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REPORT

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THE TABLE:

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ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



TONGAREN CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

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

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***Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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2021 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 Tongaren Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Paul N.Adome
2.	Sub-County Accountant	Kenneth O. Onyango
3.	Chairman NGCDFC	Maurice Changalwa
4.	Member NGCDFC	Christopher Simiyu

(d) Fiduciary Oversight Arrangements

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

***Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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(e) Tongaren Constituency NGCDF Headquarters***

P.O. Box 214 Naitiri
Ng CDF Building
Bungoma north sub county Headquarters
Mukuyuni Market, KENYA

***Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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(f) Tongaren Constituency NGCDF Contacts

Telephone: (254) 721776554

E-mail: cdf Tongaren@.go.ke

Website: www.ngcdf.go.ke

(g) Tongaren Constituency NGCDF Bankers

Cooperative Bank OF KENYA

Kimilili Branch

P.o Box

KIMILILI

KENYA

(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

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National Government Constituencies Development Fund (NGCDF)
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II. NG-CDFC CHAIRMAN'S REPORT



**MAURICE CHANGALWA
CHAIRMAN
TONGARAN NG-CDFC**

I am pleased to present the unaudited financial statements for Tongaren Constituency for the financial year ended 30th June 2020. During the year, the Constituency was allocated a total of Kshs **137,088,879** as normal allocation.

On receipt of the above allocations, Tongaren National Government Constituencies Development Fund Committee (NGCDFC) pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency. It is noteworthy that during the FY 2020/2021, we received 81.8% of the normal Constituency funding equivalent to Kshs **131,367,724** and these funds were then disbursed to projects.

Sector Prioritization

During the year, a total of Kshs **63,501,590** was allocated as transfers to other Government Units which consist of transfers to primary schools, secondary schools and tertiary institutions. The funding consisted of Kshs 14,367,724 not received during the FY 2019/2020.

Sectoral Analysis of Funding

Over the past 10 years, the Constituency has received a total of over Kshs 800M which were subsequently been disbursed to various projects in such sectors as education, security, in addition to the statutory bursary, emergency, sports, environment, administration and monitoring and evaluation votes. The funding has benefitted over 600 projects and the breakdown in terms of the number of projects funded in these leading sectors over the last two years is as hereunder provided;

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Sector	2020/21	2019/20	2018/19	Total
Primary Schools	29	29	21	79
Secondary Schools	20	20	17	67
Tertiary Institutions	2	1	2	5
Security	6	4	3	13
Total No Funded	54	54	43	161

Source: Tongaren NGCDF Records (2021)

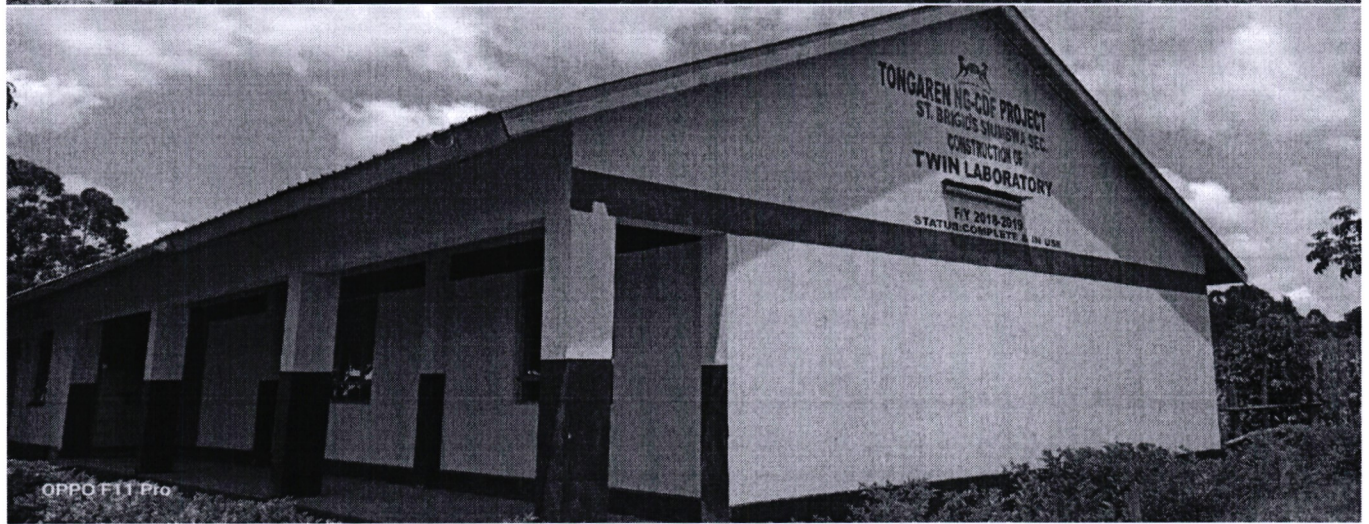
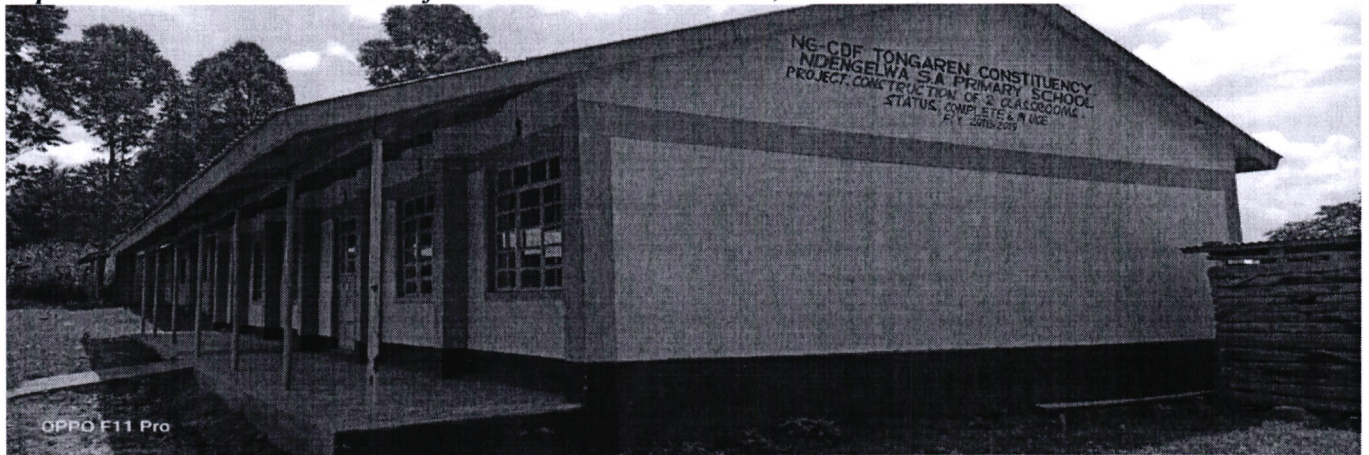
It is therefore notable that within the education sector, primary schools have realized the highest number of projects funded in the Constituency followed by secondary schools and finally tertiary institutions. Overall, the ranking based on highest number projects funded over the period is has primary Schools as the leading sector followed by secondary Schools, security and finally tertiary Institutions.

The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects eligible to be funded. Under this Act only projects falling within the functions of the National Government as outlined in the Constitution of Kenya 2010 will be funded. This effectively means that the Fund has since been concentrating primarily on education, security, sports and environment sectors as well as other national government residual functions. During the FY 2017/2018, the Committee undertook to expedite the disbursement of funds to earmarked projects in accordance with the provisions of the NGCDF Act, 2015, as amended in 2016, and the requirements of the Annual Performance Contract. The disbursements saw the implementation of approved project activities across the Constituency.

