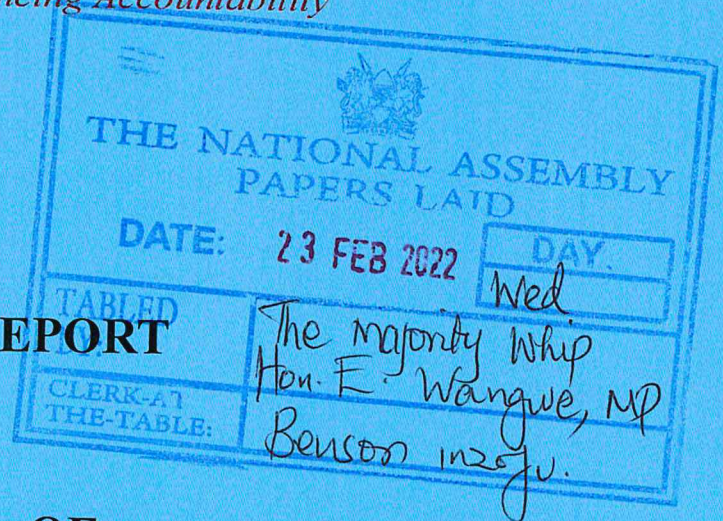


**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

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

**FOR THE YEAR ENDED  
30 JUNE, 2020**







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

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**



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





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**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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Vision**

Equitable Socio-economic development countrywide



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**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 Malindi 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 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	George Juma Onesmus
2.	Sub-County Accountant	Edwin Indase
3.	Chairman NGCDFC	Elina Mapenzi Samini
4.	Member NGCDFC	Kakhiri Boaz Khiri

**(d) Fiduciary Oversight Arrangements**

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

P.O. BOX 244 -80200  
Malindi  
NG-CDF Building  
Opp DCC's Office  
Malindi

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**(f) NG-CDF Kilifi South Constituency Contacts**

Telephone: (254) 721-355958  
E-mail: [edfmalindi@ngcdf.go.ke](mailto:edfmalindi@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NG-CDF Malindi Constituency Bankers**

1. Equity Bank  
A/C No.04550262081943  
Malindi Branch  
Malindi, Kenya

**(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



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**II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

National Government Constituency Development Fund – Malindi Constituency has allocated funds to various sectors for financial years 2017/2018 and 2018/2019 mostly in education and security as summarized here below:

Sector/Financial Year	2016/2017	2017/2018	Change	Remarks
	Kshs	Kshs	Kshs	
Education-Primary	18,786,207	9,381,034	(9,405,173)	Decrease (50%)
Education-Secondary	17,663,793	26,900,000	9,236,207	Increase (52%)
Bursary-Secondary	12,474,137	7,500,000	(4,974,137)	Decrease (40%)
Bursary – Tertiary	8,000,000	9,000,000	1,000,000	Increase (12.5%)
Bursary – Special	nil	702,586	702,586	Increase (100%)
Security	4,500,000	5,000,000	500,000	Increase (10%)

**EMERGING ISSUES**

**Implementation Challenges**

**a. Bursary**

- (i) Delay in disbursement of funds from the board
- (ii) Insufficient funding
- (iii) Politics, also affect the issuance of bursary

**Solutions and way forward**

- (i) Issuing criteria method due to demands on society
- (ii) Disbursement to be done on timely basis
- (iv) More funds to be allocated to constituencies to allow for adequate bursary allocation
- (v) To separate development programs from political programs.

**. Projects**

- (i) Delay of funds from NG-CDF Board to constituencies leads delay on implementation and the completion of projects on time
- (ii) Lack of sufficient resources to fund proposed projects.

**Solution**

- (i) Funds to be released in due time
- (ii) Sufficient resources should be allocated to fund proposed projects.

**IMPACTS**

- I. Increase in secondary school's retention rates and developments of skills for students in polytechnics and university institutions.
- II. Projects done such as the (Malindi Education Sub County office) will help the officers and teachers work in a good conducive environment at the same time parents and other education stakeholders can easily assess the education office.
- III. Reduction in crime rates resulting from increased funding to security projects.
- IV. Funding the sport sector to our youths which has helped in fighting the drug abuse menace in Malindi Constituency.
- V. Funding of school buses has helped the schools in easy transportation for students in academic trips and co-curriculum activities.



**Chairman-NGCDFC Committee**

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### **III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES**

#### **Introduction**

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

The key development objectives of NGCDF-Malindi Constituency's 2018-2022 plan are to:

- a) To provide infrastructure to ease the process of administering justice, law and order at local level.
- b) To improve area coverage in terms of the population to be served by law enforcement agencies.
- c) To boost security lighting in residential areas and commercial centres.
- d) To improve enrolment and transition rates in primary and secondary schools.
- e) To reduce the existence disparities in terms of learning resources in different schools.
- f) To rehabilitate and build school infrastructure so as to create an enabling environment for learning.
- g) To promote sustainable utilization of natural resources.
- h) To enhance socio-economic empowerment for the youth.
- i) To nurture sporting and artistic talents among the youth.
- j) Sponsoring of various talents.

#### **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:

<b>Constituency Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Education	-To have all children of school going age attending school -To rehabilitate and build school infrastructure so as to create an enabling environment for learning.	-Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	-Number of usable physical infrastructure build in primary, secondary, and tertiary institutions -Number of bursary beneficiaries at all levels	In FY 19/20 -we increased number of classrooms, dormitories, laboratories etc from 535 to 579 in the following schools/institutions - Bursary beneficiaries at all



