

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF THE NATIONAL ASSEMBLY PASSED AND	
DATE: 21 OCT 2021	DAY: Thursday
TABLED BY: LOMP	
CLERK-AT THE-TABLE: Maira Wanjiku	

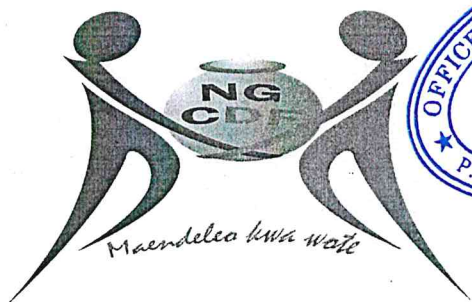
THE AUDITOR-GENERAL

ON

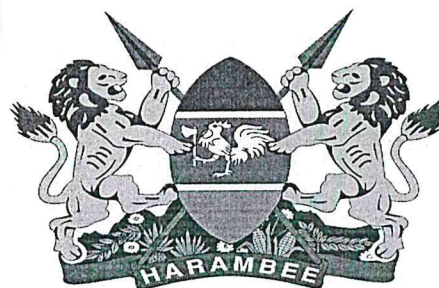
**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – TESO NORTH CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2019**





NG-CDF BOARD



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
TESO NORTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) TESO
NORTH CONSTITUENCY

Reports and Financial Statements for the year ended June 30, 2019

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY**

Reports and Financial Statements for the year ended June 30, 2019

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, 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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY**

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Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The NGCDF TESO NORTH Constituency 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 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Peter Odumah Ochokolo
2.	Sub-County Accountant	Nicholas K. Mue
3.	Chairman NGCDFC	William Okalio Epaye
4.	Member NGCDFC	Mary Wanjiru Karanja

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -TESO NORTH Constituency. 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) NG-CDF Teso North Constituency Headquarters

Teso North NG-CDF office,
P.O. Box 255-50408, Kamuriai,
Opposite Amagoro motel
Along Bungoma – Malaba highway

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

Busia County, Kenya

(f) NG-CDF Teso North Constituency Contacts

Telephone: (254) 0724286473

E-mail: cdftesonorth@cdf.go.ke

website: www.ngcdf.go.ke

(g) NG-CDF Teso North Constituency Bankers

1. The Co-operative Bank of Kenya

Malaba Branch

A/c. No. 01141519587800

P.O.BOX 173-50408

KAMURIAI

2. Equity Bank

Malaba Branch

A/c. No. 1050278831272

P.O.BOX 86-50408

KAMURIAI

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

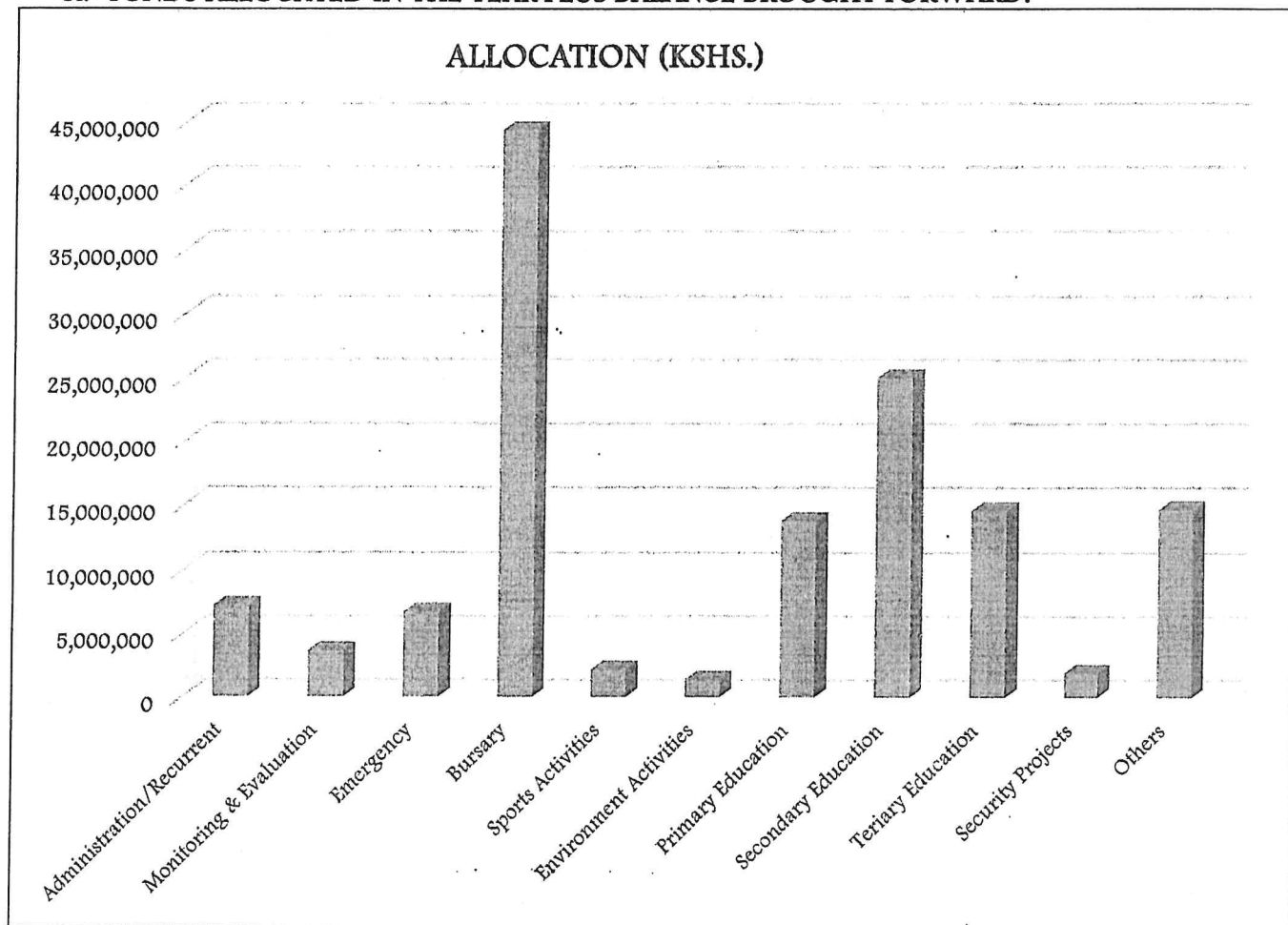
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

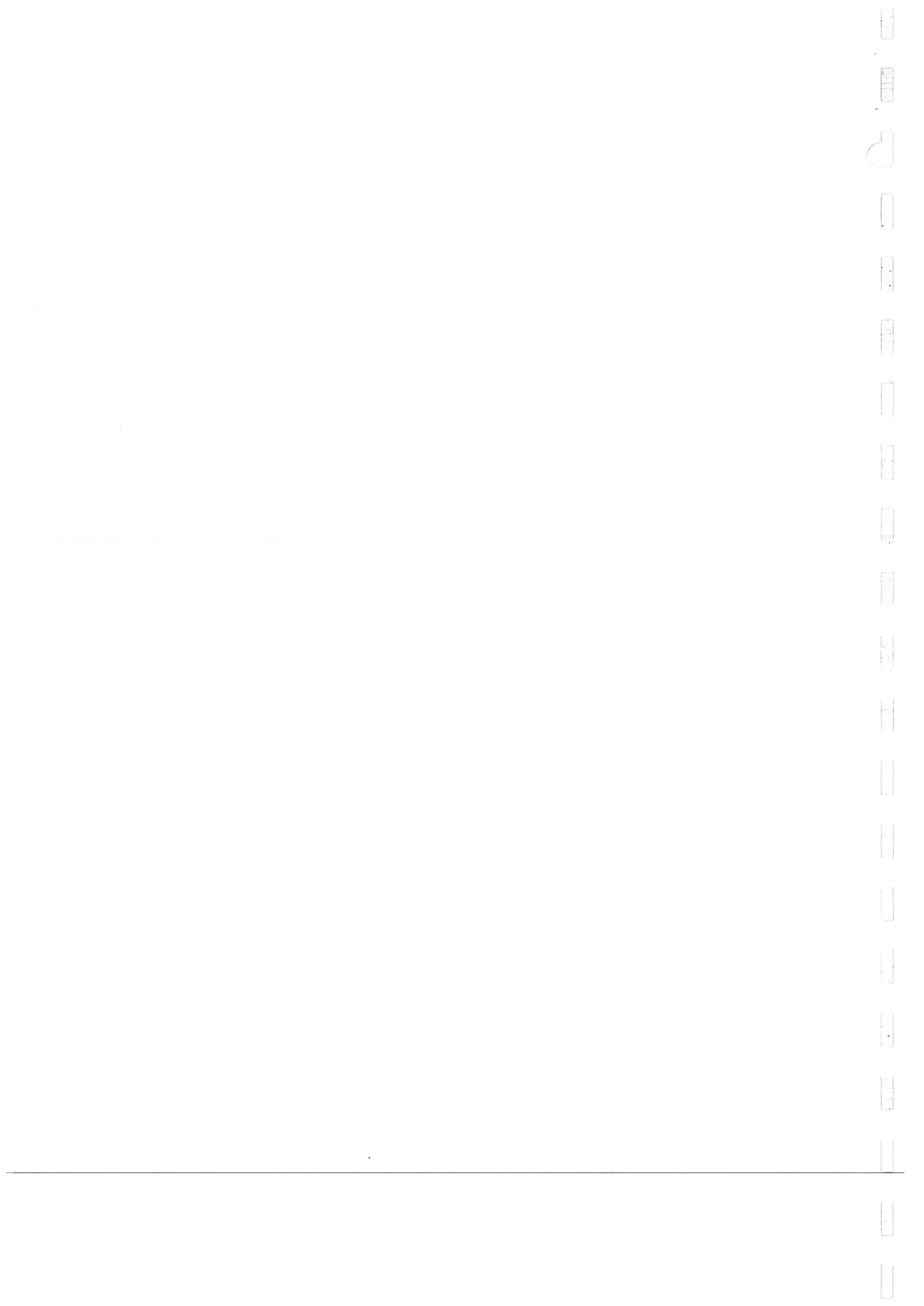
II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Budget performance against actual amounts for current year based on economic classification and programmes