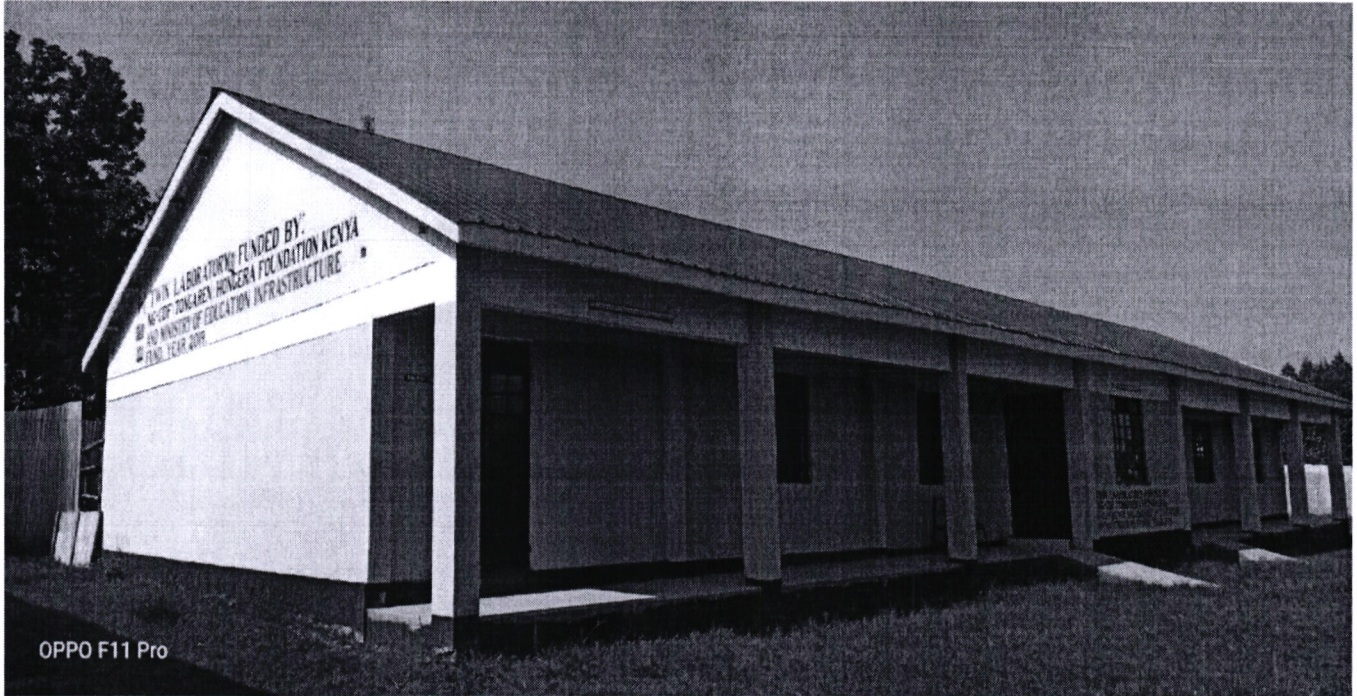
Achievements and Major Undertakings

During the year, the Committee disbursed a total of Ksh's **19,056,000** as bursary to needy students in secondary, tertiary institutions and special institutions and this benefitted over 2,500 students. Major physical facilities funded are infrastructure such as classrooms, twin laboratories, dormitories, and libraries. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low-income families.

