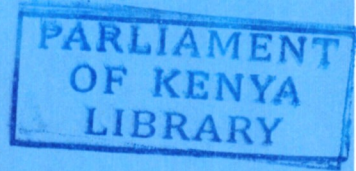



REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

 THE NATIONAL ASSEMBLY	
DATE: 08 MAR 2023	
DAY: Wednesday	
TABLED BY:	Hon Owen Bayo, CBS MP Deputy Majority Leader
OF CLERK-AT THE TABLE:	Miriam Mudo

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – GALOLE CONSTITUENCY**

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

OFFICE OF THE AUDITOR GENERAL

17 APR 2022

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**GALOLE CONSTITUENCY**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30684 (10110), NAIROBI  
KENYA

19 JUL 2022

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**Galole 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

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund

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

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**Core Values**

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

**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 Galole 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 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	HUSSEIN ABDULLAHI
2.	Sub-County Accountant	SOSPETER KIBOBO
3.	Chairman NGCDFC	NATHAN ODDO
4.	NG-CDFC Member	Maryam mohamud

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 129-70101  
Behind Deputy County Commissioners Office,  
Hola, Kenya

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

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**(f) Galole Constituency NGCDF Contacts**

Telephone: (254) 710654539  
E-mail: [cdfgalole@NG-CDF.go.ke](mailto:cdfgalole@NG-CDF.go.ke)  
Website: [www.NG-CDF.go.ke](http://www.NG-CDF.go.ke)

**(g) Galole Constituency NGCDF Bankers**

Kenya Commercial Bank Ltd,  
Hola Branch  
P.O. Box 129-70101 Hola, 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**

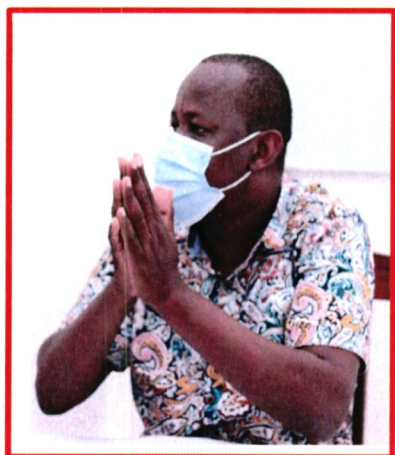
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**Galole Constituency**

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

**Reports and Financial Statements for The Year Ended June 30, 2021**

**II. NG-CDFC CHAIRMAN’S REPORT**



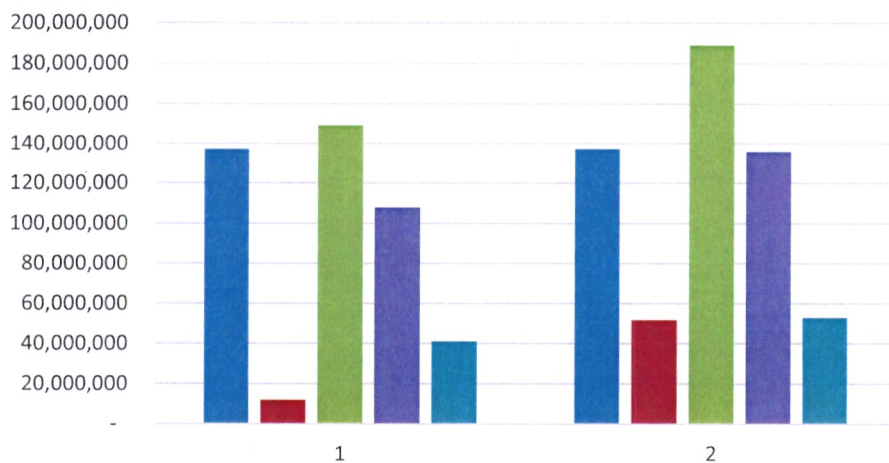
Through the Initiative of the GOK, Galole stands as one of the constituencies that had tremendous achievement in the implementation of public projects geared towards social-economic development of the region.

Since its inception, NG-CDF has stood with us as a unique government programme that had uplifted the living standards of our people. Through NG-CDF we have had uncountable number of classrooms started in Galole, several Secondary Schools initiated and thousands of students sponsored in Secondary Schools, Colleges and Universities. In Support of the Presidents Big 4 Agenda, Galole NG-CDF has supported students undertaking Medical and Teaching Courses. NG-CDF had helped this constituency realised some dreams which have been delayed or would not have been

possible to achieve in Galole Constituency.

During the Fiscal year 2019/2020, Galole NG-CDF had a final budget Kshs 149,095,664 out of which Kshs. 95,900,000 was received. The Constituency was able to utilise Kshs 107,906,786 of these funds (72%). The reports also indicate the funds haven’t been utilised 100% as Ksh. 41,188,878 of total allocation for financial year 2020/2021 is yet to be received as at 30<sup>th</sup> June, 2021.

**GALOLE NGCDF 2020/2021 EXPENDITURE**



	original Budget	Adjustment	Final budget	actual on comparable basis	Budget utilization Difference	% of Utilization
<b>Total Receipt</b>	137,088,878	12,006,786	149,095,664	107,906,786	41,188,878	72
<b>Total payment</b>	137,088,878	51,795,457	188,884,335	135,688,671	53,195,664	71

NG-CDF was able to implement various development projects in the constituency which have added value to the services and development programmes essential for the achievement of social-economic progress in the society. In Line with Government Vision to realise economic growth in

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

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the regions, it has spurred vibrant life among local communities. Among the successful public projects implemented through NG-CDF include:

Despite its minimal annual allocation, NG-CDF had tried to balance the needs of the community and prioritized development activities at location and ward levels. Every two years Galole NG-CDFC conduct a public forum where members of the public gather to give their priority projects. Based on the priorities raised funds are allocated to implement various projects.

However Much NG-CDFC tries to balance the needs, still more challenges abound. These includes increased needs due to awareness creations, minimal funding, competition over the scarce funds by various projects and communities, political influences from competitors and limited functions. Since NG-CDF is a National Government Fund, it is only allowed by Law to finance National Government functions.

Through proper planning, NG-CDF Galole is able to balance the needs of the projects and ensure key and priority projects that have maximum impact on the community are financed.

As Galole NG-CDFC Chairman I wish to give the following recommendations to the Government and other stakeholders to help NG-CDF realise its development dreams:

- That at least the NG-CDF funding be raised from the current 2.5% of the revenue to a higher percentage to ensure increased funding to support development projects at the grassroot. NG-CDF has since inception done wonderful grassroot development programmes.
- That NG-CDF be allowed to fund projects that falls outside the national government functions to ensure an all inclusive development projects that covers all sectors.

That NG-CDF be given an opportunity to partner with Donors and other development partners such as World Bank and International Donor Agencies to promote development projects in the communities.

