank reconciliation. However, scrutiny of the records revealed that an amount of Kshs.1, 423,302 were stale cheques which continued to reflect as unpresented cheques and have never been reversed to the cash book.</p> <p>Further, a cheque dispatch register showing how cheques were issued and dispatched to various institutions was not provided for audit review. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.8, 022,321 as at 30 June, 2021 could not be confirmed.</p>	<p>It is true that statements of assets and liabilities records revealed that an amount of Kshs. 1,423,302 were stale cheques which continued to reflect as unpresented cheques and have never been reversed to the cash book. However these sate; cheques were reversed and replaced in subsequent months.</p> <p>) It is true that the cheque dispatch register showing how cheques were issued and dispatched to various institutions was not provided for audit review. it has now been availed for audit verification</p>	Resolved June 2022	
2.	<b>Other Grants and Other Payments</b>			
2.1	<b>Unaccounted for Bursary</b>	i) It is true that the NG-CDF	Resolved	

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	<p><b>Funds</b></p> <p>During the financial year under the review the Fund spent Kshs. 40,748,510 on bursaries. However, it was noted that bursaries worth Kshs.15, 977,460 disbursed to various institutions had the following anomalies: -</p> <p>i) The bursary disbursements were not supported with bursary committee minutes showing how the vetting of bursary applicants was done.</p> <p>ii) The bursary disbursements were not acknowledged through official receipts or acknowledgement letters by the beneficiary institutions.</p> <p>iii) Bursary applications register was not maintained to record details of all bursary applicants.</p> <p>iv) Cheque dispatch register showing how cheques were issued and distributed to various institutions was not availed for audit review.</p> <p>Consequently, the accuracy, completeness and</p>	<p>committee minutes supporting the disbursements of bursary showing how the vetting of bursary applicants was done were not PROVIDED at the time of audit. The NG-CDFC minutes have now been availed for audit verification.</p> <p><i>See attachment 3. Copy of NG-CDFC minutes showing criteria for disbursement of bursary.</i></p> <p>ii) It is true that the auditors were not provided with bursary disbursements acknowledgements through official receipts or acknowledgement letters by the beneficiary institutions at the time of audit.</p> <p>The bursary disbursements acknowledgements can now be availed for audit verification.</p> <p><i>See attachment 4. Copies of bursary disbursements acknowledgements from various institutions.</i></p> <p>The office maintains an up-to-date Bursary applications register to record details of all bursary applicants. However the document was not availed for audit verification at the</p>	<p>June 2022</p>	

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	<p>probity of bursaries amounting to Kshs.15, 977,460 for the year ended as at 30 June, 2021 could not be ascertained.</p>	<p>time of audit. The bursary applications register can now be availed for audit verification. <b>See attachment 5. Copies of bursary applications register</b></p> <p>) The office maintains a cheque dispatch register showing how cheques were issued and distributed to various institutions. However the cheque dispatch register was not availed for audit review at the time of audit. The cheque dispatch register can now be availed for audit verification.</p> <p><b>See attachment 6. Copies of cheque dispatch register</b></p>		
2.2	<p><b>Emergency Projects</b>            During the financial year under review, the Fund spent Kshs.5, 660,000 on emergency. However, Kshs.2, 200,000 relating to renovation of Twin Laboratory at Tarasaa Secondary School had the following audit observations: -</p> <p>i) The use of emergency fund did not meet the thresholds required of urgent and unforeseen needs contrary to</p>	<p>i) Section 8(3) of the National Government Constituencies Development Fund Act, 2015 defines emergency of any unforeseen needs in the constituency. In this case the project qualified to be an emergency.</p> <p>The science laboratory was constructed in the 1970s</p>	Resolved June 2022	

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	<p>Section 8(3) of the National Government Constituencies Development Fund Act, 2015.</p> <p>ii) The bill of quantity for the winning bidder for roofing works indicated Kshs.1, 280,000. However, summation of individual items under roof work amounted to Kshs.699, 900 resulting in a variance of Kshs.580, 100.</p> <p>iii) The utilization of the fund was not reported to the Board within thirty (30) days of the occurrence of the emergency contrary to Section 20(2) of the Constituency Development Fund Regulations, 2016.</p> <p>iv) physical verification of the project carried out on 11 April, 2022 revealed that the project was on-going but the contractor was not on site and only roofing and painting was done on walls, doors and windows instead of plastering walls and replacing doors and windows as per the bill of quantities.</p> <p>Consequently, the</p>	<p>using asbestos sheets (which posed great health risks). Secondly the asbestos roofing sheets had begun falling into the ceiling sometimes hurting the students. if left unattended, the building would have caused a disaster, either causing death to students or bodily harm. <i>The act was done to avert a disaster.</i></p> <p>ii) The NG-CDF committee is in consultation with the public works officer and the sub county chain management officer to get an understanding of the variance of Kshs 580,000.</p> <p>iii) The utilization of the fund was not reported to the Board within thirty (30) days of the occurrence of the emergency contrary to Section 20(2) of the Constituency Development Fund Regulations, 2016 because the funds/ the</p>		