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				levels were as per the attached schedules
Security	<ul style="list-style-type: none"> <li>-To improve in residential and commercial areas</li> <li>-To provide infrastructure to ease the process of administering justice, law and order at local level</li> </ul>	<ul style="list-style-type: none"> <li>-Safe and secure environment</li> <li>-Growth and sustainability of economic activities</li> <li>-Decline in number of criminal instances</li> <li>-Existence of peace, justice and order.</li> </ul>	<ul style="list-style-type: none"> <li>-Number of usable physical infrastructure build in police stations/post, chief's/assistant chief's offices and street lights</li> </ul>	<p>In F/Y 19/20</p> <ul style="list-style-type: none"> <li>-We increased number of police stations/post, chief's offices and assistant chief's offices etc from 25-28.</li> </ul>
Environment	<ul style="list-style-type: none"> <li>-To promote sustainable utilization of natural resources</li> <li>-To enhance socio-economic empowerment of the youth.</li> </ul>	<ul style="list-style-type: none"> <li>-An increased forest cover.</li> <li>-Sustainable socio-economic development.</li> </ul>	<ul style="list-style-type: none"> <li>-Increased forest cover</li> <li>-Improved climate changes</li> </ul>	<p>In F/Y 19/20</p> <ul style="list-style-type: none"> <li>-We increased number of schools with supplies with tree seedlings from 22-27.</li> </ul>
Sports	<ul style="list-style-type: none"> <li>-To nurture sporting and artistic talents among the youth.</li> <li>-Sponsoring of various tournaments.</li> </ul>	<ul style="list-style-type: none"> <li>-Increased talents among youths.</li> </ul>	<ul style="list-style-type: none"> <li>-Increased of number of talents among the youth.</li> </ul>	<p>In F/Y 19/20</p> <ul style="list-style-type: none"> <li>-Increased the number of talented youth who rose to national standards.</li> </ul>
Information Communication and Technology (ICT)	<ul style="list-style-type: none"> <li>-To enhance access to information and technology</li> <li>-To enhance service delivery</li> </ul>	<ul style="list-style-type: none"> <li>-Equip schools and chief's office with ICT equipment</li> </ul>	<ul style="list-style-type: none"> <li>-Increased number of schools and chief's offices with computers and internet connectivity.</li> </ul>	<ul style="list-style-type: none"> <li>-Increased number of ICT users from 0-10 in schools and chief's offices.</li> </ul>

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

NGCDF – Malindi Constituency 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 -**

Malindi NG-CDF Committee strives to focus on service delivery within the defined policy framework in conjunction with the relevant line ministries. This is clearly stipulated by our vision, mission and core values as provided by our strategic plan:

Model	Definition	Relevance to sustainability
Vision	To promote equitable socio-economic development constituency wide	What the constituency is striving for now and in future that influence the strategies, purpose and aspirations put in place.
Mission	To provide a basis of development by proper utilization of the NG-CDF funds in order to promote socio-economic standards	This guides the office on the proper way of achieving development.

**2. ENVIRONMENTAL PERFORMANCE-**

Malindi NG-CDF focuses on enhancing the capacity of the community towards sustainable utilization of their natural resources. Efforts are made to strengthen their capacity through provision of the required inputs, skills and diversified livelihood options.

Malindi NG-CDF Committee has not and will not relent in the fight against urban pollution and depletion of fragile natural resources and ecosystems.

The Committee has been able to provide tree seedlings and encourage environmental conservation education initiatives in schools. For this effort to succeed, partnerships with development actors must exist and grow overtime. Examples of such partners the NG-CDF Committee seeks to engage includes; the National Environmental Management Authority (NEMA), The Kenya Forest Services (KFS), Kenya Wildlife service(KWS), Coast Development Authority (CDA), Community Development Authority (CDA), Community Development Trust Fund, Conservation CBOs, NGOs, among relevant bilateral and multi-lateral agencies. The environment strategy is summarized as follows:

Strategic Objective	Strategies and Approach	Expected Outcome
1. To promote sustainable utilization of natural resources	- Provision of tree seedlings and rain water harvesting	-An increased forest cover
2. To enhance socio-economic empowerment for the youth.	-Empowering youths on implementation and sensitization of tree planting,	-Sustainable socio-economic development



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**3. EMPLOYEE WELFARE**

Malindi NG-CDF Committees offers contract terms employment. Staff/Employees are hired on a 3 years renewable contract. The employees are entitled to employee benefits in line with statutory requirements.

Casual employees are also hired to perform specific duties on a daily or weekly basis on a piece meal rate payment mode.

Interns are also recruited based on the internship policies and regulations. Casuals and intern are hired on a period of 3 months and are not eligible for any employee benefits in line with statutory requirements.

**Recruitment Procedure:**

NG-CDF Committee authorises the Fund Account Manager to declare vacancy, an approval is then sought for advertisement within the constituency to be done.

**The Advertisement contains the following:**

- Job title
- Main purpose of the job
  - A brief description of the key responsibilities of the job
- Education, experience, skills and competencies required for the job
- Location of the job
- Clear instructions on how to apply and information to be submitted in the application
- Closing date for receipt of applications.

**Appointment of a selection and Interview subcommittee:**

A selection and interview subcommittee is appointed to oversee the selection strategy for application review, determination of testing methodology, administration of tests and scoring, and reference check criteria.

**Interviews:**

Interviews for staff employment are conducted in a manner that complies with the office's commitment to equal employment opportunity, to ensure that qualified candidates are not discriminated based on ethnicity, religion, gender, age, disability, status etc.

**Offer of Appointment:**

A person appointed to the office will be given the appropriate letter of offer of appointment, as the case may be, which may be accepted or rejected by the candidate within the stipulated time.

**Letters of Appointment:**

A written contract of service that is signed by the Fund Account Manager and the NG-CDFC Chairman is then issued, which states particulars of employment which include, the name and address of the employee, job description, date of commencement of the job, form and duration of the contract, place of work, hours of work, remuneration, termination, terms and conditions of employment which the employee is eligible to.

**Orientation and Induction of employees:**

The NG-CDFC ensures orientation and induction of new employees. This is carried out in order to familiarize the employees with the mandate, vision, mission and operations of the office and how their jobs contribute to this.

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Induction and orientation is done within the first three months of employment.

**Promotions:**

In selecting candidates for promotion, regard is given to merit and extra ordinary ability as reflected in work performance and results after the annual performance appraisal Recommendations for promotion is only made by the NG-CDFC resolution.

**4. MARKET PLACE PRACTICES**

NG-CDFC fund was designed to support constituency level, grass-root development projects. It is aimed to achieve equitable distribution of development resources across regions and to control imbalances in regional development brought about by partisan politics. It targets all constituency-level development projects, particularly those aiming to combat poverty at grassroots and entrench equitable distribution of development in line with the NG-CDFC Act 2015 provisions,

The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

a) Responsible competition practice.

During projects implementation the office transfers funds to the Project Management Committees who are thereafter guided during tendering process, to ensure that the locals benefit competitively in the provision of services and materials to the projects. How the organisation ensures responsible competition practices with issues like anticorruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations.

Payments to suppliers are done promptly upon presentation of requisite supporting documents

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices  
Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

d) Product stewardship In order to safeguard consumer rights and interests,

Malindi NG-CDF came up with a service charter and the complaints handling policy, principles and procedures brochure. The service charter points out our commitment in ensuring that we provide quality services to our customers with high level professionalism, dignity, integrity and courtesy, whereas complaints handling policy, principles and procedures shows our commitment to consistent, fair and confidential complaint handling and to resolve complaints as quickly as possible

**5. COMMUNITY ENGAGEMENTS**

Public Participation in Project Identification and Implementation and Monitoring

The NG-Constituency Development Act 2015 stipulates in part 5 section 27 subsection 1 and 2 that the chairperson of the NG-CDFC shall, within the first year of the commencement of a new Parliament and at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency.