Signature



**Nathan Oddo**  
**Chairman**  
**Galole NG-CDFC**



**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 *Galole Constituency 2018-2022* plan are to:

1. To improve access to education and training for Primary, Secondary and Tertiary institutions in Galole Constituency
2. To improve the learning environment
3. To improve performance in national examination
4. To improve the working conditions of security personnel
5. To promote environmental conservation
6. To promote youth initiatives to build and nurture their talents and skills in sports
7. To improve access to ICT infrastructure

**Progress on attainment of Strategic development objectives**

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

Constituency	Program	Objective	Outcome	Indicator	Performance
	Education	To improve access to education and training	<ul style="list-style-type: none"> <li>• Increased transition from primary to secondary schools</li> <li>• Increased transition from secondary school to technical and vocational skills</li> <li>• Increase the number of youth with technical and vocational skills</li> <li>• Increase the employability of skilled youths</li> </ul>	Increase provision of bursaries to students in primary and secondary schools, Technical, Industrial, Vocational and Entrepreneurship Training Institutions, and Universities	<p>Number of form one enrolment increased from 1,200 to 2,000</p> <p>Number of Bursary fund beneficiaries increased from 3,000 to 4,000</p>

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

	To improve the learning environment	Improved performance in primary, secondary and technical and vocational training institutions	To provide infrastructure in Primary and Secondary schools, Special Education Schools and TVET Institutions. To equip schools with learning materials and equipment	Number of classrooms increased by 15
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<b>Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Environment	To promote environmental conservation	Increase in knowledge, skills and passion for sustainable environment	Adopting environmental friendly practices promotional talks on increasing forest cover and environmental conservation	Number of trees planted increased from 5 to 15
Security	To improve the working conditions of security personnel	Reduction in crime rate Secure business environment	Improving security infrastructure	Secure business environment Number of security personnel staff quarters increased from 10 to 20
Sports	To promote youth initiatives to build and nurture their talents	Decreased dependency ratio in crime rate Increased number of youth engaged in gainful employment	Sponsor sports tournaments Provide sports equipment (balls and uniforms) to sports teams	Number of youth groups benefitting from the sports programme increased from 50 to 100
Information Communication and Technology (ICT)	To improve access to infrastructure for ease of doing business	Increase in online business uptake by youth	Establish four ICT hubs in the Constituency	Number of ICT centres at the chiefs' offices increased from 0 to 4

#### **IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

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

###### **Environment Policy and Action Plan**

Protection of the environment in which we live and operate is part of Galole NG-CDF initiatives

Care for the environment is one of our key responsibilities and an important aspect in the way in which carry out our operations.

### **3. Employee welfare**

We invest in providing the best working environment for our employees. Galole constituency recruitment is guided by Employment Act, NG-CDF 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. Galole 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-**

Galole NG-CDF 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-**

Galole NG-CDF 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.

***Galole Constituency***

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

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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.

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

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

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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- Galole 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- Galole 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- Galole 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.

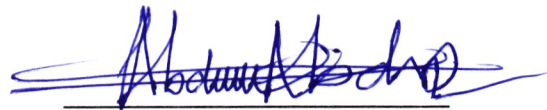
The Accounting Officer in charge of the NGCDF Galole Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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- Galole Constituency financial statements were approved and signed by the Accounting Officer on 30<sup>th</sup> August 2021.



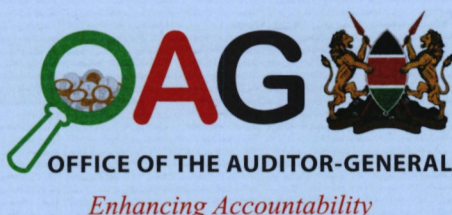
**Chairman NG-CDF Committee**  
**Name: Nathan Oddo**



**Ag. Fund Account Manager**  
**Name: Hussein Abdullahi**

# REPUBLIC OF KENYA

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



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

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

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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 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 - Galole Constituency set out on pages 14 to 40, which comprise of the statement of financial assets and liabilities as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of

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*Report of the Auditor-General on National Government Constituencies Development Fund - Galole Constituency for the year ended 30 June, 2021*

comparison of budget and actual amounts 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Galole 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

### **Basis for Qualified Opinion**

#### **1. Unsupported Expenditure on Committee Allowances**

During the year under review, the Fund spent Kshs.11,124,650 on use of goods and services out of which, an amount of Kshs.1,292,000 was spent on Committee allowance while conducting monitoring and evaluation of projects implemented by Fund within Galole Constituency as sitting allowances for Constituencies Development Fund Committee. Further, an amount of Kshs.1,686,000 was also spent on other Committee expenses. However, audit examination of payment vouchers and other supporting documents revealed that expenditure totalling Kshs.2,978,000 were not supported with copies of approved imprest requisition, imprest warrants and programs of the activities to be carried out and work tickets of the vehicles.

In addition, the payment schedule attached to the payment vouchers did not specify the period when the monitoring and evaluation exercise was conducted.

In the circumstances, the accuracy and completeness of expenditure of Kshs.2,978,000 on Committee allowances could not be confirmed.

#### **2. Unaccounted for Bursary Funds**

The statement of receipts and payments and Note 6 to the financial statements reflects other grants and other payments of Kshs.60,910,234. However, an amount of Kshs.8,275,094 disbursed lacked acknowledgement receipts or letters from the beneficiary institutions.

Further, bursary applications register was not maintained to record details of all bursary applications and there was no documentary evidence to indicate that the Fund invited and received bursary applications from needy students contrary to the National Government Constituencies Development Fund Board Circular Ref No. NG-CDFB/CEO/BOARD CIRCULARS VOL II (021) dated 18 June, 2020 that requires the bursary committee to invite applications, analyze received applications, and make recommendations to the NG-CDF Committee clearly listing the applicants recommended and those not recommended for approval.



In the circumstances, the accuracy and completeness of bursaries amounting to Kshs.8,275,094 could not be confirmed.

### **3. Unsupported Emergency Expenses**

During the year under review, the Fund spent Kshs.7,015,000 in respect of emergency expenditure involving supply and delivery of clean water to schools to mitigate the effects of Covid-19 and supply and delivery of food to the constituents of Galole. However, signed water-trucking sheets used to monitor and to indicate water supplied, truck registration number, signature of delivery point representative and contacts and list of beneficiary schools were not presented for audit review. In addition, waybill, list of beneficiaries of the food delivered with names, ID numbers, telephone numbers and signatures were not provided for audit review.

Further, supply of textbooks to a secondary school amounting to Kshs.675,000 was considered as an emergency by the Constituency Committee and no documentary evidence was provided to indicate that the utilization of the emergency reserve was reported to the Board within thirty (30) days of the occurrence of the emergency contrary to regulation 8(3) and 20(2) of National Government Constituencies Development Fund Regulations, 2016.

In the circumstances, the accuracy and completeness of emergency expenses amounting to Kshs.7,015,000 could not be confirmed.

### **4. Unsupported Expenditure on Sports**

The statement of receipts and payments and Note 6 to the financial statements reflects expenditure of Kshs.4,054,000 on sports projects. However, Management did not provide supporting documents such as local purchase orders, delivery notes, invoices, counter requisition and issue vouchers (S11) as well as the stores ledgers to support the expenditure.