A. FUNDS ALLOCATED IN THE YEAR PLUS BALANCE BROUGHT FORWARD.



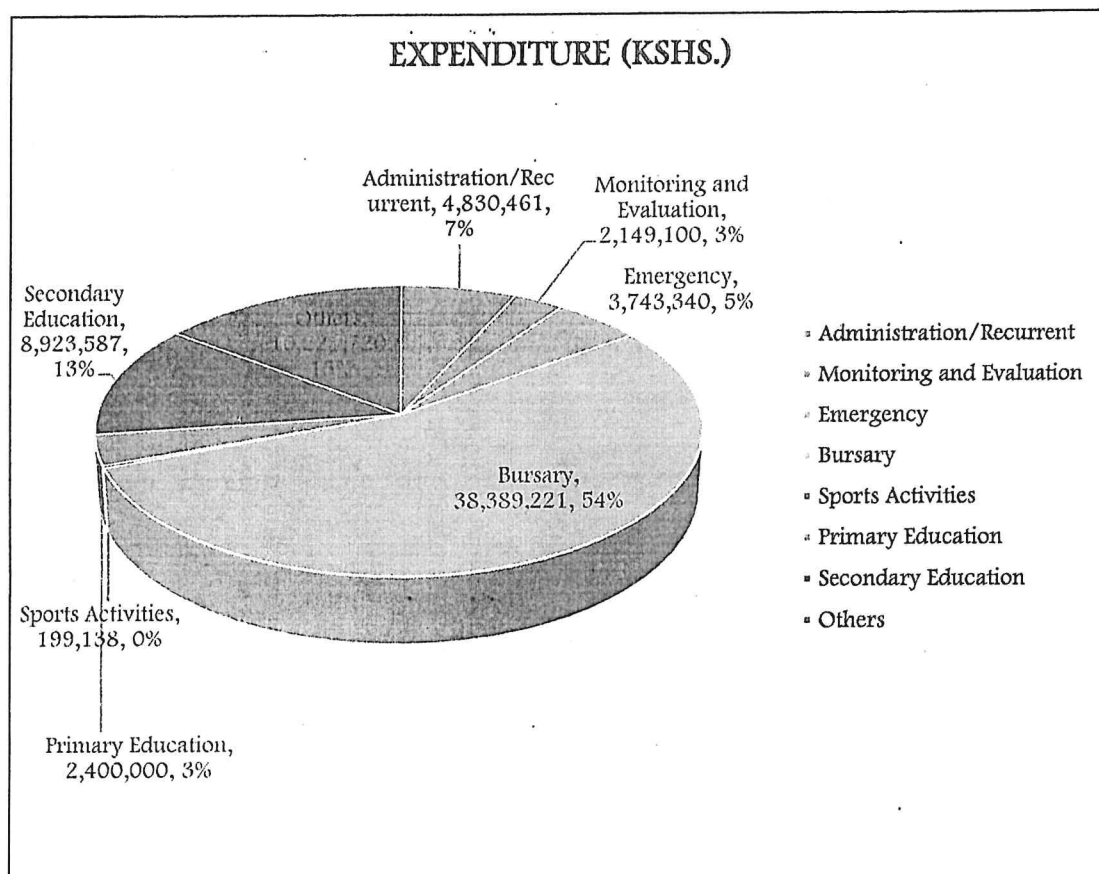
The constituency had a brought forward balance of Kshs. 11,040,649 as of 1st July, 2018. The AIEs received in the year for the previous years was Kshs. 15,479,310. The new funds allocation for the year 2018/19 was Kshs. 109,040,876. Equity bank deposited Kshs. 2,000 in April which is yet to be claimed. These totals Kshs. 135,562,835.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY
Reports and Financial Statements For the year ended June 30, 2019

EXPENDITURE

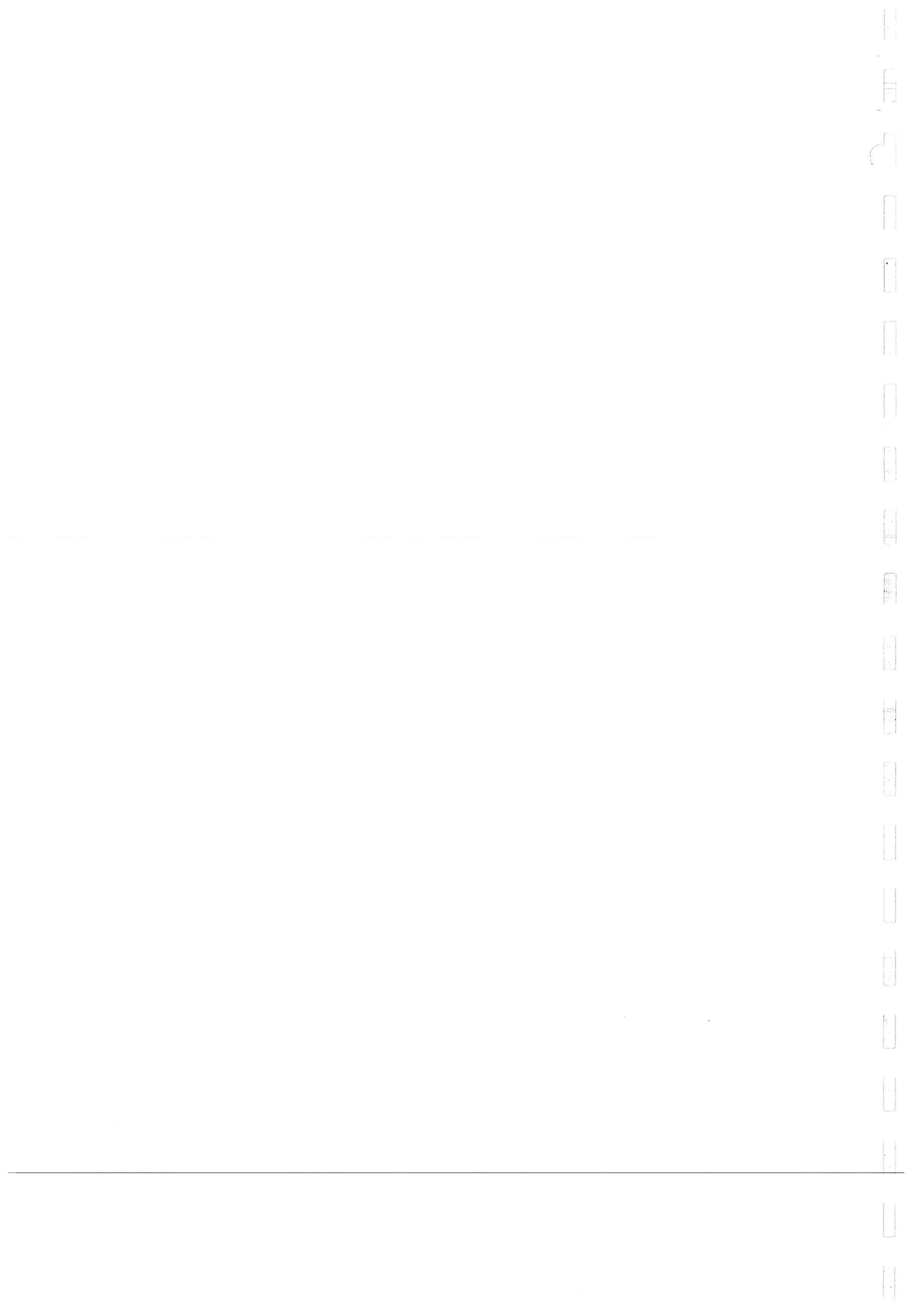
Out of this budget, we were able to spend Kshs. 70,856,567 in specific vote items as shown below:



ACHIEVEMENTS

Students taken to NITA were 118 where 63 went to Nairobi for tailoring as 55 went to Kisumu for welding courses in January this year. They managed to complete their course work then proceeded to field attachments in May to August 2019. The NGCDFC has set aside Kshs. 2,000,000 to start of the construction of a welding workshop, supply of heavy duty sewing machines and two desk top computers at the Malaba Youth empowerment centre. Meanwhile, we have paid Kshs. 1,000,000 as a matching fund to Rural Electrification Authority to have power distributed to the point. This is geared towards ensuring that the youths after the course work are able to be meaningfully engaged. We endeavour to set up a mini EPZ zone.

The committee saw the course completion of 65 students for ICT, Education, Procurement and Business management courses from KCA University satellite college at Amagoro. The courses had been fully sponsored and lasted for two years at a cost of 11 million. There are 24 students on full scholarship for degree courses in Medicine, Engineering and Law.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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A total of 26 students were taken to Kipkabus TTI and Rift valley TTI for full scholarship in the first year but awarded partial scholarship in the subsequent years as they applied to the National government bursary fund for Kshs. 30,000 among HELB. These ventures are geared towards ensuring there is a continuous training in quality fields to improve on the lives of the community.

The NGCDF Committee was able to complete the debts owed by the schools for two school buses being Hire purchase for St. Joseph's Kocholya Secondary School and SA Aboloi Secondary School. The other two school buses for St. Augustine Kamolo Secondary and Bishop Sulumeti Chelelemuk Girls High School to be cleared in the next financial year budget.

Challenges

The year in question was coupled with a number of challenges;

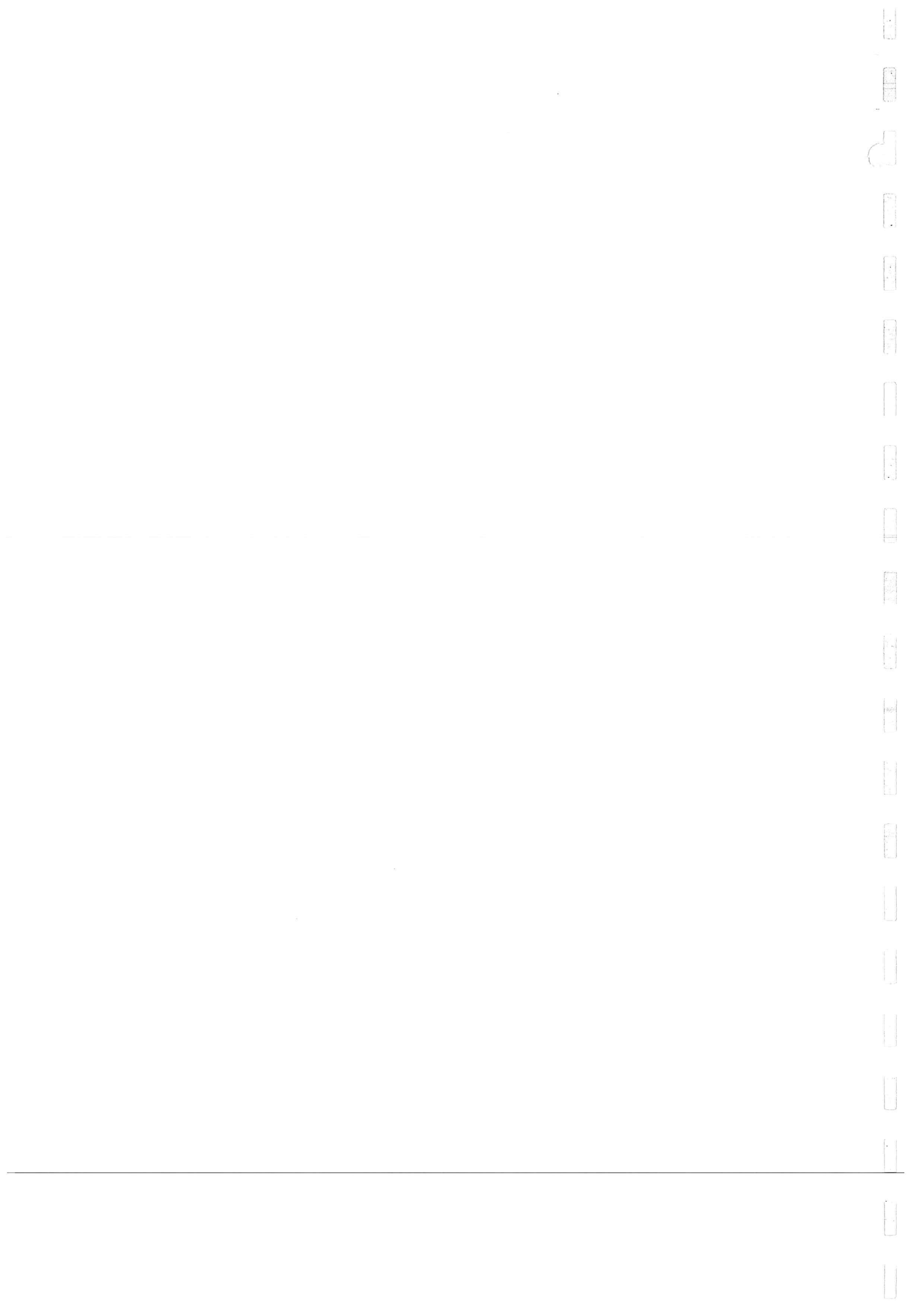
- change of managers leading to three different managers in one year.
- There is a high demand and pressure on the fund where the needs are more than the available funds.
- The region has serious problems on the sanitation element where toilets keep collapsing due to loose soil and wet areas and the emergency kit can't handle this to satisfaction.
- The community solely relies on government funding to develop the public institutions with very low parents input or none at all.
- Quite a number of the previous NGCDF funded projects are incomplete with no clear records of the actual status.

To address these challenges, the committee is working towards creation of a factual data base on the NG CDF funded projects to guide future development. The committee is also to ensure completion of all ongoing projects and realistic funds allocation per project to get quality projects as well as timely completion.

Sign



**MR. WILLIAM OKALIO EPAYE
CHAIRMAN NG-CDFC**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Reports and Financial Statements For the year ended June 30, 2019

III. STATEMENT OF ENTITY 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-TESO NORTH 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, 200. 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-TESO NORTH 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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-TESO NORTH Constituency further confirms the completeness of the accounting records maintained for the *entity*, 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.

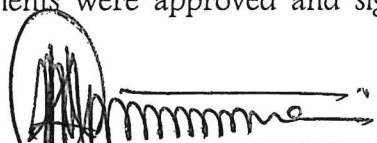
The Accounting Officer in charge of the NGCDF-TESO NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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-TESO NORTH Constituency financial statements were approved and signed by the Accounting Officer on 17TH JULY, 2020.