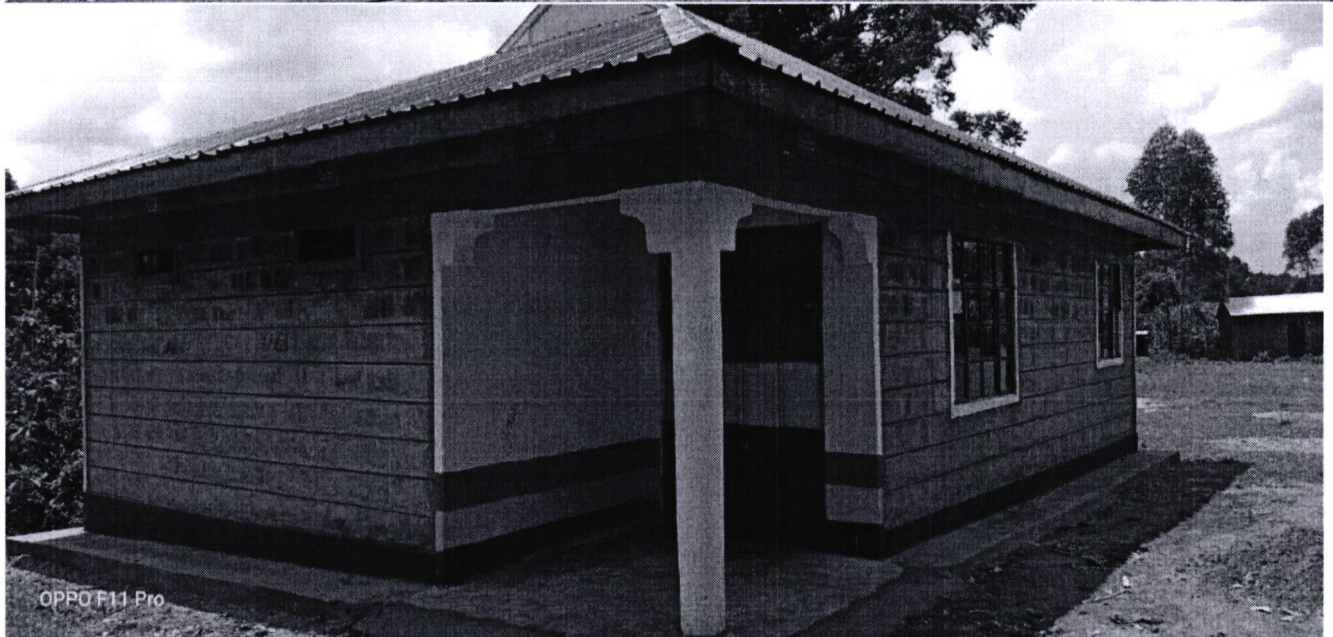
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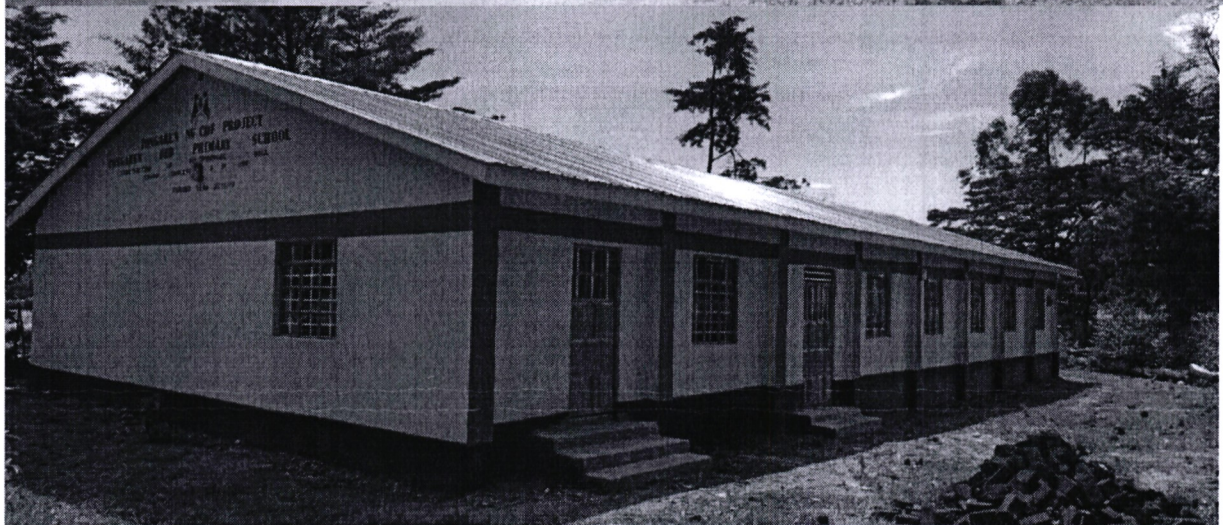
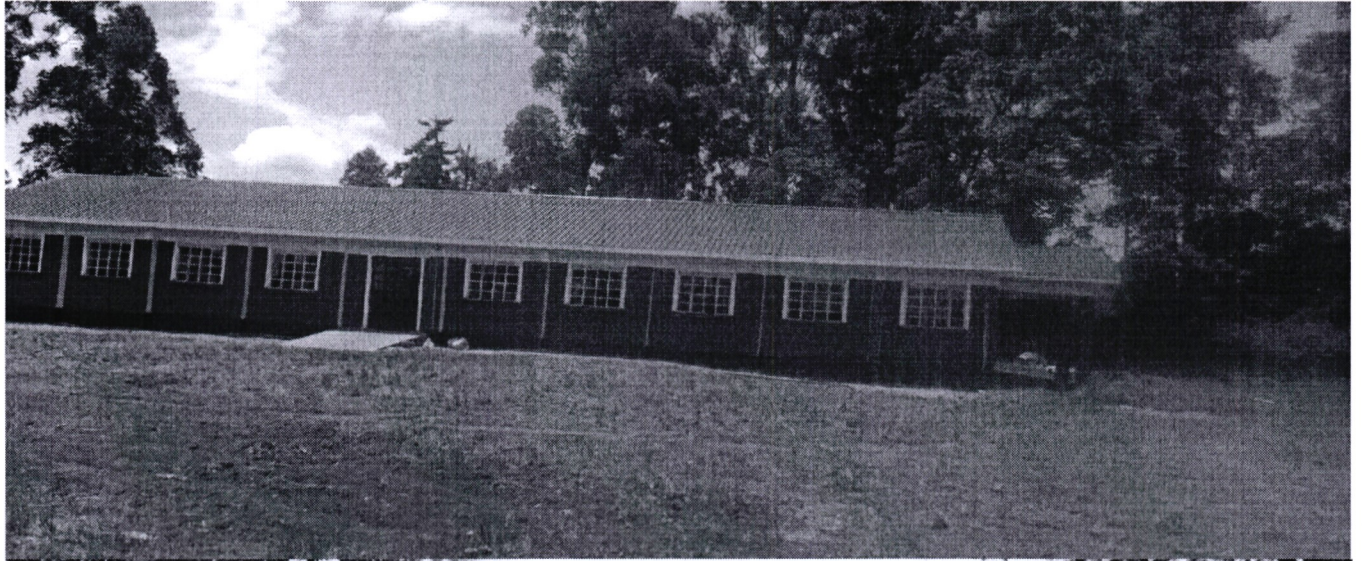
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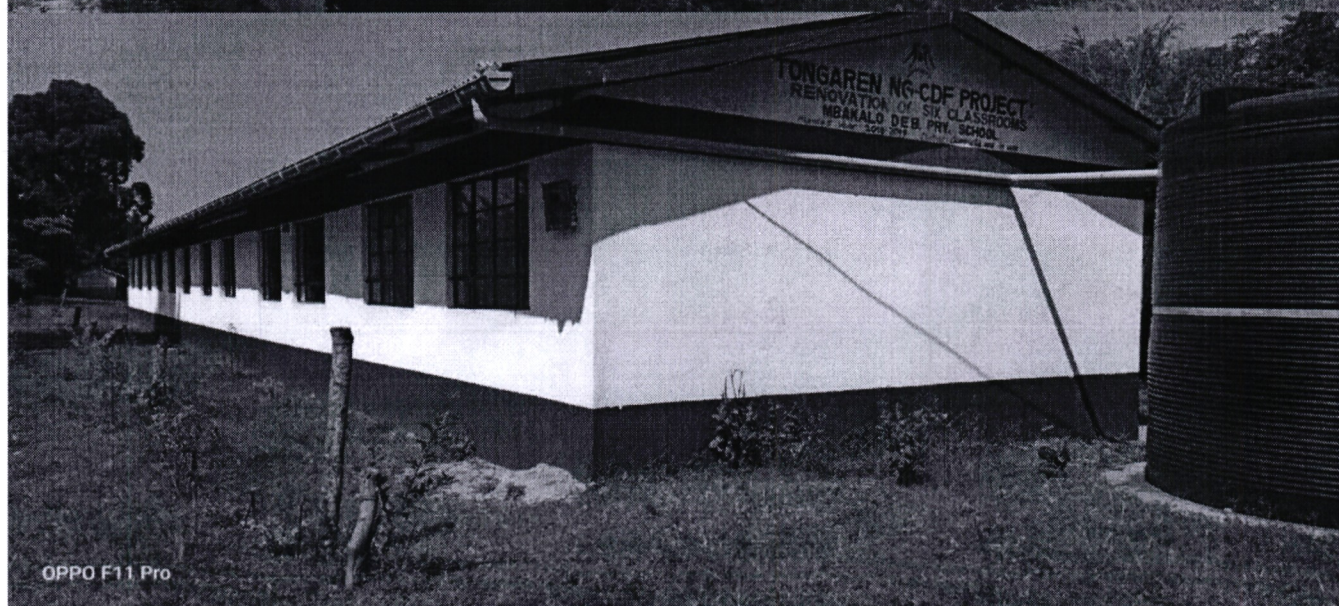
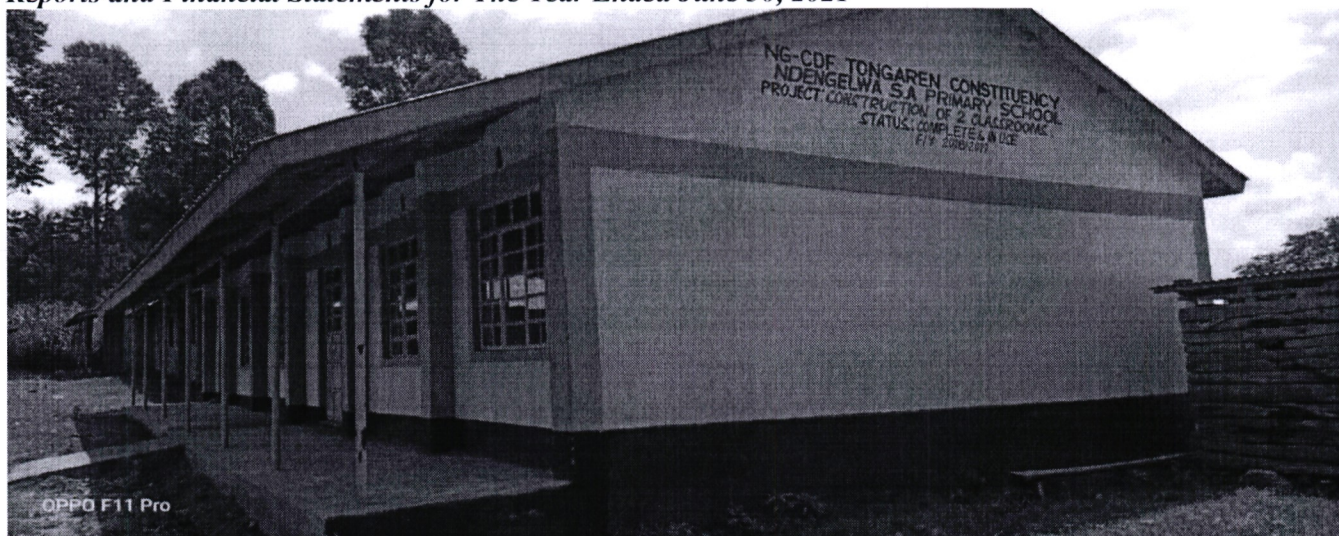
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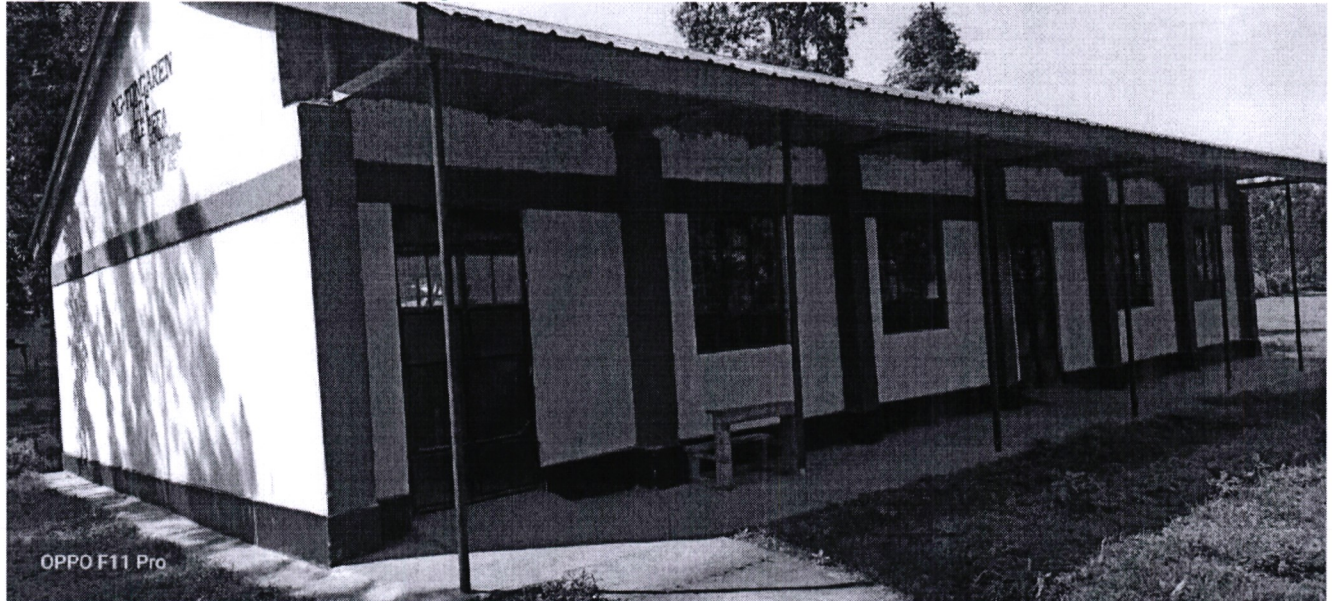
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Budgetary Appropriations