In the circumstances, the accuracy, completeness and regularity of sports expenditure amounting to Kshs.4,054,000 could not be confirmed.

### **5. Unsupported Expenditure on Security Projects**

The statement of receipts and payments and Note 6 to the financial statements reflects expenditure of Kshs.7,700,000 on security projects. The expenditure includes construction of a dining hall and a kitchen at Hola Prison Camp at a cost of Kshs.4,500,000 and Kshs.2,000,000 respectively. However, records provided for audit revealed that the Fund had budgeted to spend Kshs.2,700,000 for the construction of the dining hall but a total of Kshs.3,700,000 was paid for the project exceeding the budget by an amount of Kshs.1,000,000.

Further, review of the project files provided for audit revealed that the expenditure was not supported with tax compliance certificates, valid business licenses and the National Construction Authority (NCA) certificates of the winning bidders, approved project work plans, relevant drawings, project hand over reports from the Project Management Committees (PMC) to the Constituency Committee, PMC bank statements. In addition, the tender evaluation minutes were not signed by the Committee members.

In the circumstances, the accuracy and completeness of Kshs.6,500,000 on security projects could not be confirmed.

## **6. Failure to Update the Fixed Assets Register**

Annex 2 of the financial statements on summary of fixed assets register reflects total assets value of Kshs.35,773,996. However, the Management did not provide an updated fixed assets register for audit scrutiny. Further, physical verification carried out on 6 April, 2022 revealed that the land where the office occupies has no title deed or letter of allotment as evidence of ownership.

In the circumstances, accuracy, completeness and ownership of the assets 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 - Galole 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 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.149,096,664 and Kshs.95,900,000 respectively, resulting to an underfunding of Kshs.53,195,664 or 36% of the budget. Similarly, the Fund statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.188,884,335 and Kshs.135,688,671 respectively resulting to under expenditure of Kshs.53,195,664 or 28% of the budget.

In addition, the statement reflects amounts of Kshs.149,095,664 and Kshs.188,884,335 in respect to approved revenue and expenditure budgets respectively resulting to an unexplained variance of Kshs.39,788,671.

In the circumstances, the underfunding, under-performance and budget imbalance affected the planned activities and may have impacted negatively on service delivery to the public.

#### **2. Projects Implementation**

Review of the Project Implementation Status report provided for audit review indicated that the Fund had planned to implement twenty-six (26) projects with a total project cost of Kshs.129,482,985 during the year ended 30 June, 2021. The projects were of different categories and at different completion status.

However, thirteen (13) projects were complete, nine (9) projects were on-going while four (4) projects had not started by the time of audit.

Failure to implement and delay completion of planned projects may have impacted negatively on service delivery to the public.

## 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. Non-Compliance with the Constituencies Development Regulations

Review of the Fund's approved budget indicate that amounts of Kshs.3,500,000 and Kshs.1,800,000 were budgeted in the financial years 2019/2020 and 2020/2021 respectively for renovation of Handampia Primary School. The funds were to be utilized for roofing, fixing doors, flooring and wall painting of six (9) classrooms. However, physical verification carried out on 6 April, 2022 revealed that only roofs were replaced while doors were not replaced or repaired, floors and walls had huge cracks and there was no proof that the walls were painted.

In addition, the Constituency Committee made payments of Kshs.4,400,000 directly from CDF - Galole bank account to a contractor for renovation of a local primary school instead of Project Management Committee contrary to Section 15 (6)(7) of National Constituencies Development Regulations, 2016 which prohibits Constituency Development Committee from converting itself into Project Management Committee. In addition, PMC bank statements for the project was not availed for audit review.

In the circumstances, the Management was in breach of the law and value for money of Kshs.4,400,000 on renovation of the primary school may not have been realized.

#### 2. Construction of Social Hall at Holla Primary School

The statements of receipts and payments and Note 5 to the financial statements reflects transfers to primary schools of Kshs.50,022,370. Out of which, an amount of Kshs.3,600,000 was allocated for completion of social hall at Holla Primary School and an amount of Kshs.2,600,000 was allocated for purchase of furniture. However, payment totalling Kshs.4,804,000 was made to the contractor against approved budget of Kshs.3,600,000. No explanation was provided for over payment amounting to Kshs.1,204,000 contrary to Section 26(2) of the National Constituencies Development Regulations, 2016. Further, an amount of Kshs.2,900,000 paid vide payment voucher number 100 for supply of furniture to Holla Primary School social hall were not supported by user requisitions, quotations, tender evaluation minutes, local service/purchase

orders, delivery notes, counter receipt vouchers (S.13), stores ledger cards (S.3), counter receipt and issue voucher (S.11) and report of the Inspection and Acceptance Committee.

In the circumstances, the value for money on expenditure of Kshs.7,704,000 on completion of the social hall and supply of furniture could not be confirmed.

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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or 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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 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 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 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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**

**23 September, 2022**

**Galole Constituency**

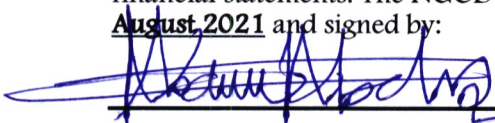
**National Government Constituencies Development Fund (NGCDF)**

**Reports and Financial Statements for The Year Ended June 30, 2021**

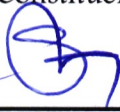
**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2020 – 2021	2019 – 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	95,900,000	137,367,724
Proceeds from Sale of Assets		-	-
Other Receipts	2	-	5,000
<b>TOTAL RECEIPTS</b>		<b>95,900,000</b>	<b>137,372,724</b>
<b>PAYMENTS</b>			
Compensation of employees	3	2,813,234	2,426,470
Use of goods and services	4	11,124,650	13,858,597
Transfers to Other Government Units	5	56,650,788	48,331,623
Other grants and transfers	6	60,910,234	62,965,812
Acquisition of Assets	7	4,189,765	3,244,231
Other Payments	8	-	300,000
<b>TOTAL PAYMENTS</b>		<b>135,688,671</b>	<b>131,126,733</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(39,788,671)</b>	<b>6,245,992</b>

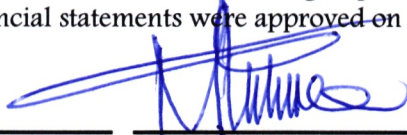
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Galole Constituency financial statements were approved on 30th August 2021 and signed by:



Ag. Fund Account Manager  
Name: Hussein Abdullahi



National Sub-County  
Accountant  
Name: Sospeter Kibobo  
ICPAK M/No: 20424



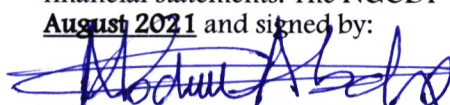

Chairman NG-CDF Committee  
Name: Nathan Oddo

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

**VIII. STATEMENT OF ASSETS AND LIABILITIES**

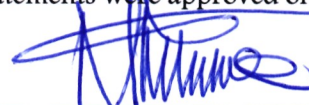
	Note	2019-2020	2019 – 2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	12,006,786	51,795,457
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>12,006,786</b>	<b>51,795,457</b>
<b>Accounts Receivable</b>			
Outstanding Imprests	11		
<b>TOTAL FINANCIAL ASSETS</b>		<b>12,006,786</b>	<b>51,795,457</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	12A		
Gratuity	12B		
<b>TOTAL FINANCIAL LIABILITES</b>			
<b>NET FINANCIAL ASSETS</b>		<b><u>12,006,786</u></b>	<b><u>51,795,457</u></b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd 1<sup>st</sup> July 2020</b>	<b>13</b>	51,795,457	45,549,465
Prior year adjustments	14	(39,788,671)	6,245,992
Surplus/Deficit for the year			
<b>NET FINANCIAL POSITION</b>		<b>12,006,786</b>	<b>51,795,457</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Galole Constituency financial statements were approved on 30<sup>th</sup> August 2021 and signed by:

Ag. Fund Account Manager  
 Name: Hussein Abdullahi

National Sub-County  
 Accountant  
 Name: Sospeter Kibobo  
 ICPAK M/No: 20124



Chairman NG-CDF Committee  
 Name: Nathan Oddo

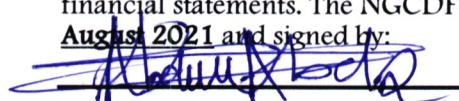


**Galole Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Reports and Financial Statements for The Year Ended June 30, 2021**

**IX. STATEMENT OF CASHFLOW**

		<b>2020 – 2021</b>	<b>2019 – 2020</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	95,900,000	137,367,724
Proceeds from Sale of Assets			
Other Receipts	2		5,000
<b>Total receipts</b>		<b>95,900,000</b>	<b>137,372,724</b>
<b>Payments for operating activities</b>			
Compensation of Employees	3	2,813,234	2,426,470
Use of goods and services	4	11,124,650	13,858,597
Transfers to Other Government Units	5	56,650,788	48,331,623
Other grants and transfers	6	60,910,234	62,965,812
Other Payments	8		300,000
<b>Total payments</b>		<b>131,498,906</b>	<b>127,882,502</b>
<b>Total Receipts Less Total Payments</b>		<b>(35,598,906)</b>	<b>9,490,223</b>
<b>Net cash flow from operating activities</b>		<b>(35,598,906)</b>	<b>9,490,223</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets			
Acquisition of Assets	7	(4,189,765)	(3,244,231)
<b>Net cash flows from Investing Activities</b>		<b>(39,788,671)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(39,788,671)</b>	<b>6,245,992</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	9	<b>51,795,457</b>	<b>45,549,465</b>
<b>Cash and cash equivalent at END of the year</b>		<b>12,006,786</b>	<b>51,795,457</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Galole Constituency financial statements were approved on 30<sup>th</sup> August 2021 and signed by:



Ag. Fund Account Manager  
 Name: Hussein Abdullahi



National Sub-County  
 Accountant  
 Name: Sospeter Kibobo  
 ICPAK M/No: 20424



Chairman NG-CDF Committee  
 Name: Nathan Oddo

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

**X. SUMMARY STATEMENT OF APPROPRIATION**

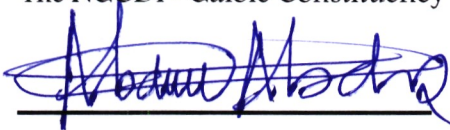
Receipts/Payments	Original Budget		Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	b	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
<b>RECEIPTS</b>	2020/2021				2020/2021	30/06/2021		
	Kshs			Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,878		12,006,786	-	149,095,664	95,900,000	53,195,664	64.3%
Proceeds from Sale of Assets	-		-	-	-	-	-	
Other Receipts	-		-	-	-	-	-	
<b>TOTALS</b>	<b>137,088,878</b>		<b>12,006,786</b>	-	<b>149,095,664</b>	<b>95,900,000</b>	<b>53,195,664</b>	<b>64.3%</b>
<b>PAYMENTS</b>								
Compensation of Employees	4,180,000		771,713	-	4,951,713	2,813,234	2,138,479.00	76.01 %
Use of goods and services	8,157,999		4,291,263	-	12,449,262	11,124,650	1,324,612.00	11.91%
Transfers to Other Government Units	51,250,000		32,607,479	-	83,857,479	56,650,788	27,206,691.00	48.03 %
Other grants and transfers	67,475,761		14,110,410	-	81,586,171	60,910,234	20,675,937.00	33.94 %
Acquisition of Assets	6,025,118		-	-	6,025,118	4,189,765	1,835,353.00	43.8%
Other Payments	-		14,592	-	14,592	-	14,592	0.0%
Funds pending approval**	-		-	-	-	-	-	
<b>TOTALS</b>	<b>137,088,878</b>		<b>51,795,457</b>	-	<b>188,884,335</b>	<b>135,688,671</b>	<b>53,195,664</b>	<b>71.8%</b>

- 
- (a) The revenue items exclude the AIA for the Year 2020/2021. The Constituency did not realise any AIA
- (b) The adjustments comprise of funds for the Fiscal Year 2019/2020 not received as at 30<sup>th</sup> June 2020 (the Balance of the funds received but not utilised (Kshs. 12,006,786 Cash Book Balance).
- (c) The Constituency had no over utilization during the year. The total utilization of the Annual budget stood at 72% depicted by less fund disbursement by NG-CDF board as compared to previous year.
- The Compensation of Employees scored a utilization percentage of 52% for the year. This result from a balance brought forward from previous years.
  - Use of goods and services had a utilization of 94% for the year. This is also as a result of balance brought forward and late receipt of funds that did not allow the Committee to disburse all the received funds.
  - Transfer to other Government Entities had a utilization of 65% and this originated from fund yet to be received as at 30<sup>th</sup> June 2020.
  - Other Grants and Transfers stood at 78% and this resulted from the delay in receipt of funds from the Board.

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

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilisation difference totals	53,195,664
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2021	41,188,878
Add Accounts payable	
Less Accounts Receivable	
Add/Less Prior Year Adjustments	
Cash and Cash Equivalents at the end of the FY 2020/2021	12,007,000

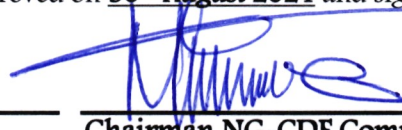
The NGCDF- Galole Constituency financial statements were approved on 30<sup>th</sup> August 2021 and signed by:



Ag. Fund Account Manager  
 Name: Hussein Abdullahi



National Sub-County  
 Accountant  
 Name: Sospeter Kibobo  
 ICPAK M/No: 20424



Chairman NG-CDF Committee  
 Name: Nathan Oddo

**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 2020/2021 Kshs	Adjustments		Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
		Opening balance(C/BK) and AIA	Previous outstanding disbursements			
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	4,180,000	771,713	-	4,951,713	2,571,231	2,380,482
1.2 Committee allowances	1,600,000	40,000	-	1,640,000	1,630,000	10,000
1.3 Use of goods and services	2,445,333	1,013,363	-	3,458,696	3,425,300	33,396
1.4 Capacity Building	-	-	-	-	-	-
<b>Sub-Total</b>	<b>8,225,333</b>	<b>1,825,076</b>	<b>-</b>	<b>10,050,409</b>	<b>7,626,531</b>	<b>2,423,878</b>
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building	1,457,491	-	-	1,457,491	1,400,000	57,491
2.2 Committee allowances	2,055,175	-	-	2,055,175	1,855,000	200,175
2.3 Use of goods and services	600,000	237,900	-	837,900	600,000	237,900
<b>Sub-Total</b>	<b>4,112,666</b>	<b>237,900</b>	<b>-</b>	<b>4,350,566</b>	<b>3,855,000</b>	<b>495,566</b>
<b>3.0 Emergency</b>						
3.1 Emergency	-	-	-	-	-	-
3.2 Primary schools	7,192,206	516,344	-	7,708,550	6,926,150	782,400
3.3 Secondary schools	-	-	-	-	-	-
3.4 Tertiary institutions	-	-	-	-	-	-
3.5 Security projects	-	-	-	-	-	-
3.6 Others	-	-	-	-	-	-
<b>Sub-Total</b>	<b>7,192,206</b>	<b>516,344</b>	<b>-</b>	<b>7,708,550</b>	<b>6,926,150</b>	<b>782,400</b>
<b>4.0 Bursary and Social Security</b>						
4.1 Primary Schools	-	-	-	-	-	-

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4.2 Secondary Schools	40,000,000	3,621,107	-	43,621,107	36,483,490	7,137,617
4.3 Tertiary Institutions	7,900,000	900,103	-	8,800,103	7,675,947	1,124,156
4.4 Universities	-	-	-	-	-	-
4.5 Social Security	-	-	-	-	-	-
<b>Sub-Total</b>	<b>47,900,000</b>	<b>4,521,210</b>	-	<b>52,421,210</b>	<b>44,159,437</b>	<b>8,261,773</b>
<b>5.0 Sports</b>						
5.1 Sport activities	2,741,778	782,856	-	3,524,634	2,731,200	793,434
<b>Sub-Total</b>	<b>2,741,778</b>	<b>782,856</b>	-	<b>3,524,634</b>	<b>2,731,200</b>	<b>793,434</b>
<b>6.0 Environment</b>						
6.1 Galole model secondary school	2,741,778	-	-	2,741,778	2,654,000	87,778
6.2 Kone primary school	-	1,750,000	-	1,750,000	1,703,335	46,665
6.3 Fanjua primary school	-	60,000	-	60,000	-	60,000
6.4 Kalalani primary school	-	60,000	-	60,000	-	60,000
6.5 Kone primary school	-	620,000	-	620,000	600,000	20,000
<b>Sub-Total</b>	<b>2,741,778</b>	<b>2,490,000</b>	-	<b>5,231,778</b>	<b>4,957,335</b>	<b>274,443</b>
<b>7.0 Primary Schools Projects</b>						
7.1 Hola primary school	3,250,000	-	-	3,250,000	1,104,000	2,146,000
7.2 Nyangwani primary school	2,400,000	-	-	2,400,000	-	2,400,000
7.3 Bohoni primary school	3,500,000	-	-	3,500,000	3,100,000	400,000
7.4 Hola primary school	3,500,000	-	-	3,500,000	1,410,000	2,090,000
7.5 Hola primary school	1,800,000	-	-	1,800,000	1,510,000	290,000
7.6 Makere primary school	2,400,000	-	-	2,400,000	1,380,818	1,019,182
7.8 Bondeni primary school	2,400,000	-	-	2,400,000	2,000,000	400,000
7.9 Baksano primary school	1,800,000	-	-	1,800,000	1,800,000	-
7.10 Handampia primary school	1,800,000	-	-	1,800,000	900,000	900,000
7.11 Rhoka primary school	3,500,000	-	-	3,500,000	-	3,500,000
7.12 Wayu primary school	3,500,000	-	-	3,500,000	2,700,000	800,000
7.13 Chewani primary school	3,500,000	-	-	3,500,000	3,100,000	400,000
7.14 Hara primary school	2,400,000	-	-	2,400,000	-	2,400,000
7.15 Koticha primary school	1,200,000	-	-	1,200,000	-	1,200,000

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7.16	Kalalani primary school	-	3,300,000	-	3,300,000	3,300,000	-
7.17	Lakole primary school	-	2,700,000	-	2,700,000	2,700,000	-
7.18	Majengo primary school	-	500,000	-	500,000	500,000	-
7.19	Gafuru primary school	-	-	-	-	-	-
7.2	Gafuru primary school	-	50,000	-	50,000	-	50,000
7.21	Bondeni primary school	-	30,000	-	30,000	-	30,000
7.22	Mikinduni primary school	-	4,567,552	-	4,567,552	4,567,552	-
7.23	Hola primary school	-	-	-	-	-	-
7.24	Baksano primary school	-	1,400,000	-	1,400,000	200,000	1,200,000
7.25	Makere primary school	-	-	-	-	-	-
7.26	Kilindini primary school	-	3,600,000	-	3,600,000	1,400,000	2,200,000
7.27	Handampia primary school	-	3,500,000	-	3,500,000	3,500,000	-
7.28	Kirakungu primary school	-	3,400,000	-	3,400,000	3,400,000	-
7.29	Bula primary school	-	-	-	-	-	-
7.3	Ongola primary school	-	400,000	-	400,000	400,000	-
7.31	Vukoni primary school	-	2,499,800	-	2,499,800	2,499,800	-
7.32	Kiarukungu primary school	-	800,000	-	800,000	700,000	100,000
7.33	Kalalani primary school	-	-	-	-	-	-
7.34	Jarriot primary school	-	-	-	-	-	-
7.35	Majengo primary school	-	-	-	-	-	-
7.36	Daku primary school	-	800,000	-	800,000	800,000	-
7.37	Waldera primary school	-	-	-	-	-	-
7.38	Bondeni primary school	-	10,000	-	10,000	-	10,000
7.39	Gusani primary school	-	2,550,000	-	2,550,000	2,550,000	-
	<b>Sub-Total</b>	<b>36,950,000</b>	<b>30,107,352</b>	<b>-</b>	<b>67,057,352</b>	<b>45,522,170</b>	<b>21,535,182</b>
<b>8.0 Secondary Schools Projects</b>							
8.1	Galole Model Secondary School	1,200,000	-	-	1,200,000	-	1,200,000
8.2	Galole Model Secondary school	7,800,000	-	-	7,800,000	-	7,800,000
8.3	Tana River Sub-county Education office	2,000,000	-	-	2,000,000	1,500,000	500,000
8.4	Tana River Sub-county Education office	3,300,000	-	-	3,300,000	1,896,000	1,404,000