Fund Account Manager
Name: Peter O. Ochokolo

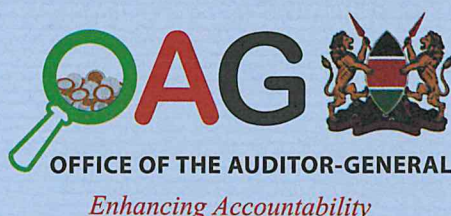


Sub-County Accountant
Name: Nicholas K. Mue
ICPAK Member Number: 17823



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 – TESO NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Teso North Constituency set out on pages 9 to 35, which comprise of the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Teso North Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with the 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 Qualified Opinion

1. Inaccuracies in the Summary Statement of Appropriation

Note 11.2 to the financial statements and the summary statement of appropriation: recurrent and development combined reflects unutilized funds totalling to Kshs.64,706,267. Although Note 11.2 is summarized at Annex 2 to the financial statements, the Management did not provide detailed breakdown of the budgeted activities totalling to Kshs.64,706,267 that were not implemented during the year under review.

Further, the statement reflects transfers from CDF Board totalling to Kshs.70,856,567 whereas the statement of receipts and payments reflect an amount of Kshs.69,479,310 resulting to an unreconciled variance amounting to Kshs.1,377,257.

In circumstances, the accuracy, completeness and validity of the balances reported in the summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2019 could not be confirmed.

2. Unsupported Committee bank balances

Annex 4 to the financial statements reflects Project Management Committees (PMC) bank balance totalling to Kshs. 1,442,860 as at 30 June, 2019. However, casting amounted to Kshs.2,276,177 resulting to an unreconciled variance of Kshs.833,317.

Further, the Management did not provide supporting cashbooks and bank certificates.

In circumstances, the accuracy, completeness and validity of the Project Management Committees (PMC) bank balance totalling to Kshs. 1,442,860 as at 30 June, 2019 could not be confirmed.

3. Unsupported Use of Goods and Services

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects use of goods and services balance totalling to Kshs.4,459,976. However, the sub-schedules in support of the balance were not provided.

Consequently, the accuracy, completeness and validity of the use of goods and services totalling to Kshs.4,459,976 reflected in the statement of receipts and payments for the year ended 30 June, 2019 could not be confirmed.

4. Unsupported Transfer to Other Government Entities

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects transfers to other Government Entities amounting to Kshs.11,323,587. The balance includes an amount of Kshs.8,408,045 transferred to nine (9) schools for various projects. However, the expenditure returns were not provided.

Consequently, the accuracy, completeness and validity of the transfers totalling to Kshs.8,408,045 for the year ended 30 June, 2019 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 - Teso North 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: recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.135,562,835 and Kshs.70,856,567 respectively resulting to an underfunding of Kshs. 64,706,268 or 48% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.135,562,835 and Kshs.70,856,567 respectively, resulting to an under expenditure of Kshs.64,706,268 or 48% 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 the previous year, several issues were raised. 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 and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

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

According to the Project Implementation Status report as at 30 June, 2019, the Management had planned to implement seven hundred (700) projects since 2013/2014 to 2018/2019 at a total cost of Kshs.534,782,102 and which were at various levels of implementation statuses as summarized below:

Financial Year	Status	No. of Projects	Value (Kshs)
2018/2019	Ongoing	74	45,243,646
2017/2018 and earlier years	Ongoing	55	78,297,096
	Not Started	2	1,100,000
Total		131	124,640,742

Seventy-four (74) projects relating to 2018/2019 costing Kshs.45,243,646 were indicated as ongoing.

Further, fifty-five (55) projects totalling to Kshs.78,297,096 relating to 2017/2018 and prior years were indicated as still ongoing while two (2) projects for construction of classrooms at Achunet and Kongurakol Primary Schools amounting to Kshs.1,100,000 were stalled. No reason was provided for the delay in implementing of the projects.

In the circumstances, it was not possible to confirm whether value for money will be realized from the expenditure on the delayed projects.

2. Unsatisfactory Implementation of Projects

During the year under review four (4) projects were physically verified in July, 2020 and the following unsatisfactory observations were noted on two (2) of the projects:

Project Name	Project Activities	Amount Kshs	Observation
Amoni Secondary School	Construction of one class room	600,000	- Construction was at foundation level. - Ownership of land was not confirmed.
Youth Empowerment Centers	Setting up of ICT innovation Hubs	4,677,027	- At Angurai and Malaba youth Empowerment Centers - There were 5 laptops on site against 15 supplied. - 5 were found to be faulty and not functional - The rest were not provided.
Total		5,277,027	

In the circumstances, I am unable to confirm whether the public obtained value for money for the unsatisfactory implementation of projects totalling to Kshs.5,277,027.

3. Irregular Funding of School Buses Projects

Included in transfers to other Government Entities totalling to Kshs.11,323,587 is an amount of Kshs.4,223,587 paid to three (3) secondary schools, St Joseph's Kocholia, SA Aboloi and St Augustine Kamolo Secondary School for funding of school buses. However, payments were made to the schools as instalments for bank loans that the schools had taken for purchase of the buses. This is contrary to Section 5(4) of the National Government Constituencies Development Fund Act, 2015 which requires that payments for a joint project or joint procurement be made directly to the supplier or an established

account for the purpose with approval from the National Government Constituencies Development Fund Board.

Consequently, the Management breached the law.

4. Delay in Installation of Transformers

As disclosed in Note 8 to the financial statements, the statement of receipts and payments reflects other payments balance of Kshs.8,780,659. The balance includes a transfer to Rural Electrification Authority totalling to Kshs.2,000,000 which was disbursed to the Authority for installation of transformers in various locations within the constituency. However, as at the time of audit in July, 2020, the transformers had not been installed, over one year since the payment was made.

Consequently, the public did not get value for a total of Kshs.2,000,000 paid for electricity connection and installation.

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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 financial reporting process, reviewing the effectiveness of how the Fund 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

01 October, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY**


**Reports and Financial Statements For the year ended June 30, 2019
V.STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
RECEIPTS			
Transfers from NGCDF board	1	69,479,310	84,310,345
Other Receipts	2	<u>2,000</u>	
TOTAL RECEIPTS		69,481,310	81,310,345
PAYMENTS			
Compensation of employees	3	2,519,585	2,537,194
Use of goods and services	4	4,459,976	5,232,933
Transfers to Other Government Units	5	11,323,587	24,805,738
Other grants and transfers	6	42,331,699	38,930,148
Acquisition of Assets	7	1,441,061	190,377
Other Payments	8	<u>8,780,659</u>	<u>1,700,000</u>
TOTAL PAYMENTS		70,856,567	73,396,390
SURPLUS/(DEFICIT)		<u>(1,375,257)</u>	<u>10,913,955</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TESO NORTH Constituency financial statements were approved on **17TH JULY, 2020** and signed by:



Fund Account Manager
Name: Peter O.Ochokolo



Sub-County Accountant
Name: Nicholas K. Mue
ICPAK Member Number: 17823


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
TESO NORTH CONSTITUENCY

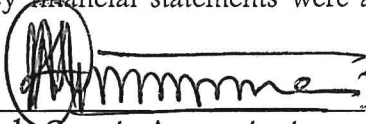
Reports and Financial Statements For the year ended June 30, 2019

VII.STATEMENT OF CASHFLOW

CASH FLOWS FROM OPERATING ACTIVITIES		2018 – 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	69,479,310	84,310,345
Other Receipts	2	<u>2,000</u>	
Total receipts		69,481,310	84,310,345
Payments			
Compensation of Employees	3	2,519,585	2,537,194
Use of goods and services	4	4,459,976	5,232,933
Transfers to Other Government Units	5	11,323,587	24,805,738
Other grants and transfers	6	42,331,699	38,930,148
Other Payments	8	8,780,659	1,700,000
Total payments		69,415,506	73,206,013
Total Receipts Less Total Payments		65,804	11,104,332
Net cash flow from operating activities		65,804	11,104,332
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	1,441,061	190,377
Net cash flows from Investing Activities		1,441,061	190,377
NET INCREASE IN CASH AND CASH EQUIVALENT		(1,375,257)	10,913,955
Cash and cash equivalent at BEGINNING of the year		11,040,649	126,694
Cash and cash equivalent at END of the year	9	<u>9,665,392</u>	<u>11,040,649</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-TESO NORTH Constituency financial statements were approved on 17TH JULY, 2020 and signed by:


Fund Account Manager
Name: Peter O.Ochokolo


Sub-County Accountant
Name: Nicholas K. Mue
ICPAK Member Number: 17823

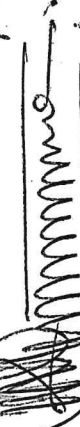
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,876	26,519,959	135,560,835	70,856,567	64,704,267	52.27%
Other Receipts(Equity Bank deposit on account opening)		2,000	2,000		2,000	
TOTAL RECEIPTS	109,040,876	26,521,959	135,562,835	70,856,567	64,706,267	52.27%
PAYMENTS						
Compensation of Employees	3,703,955	302,759	4,006,714	2,519,585	1,487,129	62.88%
Use of goods and services	6,109,722	767,381	6,877,103	4,459,976	2,417,126	64.85%
Transfers to Other Government Units	43,838,205	9,580,000	53,418,205	11,323,587	42,094,618	21.20%
Other grants and transfers	48,888,993	7,688,476	56,577,470	42,331,699	14,245,770	74.82%
Acquisition of Assets	1,500,000	1,400,685	2,900,685	1,441,061	1,459,624	49.68%
Other Payments(ICT ,Strategic Plan, NGCDF Access road, other receipts, NG CDF Access Road, REA)	5,000,000	6,782,659	11,782,659	8,780,659	3,002,000	74.52%
TOTAL	109,040,876	26,521,959	135,562,835	70,856,567	64,706,267	52.27%

- a) All items were spent below 90% as only Kshs. 54 million had been received by the end of the financial year. The expenditure against available funds is 88%. The budget had conditional approval items which were only partly responded to in the year.
- b) The changes between the original and final budget are as a result of funds balance carried forward and previous funds received in the current financial year from the Board.

The NGCDF-TESO NORTH Constituency financial statements were approved on 17TH JULY, 2020 and signed by:


Fund Account Manager
Name: Peter O. Ochocholo


Sub-County Accountant
Name: Nicholas K. Mue
ICPAK Member Number: 17823



IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,703,955	302,759	4,006,714	2,519,585	1,487,129
1.2 Committee allowances	1,774,496	-	1,774,496	1,590,876	183,620
1.3 Use of goods and services	1,064,000	380,000	1,444,000	720,000	724,000
2.0 Monitoring and evaluation					
2.1 Capacity building	1,300,000	187,381	1,487,381	1,308,500	178,881
2.2 Committee allowances	971,226	200,000	1,171,226	350,600	820,626
2.3 Use of goods and services	1,000,000		1,000,000	490,000	510,000
3.0 Emergency					
3.1 Primary Schools	5,709,653	723,931	6,433,584	3,450,000	2,983,584
3.2 Secondary schools	-	264,000	264,000	264,000	-
3.3 Tertiary institutions	29,340	-	29,340	29,340	-
4.0 Bursary and Social Security					
4.1 Secondary Schools	9,000,000	1,000,000	10,000,000	7,973,268	2,026,732
4.2 Tertiary Institutions	29,000,000	5,295,373	34,295,373	30,415,953	3,879,420
5.0 Sports					
5.1 Teso North Constituency Sports	2,000,000	202,586	2,202,586	199,138	2,003,448
6.0 Environment					
6.1 Primary Schools	1,200,000	-	1,200,000	-	1,200,000
6.2 Secondary Schools	-	202,586	202,586	-	202,586



14 Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019	Kshs	2018/2019	30/06/2019	
		Kshs	Kshs	Kshs	Kshs
7.0 Primary Schools Projects					
7.01 Adanya primary school	300,000	-	300,000	-	300,000
7.02 Agong'et primary school	150,000	-	150,000	-	150,000
7.03 Akadot primary school	800,000	-	800,000	-	800,000
7.04 Akiriamasit primary school	1,530,160	-	1,530,160	-	1,530,160
7.05 Akulony primary school	100,000	-	100,000	-	100,000
7.06 Aloete primary school	200,000	-	200,000	-	200,000
7.07 Ang'aro primary school	250,000	-	250,000	-	250,000
7.08 Atoot primary school	400,000	-	400,000	-	400,000
7.09 Changara primary school	250,000	-	250,000	-	250,000
7.10 Ekisegere primary school	700,000	-	700,000	-	700,000
7.11 Kagutio primary school	150,000	-	150,000	-	150,000
7.12 Kajei primary school	250,000	-	250,000	-	250,000
7.13 Kakeriaut primary school	300,000	-	300,000	-	300,000
7.14 Kalalaran primary school	800,000	-	800,000	-	800,000
7.15 Kokeri primary school	100,000	-	100,000	-	100,000

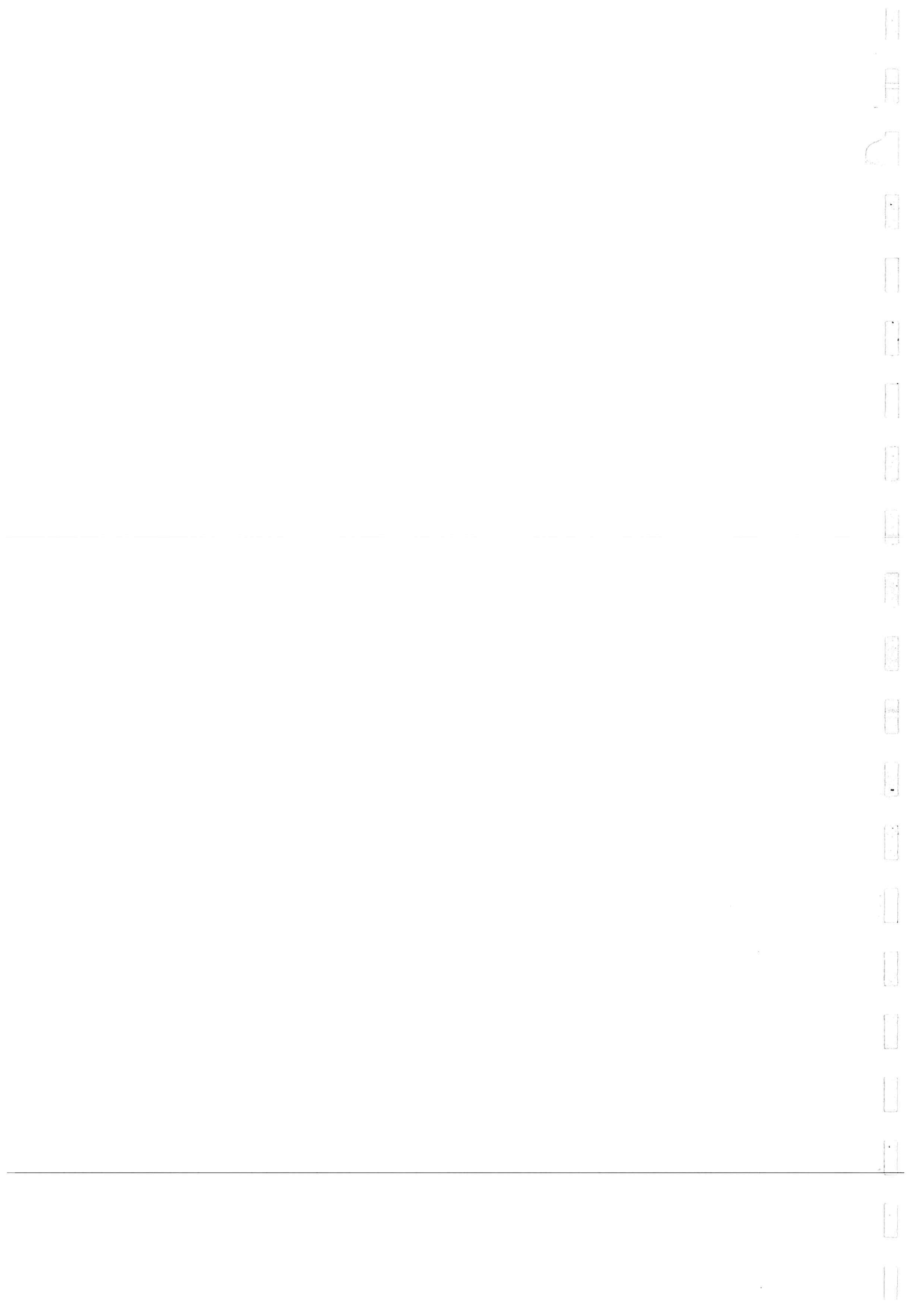


Reports and Financial Statements For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
7.16 Kolait Boys primary school	50,000	-	50,000	-	50,000
7.17 Kolanya Boys Primary school	250,000	-	250,000	-	250,000
7.18 Kongololo Primary school	200,000	-	200,000	-	200,000
7.19 Koruruma primary school	900,000	-	900,000	-	900,000
7.20 Malaba Township primary school	900,000	-	900,000	-	900,000
7.21 Okuleu primary school	900,000	-	900,000	-	900,000
7.22 Opaare primary school	100,000	-	100,000	-	100,000
7.23 Osopotoit primary school	150,000	-	150,000	-	150,000
7.24 SA Aboloi primary school	1,000,000	-	1,000,000	-	1,000,000
7.25 St James Osia primary school	200,000	-	200,000	-	200,000
7.26 Amori B Primary School	-	280,000	280,000	-	280,000
7.27 Kekalet Primary School	-	200,000	200,000	-	200,000
7.28 ACK Kopya primary school	-	800,000	800,000	800,000	-
7.29 Kapesur Primary School	-	300,000	300,000	300,000	-
7.30 Gara primary school	-	200,000	200,000	200,000	-
7.31 SDA Kaujakito primary school	-	200,000	200,000	200,000	-



Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	30/06/2019	
	Kshs	Kshs	Kshs	Kshs	Kshs
7.32 Aloete primary school	-	200,000	200,000	200,000	-
7.33 St James Osia primary school	-	250,000	250,000	250,000	-
7.34 St Mark Kidek Primary School	-	250,000	250,000	250,000	-
7.35 Kengatuny primary school	-	200,000	200,000	200,000	-
8.0 Secondary Schools Projects					
8.01 St Jude Onyunyur Secondary school	450,000	-	450,000	-	450,000
8.02 Achiya Echakara Secondary school	800,000	-	800,000	-	800,000
8.03 Akobwait Cha Secondary school	1,500,000	-	1,500,000	-	1,500,000
8.04 Katanyu Secondary school	450,000	-	450,000	-	450,000
8.05 St Pauls Kakemer Secondary school	3,000,000	-	3,000,000	-	3,000,000
8.06 Kekalet Secondary school	500,000	-	500,000	-	500,000
8.07 SA Aedomoru Secondary School	800,000	-	800,000	-	800,000
8.08 SA Kolanya Girls Secondary school	2,000,000	-	2,000,000	-	2,000,000
8.09 St Jude Korisai Girls Secondary school	450,000	-	450,000	-	450,000
8.10 St Pauls Kakemer Secondary school	600,000	-	600,000	-	600,000
8.11 St Teresa Malaba Secondary school	1,500,000	-	1,500,000	-	1,500,000
8.12 St Augustine Kamolo Secondary school	2,000,000	-	2,000,000	1,500,000	500,000



Programme/Sub-programme	Original Budget 2018/2019 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
8.13 Bishop Sulumeti Girls Secondary school	1,500,000	-	1,500,000	1,000,000	500,000
8.14 SA Aboloi Secondary school	1,309,512	-	1,309,512	1,309,512	-
8.15 St Joseph's Kocholya Secondary school	1,448,533	-	1,448,533	1,414,075	34,458
8.16 Kang'elemuge Secondary School	-	1,100,000	1,100,000	1,100,000	-
8.17 Akobwait Cha Secondary school	-	3,000,000	3,000,000	-	3,000,000
8.18 SA Kolanya Boys High School	-	2,000,000	2,000,000	2,000,000	-
8.19 Amoni Secondary school	-	600,000	600,000	600,000	-
9.0 Tertiary institutions Projects					
9.1 Chamasiri Technical training Institute	4,600,000	-	4,600,000	-	4,600,000
9.2 KMTC Kocholya	8,000,000	-	8,000,000	-	8,000,000
9.3 Malaba Youth Empowerment Centre	2,000,000	-	2,000,000	-	2,000,000
10.0 Security Projects					
10.1 Teso North DCCs Office	750,000	-	750,000	-	750,000
10.2 Ang'urui ACC's Office	100,000	-	100,000	-	100,000
10.3 Kamolo Chief's Office	200,000	-	200,000	-	200,000
10.4 Kamuriai Chief's Office	400,000	-	400,000	-	400,000
10.5 Katotoi Chief's Office	100,000	-	100,000	-	100,000
10.5 Kocholya Chief's Office	400,000	-	400,000	-	400,000



Reports and Financial Statements For the year ended June 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019	Kshs	2018/2019	30/06/2019	
	Kshs	Kshs	Kshs	Kshs	Kshs
11.0 Acquisition of assets					
11.1 Refurbishment of CDF office	500,000	308,285	808,285	348,661	459,624
11.2 Purchase of furniture and equipment	700,000	795,400	1,495,400	795,400	700,000
11.3 Purchase of computers	300,000	297,000	597,000	297,000	300,000
12.0 Others					
12.1 Strategic Plan	-	1,568,000	1,568,000	1,568,000	-
12.2 Constituencies Innovation Hubs	-	4,677,027	4,677,027	4,677,027	-
12.3 Rural Electrification programme	5,000,000	-	5,000,000	2,000,000	3,000,000
12.4 NG CDF Access Road	-	535,632	535,632	535,632	-
12.3 Equity Bank Deposit	-	2,000	2,000	-	2,000
GRAND TOTAL	109,040,876	26,521,959	135,562,835	70,856,567	64,706,267

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

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is 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.

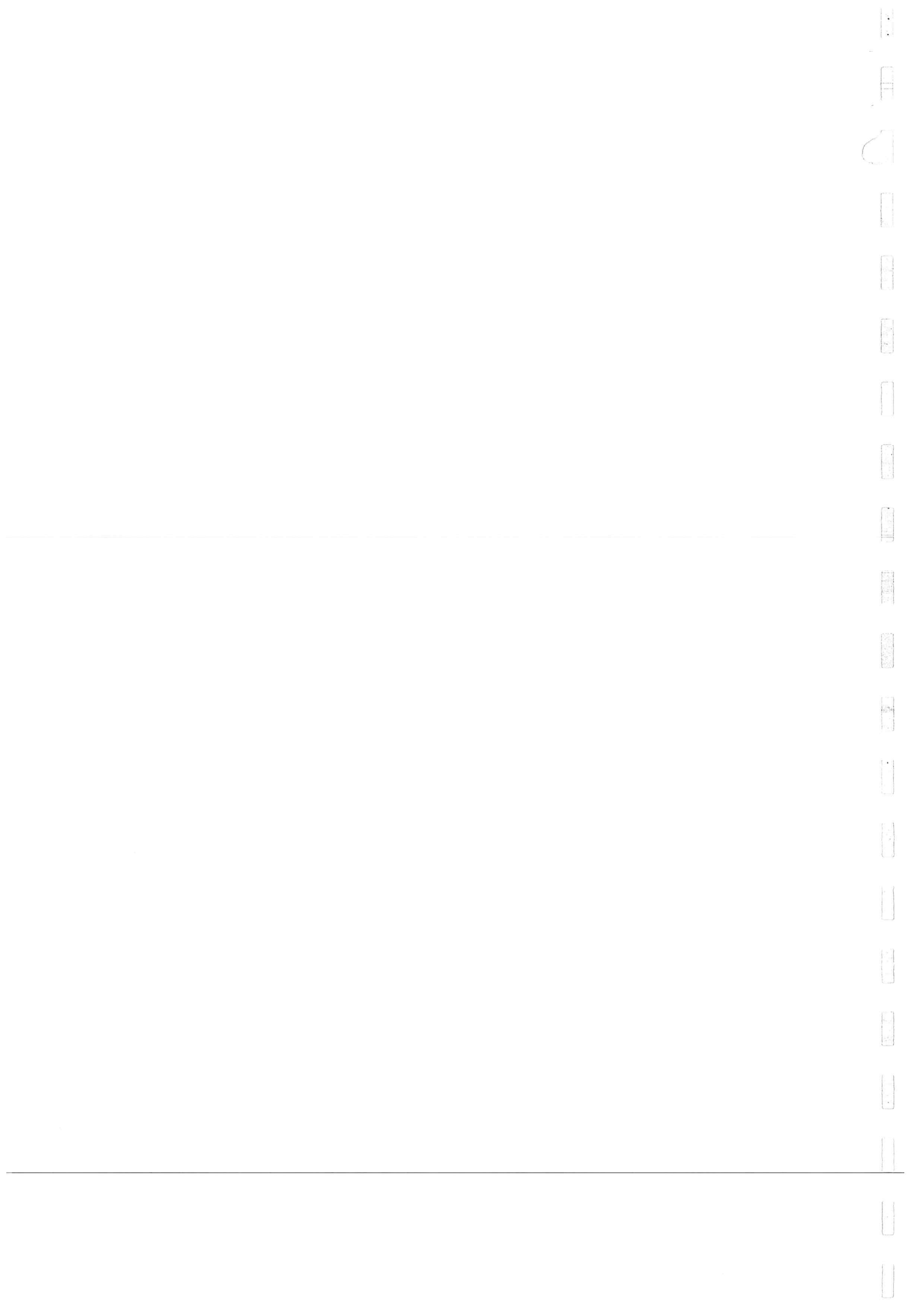
Use of Goods and Services

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 public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