The NG-CDFC shall then deliberate on project proposals from all the wards in the constituency and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from. There after the list of proposed constituency based projects to be covered under this Act shall be submitted by NG-CDFC to the Board.



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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.

Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs. When the public is involved in a project, they feel motivated to work together, recognize the benefits of their involvement and have ownership of the projects and the decision making process, which is key to a successful project outcome and their sustainability.

Effective public engagement is about recognising that involving the public in a project is no longer about information dissemination and telling the people what is being done, but is a two way information sharing tool. The more views gathered in the process of making a decision, the more likely the final product will meet the most needs and address the most concerns possible. In summary stakeholders participation is important since:

- Providing information helps them understand the issues, options, and solutions available for the projects
- Consulting with the public aids in obtaining their feedback on alternatives or decisions
- Involving the public to ensures their concerns are considered throughout the decision process, particularly in the development of decision criteria, options and preferred solutions that are workable, efficient and sustainable.

#### **Public Awareness**

This includes mechanisms for participation and co-operation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings Public Awareness and Sensitisation Exercise Provide

- A menu of options for including individuals and organizational actors in identifying development priorities and selecting NG-CDF projects.
- Ensuring implementation of NG-CDF funded projects are transparent and known to everybody within the community.
- Increase accountability hence ensure local citizens gain skills and confidence to carryout social audits as means to enhanced accountability in management of other devolved funds apart from NG-CDF at constituency and other levels within the constituency.
- Increase public participation at all stages of project cycle funded under NG-CDF kitty
- Identify control and report any irregularities witnessed during NG-CDF project implementation cycle
- Measure the impact of the projects funded by NG-CDF
- Enable people to exercise their rights by instilling democratic culture through enhanced social accountability and transparency among state and non state actors.
- Promote awareness creation on constitution and devolved governance system in Kenya



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Participation in Project Identification and Implementation and Monitoring The NG-Constituency Development Act 2015 stipulates in part 5 section 27 subsection 1 and 2 that the chairperson of the NG-CDFC shall, within the first year of the commencement of a new Parliament and at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency. The NG-CDFC shall then deliberate on project proposals from all the wards in the constituency and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from. There after the list of proposed constituency based projects to be covered under this Act shall be submitted by NG-CDFC to the Board. 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. 11 Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs. When the public is involved in a project, they feel motivated to work together, recognize the benefits of their involvement and have ownership of the projects and the decision making process, which is key to a successful project outcome and their sustainability. Effective public engagement is about recognising that involving the public in a project is no longer about information dissemination and telling the people what is being done, but is a twoway information sharing tool. The more views gathered in the process of making a decision, the more likely the final product will meet the most needs and address the most concerns possible. In summary stakeholders participation is important since:

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Public Awareness and Sensitisation Exercise Provide

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**V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 81 (1) of the Public Finance Management Act, 2013 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-Malindi 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, 2020. 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-Malindi 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, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-Malindi 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-Malindi 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-Malindi Constituency financial statements were approved and signed by the Accounting Officer on 30/12/2020.

  
Fund Account Manager

Name: George Juma Onesmus

  
Sub-County Accountant

Name: Edwin Indase

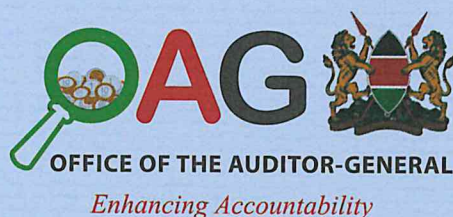
ICPAK Member Number:





# 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 – MALINDI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Malindi Constituency set out on Pages 15 to 45, which comprise the statement of assets and liabilities as at 30 June, 2020, and statement of receipts and payments, statement of cash flows and 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the National Government Constituencies Development Fund – Malindi Constituency as at 30 June, 2020, 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 do not comply with the National Government Constituencies Development Fund Act No.30 of 2015 and the Public Finance Management Act, 2012.

#### Basis for Adverse Opinion

##### 1. Inaccuracies in the Financial Statements

The financial statements for the year ended 30 June, 2020 contained inaccuracies as detailed below:

- i. A comparison of the comparative figures in financial statements for the year ended 30 June, 2020 and the audited financial statements for 2018/2019 reflected a variance of Kshs.7,499,999 as indicated in the table below :-



Notes	Comparative Balances for 2019/2020 (Kshs.)	Audited Balances for 2018/2019 (Kshs.)	Variance (Kshs.)
Transfers from Other Government Entities	160,325,359	164,325,358	(3,999,999)
Transfers to Other Government Units	56,904,775	59,904,775	(3,000,000)
Acquisition of Assets – Note 8.	-	500,000	(500,000)
<b>Total</b>	<b>217,230,134</b>	<b>224,730,133</b>	<b>(7,499,999)</b>

- ii. The summary statement of appropriation - recurrent and development combined reflects budget utilization difference of Kshs.83,291,499. However, a summation of the balances indicated a total of Kshs.134,852,846, resulting to an under-statement of Kshs.51,561,347.
- iii. The budget by programmes and sub-programmes reflects grand total budget utilization difference of Kshs.38,971,096. However, summation of the balances indicated a total of Kshs.134,852,846, resulting to under casting of Kshs.95,881,750.
- iv. The statement of receipts and payments reflects compensation of employees balance of Kshs.2,057,370. However, the supporting schedule reflected a balance of Kshs.1,882,080, resulting to unexplained and unreconciled variance of Kshs.175,290.
- v. Summary of fixed assets register disclosed in Annex 4 to the financial statements reflects opening balance as at 1 July, 2019 as Kshs.56,495,424. However, the audited financial statements for the year ended 30 June, 2019 reflect a closing balance of Kshs.56,995,424, resulting to unexplained and unreconciled difference of Kshs.500,000.

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

## 2. Inaccuracies in Bank Balance

Note 10A to the financial statements for the year ended 30 June, 2020 reflects a bank balance of Kshs.13,944,248. However, the supporting bank reconciliation statement reflected un-presented cheques totalling to Kshs.1,091,963.76, out of which stale cheques totalling Kshs.610,094.00 had not been reversed in cash book.

Further, the supporting bank reconciliation statement reflected receipts totalling Kshs.1,091,963.76 in respect to unspent balances in Project Management Committee bank accounts returned to the Constituency bank account and which has not been recorded in cash book.