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8.5 Chewani Secondary School	-	-	-	-	-	-	-	-	-
8.6 Chanini Sec Sch	-	-	1,711,098	-	1,711,098	-	1,711,098	-	-
8.7 Rafiki Sec sch	-	-	2,189,029	-	2,189,029	-	2,113,985	-	75,044
8.8 Daku sec sch	-	-	-	-	-	-	-	-	-
8.9 Daku Secondary school	-	-	-	-	-	-	-	-	-
9.0 Wenje Secondary school	-	-	1,100,000	-	1,100,000	-	1,100,000	-	-
9.1 Majengo secondary school	-	-	500,000	-	500,000	-	500,000	-	-
<b>Sub-Total</b>		<b>14,300,000</b>	<b>5,500,127</b>	-	<b>19,800,127</b>	-	<b>8,821,083</b>	-	<b>10,979,044</b>
<b>9.0 Health institutions Projects</b>									
9.1 Nhif cover	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>	-	-	-	-	-	-	-	-	-
<b>10.0 Security Projects</b>									
10.1 Tana River county commissioner's residence	-	2,400,000	-	-	2,400,000	-	-	-	2,400,000
10.2 Tana River county commissioner's boardroom	-	1,800,000	-	-	1,800,000	-	-	-	1,800,000
10.3 Hola Prison camp	-	2,700,000	-	-	2,700,000	-	2,000,000	-	700,000
10.4 Hola County commander	-	-	-	-	-	-	-	-	-
10.5 Hola AP camp	-	-	-	-	-	-	-	-	-
10.6 Wenje police camp	-	-	1,300,000	-	1,300,000	-	1,300,000	-	-
10.7 Hola prison camp	-	-	3,700,000	-	3,700,000	-	3,700,000	-	-
<b>Sub-Total</b>		<b>6,900,000</b>	<b>5,000,000</b>	-	<b>11,900,000</b>	-	<b>7,000,000</b>	-	<b>4,900,000</b>
<b>11.0 Acquisition of assets</b>									
11.1 Motor Vehicles	-	-	-	-	-	-	-	-	-
11.2 Construction of CDF office	-	6,025,118	-	-	6,025,118	-	4,089,765	-	1,935,353
11.3 Purchase of furniture and equipment	-	-	-	-	-	-	-	-	-
11.4 Purchase of computers	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>		<b>6,025,118</b>	-	-	<b>6,025,118</b>	-	<b>4,089,765</b>	-	<b>1,935,353</b>
<b>12.0 ROADS</b>									
12.1	-	-	-	-	-	-	-	-	-
<b>13.0 Others</b>									
	-	-	-	-	-	-	-	-	-



**National Government Constituencies Development Fund (NGCDF)  
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13.1 Strategic Plan	-	-	-	-	-	-	-
13.2 Innovation Hub	-	-	-	-	-	-	-
13.3 TIVET	-	-	-	-	-	-	-
13.4 Galole zubaki chief's office hub	-	14,592	14,592	14,592	14,592	14,592	14,592
<b>Sub-Total</b>	-	<b>14,592</b>		<b>14,592</b>		<b>14,592</b>	<b>14,592</b>
<b>13 Tertiary institutions projects</b>							
13.1 Hola KMTC	-	800,000	800,000	800,000	800,000	800,000	800,000
<b>Sub-Total</b>		<b>800,000</b>		<b>800,000</b>		<b>800,000</b>	<b>800,000</b>
<b>GRAND TOTALS</b>	<b>137,088,878</b>	<b>51,795,457</b>		<b>188,884,335</b>		<b>135,688,671</b>	<b>53,195,664</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- Galole 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**

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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 11th June 2020 for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> 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 30<sup>th</sup> 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.

**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.

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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2020-2021	2019-2020
		Kshs	Kshs
		AMOUNT	
Normal Allocation	AIE NO.B	5,000,000.00	
	AIE NO.B	9,000,000.00	
	AIE NO.B	10,000,000.00	
	AIE NO.B	12,000,000.00	
	AIE NO.B	6,900,000.00	
	AIE NO.B	6,000,000.00	
	AIE NO.B	6,000,000.00	
	AIE NO.B	13,000,000.00	
	AIE NO.B	6,000,000.00	
	AIE NO.B	10,000,000.00	
	AIE NO.B	12,000,000.00	
	AIE NO.B017108		4,000,000.00
	AIE NO.B041271		18,000,000.00
	AIE NO.B047690		5,000,000.00
	AIE NO.B047879		7,000,000.00
	AIE NO.B		14,000,000.00
	AIE NO.B		20,000,000.00
	AIE NO.B		69,367,724.10
	AIE NO.B		
	AIE NO.B		
<b>TOTAL</b>		<b>95,900,000.00</b>	<b>137,367,724.10</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**2. OTHER RECEIPTS**

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	-	5,000.00
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	-	<b>5,000.00</b>

**3. COMPENSATION OF EMPLOYEES**

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,448,115.00	2,213,590.00
<b>Personal allowances paid as part of salary</b>		
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	-	-
Employer Contributions Compulsory national social security schemes	365,119.00	212,880
<b>Total</b>	<b>2,813,234.00</b>	<b>2,426,470.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. USE OF GOODS AND SERVICES**

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	195,000.00	239,247.00
Electricity		
Water & sewerage charges		-
Office rent	696,000.00	-
Communication, supplies and services		50,000.00
Domestic travel and subsistence	811,200.00	1,200,000.00
Printing, advertising and information supplies & services	60,150.00	600,000.00
Rentals of produced assets		-
Training expenses		1,250,000.00
Hospitality supplies and services	430,000.00	200,000.00
Other committee expenses	4,170,100.00	
Committee allowance	3,543,700.00	6,509,300.00
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services	1,174,000.00	2,100,000.00
Fuel , oil & lubricants		
Other operating expenses	44,500.00	1,710,050.00
Bank service commission and charges		
Other Operating Expenses		-
Security operations		-
Routine maintenance - vehicles and other transport equipment		-
Routine maintenance- other assets		
<b>Total</b>	<b>11,124,650.00</b>	<b>13,858,597.00</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	50,022,370.00	32,290,000.00
Transfers to secondary schools (see attached list)	6,628,418.00	16,041,623.00
Transfers to tertiary institutions (see attached list)	-	-
<b>TOTAL</b>	<b>56,650,788.00</b>	<b>48,331,623.00</b>

**6. OTHER GRANTS AND OTHER PAYMENTS**

Description	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	35,302,986.00	43,378,893.50
Bursary – tertiary institutions (see attached list)	4,184,248.00	2,520,786.50
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	7,700,000.00	2,500,000.00
Sports projects (see attached list)	4,054,000.00	2,550,000.00
Environment projects (see attached list)	2,654,000.00	-
Emergency projects (see attached list)	7,015,000.00	12,016,131.00
<b>Total</b>	<b>60,910,234.00</b>	<b>62,965,811.60</b>



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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**7. ACQUISITION OF ASSETS**

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	4,189,765.00	3,244,231.00
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
<b>Total</b>	<b>4,189,765.00</b>	<b>3,244,231.00</b>

**8. OTHER PAYMENTS**

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	300,000
<b>Total</b>	<b>-</b>	<b>300,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10: CASH BOOK BANK BALANCE**