**Reports and Financial Statements For the year ended June 30, 2019
SIGNIFICANT ACCOUNTING POLICIES**

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity 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 the Central Bank of Kenya and 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

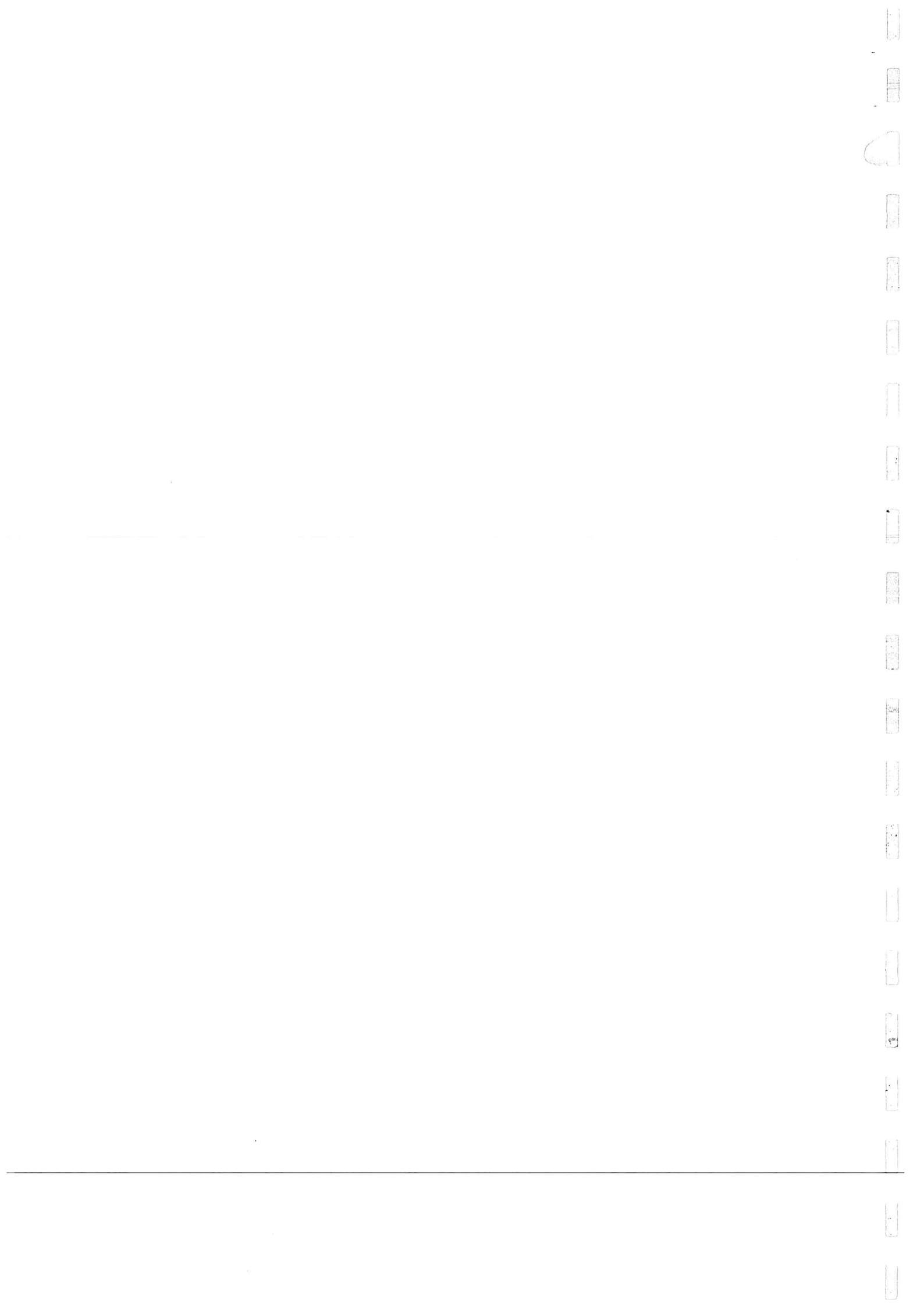
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. 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 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 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.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are 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 June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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 2019.

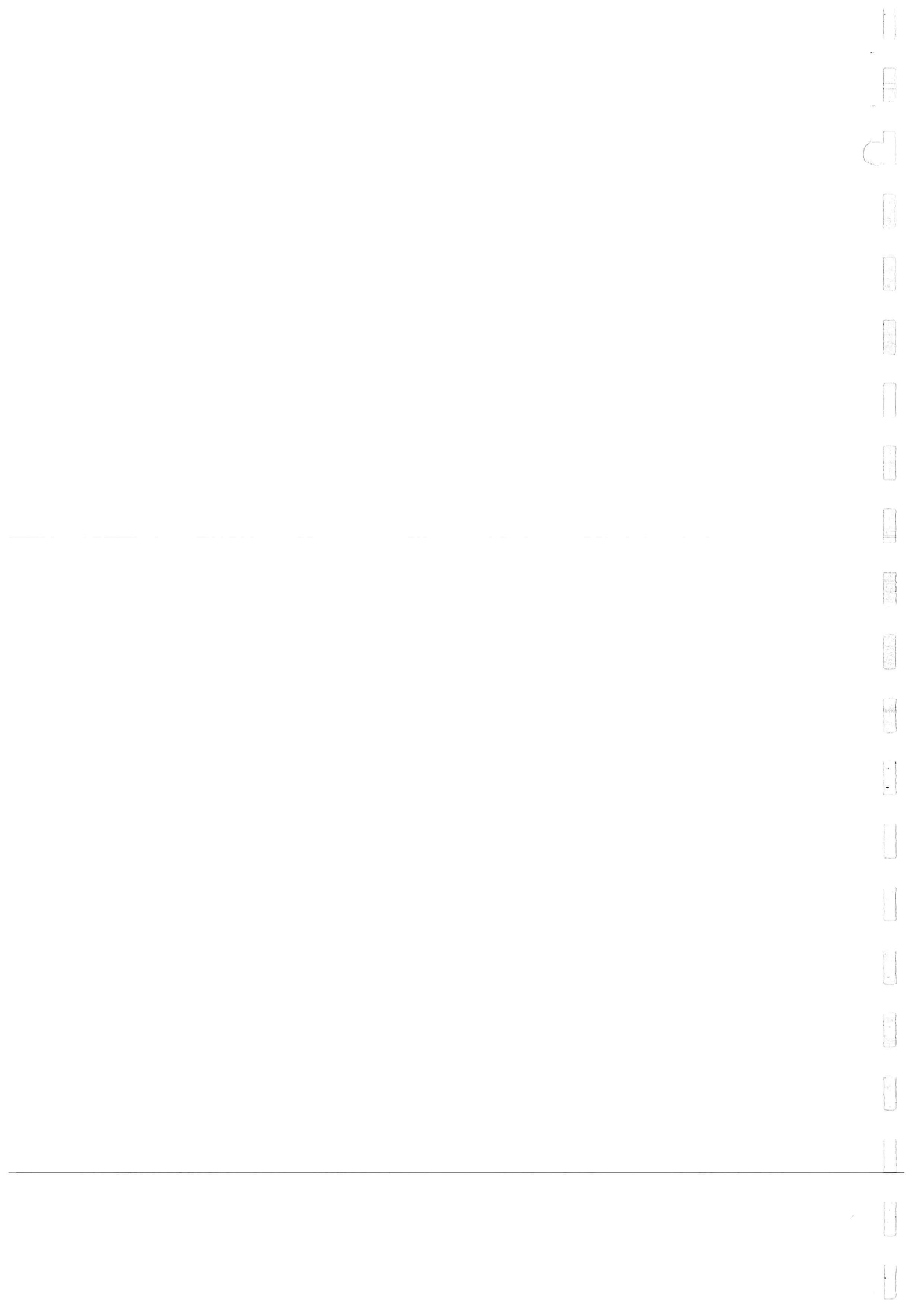
14. Errors

Material prior period errors shall be 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

