




Enhancing Accountability

 THE NATIONAL ASSEMBLY	
REPORT	
DATE:	15 NOV 2022
	DAY: Tuesday
TABLED BY:	Hon. Silvanus Gore/np Chief Whip Majority
OF CLIP AT THE-TABLE:	Halima Suberman

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
EMBAKASI SOUTH CONSTITUENCY**

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

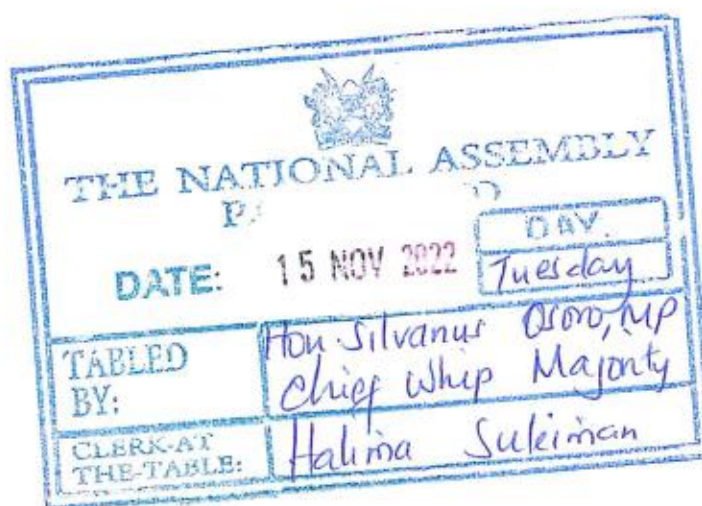


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
-EMBAKASI SOUTH CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



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

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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 EMBAKASI SOUTH Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Josefrida Kameti
2.	Sub-County Accountant	Dennis Mathenge
3.	Chairman NGCDFC	Duncan Mulwa
4.	Member NGCDFC	Sabina Wanjohi