**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
KENYA COMMERCIAL BANK-HOLA BRANCH GALOLE NG-CDF A/C no.1108807879	12,006,786.00	51,795,457.00
<b>Total</b>	<b>12,006,786.00</b>	<b>51,795,457.00</b>
<b>10B: CASH IN HAND</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>specify</i> )	-	-
<b>Total</b>	-	-
<i>[Provide cash count certificates for each]</i>		

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**11. BALANCES BROUGHT FORWARD**

	2020-2021 (1 <sup>st</sup> July 2020)	2019-2020 (1 <sup>st</sup> July 2019)
	Kshs	Kshs
Bank accounts	51,795,457	45,549,465.59
Cash in hand		-
Imprest	-	-
<b>Total</b>	<b>51,795,457</b>	<b>45,549,465.59</b>

*[Provide short appropriate explanations as necessary]*

**12.1: UNUTILIZED FUND (See Annex 1)**

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	2,138,479.00	771,713.00
Use of goods and services	1,324,612.00	851,263.17
Amounts due to other Government entities (see attached list)	27,206,691.00	47,572,005.00
Amounts due to other grants and other transfers (see attached list)	20,675,937.00	22,360,773.00
Acquisition of assets	1,835,353.00	639,369.00
Others ( <i>specify</i> )	14,592	3,413,592.00
Interest received		5000.00
	<b>53,195,664.41</b>	<b>75,608,715.17</b>

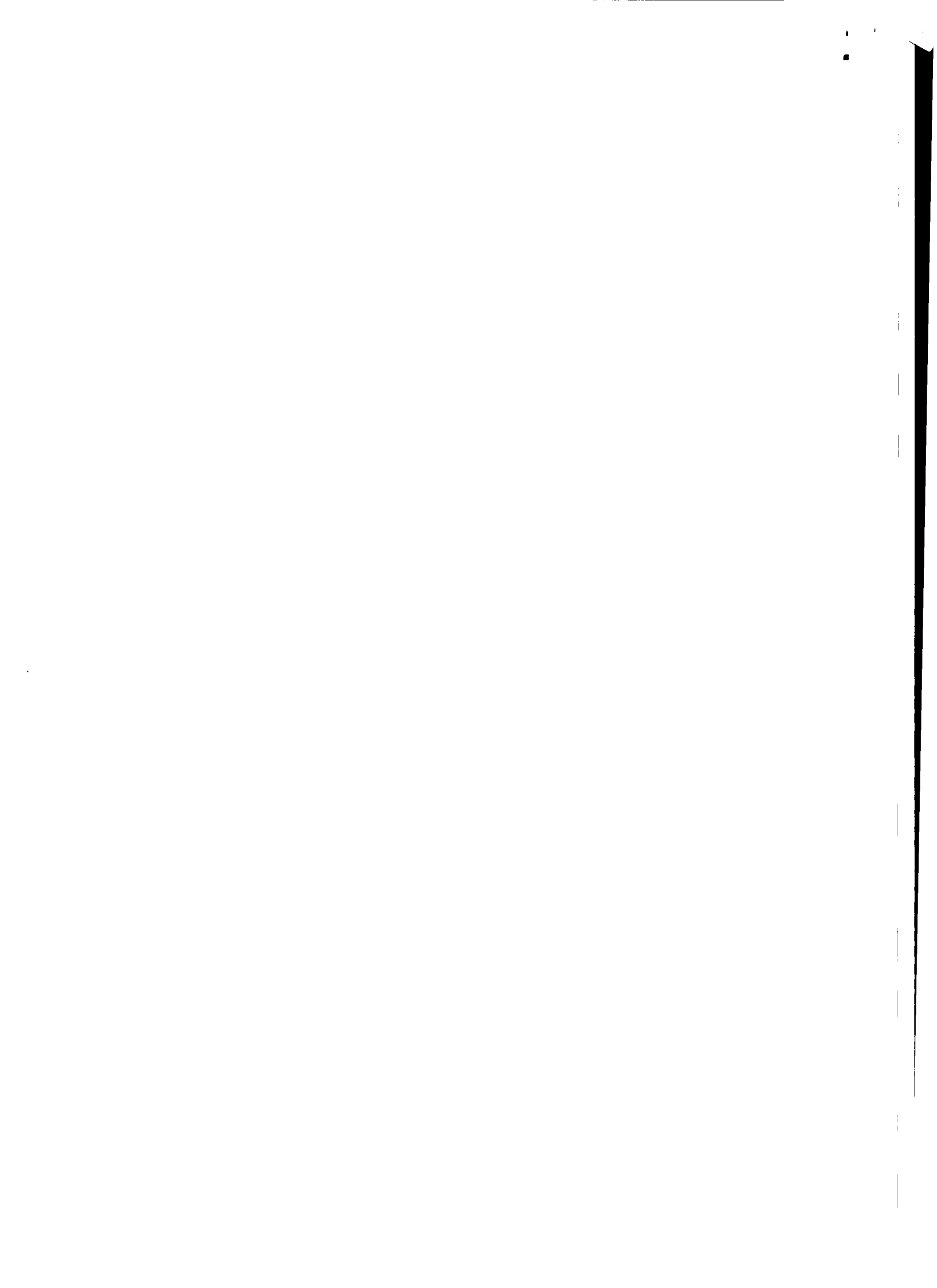
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**12.2: PMC account balances (See Annex 2)**

PMC account balances (see attached list)	2,741,098.35	18,000
<b>TOTAL</b>	<b>2,741,098.35</b>	<b>18,000</b>

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<b>XIV. ANNEX 1 – UNUTILIZED FUND</b>					
<b>ANNEX 3 - ANALYSIS OF UNUTILIZED FUND</b>					
Name	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020 Kshs	Outstanding Balance 2018/2019 Kshs	Comment	
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,138,479.00		-	Pending Disbursement	
<b>Subtotals</b>	2,138,479.00				
2.3 Use of goods and services	1,324,612.00		-	Pending Disbursement	
<b>Subtotals</b>	1,324,612.00				
<b>7.0 Primary Schools Projects</b>	15,427,647	17,000,000.00			
<b>8.0 Secondary Schools Projects</b>	10,979,044	25,000,000.00			
<b>9.0 tertiary</b>	800,000	6,000,000.00			
<b>Sub-Total</b>	<b>27,206,691.00</b>	<b>48,000,000.00</b>		Pending Disbursement	
<b>3.0 Emergency</b>					
3.1 Emergency	3,582,400		-	Pending Disbursement	
<b>4.0 Bursary and Social Security</b>					
4.2 Secondary Schools	8,000,000.00		-	Pending Disbursement	
4.3 Tertiary Institutions & Universities	1,000,537.00		-	Pending Disbursement	
4.5 Social Security			-	Pending Disbursement	
<b>5.0 Sports</b>					
5.1 Sports	1,793,000		-	Pending Disbursement	
<b>6.0 Environment</b>	1,400,000.00				
<b>10.0 Security Projects</b>	4,900,000.00	3,795,457.09			
<b>Sub Totals</b>	<b>20,675,937.00</b>	<b>3,795,457.09</b>			