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018-2019 Kshs	2017-2018 Kshs
NGCDF Board			
AIE NO... A892518	1		5,500,000
AIE NO... A892685	2		500,000
AIE NO... A892801	3		37,905,172
AIE NO... A896898	4		40,405,173
AIE NO... A896992	1	1,100,000	
AIE NO... B005221	2	11,379,310	
AIE NO... B005394	3	3,000,000	
AIE NO... B006278	4	20,000,000	
AIE NO... B007485	5	10,000,000	
AIE NO... B042626	6	11,000,000	
AIE NO... B047054	7	13,000,000	
TOTAL		69,479,310	84,310,345



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Other Receipts – Equity Bank Deposit	2,000	
Total	2,000	

3. COMPENSATION OF EMPLOYEES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	1,763,333	2,385,005
Personal allowances paid as part of salary		
Leave allowance	4,000	
Employer contribution to NSSF	87,587	152,189
Gratuity-Paid	664,665	
TOTAL	2,519,585	2,537,194



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
NORTH CONSTITUENCY**

Reports and Financial Statements For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

Description	2018-2019 Kshs	2017 - 2018 Kshs
Utilities, supplies and services	27,250	
Communication, supplies and services	158,507	
Domestic travel and subsistence	1,595,560	130,000
Printing, advertising and information supplies & services	165,932	
Training expenses	490,000	392,200
Hospitality supplies and services	244,272	
Other committee expenses		110,450
Committee allowance	720,000	3,450,000
Office and general supplies and services	48,805	413,880
Fuel , oil & lubricants	535,500	321,192
Other operating expenses	25,815	366,109
Bank service commission and charges	94,572	
Routine maintenance - vehicles and other transport equipment	349,363	49,102
Routine maintenance- other assets	4,400	
TOTAL	4,459,976	5,232,933

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to primary schools (see attached list)	2,400,000	9,140,000
Transfers to secondary schools (see attached list)	8,923,588	15,665,738
TOTAL	11,323,587	24,805,738

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6.OTHER GRANTS AND OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bursary – secondary schools (see attached list)	7,973,268	15,434,154
Bursary – tertiary institutions (see attached list)	30,415,953	12,195,994
Security projects (see attached list)		3,980,000
Sports projects (see attached list)	199,138	1,700,000
Environment projects (see attached list)		1,700,000
Emergency projects (see attached list)	3,743,340	3,920,000
Total	42,331,699	38,930,148

7.ACQUISITION OF ASSETS

Non-Financial Assets

	2018-2019	2017-2018
	Kshs	Kshs
Refurbishment of Buildings	348,661	
Purchase of Office Furniture and General Equipment	795,400	190,377
Purchase of ICT Equipment, Software and Other ICT Assets	297,000	
Total	1,441,061	190,377



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	1,568,000	1,700,000
ICT Hub	4,677,027	
Rural Electrification Authority	2,000,000	
NG CDF Access Road	535,632	
Total	8,780,659	1,700,000

9: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Cooperative Bank of Kenya, Malaba Branch. A/C. No. 01141519587800</i>	64,020	11,040,649
Equity Bank, Malaba Branch. A/C No. 1050278831272	9,601,372	
Total	9,665,392	11,040,649



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	9,665,392	11,040,649
Total	9,665,392	11,040,649

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – TESO
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.2: UNUTILIZED FUND (See Annex 2)

	Kshs	Kshs
Compensation of employees	1,473,129	302,759
Use of goods and services	2,431,126	767,381
Amounts due to other Government entities (see attached list)	42,094,618	9,580,000
Amounts due to other grants and other transfers (see attached list)	14,245,771	7,688,476
Acquisition of assets	1,459,624	1,936,317
Others (<i>specify</i>)	3,002,000	6,245,027
	64,706,267	26,519,959

11.4: PMC account balances (See Annex 4)

	2018-2019 Kshs	2017-2018 Kshs
PMC account Balances (see attached list)	2,276,177	3,230,000
TOTAL	2,276,177	3,230,000

ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

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Reports and Financial Statements
For the year ended June 30, 2019
ANNEX 2-UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance		Comments
		2018/19	2017/18	
Compensation of employees		1,487,129	302,759	
Use of goods & services		2,417,126	767,381	
Amounts due to other Government entities				
Transfers to Primary schools		11,410,160	2,880,000	
Transfers to Secondary schools		16,084,458	6,700,000	
Transfers to Tertiary schools		14,600,000	-	
Sub-Total		42,094,618	9,580,000	
Amounts due to other grants and other transfers				
Bursary -Secondary		2,026,732	1,000,000	
Bursary -Tertiary		3,879,420	5,295,373	
Security		1,950,000	0	
Sports				
Environment		2,003,448	202,586	
Emergency Projects		1,402,586	202,586	
		2,983,584	987,931	
Sub-Total		14,245,771	7,688,476	
Acquisition of assets				
Others (specify)		1,459,624	1,936,317	
Teso North Constituency strategic plan				
CIH Hubs		-	1,568,000	
Rural Electrification programme		-	4,677,027	
Other receipts - Equity Bank Deposit		3,000,000.00	-	
		2,000.00	-	
Sub-Total		3,002,000	6,245,027	
Grand Total		64,706,267	26,519,959	

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For the year ended June 30, 2019

ANNEX 3 – 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)
	2017/18			2018/19
Land	800,000		~	800,000
Buildings and structures	15,183,779	348,661	~	15,532,440
Transport equipment	8,375,000	~	~	8,375,000
Office equipment, furniture and fittings	1,985,377	795,400	~	2,780,777
ICT Equipment, Software and Other ICT Assets		297,000	~	297,000
Total	26,344,156	1,441,061	~	27,785,217

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NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)

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For the year ended June 30, 2019 (Kshs'000)

ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Amoni Secondary School	Equity	1050278986616	600,000	
Kalalaran Primary School	Cooperative	1139519663900	27,220	100,000
Kaukotoit Primary School	Cooperative	1141050789800	2,340	100,000
Aloete Primary School	Cooperative	1141049269200	200,000	200,000
Gara Primary School	Cooperative	1141011853200	2,190	200,000
St. Mark's Kidek Primary School	Cooperative	1141130588601	1,567	250,000
Kang'elemuge Primary School	Cooperative	1141058688200	36,320	280,000
ACK Kopya Primary School	Cooperative	1100049877800	398,800	800,000
Kang'elemuge Secondary School	Cooperative	1141519261700	1,007,740	1,300,000
TOTAL			2,276,177	3,230,000

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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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
1.0	Use of goods and services				
1.1	Inaccuracies in Financial Statements				
1.1.1	Training Expenses	Unsupported expenses for Kshs. 768,109	M.G. Wanjala-FAM	Resolved	N/A
1.1.2	Fuel, Oil, and Lubricants	Unsupported expenditure for Kshs. 321,192	M.G. Wanjala-FAM	Resolved	N/A
1.1.3	Other Operating Expenses	Unsupported expenditure of Kshs. 583,891	M.G. Wanjala-FAM	Resolved	N/A
1.1.4	Committee Allowances	Unsupported expenditure of Kshs. 458,000	M.G. Wanjala-FAM	Resolved	N/A
1.1.5	Irregular payments of Committee Allowances	Unsupported expenditure of Kshs. 952,000.	M.G. Wanjala-FAM	Resolved	N/A
2.0	Transfer to Other Government Units				
2.1	Unsupported Figures	Unsupported Figures of Kshs. 3,872,242. The Audit was availed with proof of documents taken by the EACC. Project Bank statements showing money in and out.	M.G. Wanjala-FAM	Resolved	N/A
2.2	Projects with no Expenditure Returns – Kshs. 4,050,000	There has been a great challenge on assembling the required returns as most of the PMCs had never been trained. Started training the PMCs before project implementation. Employed a qualified Clerk of Works to	M.G. Wanjala-FAM	Not resolved fully	December, 2019



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
		aid in the implementation.			
3.0	Cash and Cash Equivalents				
	Erroneous and un updated cash book	This is a regrettable anomaly. Noted and to be avoided in future	N. Mue - National Sub County Accountant	Resolved	Continuous
4.0	Irregular funding of school bus projects – funds sent to PMC accounts instead of the Loan account	This has been corrected in the subsequent payments	FAM – M.G. Wanjala	Resolved	Continuous
5.0	Expenditure returns – poor maintenance of project files	The error and omission to be corrected	FAM – M.G. Wanjala	Being resolved	Continuous