Consequently, the accuracy and completeness of the bank balance of Kshs.13,944,248 as at 30 June, 2020 could not be ascertained.

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

### **Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined for the year under review reflects total budgeted receipts of Kshs.248,759,944 and actual receipts of Kshs.127,851,346 resulting to underfunding of Kshs.120,908,598 or 49% of the budget. Similarly, the statement reflects final expenditure budget and actual totalling to Kshs.248,759,944 and Kshs.113,907,098 respectively, resulting to an under expenditure amounting to Kshs.134,852,846 or 54% of the budget.

The underfunding and under expenditure may have affected delivery of services to the residents of the constituency.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Presentation of the Financial Statements**

The financial statements for the year ended 30 June, 2020 contained the following presentation anomalies:

- i. Constituency Development Fund Committee (CDFC) members, Management team, report of the Fund Administration Manager and Management discussion and analysis are missing from the financial statements.
- ii. The table on progress on follow up of auditor recommendations is empty yet the Report of the Auditor-General for the year 2018/2019 had an Adverse Opinion.

Consequently, the financial statements for the year ended 30 June, 2020 are not prepared in accordance as prescribed by the Public Sector Accounting Standards Board.

#### **2.0 Projects Implementation**

During the year under review, the Management budgeted for thirty nine (39) projects costing Kshs.101,082,709 whose implementation status as at 30 June, 2020 is as summarized below:



<b>Status</b>	<b>Number of Projects</b>	<b>Allocation (Kshs.)</b>
Ongoing Projects	2	9,500,000
Not Started	15	44,764,709
Completed Projects	22	46,818,000
<b>Total</b>	<b>39</b>	<b>101,082,709</b>

Although the Management explained the delay to start the above projects was due to Covid 19 pandemic and delayed disbursement by the CDF Board, the projects have taken long to start. Failure by Management to implement the budgeted projects may impact negatively on delivery of goods and services to the residents of Malindi Constituency.

## **2.1 Projects Inspection**

Seven (7) projects with a total allocation of Kshs.18,448,000 were inspected in the month of February, 2021. The inspection revealed delivery of beds and desks to a school amounting to Kshs.2,520,000 while the stores had the same items not issued. Further, the inspection revealed under-utilization of a dormitory constructed at a cost of Kshs.6,700,000 due to low student enrolment and instances of poor workmanship as detailed in **Appendix 1**.

The anomalies may be attributed to lack of proper supervision of projects by the Constituency Development Fund Committee and may negatively impact on the delivery of service to the residents of Malindi Constituency.

## **3.0 Compensation of Employees**

### **3.1 Failure to Disclose Payables - Staff Gratuity**

According to corporate social responsibility statement/sustainability reporting paragraph 3 - employee welfare, Malindi NG-CDF Committee offers contract terms of employment for three years to staff who are entitled to employee benefits in line with statutory requirements. Staff employment files and contracts of employment availed for audit review indicated that thirteen (13) staff who were employed way back in 2013 had accumulated gratuity amounting to Kshs.7,171,762. Although the gratuity was due for payment in the year under review, the same had not been paid as at 30 June, 2020 nor disclosed in the financial statements.

This is contrary to the Circular No. NG-CDF Board/CIRCULAR/ Vol.I. I/166 of 24 June, 2013 paragraph 8 which states that "staff shall be eligible for service gratuity tabulated at 31% of the annual basic salary for three years of contract".

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

### **3.2 Failure to Fill Vacant Positions**

Records maintained by the Fund indicate that the Constituency has not employed Clerk of Works and Accounts Assistant. This hampers preparation of financial records and supervision of projects. Further, the same is contrary to Section 45 Subsections 1 and 2

of the CDF Act, 2015 which provide that “the Constituency committee may engage such staff as may be necessary for the execution of its functions including persons with knowledge in information and communication technology, construction and basic accounting shall assist the constituency committee in project monitoring and evaluation, coordination and proper keeping of records and such staff be remunerated from the funds allocated for administration and recurrent expenses of the constituency committee.”

Consequently, the Constituency is in breach of law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, based on the audit procedures performed, I confirm that internal controls, risk Management and governance were not effective.

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 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 ability of the Fund to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Fund or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 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 Fund's 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 Fund's financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 ability of the Fund to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 February, 2022



## Appendix 1

### Project Inspection Status

No.	Name of Project	Project Activity	Contract Price (Kshs.)	Audit Observations
1	Shomani Girls Secondary School	Purchase of 96 double decker bed @ Kshs.18,000	1,728,000	Delivery of double decker beds delivered and some were in use and others in the store due to low enrolment of students.
2	Shomani Girls Secondary School	Purchase of 360 lockers and 360 chairs @ Kshs.7,000 per set	2,520,000	Delivery of double decker beds delivered and some be in use and others in the store due to low enrolment of students.
3	Shomani Girls Secondary School	Construction of 96 capacity dormitory to completion (Kshs.5,450,000 with 1 unit of 6 No. door toilet (Kshs.700,000 and a septic tank @Kshs.550,000)	6,700,00	Dormitory complete and in use (underutilized due to low enrolment of students).
4	Mkaomoto Primary School	Renovation of 5 No. classrooms which shall include removal of rusty leaking iron sheets, dilapidated timbers, reroofing, superstructure walling and ring beam, plastering, painting, fixtures/fittings, flooring and electrical conduit works.	3,400,000	Reroofing done. However, roof for two classrooms were rusting compared to the other three class room roofs. All other works done to completion and the structure in use.
5	Kakuyuni Police Station	Construction of three offices	3,400,000	office done. Remaining doors, electrical works and plastering.
6	Shella Chief's Office	Construction of an office and a toilet to completion	3,200,000	Office and a two door toilet done to completion and in use.
7	Children Remand Prison-malindi	Upgrading of wall to enhance security construction of a perimeter fence.	4,200,000	Wall done and plastering and painting done.
<b>Total</b>			<b>18,448,000</b>	

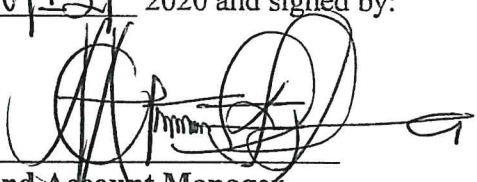


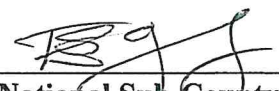


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)****MALINDI CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2020****VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	71,500,000	164,325,359
Proceeds from Sale of Assets	2	00	00
Other Receipts	3	00	00
<b>TOTAL RECEIPTS</b>		<b>71,500,000</b>	<b>164,325,359</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,057,370	1,722,435
Use of goods and services	5	6,883,060	9,812,939
Transfers to Other Government Units	6	67,525,000	59,904,775
Other grants and transfers	7	36,941,668	41,330,392
Acquisition of Assets	8	500,000	500,000
Other Payments	9	00	2,000,000
<b>TOTAL PAYMENTS</b>		<b>113,907,098</b>	<b>115,270,541</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>(42,407,098)</u></b>	<b><u>49,054,818</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malindi Constituency financial statements were approved on 30/12/2020 and signed by:

  
Fund Account Manager  
Name: George Junia Onesmus

  
National Sub-County Accountant  
Name: Edwin Indase  
ICPAK Member Number:


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	13,944,248	56,351,346
Cash Balances (cash at hand)	10B	00	00
<b>Total Cash and Cash Equivalents</b>		<b>13,944,248</b>	<b>56,351,346</b>
Accounts Receivable			
Outstanding Imprests	11	00	00
<b>TOTAL FINANCIAL ASSETS</b>		<b>13,944,248</b>	<b>56,351,346</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable			
Retention	12A	00	00
Deposits (Gratuity)	12B	00	00
<b>TOTAL FINANCIAL LIABILITES</b>		<b>00</b>	<b>00</b>
<b>NET FINANCIAL ASSETS</b>		<b>13,944,248</b>	<b>56,351,346</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	56,351,346	7,296,529
Prior year adjustments	14	00	00
Surplus/Defict for the year		(42,407,098)	49,054,818
<b>NET FINANCIAL POSITION</b>		<b>13,944,248</b>	<b>56,351,347</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malindi Constituency financial statements were approved on 30.12.2020 and signed by:

  
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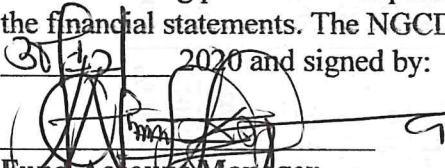


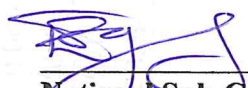
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**IX. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>Receipts for operating income</b>			
Transfers from NGCDF Board	1	71,500,000	164,325,359
Other Receipts	3	0	00
<b>Total receipts</b>		<b>71,500,000</b>	<b>164,325,359</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	2,057,370	1,722,435
Use of goods and services	5	6,883,060	9,812,939
Transfers to Other Government Units	6	67,525,000	59,904,775
Other grants and transfers	7	36,941,668	41,330,392
Other Payments	9	00	2,000,000
<b>Total payments</b>		<b>113,407,098</b>	<b>114,770,541</b>
<b>Total Receipts Less Total Payments</b>		<b>(41,907,098)</b>	<b>49,554,818</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	00	00
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	00	00
Prior year adjustments	14	00	00
<b>Net cash flow from operating activities</b>		<b>(41,907,098)</b>	<b>49,554,818</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	00	00
Acquisition of Assets	9	(500,000)	(500,000)
<b>Net cash flows from Investing Activities</b>		<b>(500,000)</b>	<b>(500,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(42,407,098)</b>	<b>49,054,818</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>13</b>	<b>56,351,346</b>	<b>7,296,529</b>
<b>Cash and cash equivalent at END of the year</b>		<b><u>13,944,248</u></b>	<b><u>56,351,347</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malindi Constituency financial statements were approved on 30/12/2020 and signed by:

  
Fund Account Manager  
Name: George Juma Onesmus

  
National Sub-County Accountant  
Name: Edwin Indase  
ICPAK Member Number:



**NATION . GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	137,367,724	111,392,220	248,759,944	127,851,346	120,908,598	51.4%
Proceeds from Sale of Assets	00	00	00	00	00	0.0%
Other Receipts	00	00	00	00	00	0.0%
<b>TOTAL RECEIPTS</b>	<b>137,367,724</b>	<b>111,392,220</b>	<b>248,759,944</b>	<b>127,851,346</b>	<b>120,908,598</b>	<b>51.4%</b>
<b>PAYMENTS</b>						
Compensation of Employees	2,725,323	947,246	3,672,569	2,057,370	1,615,199	56.0%
Use of goods and services	9,637,772	947,246	10,585,018	6,883,060	3,701,958	65.0%
Transfers to Other Government Units	68,310,000	64,680,472	132,990,472	67,525,000	65,465,472	50.8%
Other grants and transfers	56,194,629	44,317,256	100,511,885	36,941,668	63,570,217	36.8%
Acquisition of Assets	500,000	500,000	1,000,000	500,000	500,000	50.0%
Other Payments	00	00	00	00	00	0.0%
A.I.A	00	00	00	00	00	0.0%
<b>TOTALS</b>	<b>137,367,724</b>	<b>111,392,220</b>	<b>248,759,944</b>	<b>113,907,098</b>	<b>83,291,499</b>	<b>45.8%</b>

The NGCDF-Malindi Constituency financial statements were approved on 30-12 2020 and signed by:

  
Fund Account Manager

Name: George Juma Onesimus

  
Sub-County Accountant

Name: Edwin Indase

ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
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**For the year ended June 30, 2020**

**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	2,725,323	947,246	3,672,569	2,057,370	1,615,199
1.2 Committee allowances	3,248,740	-	3,248,740	2,370,140	878,600
1.3 Use of goods and services	2,268,000	-	2,268,000	2,268,000	-
<b>Sub-total</b>	<b>8,242,063</b>	<b>947,246</b>	<b>9,189,309</b>	<b>6,695,510</b>	<b>2,493,799</b>
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	1,600,000	00	1,600,000	1,600,000	0
2.2 Committee allowances	1,621,032	00	1,621,000	12,054	1,608,978
2.3 Use of goods and services	900,000	00	900,000	632,866	267,134
<b>Sub-total</b>	<b>4,121,032</b>	<b>00</b>	<b>4,121,032</b>	<b>2,244,920</b>	<b>1,876,112</b>
<b>3.0 Emergency</b>					
<b>Sub-total</b>	<b>7,198,241</b>	<b>5,738,993</b>	<b>12,937,234</b>	<b>12,338,001</b>	<b>599,233</b>
<b>4.0 Bursary and Social Security</b>					
4.1 Primary Schools	00	00		00	00
4.2 Secondary Schools	15,000,000	5,808,000	20,808,000	6,521,400	14,286,600
4.3 Tertiary Institutions	10,891,679	5,000,000	15,891,679	4,710,950	11,180,729
4.4 Special Schools	1,000,000	1,000,000	2,000,000	200,000	1,800,000
4.5 Universities	00	00	00	00	00
4.6 Social Security	00	00	00	00	00
<b>Sub-total</b>	<b>26,891,679</b>	<b>11,808,000</b>	<b>38,699,679</b>	<b>11,432,350</b>	<b>27,267,329</b>
<b>5.0 Sports</b>					
5.1 Sports	2,747,354	2,180,818	4,928,172	2,690,500	2,237,672
<b>Sub-total</b>	<b>2,747,354</b>	<b>2,180,818</b>	<b>4,928,172</b>	<b>2,690,500</b>	<b>2,237,672</b>