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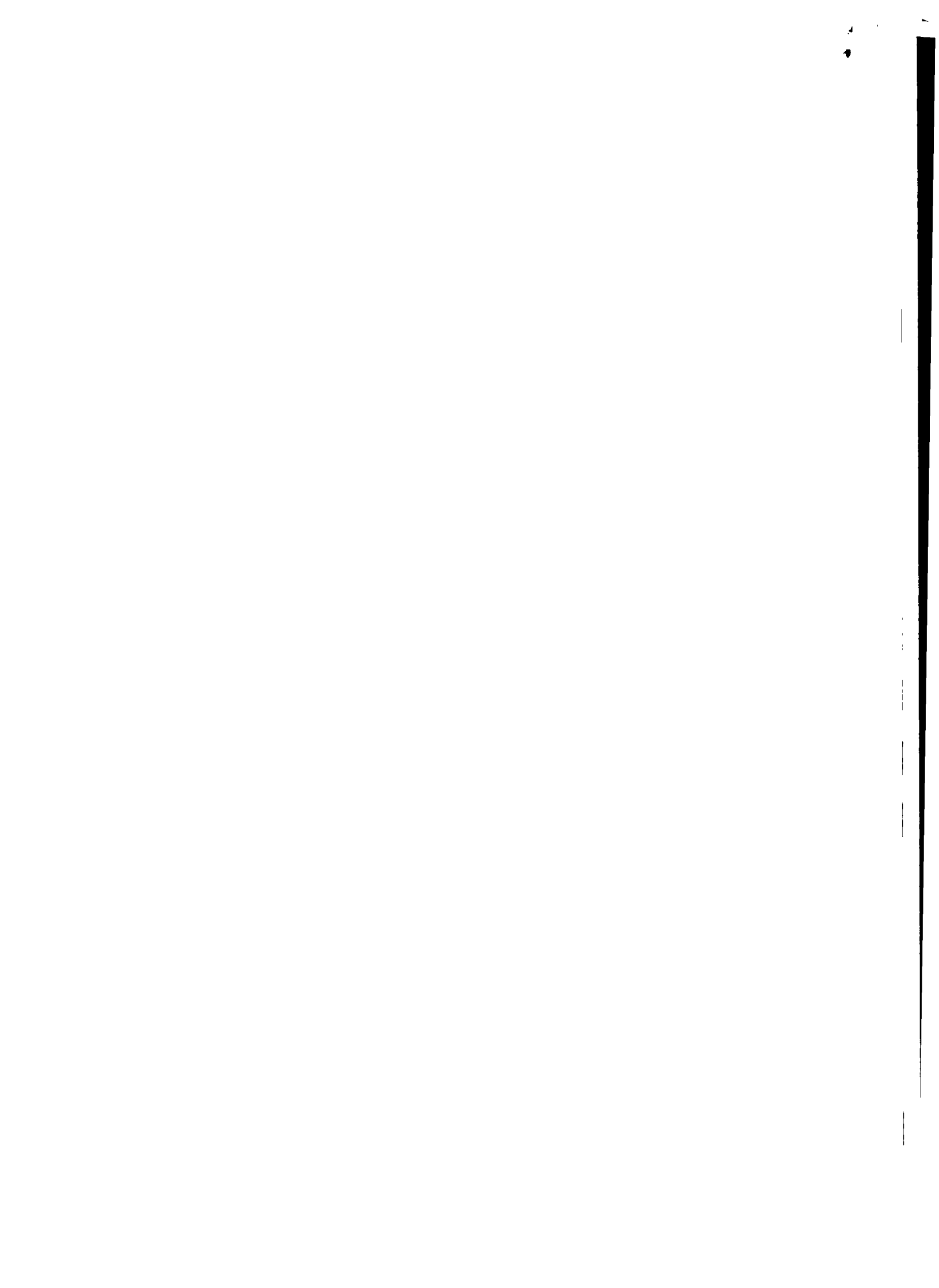
<b>11.0 Acquisition of assets</b>					
Construction of CDF office	1,935,353.00		-		Pending Disbursement
<b>Sub Totals</b>	1,935,353.00				
<b>12.0 Others</b>					
12.1 strategic plan					Pending Disbursement
12.2 Galole zubaki chiefs office	14,592.00				Pending Disbursement
12.3 Innovation Hub					Pending Disbursement
<b>Sub Totals</b>	14,592.00				
<b>13.0 Health Institutions Projects</b>					
13.1 Nhif cover					
<b>Sub Totals</b>					
<b>TOTAL</b>	<b>53,195,665.00</b>			<b>51,795,457</b>	

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**XV. 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)			(Kshs)	(Kshs)
		2019-2020				2020-2021
Land	-	-	-	-	-	-
Buildings and structures	11,244,231.00	4,189,765.00	-	-	15,433,996.00	-
Transport equipment	-	-	-	-	-	-
Office equipment, furniture and fittings	1,940,000.00	-	-	-	1,940,000.00	-
ICT Equipment, Software and Other ICT Assets	2,400,000.00	-	-	-	2,400,000.00	-
Other Machinery and Equipment	16,000,000.00	-	-	-	16,000,000.00	-
Heritage and cultural assets	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
<b>Total</b>	<b>31,584,231.00</b>	<b>4,189,765.00</b>			<b>35,773,996.00</b>	

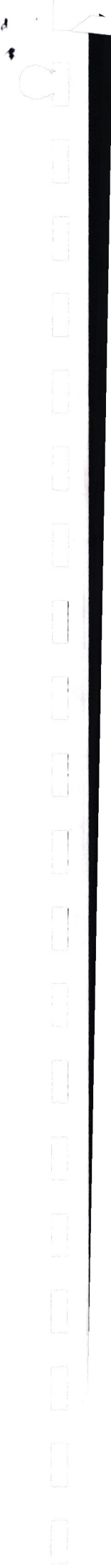




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**XVI. ANNEX 3—PMC BANK BALANCES AS AT 30TH JUNE 2021**

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
HARORESA PRIMARY SCHOOL	KCB	1167136853		3,000.00
CHANANI SECONDARY SCHOOL	KCB	1227163924		6,000.00
RAFIKI SECONDARY SCHOOL	KCB	1227167571		7,000.00
GALOLE FOOTBALL ASSOCIATION	KCB	1229961518		2,000.00
Total				18,000.00



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**XVII. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	Unsupported expenditure on use of goods and services	To be responded	FAM	30 <sup>TH</sup> JUNE 2022
2.1	Unsupported Expenditure on sports items	To be responded	FAM	30 <sup>TH</sup> JUNE 2022
2.2	Irregular expenditure on Emergency projects	To be responded	FAM	30 <sup>TH</sup> JUNE 2022
2.3	Unaccounted Bursary Funds	To be responded	FAM	30 <sup>TH</sup> JUNE 2022
3.0	Acquisition of Assets	To be responded	FAM	30 <sup>TH</sup> JUNE 2022
4.0	Unsupported Expenditure on Primary Schools Projects	To be responded	FAM	30 <sup>TH</sup> JUNE 2022