During the financial year 2019/20, the overall budget utilization stood at 81 percent based on the funds received. This was achieved due to expeditious disbursement of funds received to earmarked projects by the NGCDF Committee. During the period Kshs **131,367,724** was received against the total allocation of Kshs. 137,088,879.

Development Planning

The Constituency Development Funds continue to draw interest of beneficiaries and communities alike. This has seen the receipt of many proposals from communities spanning various sectors. To ensure focus and expedite Constituency development, the Committee has finalized its strategic plan which is a formalized road map that spells out where the Constituency is going over the next five years in project identification, implementation and management taking cognizance of the global Sustainable Development Goals, Kenya Vision 2030 and the big four agenda and related County Integrated Development Plans. The NGCDF Committee is convinced that the strategic plan shall help the Constituency in setting priorities, focusing energy and resources, strengthening operations and ensuring that the Committee, its employees and other stakeholders are working towards a common goal and results.

Challenges

Despite the above impressive performance and plans, the Committee has noted various challenges in project implementation and management during the FY 2020/21. These encompass failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed. To mitigate the above, the committee during the year 2020/21 scaled up its capacity building programmes for NGCDF Committee, Project Management Committees and staff on various aspects of NGCDF projects management. These programmes contributed to minimizing the challenges and improving overall performance by Project Management Committees. The NG-CDFC plans to continue with the capacity building as well as monitoring and evaluation programmes during the FY 2020/21

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I wish to sincerely thank the NGCDF Committee, NG-CDFC staff, Project Management Committees and other stakeholders for the cooperation and support that saw the achievement of the above milestones. Going forward, the Committee envisions to even perform better and attain better assessments in its performance targets for FY 2020/22.



**MAURICE CHANGALWA
CHAIRMAN NGCDF COMMITTEE**

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III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of *Tongaren Constituency 2018-2022* plan are to:

- a) To increase enrolment level in schools
- b) To reduce illiteracy level
- c) To reduce school drop outs
- d) To improve the quality of education
- e) To increase access to health care
- f) To expand economic opportunities
- g) To reduce social evil

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	The bursary beneficiaries increased by over 2250 in the current year for the tertiary institutions
Security	To have safe and secure environment for business, learning and where the	Decrease in the number of insecurity related incidents. Improved	No. of usable physical infrastructure built in the security sector. Police stations,	In the FY 2020/21 we have increased number of physical infrastructure in the security sector

Tongaren Constituency

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Constituency Sector	Objective	Outcome	Indicator	Performance
	residents go about their lives without fear for their lives and properties	security and more secure business environment	chief's offices built.	from six to fifteen
Sports	To nurture sporting talent, this pillar also makes special provision for Kenyans with various disabilities and previously marginalized communities	Increased engagement and persons earning a decent living from exploiting their sporting talent. Reduced unemployment rate amongst the youth.	No. of youth, women and person living with disabilities taking up sporting activities.	We purchased over 1,000 sports kits and uniforms for 20 schools across the constituency.
Environment	To have well conserved and clean environment	Increased planting of trees across the school in the constituency	No. of trees planted in public primary and secondary schools	We increased number of trees planted to 400 during the FY 2020/21

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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

- a. **Education and Training:** Tongaren 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 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

As climate issues intensify, Tongaren NG-CDF operations and people are helping to create a sustainable future, based on policy that reduces the organization climate

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related issues. This policy is evident in among others: The successful planting of trees in various schools in the constituency

3. Employee welfare

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

Tongaren 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 interests

5. Community Engagements-

Tongaren 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.

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National Government Constituencies Development Fund (NGCDF)

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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.

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

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V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

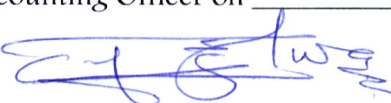
The Accounting Officer in charge of the NGCDF- Tongaren Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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- Tongaren 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, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Tongaren Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

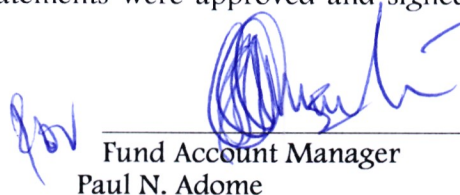
The Accounting Officer in charge of the NGCDF Tongaren Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Tongaren Constituency financial statements were approved and signed by the Accounting Officer on _____ 2021.