(d) Fiduciary Oversight Arrangements

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

P.O. Box 1253-00621
Imara Daima ACC Office Embakasi South,
Nairobi, KENYA

(f) NGCDF EMBAKASI SOUTH Constituency Contacts

Telephone: (254)0720120932

E-mail: info@Embakasisouthngcdf.go.ke

Website: www.Embakasisouthngcdf.go.ke

(g) NGCDF EMBAKASI SOUTH Constituency Bankers

Equity Bank

Embakasi Junction

P.o Box 51304-00100

Nairobi Kenya

Account No 1320261985991

(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

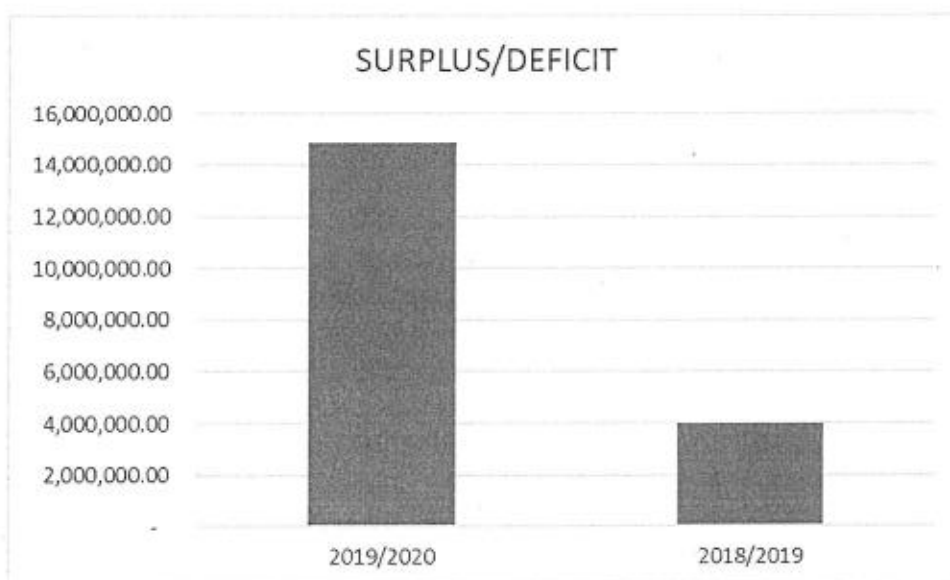
City Square 00200

Nairobi, Kenya

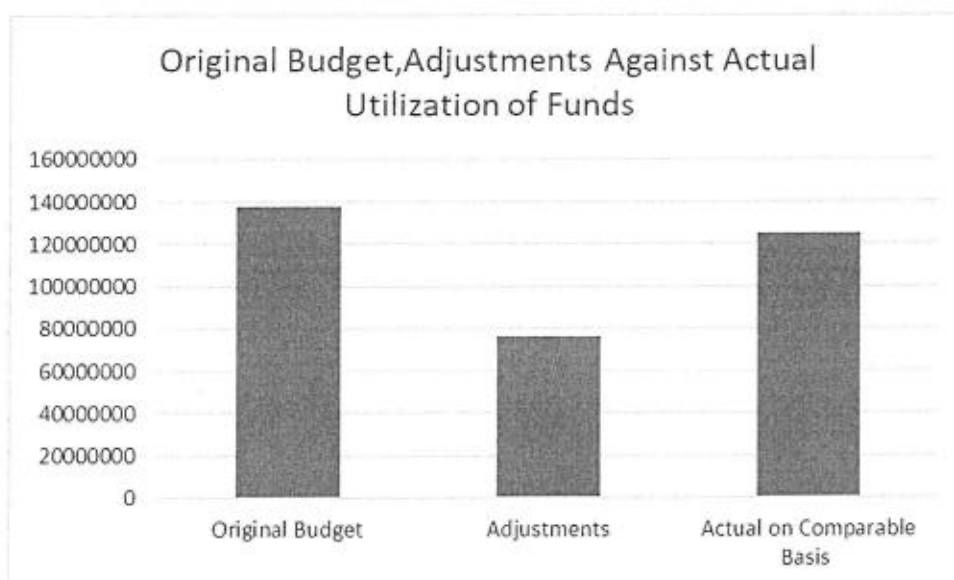
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The people of Embakasi South constituency are determined to participate effectively in domesticating objectives of vision the big Four in our development planning. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness, transparency, openness and accountability.

Summary of the budget performance against actual amounts for current year based on economic classification and programmes.



This is an indicator that more funds were received and absorbed in Year 2018/2019 compared to 2019/2020.



Key

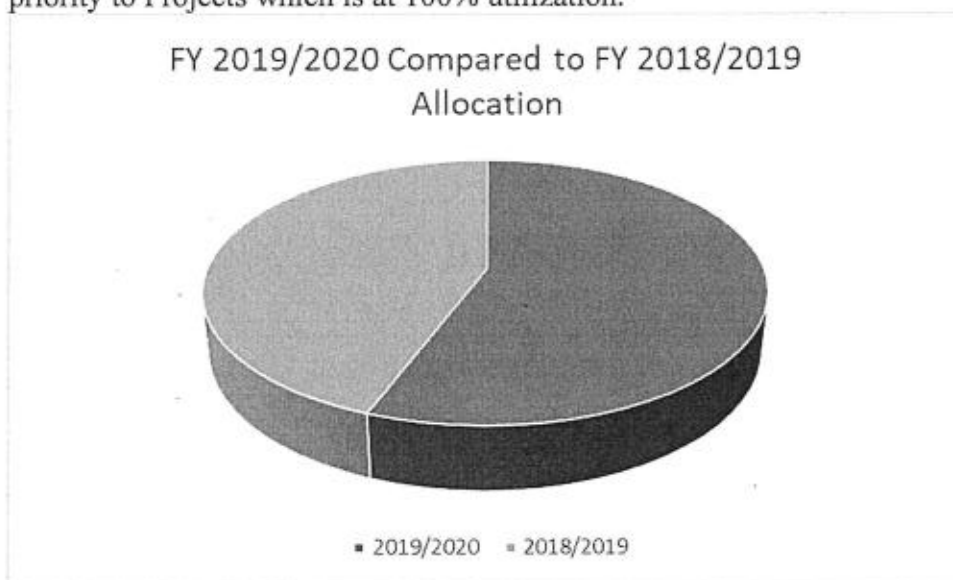
Original Budget – Original Budget Allocation for the FY 2019/2020

Adjustments – Total Adjustments Allocation during the Year 2019/2020

Actual on Comparable Basis – Total actual on comparable basis i.e The Total Funds allocated during the year was implemented at 59% comparatively.