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	accuracy, completeness and probity and value for money on emergency amounting to Kshs.2, 200,000 for the year ended as at 30 June, 2021 could not be ascertained.	project is yet to be done and the funds is still in the Project Management Committee Account(PMC)Account\  The contractor has not abandoned the project. On the contrary, the contractor the contractor had vacated the site to create room for the national examinations which were done in March 2021		
2.3	<p><b>Security Projects</b> During the year under review, the Fund spent Kshs.5, 013,496 on security projects. Examination of the records relating to the expenditure revealed that the Fund undertook construction of administration office at Garsen Police Station at a contract sum of Kshs.5, 589,200 while the signed form of agreement reflected a contract sum of Kshs.2, 495,000 resulting to a variance of Kshs.3, 094,200 between the two sets of records. In addition, a payment of Kshs.2, 500,000 was made during the financial year under the review for the construction of the administration office. However, scrutiny of the expenditure <i>revealed lack of supporting documents such as tender</i></p>	<p>i) The original signed contract sum contained in the contract agreement was Kshs 2,500,000. This was reflected in the signed form of agreement. However there were additional works which were added to the contractor without involving the NG-CDF office. Hence the other works could not form part of the original contract agreement.</p> <p>ii) It is true that supporting documents such as tender advertisement, tender</p>	Resolved June 2022	

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	<p><i>advertisement, tender opening register, tender opening minutes, tender evaluation minutes, a professional opinion, approved project work plan, Project Management Committee bank statements and their payment resolution minutes and certificate of partial completion. Further, physical verification carried out on 11 April 2022 revealed that the project was approximately 50% complete. The substructures reinforced concrete, external and internal walling estimated at Kshs.2, 125,160 had been done and the contractor was not onsite. Consequently, the accuracy, completeness and probity of security projects amounting to Kshs.5, 013,496 for the year ended as at 30 June, 2021 could not be ascertained</i></p>	<p>opening register, tender opening minutes, tender evaluation minutes, a professional opinion, approved project work plan, Project Management Committee bank statements and their payment resolution minutes and certificate of partial completion were not availed at the time of audit.</p> <p>However these documents can now be availed to the auditor for audit verification.</p>		
3.	<p><b>Transfer to Other Government Entities</b> As disclosed under note 4 to the financial statements, the statement of receipts and payments reflects transfer to other government entities balance of Kshs.72, 534,960. The following</p>	<p>i) It is true that projects worth Kshs.2; 500,000 were not labeled contrary to Section 11(1c) of the National Government Constituency Development Fund regulation 2016 because the respective contractors are yet to complete their works and issued with the</p>	Resolved June 2022	



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	<p>observations were made: -</p> <p><b>3.1 Transfers to Primary Schools</b></p> <p>During the financial year under review, the Fund spent Kshs.41, 658,440 on transfer to primary schools. However, projects worth Kshs.6, 900,000 had the following anomalies:</p> <p>i) Physical verification carried out on 11/4/2021 established that projects worth Kshs.2,500,000 were not labeled contrary to Section 11(1c) of the National Government Constituency Development Fund regulation 2016 that requires the constituency development committee to ensures projects are labelled in accordance with the guidelines issued by the Board.</p> <p>ii) It was noted that tender opening and evaluation minutes for projects totaling to Kshs.4, 400,000 were not signed by all committee members and each and every page was not initialized to acknowledge that the minutes were the true reflection of the proceedings contrary to Section 78 (9) and 80(7) of the public</p>	<p>final certificate of payment.</p> <p>ii) It is true that the opening and evaluation minutes for projects totaling to Kshs.4, 400,000 were not signed by all committee members and each and every page was not initialized to acknowledge that the minutes were the true reflection of the proceedings contrary to Section 78 (9) and 80(7) of the public procurement and Asset Disposal Act of 2015. The situation has been rectified and all the Opening and evaluation minutes have now been signed by all committee members and each and every page initialized to acknowledge that the minutes were the true reflection of the proceedings. <b>See attachment 7. Copies of signed opening and evaluation minutes.</b></p> <p>It true that supporting documents such as tax compliance certificate, National Construction Authority (NCA) certificate and a valid business permit for the winning bidders were not availed for audit. These documents have now been availed for audit verification</p>		

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	<p>procurement and Asset Disposal Act of 2015.</p> <p><b>3.2 Transfer to Tertiary institutions and Secondary Schools-Kshs.16, 000,000</b>                      During the year under review, the Fund Spent Kshs.29, 676,520 and Kshs.1, 200,000 for Secondary and Tertiary Institutions respectively. However, an amount of Kshs.14, 800,000 relating to secondary school projects and Kshs.1, 200,000 relating to tertiary institutions lacked supporting documents such as tax compliance certificate, National Construction Authority (NCA) certificate and a valid business permit for the winning bidders</p>			
4.0	<p><b>Summary of Fixed Assets Register</b>                      Annex 4 to the financial statements disclosed a summary of fixed assets register with an asset value balance of Kshs.21, 531,943 as at 30 June, 2021. Although, the Fund maintained a fixed assets</p>	<p>It is true that the fixed asset register did not contain all information required as per the IPSAS 17 whose minimum requirements are:                      Identification or serial number, acquisition date, accumulated depreciation, net book value and assets tagged with identification codes.</p>	Resolved June 2022	

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	<p>register, the same did not contain all information required as per the IPSAS 17 whose minimum requirements are: Identification or serial number, acquisition date, accumulated depreciation, net book value and assets tagged with identification codes.</p> <p>The fixed assets register presented for audit disclosed neither the land title deed number nor an allotment letter of the land where the office of the fund was built.</p> <p>In the circumstances, verification of the ownership was not possible</p>	<p>The situation will be rectified and all fixed assets will in the will have Identification or serial number, acquisition date, accumulated depreciation, net book value and assets tagged with identification codes</p>		

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 Bungale Masudi Bungale  
 Fund Account Manager.