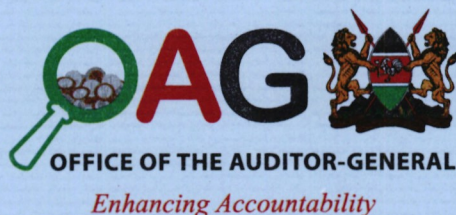


Chairman NGCDF
Committee Maurice
Changalwa



Fund Account Manager
Paul N. Adome

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - TONGAREN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

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 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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Tongaren Constituency set out on pages 1 to 32 which comprise of the statement of assets and liabilities as at 30 June, 2021, and the *Report of the Auditor-General on National Government Constituencies Development Fund - Tongaren Constituency for the year ended 30 June, 2021*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Tongaren Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012, .

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.185,567,106 and Kshs.140,478,227 respectively, resulting in an under-funding of Kshs.45,088,879 or 24% of the budget. Similarly, the Fund spent an amount of Kshs.120,132,903 out of the approved expenditure budget of Kshs.185,567,106, resulting in an under expenditure of Kshs.65,434,203 or 35% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of 2019/2020 financial year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

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. Delay in Project Implementation

Analysis of the project implementation status report indicates forty-three (43) planned projects valued at Kshs.137,088,879. However, as at 30 June, 2021 only six (6) projects valued at Kshs.27,500,000 had been completed, twenty (20) projects valued at Kshs.55,896,672 were on-going while seventeen (17) projects valued at Kshs.53,692,207 had not yet started.

In the circumstances, value for money for ongoing projects and those not started could not be ascertained.

2. Failure to Pay Gratuity

Examination of employee records revealed unpaid gratuity balance of Kshs.1,191,531 to six (6) members of staff who had completed their contracts. This is contrary to Section 35(5) of the Employment Act, 2007 which states that an employee whose contract of service has been terminated under subsection (1)(c) shall be entitled to service pay for every year worked, the terms of which shall be fixed.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 controls, 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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


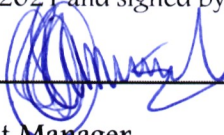
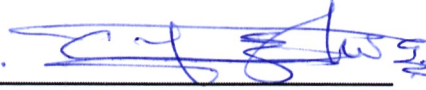
30 September. 2022

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	131,367,724	99,000,000
TOTAL RECEIPTS		131,367,724	99,000,000
PAYMENTS			
Compensation of employees	2	2,440,846	2,414,126
Use of goods and services	3	8,321,816	17,023,577
Transfers to Other Government Units	4	63,501,590	33,339,314
Other grants and transfers	5	29,418,152	44,048,747
Acquisition of Assets	6	4,797,000	-
Other Payments	7	11,689,200	-
TOTAL PAYMENTS		120,132,903	96,825,764
SURPLUS/(DEFICIT)		11,234,821	<u>2,174,236</u>

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

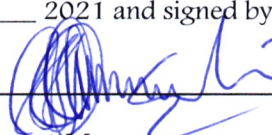
Fund Account Manager **National Sub-County Accountant** **Chairman NG-CDF Committee**
Paul N. Adome **Kenneth O. Onyango** **Maurice Changalwa**


**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

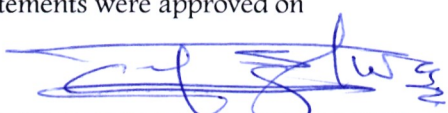
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 – 2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	8A	20,345,324	9,110,503
Total Cash and Cash Equivalents		20,345,324	9,110,503
TOTAL FINANCIAL ASSETS		20,345,324	9,110,503
FINANCIAL LIABILITIES			
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		20,345,324	9,110,503
REPRESENTED BY			
Fund balance b/fwd	9	9,110,503	6,936,267
Surplus/Deficit for the year		11,234,821	2,174,236
NET FINANCIAL POSITION		20,345,324	9,110,503

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


Fund Account Manager
Paul N. Adome

For: 
National Sub-County
Accountant
Kenneth O. Onyango


Chairman NG-CDF Committee
Maurice Chagalwa

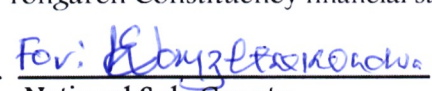
Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

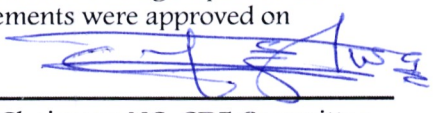
IX. STATEMENT OF CASHFLOW

		2020 – 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	131,367,724	99,000,000
Total receipts		131,367,724	99,000,000
Payments for operating activities			
Compensation of Employees	2	2,440,846	2,414,126
Use of goods and services	3	8,321,816	17,023,577
Transfers to Other Government Units	4	63,501,590	33,339,314
Other grants and transfers	5	29,382,452	44,048,747
Other Payments	7	11,689,200	-
Total payments		115,335,903	96,825,764
Total Receipts Less Total Payments		16,031,821	2,174,236
Net cash flow from operating activities		16,031,821	2,174,236
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	(4,797,000)	-
Net cash flows from Investing Activities		(4,797,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		11,234,821	2,174,236
Cash and cash equivalent at BEGINNING of the year		9,110,503	6,936,267
Cash and cash equivalent at END of the year		20,345,324	9,110,503

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


Fund Account Manager
Paul N. Adome

For: 
National Sub-County
Accountant
Kenneth O. Onyango


Chairman NG-CDF Committee
Maurice Changalwa

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

X. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		a	b				
RECEIPTS							
Transfers from NG-CDF Board	137,088,879	Opening Balance (C/Bk) and AIA 9,110,503	Previous years Outstanding Disbursements 39,367,724	185,567,106	140,478,227	45,088,879	75.7%
TOTAL RECEIPTS	137,088,879	9,110,503	39,367,724	185,567,106	140,478,227	45,088,879	75.7%
PAYMENTS							
Compensation of Employees	3,181,143	110,503	-	3,291,646	2,440,846	850,801	74.2%
Use of goods and services	8,407,736	1,000,000	-	9,407,736	8,321,816	1,085,920	88.5%
Transfers to Other Government Units	90,000,000		25,000,000	115,000,000	63,501,590	51,498,410	55.2%
Other grants and transfers	30,000,000	8,000,000	3,067,724	41,067,724	29,382,452	11,685,272	71.5%
Acquisition of Assets	-	-	4,800,000	4,800,000	4,797,000	3,000	99.9%
Other Payments	5,500,000	-	6,500,000	12,000,000	11,689,200	310,800	97.4%
TOTAL	137,088,879	9,110,503	39,367,724	185,567,106	120,132,903	65,434,203	64.7%

NB. A total of Ksh. 45M was not received during the financial year under review. All projects were approved

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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Commentary on Budget Utilisation

There was Ksh 45m that was not received from the Board resulting to 77% achievement of transfers from the NG-CDF Board

Compensation of Employees, Use of goods and services, Transfers to Other Government Units, Other grants and transfers were all under-utilized below 90% as a result of late disbursement of funds

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	65,434,203
Less undisbursed funds receivable from the Board as at 30 th June 2021	45,088,879
	20,345,324
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/2021	20,345,324

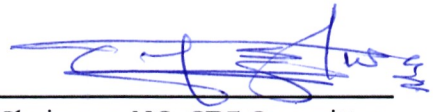
The NGCDF-Tongaren Constituency financial statements were approved on _____ 2021 and signed by:



Fund Account Manager
Paul N. Adome

for: Kenneth O. Onyango

National Sub-County
Accountant
Kenneth O. Onyango



Chairman NG-CDF Committee
Maurice Changalwa

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a) 2020/2021 Kshs	Adjustments(b) Opening Balance (C/Bk) and AIA Previous years Outstanding Disbursements Kshs	Final Budget c = (a+b) 2020/2021 Kshs	Actual on comparable basis(d) 30/06/2021 Kshs	Budget utilization difference (e = c-d) Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,914,524	110,503	4,025,027	1,032,407	2,992,620
1.2 Committee allowances	1,969,838		1,969,838	2,009,250	(39,412)
1.3 Use of goods and services	8,407,736	500,000	8,907,736	8,321,816	585,920
Total	14,292,098	610,503	14,902,601	11,363,473	3,539,128
2.0 Monitoring and evaluation					
2.1 Capacity building	315,324		315,324	314,500	824
2.2 Committee allowances	1,200,000		1,200,000	1,327,500	(127,500)
2.3 Use of goods and services	1,000,000	500,000	1,500,000	1,006,205	493,795
Total	2,515,324	500,000	3,015,324	2,648,205	367,119
3.0 Emergency					
3.1 Primary Schools	1,798,052	1,000,000	2,798,052	1,400,000	1,398,052
3.2 Secondary schools	1,798,052	1,000,000	2,798,052	600,000	2,198,052
3.3 Tertiary institutions	1,798,052	1,000,000	2,798,052		2,798,052
3.4 Security projects	1,798,052	1,000,000	2,798,052	350,000	2,448,052
3.5 Unutilised			-	-	-

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme /Sub-programme	Original Budget(a)	Adjustments(b)	Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference (e = c-d)
Total	7,192,207	4,000,000	11,192,207	2,350,000	8,842,207
4.0 Bursary and Social Security			-		-
4.1 Secondary Schools	12,000,000	27,000,000	32,067,724	2,052,000	40,015,724
4.2 Tertiary Institutions	16,000,000	1,000,000	17,000,000	16,000,000	997,000
4.3 Social Security	89,250		89,250	71,400	17,850
4.4 Special Needs	2,000,000	1,000,000	3,000,000	1,001,000	1,999,000
Total	30,089,250	29,000,000	62,156,974	19,127,400	43,029,574
5.0 Sports					-
Baraka General Supplies	2,000,000		2,000,000	1,979,000	21,000
Total	2,000,000	-	2,000,000	1,979,000	21,000
6.0 Environment					-
Bravake Gen. Supplies	2,000,000		2,000,000	1,997,000	21,000
Macaco Traders			-	1,998,035	(1,998,035)
Total	2,000,000	-	2,000,000	3,977,035	(1,977,035)
7.0 Primary Schools Projects					-
Kakamwe Primary School	1,500,000		1,500,000	-	1,500,000
Milima Primary School	1,500,000		1,500,000	-	1,500,000
Mitua Primary	1,500,000		1,500,000	-	1,500,000
Ndalu Primary	1,500,000		1,500,000	-	1,500,000
Mbakalo DEB Primary School	-		-	1,200,000	(1,200,000)

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme/Sub-programme	Original Budget(a)	Adjustments(b)	Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference (e = c-d)
Matisi CEB Primary	-	-	-	1,200,000	(1,200,000)
Sango PAG Primary School	-	-	-	1,200,000	(1,200,000)
Mukomari Primary	-	-	-	1,200,000	(1,200,000)
Mukhuyu Primary	-	-	-	1,200,000	(1,200,000)
Naitiri R.C Primary	-	-	-	4,451,590	(4,451,590)
Tongaren DEB Primary	1,500,000	-	1,500,000	1,500,000	-
Arch Bishop Wabukala Primary	-	-	-	1,200,000	(1,200,000)
Total	1,500,000	-	1,500,000	13,151,590	(11,651,590)
8.0 Secondary Schools Projects					
Mitua Girls Secondary School	4,000,000		4,000,000	2,000,000	2,000,000
RCEA Namunyiri Girls Sec School	300,000		300,000	300,000	-
Kibisi Sec School	2,000,000		2,000,000	-	2,000,000
Lungai Sec School	1,500,000		1,500,000	-	1,500,000
Milima Sec Schhol	2,500,000		2,500,000	-	2,500,000
Nabiswa Sec School	1,500,000		1,500,000	-	1,500,000
Nyange Sec School	1,500,000		1,500,000	-	1,500,000
RGC Namawanga Sec Shool	1,500,000		1,500,000	-	1,500,000
St. Kizito Sirende Sec School	1,000,000		1,000,000	-	1,000,000
Lunyu Sec School	1,000,000		1,000,000	-	1,000,000
Kimimini Friends Sec School	3,650,000		3,650,000	2,000,000	1,650,000
Milimani Secondary School	3,000,000		3,000,000	2,000,000	1,000,000

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme/Sub-programme	Original Budget(a)	Adjustments(b)	Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference (e = c-d)
Maliki Mixed Sec School	300,000		300,000	300,000	-
Maliki Secondary School	350,000		350,000	350,000	-
Mukuyuni Friends G.S.S	900,000		900,000	900,000	-
St. Patrick's Naitiri Boys High Sch	2,000,000		2,000,000	2,000,000	-
Bunambo Sec School	5,000,000		5,000,000	5,000,000	-
St. Patrick's Naitiri Boys High Sch	2,000,000		2,000,000	1,000,000	1,000,000
Mitua Girls Secondary School			-	1,500,000	(1,500,000)
Bishop Atundo Sec School Mabusai	3,000,000		3,000,000	1,000,000	2,000,000
Total	37,000,000		37,000,000	18,350,000	18,650,000
9.0 Tertiary institutions Projects			-		-
KMTC Tongaren	20,000,000.00		20,000,000	20,000,000	-
KMTC Tongaren	15,000,000.00		15,000,000	10,000,000	5,000,000
Total	35,000,000		35,000,000	30,000,000	5,000,000
10.0 Security Projects			-		-
	500,000		500,000	-	500,000
	500,000		500,000	-	500,000
	2,000,000		2,000,000	-	2,000,000
Makhanga Ass. Chiefs Office			-	700,000	(700,000)
Total	-		-	700,000	(700,000)
11.0 Acquisition of assets			-		-
11.1 Motor Vehicles		4,800,000	4,800,000	4,797,000	3,000
11.2 Construction of CDF office			-	-	-
11.3 Purchase of furniture and equipment			-	-	-

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Programme /Sub-programme	Original Budget(a)	Adjustments(b)	Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference (e = c-d)
11.4 Purchase of computers	-	-	-	-	-
Total	-	4,800,000	4,800,000	4,797,000	3,000
12.0 Other payments	-	-	-	-	-
Digital Schools Aids	-	6,500,000	6,500,000	6,500,000	-
Digital Schools Aids	5,500,000	-	5,500,000	5,189,200	310,800
Total	5,500,000	6,500,000	12,000,000	11,689,200	310,800
13.0 unallocated fund	-	-	-	-	-
Unapproved projects	-	-	-	-	-
AIA	-	-	-	-	-
PMC savings	-	-	-	-	-
Total	-	-	-	-	-
	137,088,879	9,110,503	185,567,106	120,132,903	65,434,203

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

***Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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.

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.

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 14th June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

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.

***Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
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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.

Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO B 104499	1		23,000,000
AIE NO B 104165	2		15,000,000
AIE NO B104179	3		6,000,000
AIE NOB 047664	4		20,000,000
AIE NO B 041228	5		4,000,000
AIE NO B 041289	6		30,000,000
AIE NO. B 034577	1	5,000,000	
AIE NO. B104682	2	20,000,000	
AIE NO. B124711	3	9,000,000	
AIE NO. B104965	4	14,367,724.10	
AIE NO. B119666	5	8,500,000	
AIE NO. B119705	6	12,000,000	
AIE NO. B128298	7	6,900,000	
AIE NO. B132058	8	6,000,000	
AIE NO. B132352	9	6,000,000	
AIE NO. B126021	10	13,000,000	
AIE NO. B126313	11	7,000,000	
AIE NO. B105108	12	11,600,000	
AIE NO	13	12,000,000	
TOTAL		131,367,724	99,000,000

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,355,166	2,251,176
Personal allowances paid as part of salary		
Employer Contributions Compulsory national social security schemes	85,680	162,950
Total	2,440,846	2,414,126

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	54,991	1,673,660
Electricity	10,000	36,000
Communication, supplies and services	-	580,970
Domestic travel and subsistence	688,680	790,845
Water and Sewerage	-	146,980
Printing, advertising and information supplies & services	-	567,000
Training expenses	314,500	1,260,100
Hospitality supplies and services	1,006,205	456,080
Other committee expenses	2,009,250	3,978,590
Committee allowance	1,327,500	2,649,230
Office and general supplies and services	1,060,899	1,290,760
Fuel, oil & Lubricants	750,000	1,517,000
Other operating expenses (Security Operations)	497,900	169,000
Bank service commission and charges	-	75,880
Routine maintenance – vehicles and other transport equipment	602,691	1,178,990
Routine maintenance – other assets	-	652,492
Total	8,321,816	17,023,577

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	13,151,590	14,686,394
Transfers to secondary schools (see attached list)	20,350,000	25,689,467
Transfers to tertiary institutions (see attached list)	30,000,000	-
TOTAL	63,501,590	40,375,861

5 OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	2,052,000	14,697,613
Bursary – tertiary institutions (see attached list)	16,003,000	18,473,514
Bursary – special schools (see attached list)	1,001,000	2,931,690
Security projects (see attached list)	700,000	500,000
Sports projects (see attached list)	1,979,000	-
Environment projects (see attached list)	3,977,000	1,994,000
Emergency projects (see attached list)	3,670,452	5,451,930
Total	29,382,452	44,048,747

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Vehicles and Other Transport Equipment	4,797,000	-
Total	4,797,000	-

7 OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
ICT Hub	11,689,200	-
Total	11,689,200	-

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8: CASH BOOK BANK BALANCE

8A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
Closing Cash Book Bank Balance	(30/6/2021) Kshs	(30/6/2020) Kshs
Cooperative Bank A/C No.01141470213900 Kimilili Branch	20,345,324	9,110'503
Total	20,345,324	9,110'503

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	9,110,503	6,936,267
Total	9,110,503	6,936,267

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER IMPORTANT DISCLOSURES

10.1: UNUTILIZED FUND (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	850,801	1,348,946
Use of goods and services	1,085,920	-
Amounts due to other Government entities (see attached list)	51,498,410	25,660,686
Amounts due to other grants and other transfers (see attached list)	11,685,272	3,515,674
Acquisition of assets	3,000	-
Others (<i>specify</i>)	310,800	-
Funds pending approval	-	17,952,920
TOTAL	65,434,203	48,478,227

Tongaren Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.2: PMC account balances (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	9,772,720	9,582,720
Total	9,772,720	9,582,720

**Tongaren Constituency
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ANNEX 1 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees		922,201	1,348,946	
Use of goods & services		1,085,920		
Amounts due to other Government entities		51,498,410	25,660,686	
4.1 Secondary Schools		40,015,724		
4.2 Tertiary Institutions		997,000		
4.3 Social Security		17,850		
Baraka General Supplies		21,000		
Mitua Girls Secondary School	Construction of twin laboratories	2,000,000		
Kibisi Sec School	Construction of twin laboratories	2,000,000		
Lungai Sec School	Construction of twin laboratories	1,500,000		
Milima Sec Schhol	Construction of twin laboratories	2,500,000		
Nabiswa Sec School	Construction of twin laboratories	1,500,000		
Nyange Sec School	Construction of twin laboratories	1,500,000		
RGC Namawanga Sec Shool	Construction of twin laboratories	1,500,000		
St. Kizito Sirende Sec School	Construction of twin laboratories	1,000,000		
Lunyu Sec School	Construction of twin laboratories	1,000,000		
Kimimini Friends Sec School	Construction of twin laboratories	1,650,000		
Milimani Secondary School	Construction of twin laboratories	1,000,000		
RGC Namawanga Sec Shool	Construction of twin laboratories	1,500,000		

**Tongaren Constituency
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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
KMTC Tongaren	Purchase of land for KMTC	5,000,000		
Sub-Total				
Amounts due to other grants and other transfers				
Mukuyuni Chief's Office	Construction of chief office	11,613,872	3,515,674	
Milima Assistant Chief Office	Construction of chief	500,000		
Mukuyuni Police Station	Construction of police station	2,000,000		
3.1 Primary Schools	Emergency response projects	1,398,052		
3.2 Secondary schools	Emergency response projects	2,198,052		
3.3 Tertiary institutions	Emergency response projects	2,798,052		
Sub-Total				
Acquisition of assets				
Others (specify)				
	Digital Schools Aids	313,800		
Sub-Total			17,952,920	
Funds pending approval				
Grand Total		65,434,203	48,478,227	

Tongaren Constituency
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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	-	-	-	-
Buildings and structures	6,500,000	-	-	6,500,000
Transport equipment	5,554,490	4,797,000	-	10,351,490
Office equipment, furniture and fittings	374,690	-	-	374,690
ICT Equipment, Software and Other ICT Assets	513,500	-	-	513,500
Other Machinery and Equipment	15,000	-	-	15,000
Total	12,957,680	4,797,000	-	17,754,680

Tongaren Constituency
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ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	BANK	ACCOUNT NO.	BALANCE AS AT 30/6/2021	BALANCE AS AT 30/6/2020
ARCH BISHOP WABUKALA ACK PRI	CO-OPERATIVE	1139469121800	1,194	1,194
BILIBILI SECONDARY SCHOOL	CO-OPERATIVE	1141687645200	2,417	2,417
BISHOP PHILIP ANYOLO SEC SCH	CO-OPERATIVE	1139599967900	14,618	14,618
BITUYU RC PRI SCH	CO-OPERATIVE	1139085890900	1,211	1,211
BUNAMBO SEC SCH	CO-OPERATIVE	1141470583400	5,629	5,629
CHUMA PRI SCH	CO-OPERATIVE	1139694800500	2,703	2,703
DR. ESELI PRI SCH	CO-OPERATIVE	1141469822900	921,531	921,531
ELUUYA FRIENDS GIRLS SEC SCH	CO-OPERATIVE	1141687120100	58,691	58,691
FRIENDS KIMININI SECONDARY SCHOOL	CO-OPERATIVE	1139599580403	2,165,313	2,165,313
FRIENDS SEC SCH MUSEMBE	CO-OPERATIVE	1141470394800	627,448	627,448
KAKAMWE CHIEF'S OFFICE	CO-OPERATIVE	1141687671400	1	1
KANANACHI PRIMARY SCHOOL	CO-OPERATIVE	1141688395400	15,168	15,168
KEGODE PRIMARY SCHOOL	CO-OPERATIVE	1141687942600	215	215
KEWA SEC SCH	CO-OPERATIVE	1141687673300	1,812,983	1,812,983
KIBISI PRIMARY SCHOOL	CO-OPERATIVE	1139469235100	13,037	13,037
KIBISI SECONDARY SCHOOL	CO-OPERATIVE	1141470584400	1,500,563	19,563
KWENA BRIDGE	CO-OPERATIVE	1141425572600	830	830
LUKHOKHWE PRIMARY	CO-OPERATIVE	1139469498200	10,033	1,001,033
LUKHUNA PRIMARY	CO-OPERATIVE	1139268740100	5,170	5,170
LUMUKILE PEFA PRI	CO-OPERATIVE	1141268129200	248,698	248,698
LUNAO PRIMARY SCHOOL	CO-OPERATIVE	1139694805000	124	124
LUNGAI FYM PRI	CO-OPERATIVE	1139049038501	1,316	1,316
LUNGAI HEALTH CENTRE	CO-OPERATIVE	1141469097400	1,060	1,060
LUNGAI MANYASA BRIDGE	CO-OPERATIVE	1141469212400	1,200	1,200
LUNGAI MANYASA LUKHUNA RD	CO-OPERATIVE	1141470430900	3,628	3,628
LUNGAI SECONDARY SCHOOL	CO-OPERATIVE	1139469235600	13,401	13,401
LUNGAI SHED	CO-OPERATIVE	1141425248900	4,311	4,311
LUNYU AP CAMP	CO-OPERATIVE	1141687960100	10,553	10,553
LUNYU DEB PRI	CO-OPERATIVE	1141687910400	87	87
LUNYU MARKET LUUYA ROAD	CO-OPERATIVE	1141469238600	1,618	1,618