**NATION 1. GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
<b>6.0 Environment</b>					
6.1. Viriko Primary School	305,261	00	305,261	00	305,261
6.2. Khombeni Primary School	305,261	00	305,261	00	305,261
6.3. Gimacha Primary School	305,261	00	305,261	00	305,261
6.4. Kavunyalo Primary School	305,261	00	305,261	00	305,261
6.5. Marikano Primary School	305,261	00	305,261	00	305,261
6.6. Gandini Primary School	305,261	00	305,261	00	305,261
6.7. Pishimwenga Primary School	305,261	00	305,261	00	305,261
6.8. Timboni Primary School	305,261	00	305,261	00	305,261
6.9. Bago Primary School	305,261	00	305,261	00	305,261
6.10. Kakuyuni Secondary School		525,000	525,000	525,000	00
6.11. Kakoneni Girls Secondary School		525,000	525,000	525,000	00
6.12. Sosobora Secondary School		525,000	525,000	525,000	00
6.13. NG-Cdf office		605,817	605,817	605,817	00
<b>Sub-total</b>	<b>2,747,354</b>	<b>2,180,817</b>	<b>4,928,171</b>	<b>2,180,817</b>	<b>2,747,354</b>
<b>7.0 Primary Schools Projects (List all the Projects)</b>					
7.1. Bago Primary School	260,000	00	260,000	00	260,000
7.2. Bago Primary School	2,200,000	00	2,200,000	00	2,200,000
7.3. HGM Primary School	520,000	00	520,000	00	520,000
7.4. Kavunyalo Primary School	3,600,000	1,700,000	5,300,000	1,700,000	3,600,000
7.5. Madunguni Primary School	1,700,000	3,000,000	4,700,000	3,000,000	1,700,000
7.6. Malindi Central Primary School	390,000	00	390,000	00	390,000
7.7. Mkaomoto Primary School	3,400,000	00	3,400,000	3,400,000	00
7.8. Mkunguni Primary School	2,200,000	00	2,200,000	00	2,200,000
7.9. Mkunguni Primary School	260,000	00	260,000	00	260,000
7.9. Mumangani Primary School	2,200,000	00	2,200,000	2,200,000	00
7.10. Mumangani Primary School	780,000	00	780,000	780,000	00



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.11. Sir Ali Primary School	3,900,000	500,000	4,400,000	00	4,400,000
7.12. Sosoni Primary School	260,000	00	260,000	00	260,000
7.13. Sosoni Primary School	2,200,000	00	2,200,000	1,400,000	800,000
7.14. St. Andrews Primary School	520,000	00	520,000	520,000	00
7.15. Takaye Primary School	3,980,000	00	3,980,000	3,980,000	00
7.16. Viriko Primary School	3,500,000	00	3,500,000	3,500,000	00
7.17. Arabuko Primary School	1,700,000	00	1,700,000	1,400,000	300,000
7.18. HGM Primary School	00	00	00	520,000	(520,000)
7.19. Malindi Central Primary School	00	00	00	390,000	(390,000)
7.20. Arabuko Primary School	00	00	00	300,000	(300,000)
7.21. Sosoni Primary School	00	00	00	800,000	(800,000)
7.22. Kakoneni Primary School	00	1,700,000	1,700,000	1,700,000	00
7.23. Gandini Primary School	00	3,000,000	3,000,000	3,000,000	00
7.24. Sir Ali Primary School	00	260,000	260,000	260,000	00
7.25. Marikano Primary School	00	275,000	275,000	275,000	00
7.26. Kombeni Primary School	00	275,000	275,000	275,000	00
7.27. Timboni Primary School	00	275,000	275,000	275,000	00
7.28. Maziwani Primary School	00	1,700,000	1,700,000	1,700,000	00
7.29. Mmangani Primary School	00	1,700,000	1,700,000	1,700,000	00
7.30. Girimacha Primary School	00	3,000,000	3,000,000	3,000,000	00
7.31. Kijiwetanga Primary School	00	2,500,000	2,500,000	2,500,000	00
7.32. Goshi Primary School	00	3,000,000	3,000,000	00	3,000,000
<b>Sub-total</b>	<b>33,570,000</b>	<b>22,885,000</b>	<b>56,455,000</b>	<b>38,575,000</b>	<b>17,880,000</b>
<b>8.0 Secondary Schools Projects</b> <b>(List all the Projects)</b>					
8.1. Majivuni Secondary School	1,700,000	2,900,000	4,600,000	4,600,000	00
8.2. Kakoneni Secondary School	7,000,000	00	00	00	7,000,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
8.3. Langobaya Secondary School	7,300,000	00	7,300,000	00	7,300,000
8.4. Shomani Girls Secondary School	1,728,000	00	1,728,000	1,728,000	00
8.5. Shomani Girls Secondary School	2,520,000	00	2,520,000	2,520,000	00
8.6. Shomani Girls Secondary School	6,700,000	00	6,700,000	6,700,000	00
8.7. Mongotini Secondary School	490,000	00	490,000	00	490,000
8.8. Shomani Girls Secondary School	502,000	00	502,000	502,000	00
8.9. Goshi Secondary School	3,000,000	00	3,000,000	00	3,000,000
8.10. Madunguni Secondary School	00	00	00	1,700,000	(1,700,000)
8.11. Kijiwetanga Secondary School	00	2,900,000	2,900,000	2,900,000	00
8.12. Shomani Girls Secondary School	00	1,500,000	1,500,000	1,500,000	00
8.13. Malindi Sub-County Education	00	1,500,000	1,500,000	00	1,500,000
<b>Sub-total</b>	<b>30,940,000</b>	<b>8,800,000.00</b>	<b>39,740,000</b>	<b>22,150,000</b>	<b>17,590,000</b>
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>					
9.1. Weru Technical and Vocational	3,800,000	00	3,800,000	3,800,000	00
<b>Sub-total</b>	<b>3,800,000</b>	<b>00</b>	<b>3,800,000</b>	<b>3,800,000</b>	<b>00</b>
<b>10.0 Security Projects</b>					
10.1. Kakoneni Chief's office	2,600,000	00	2,600,000	2,600,000	00
10.2. Kakuyuni Chief's office	3,400,000	00	3,400,000	2,500,000	900,000
10.3. Malindi Sub-County DCC Headquarter	2,900,000	00	2,900,000	00	2,900,000
10.4. Mere Chief's office	3,300,000	00	3,300,000	00	3,300,000
10.5. Shella Chief's office	3,200,000	00	3,200,000	3,200,000	00
10.6. Kakuyuni Police Post	2,500,000	00	2,500,000	00	2,500,000
<b>Sub-total</b>	<b>17,900,000</b>	<b>00</b>	<b>17,900,000</b>		
<b>11.0 Acquisition of assets</b>					
11.1. Malindi NG-CDF office	500,000	500,000	1,000,000	00	1,000,000
<b>Sub-total</b>	<b>500,000</b>	<b>500,000</b>	<b>1,000,000</b>	<b>00</b>	<b>1,000,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALINDI CONSTITUENCY**  
**Reports and Financial Statements**  
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
12.0 Others					
Sub-total	00	00	00	00	00
<b>GRAND TOTAL</b>	<b>137,367,724</b>	<b>111,392,220</b>	<b>248,759,944</b>	<b>113,907,098</b>	<b>38,971,096.20</b>