Tongaren Constituency
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PMC	BANK	ACCOUNT NO.	BALANCE AS AT 30/6/2021	BALANCE AS AT 30/6/2020
LUSOKHO PAG PRI	CO-OPERATIVE	1141469280500	1,801,408	1,801,408
LUUYA DEB PRIMARY SCHOOL	CO-OPERATIVE	1139609031300	2,916	2,916
MABUSI PRIMARY SCHOOL	CO-OPERATIVE	1141688396800	14,787	14,787
MACHAKHA PRI SCH	CO-OPERATIVE	1141687645300	64,679	64,679
MAINA PAG PRI SCH	CO-OPERATIVE	1141687678400	943	943
MAKHANGA S.A PRI	CO-OPERATIVE	1139050345701	1,885	1,885
MAKOLOLWE PAG PRIMARY	CO-OPERATIVE	1139050223000	860	860
MAKUMU PRI	CO-OPERATIVE	1141469823700	2,646	2,646
MAKUNGA SA PRI	CO-OPERATIVE	1141470797900	703	703
MAKUNGA SA SEC SCH	CO-OPERATIVE	1139469235700	50,213	50,213
MALIKI AP CAMP	CO-OPERATIVE	1141687135900	1,178	1,178
MALIKI MIXED SEC	CO-OPERATIVE	1139469489400	6,744	6,744
MALIKI PRI SCH	CO-OPERATIVE	1141470358000	2,290	2,290
MALIKI SEC SCH	KCB	1133424147	300,000	300,000
MANYASA FRIENDS SEC SCH	CO-OPERATIVE	1141694159900	12,405	12,405
MAPERA DEB PRI	NBK	1024019460000	0	0
MARESI FYM PRI	CO-OPERATIVE	1139694804700	1,049	1,049
MARINDA PRI SCH	CO-OPERATIVE	1141470216100	1,432	1,432
MATISI CEB PRIMARY SCHOOL	CO-OPERATIVE	1141688613100	104,974	104,974
MATISI PAG PRIMARY SCHOOL	CO-OPERATIVE	1139046926402	3,505	3,505
MBAKALO ACK PRIMARY SCHOOL	CO-OPERATIVE	1139502049000	32,862	32,862
MBAKALO BOYS SEC SCHOOL	CO-OPERATIVE	1141469026800	48,437	48,437
MBAKALO CHIEFS OFFICE	CO-OPERATIVE	1141687487600	1,763	1,763
MBAKALO DEB PRI	CO-OPERATIVE	1141688618901	9,375	9,375
MBAKALO GIRLS SEC SCH	CO-OPERATIVE	1141469026900	28,399	28,399
MBAKALO POLICE STATION	CO-OPERATIVE	1141687942700	37,925	37,925
MBIRIRA PRY SCH	CO-OPERATIVE	1139599247303	7,510	7,510

***Tongaren Constituency
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PMC	BANK	ACCOUNT NO.	BALANCE AS AT 30/6/2021	BALANCE AS AT 30/6/2020
MFUPI PRI	CO-OPERATIVE	1141470499100	1,740	1,740
MILELE PRIMARY SCH	CO-OPERATIVE	1139694797800	3,458	3,458
MILIMA ASS CHIEFS OFFICE	CO-OPERATIVE	1141687906900	2,557	2,557
MILIMA BOARDING PRY SCHOOL	CO-OPERATIVE	1141687969300	8,555	8,555
MILIMA FRIENDS SEC SCHOOL	CO-OPERATIVE	1141687481100	55,997	55,997
MILIMANI PRIMARY SCHOOL	CO-OPERATIVE	1141688396800	14,787	14,787
Total			9,772,720	9,582,720

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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.

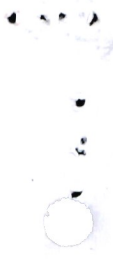
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><i>Ownership of land: The constituency development fund committee purchased various parcels of land during the year worth Kshs. 4,000,000/= . However, the purchase transactions are onllysupported by sale agreements some of which are not fully signed.</i></p>	<p>Tongaren Constituency is a settlement scheme where most of the land is still under lease hold. There are efforts by the community to convert the land from lease hold to free hold so that title deeds can be acquired. However, the projects undertaken were: Minyali Primary (two and half acre @ sh.1.5M), Nabiswa Sec. (two acres @ sh. 1.2M), James Mwei Sec(One acre @sh. 600,00/=) and St. John for the Disabled(One acre@sh.500,000/=) are on their final stages of acquiring the title deeds. The land sale agreements are fully signed awaiting the title deeds processing. However, the ministry of education has</p>	Submitted to Auditor for review	

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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)
2	Lack of land ownership document kshs. 1000,000 The funds disbursed to Lusokho PAG Primary school ksh.1,000,000 for acquisition of land and construction of classroom. However the title deed for the land purchase has not been obtained	indeed undertaken initiative to process all title deeds for all public schools. The land acquired by Lusokho PAG Primary school is adjoined to the school. The school followed all land purchase procedures as indicated by the land sale agreement. However the owner of the land passed on and succession is in progress. Once the succession is over, the title deed will be issued. Attached is the letter from the area chief for your confirmation	Submitted to Auditor for review	
3	Contract variation –Makhalate box culvert ksh 2,565,000.00 A firm was awarded a contract for the construction of Makhalate box culvert at a cost of ksh.2,565,060.00. The specification was changed from a box culvert to a drift culvert which should have reduced cost. However the firm completed the works and was paid in full for the box culvert	Before the works on the box culvert started, the funds Account Manager wrote to the roads engineer seeking for technical advice on the construction of the box culvert. It is the road engineer who advised that a budget of ksh. 2,700,000 was far below the expected minimum of ksh 8,500,000	Submitted to Auditor for review	

**Tongaren Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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)
		<p>for a 5x2.5m size box culvert. He therefore advised that since the budget was not enough, the office was to seek for additional funds or opt for a vented drift. The cost was therefore enough to construct a vetted drift and there were no savings. Attached herewith is a letter from the Regional engineer for confirmation</p>		



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