(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)



## **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 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-Malindi 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.

#### **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

#### **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MALINDI CONSTITUENCY**

**Reports and Financial Statements  
For the year ended June 30, 2020**

---

**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 30<sup>th</sup> June 2020, 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) –  
MALINDI CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**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.

## **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 2019 for the period 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 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 30<sup>th</sup> June 2020.

### **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) –  
MALINDI CONSTITUENCY**  
Reports and Financial Statements  
For the year ended June 30, 2020

**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO. B 041120	1	4,000,000	
AIE NO. B 047605	2	20,000,000	
AIE NO. B 047965	3	8,000,000	
AIE NO. B 049367	4	14,000,000	
AIE NO. B 104391	5	22,000,000	
AIE NO. B 047200	6	3,500,000	
AIE NO.B030094			10,000,000
AIE NO.B042793			12,000,000
AIE NO.A 724469			11,000,000
AIE NO.B0066439			6,000,000
AIE NO.B030492			15,000,000
AIE NO.B041013			51,540,875.50
<b>TOTAL</b>		<b>71,500,000</b>	<b>160,325,359</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from sale of Buildings	00	00
Receipts from the Sale of Vehicles and Transport Equipment	00	00
Receipts from sale of office and general equipment	00	00
Receipts from the Sale Plant Machinery and Equipment	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MALINDI CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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

**3. OTHER RECEIPTS**

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from Sale of tender documents	00	00
Other Receipts Not Classified Elsewhere	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

0

**4. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,964,280	1,468,962
Personal allowances paid as part of salary	00	182,853
Pension and other social security contributions (Gratuity)	00	00
Employer Contributions Compulsory national social security schemes	93,090	70,620
<b>Total</b>	<b>2,057,370</b>	<b>1,722,435</b>



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

**5. USE OF GOODS AND SERVICES**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Committee allowances	2,370,140	3,710,320
Office rent	00	00
Utilities, supplies and services	55,175	00
Electricity	00	00
Water & Sewerage charges	00	00
Office Rent	00	00
Communication, supplies and services	153,350	1,000,000
Domestic travel and subsistence	782,120	300,000
Printing, advertising and information supplies & services	15,600	700,000
Rentals of produced assets	00	00
Training expenses	00	00
Other Committee expenses	130,800	1,576,066
Hospitality supplies and services	50,075	00
Insurance costs	12,054	00
Specialized materials and services	00	00
Office and general supplies and services	2,345,191	00
Other operating expenses	569,155	2,026,553
Fuel, oil & lubricants	26,400	00
Bank service commission and charges	35,000	00
Security operations	338,000	00
Routine maintenance – vehicles and other transport equipment	00	500,000
Routine maintenance – other assets	00	00
<b>Total</b>	<b>6,883,060</b>	<b>9,812,939</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
MALINDI CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to National Government entities	00	00
Transfers to primary schools	41,575,000	25,554,775
Transfers to secondary schools	22,150,000	29,850,000
Transfers to tertiary institutions	3,800,000	1,500,000
Transfers to health institutions	00	00
<b>TOTAL</b>	<b>67,525,000</b>	<b>56,904,775</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools	6,521,000	15,627,725
Bursary – tertiary institutions	4,710,000	13,569,500
Bursary – special schools (see attached list)	200,000	804,000
Mock & CAT (see attached list)	00	00
Security projects (see attached list)	8,300,000	4,500,000
Sports projects (see attached list)	2,690,500	950,000
Environment projects (see attached list)	2,180,817	1,736,206
Emergency projects (see attached list)	12,338,001	4,141,961
<b>Total</b>	<b>36,941,668</b>	<b>41,330,392</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**8. ACQUISITION OF ASSETS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	00	00
Construction of Buildings	00	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Overhaul of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	500,000	00
Purchase of ICT Equipment, Software and Other ICT Assets	00	00
Purchase of Specialized Plant, Equipment and Machinery	00	00
Rehabilitation and Renovation of Plant, Machinery and Equip.	00	00
Acquisition of Land	00	00
Acquisition of Intangible Assets	00	00
<b>Total</b>	<b>500,000</b>	<b>00</b>

**9. OTHER PAYMENTS**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Strategic plan	00	2,000,000
ICT Hub	00	00
	<b>00</b>	<b>2,000,000</b>

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

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Equity Bank, Malindi Branch 04550262081943	13,944,248	56,351,346
<b>Total</b>	<b>13,944,248</b>	<b>56,351,346</b>
<b>10B: CASH IN HAND</b>		
Location 1	00	00
Location 2	00	00
Location 3	00	00
Other Locations (specify)	00	00
<b>Total</b>	<b>00</b>	<b>00</b>
[Provide cash count certificates for each]		



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**11: OUTSTANDING IMPRESTS**

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
-	-	00	00	00
-	-	00	00	00
<b>Total</b>				<b>00</b>

**12A. RETENTION**

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1	00	00
Supplier 2	00	00
Supplier 3	00	00
<b>Total</b>	<b>00</b>	<b>00</b>

**12B. GRATUITY DEPOSITS**

	2019 - 2020	2018-2019
Name of Staff	Kshs	Kshs
-	00	00
-	00	00
-	00	00
Add as appropriate		
<b>Total</b>	<b>00</b>	<b>00</b>

**13. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	56,351,346	7,296,529
Cash in hand	00	00
Imprest	00	00
<b>Total</b>	<b>56,351,346</b>	<b>7,296,529</b>

[Provide short appropriate explanations as necessary]

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**14. PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2018/2019 as per Financial statements		Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Adjustments Kshs	Kshs
Bank account Balances	00	00	00
Cash in hand	00	00	00
Accounts Payables	00	00	00
Receivables	00	00	00
Others (specify)	00	00	00
	00	00	00

**15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST**

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	00	00
Imprest issued during the year (B)	00	00
Imprest surrendered during the Year (C)	00	00
Net changes in account receivables D= A+B-C	00	00

**16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	00	00
Deposit and Retentions held during the year (B)	00	00
Deposit and Retentions paid during the Year (C)	00	00
Net changes in account receivables D= A+B-C	00	00



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**17. OTHER IMPORTANT DISCLOSURES**

**17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
	<b>00</b>	<b>00</b>

**17.2: PENDING STAFF PAYABLES (See Annex 2)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
NGCDFC Staff	00	00
Others (specify)	00	00
	<b>00</b>	<b>00</b>

**17.3: UNUTILIZED FUND (See Annex 3)**

	<b>2019-2020</b>	<b>2018-2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	00	00
Use of goods and services	00	00
Amounts due to other Government entities (see attached list)	00	00
Amounts due to other grants and other transfers (see attached list)	00	00
Acquisition of assets	00	00
Others (specify)	00	00
A.I.A	00	<b>00</b>
	<b>00</b>	<b>00</b>

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**17.4: PMC account balances (See Annex 5)**

No.	Name	Account No.	2019-2020	2018-2019
			Kshs	Kshs
	<b>Total</b>		<b>3,975,856.92</b>	<b>7,555,893.20</b>



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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
<b>Senior Management</b>		a	b	c	d=a-c	
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Middle Management</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Unionisable Employees</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (specify)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



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**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
<b>Sub-Total</b>				
Amounts due to other grants and other transfers				
<b>Sub-T total</b>				
<b>Sub-Total</b>				
Acquisition of assets				
<b>Others (specify)</b>				
<b>Sub-Total</b>				
<b>Grand Total</b>				

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**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	5,000,000	00	00	5,000,000
Buildings and structures	00	00	00	00
Construction Of Buildings	18,000,000	00	00	18,000,000
Transport equipment	6,950,000	00	00	6,950,000
Office equipment, furniture and fittings	2,821,097	500,000	00	3,321,097
ICT Equipment, Software and Other ICT Assets	974,327	00	00	974,327
Other Machinery and Equipment	22,750,000	00	00	22,750,000
Heritage and cultural assets	00	00	00	00
Intangible assets	00	00	00	00
<b>Total</b>	<b>56,495,424</b>	<b>500,000</b>	<b>00</b>	<b>56,995,424</b>



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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020**

No.	PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
1.	Malindi NG-CDF-Kijiwe Tanga Primary School	Equity	0450279051444	2,399.97	00
2.	Malindi NG-CDF-Girimacha Primary School	Equity	0450278991867	1,120.00	00
3.	Malindi NG-CDF-Mmangani Primary School	Equity	0450279834806	495,640.00	00
4.	Malindi NG-CDF-Maziwani Primary School	Equity	0450279050108	2,945.60	00
5.	Malindi NG-CDF-Sir Ali Bin Salim Primary School	Equity	0450264108963	5,573.00	00
6.	Malindi NG-CDF Primary School desks Project	Equity	0450279071669	590.00	00
7.	Malindi NG-CDF-Gandini Primary School	Equity	0450278997125	720.50	00
8.	Malindi NG-CDF-Madunguni Secondary School	Equity	0450279685911	320.00	00
9.	Malindi NG-CDF-Kavunyalalo Primary School	Equity	0450279050001	120.00	00
10.	Malindi NG-CDF-Kakoneni Primary School	Equity	0450279059891	1,685.55	00
11.	Malindi NG-CDF-Mkaomoto Primary School	Equity	0450279573757	620.00	00
12.	Malindi NG-CDF-Takaye Primary School	Equity	0450279573539	6,530.00	00
13.	Malindi NG-CDF-Arabuko Sokoke Primary School	Equity	0450279686943	1,160.00	00
14.	Malindi NG-CDF-Sosoni Primary School	Equity	0450279685809	1,500.00	00
15.	Malindi NG-CDF-Viriko Primary School	Equity	0450279817667	1,444,048.00	00
16.	Malindi NG-CDF-Malindi Primary School	Equity	0450279812795	590,220.00	00
17.	Malindi NG-CDF-Mmangani Primary School PMC Account	Equity	0450279834806	495,640.00	00

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No.	PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
18.	Malindi NG-CDF Mmangani Primary School	Equity	0450279049270	220.00	00
19.	Malindi NG-CDF-Kijiwetanga Secondary School	Equity	0450279042237	1,240.85	00
20.	Malindi NG-CDF-Shomani Girls Secondary School beds project	Equity	0450279573318	2,820.00	00
21.	Malindi NG-CDF-Shomani Girls Secondary School lockers project	Equity	0450279573224	124,920.00	00
22.	Malindi NG-CDF-Weru T.T.I Project	Equity	0450279574421	79,280.00	00
23.	Malindi NG-CDF-Shomani Secondary School	Equity	0450279815831	714,540.00	00
24.	Shomani Girls Secondary School Project	Equity	0450278503254	2,003.95	00
25.	Malindi Ng-Cdf St Andrews Primary School	Equity	0450277538657		197,120
26.	Malindi Ng-Cdf Shomani Girls Secondary School Project	Equity	0450278503254		3,711,801
27.	Malindi Ng-Cdf Ganda Secondary School	Equity	0450278679765		97,200
28.	Malindi Ng-Cdf Sub County Educational Office Furniture	Equity	0450278698811		905
29.	Malindi Ng-Cdf Girimacha Primary School	Equity	0450278991867		1,199,520
30.	Malindi Ng-Cdf Muyeye Secondary School	Equity	0450278727461		115,697
31.	Malindi Ng-Cdf Jilore High School	Equity	0450278729247		35
32.	Malindi Ng-Cdf Mkondoni Primary School	Equity	0450278637591		400
33.	Malindi Ng-Cdf Kasimbiji Primary School	Equity	0450278679408		20,502
34.	Malindi Ng-Cdf Gandini Primary School	Equity	0450278997125		2,212,713



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No.	PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
	<b>Total</b>			<b>3,975,857.42</b>	<b>7,555,893.20</b>

## 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.

[illegible]