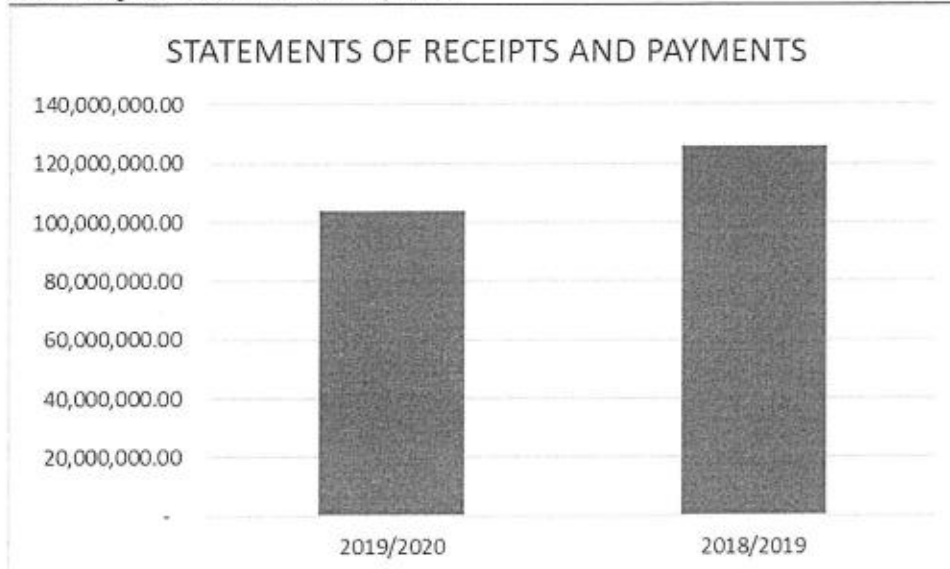
Financial year budget

In the financial year 2019/2020 the NG-CDF Embakasi South was allocated Ksh. 137,367,724 in which the office has since only got Ksh. **68,000,000.00**. The utilization was effectively done giving priority to Projects which is at 100% utilization.



KEY

2018/2019– Allocation which shows less funds than the current year allocation



KEY

2019/2020 - Total receipts during the year from the NGCDF board

2018/2019 - Total expenditure during the year in NG-CDF Embakasi South

Key achievements

The constituency has managed to train in driving, catering, dress making and masonry. These has helped the youth to use the skilled they learned to earn a living.

The Assistance County Commissioners office is in the last phase to be completed. This office will hold many government officers.

Covid-19 regulations is to have all visitors visiting offices to wash hands, the constituency had constructed handwashing stands in two chiefs camp, ACC office and two in school.



FIG 1.1 Kwa Reuben Chiefs Camp construction of Hand Washing Stations.



FIG 1.2 Assistant County Commissioner construction of office block.

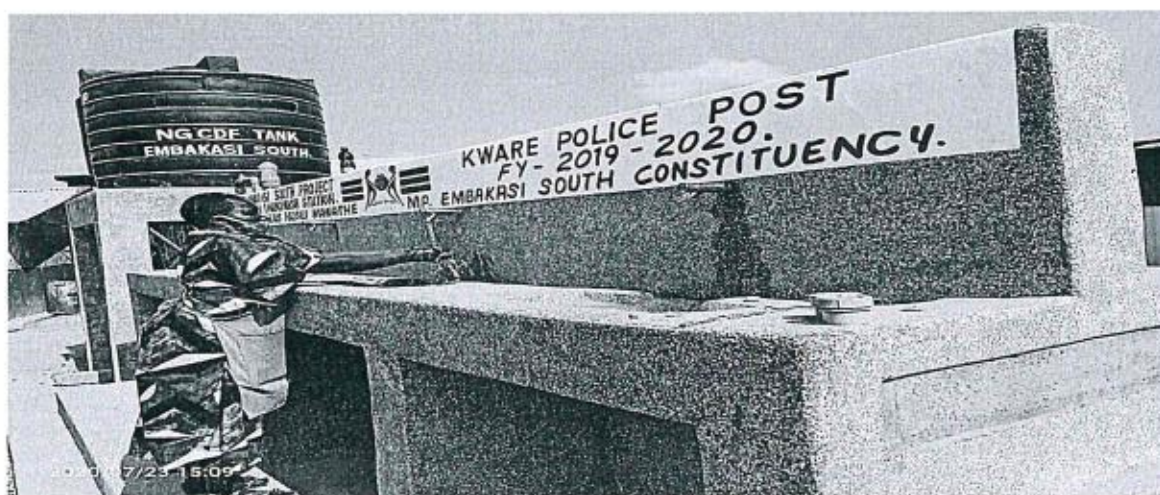


FIG 1.3 Kware Police Post construction of Hand Washing Stations.

Challenges and emerging issues

Delay in project implementation was due to the delayed disbursement of funds.

There was a challenge in implementing the projects because most of the PMCs stayed at home due to COVID-19.

There is also a challenge in the education sector this is because there are many needy students who are in need of support through the bursary fund which is never enough this is due to lower middle income economy status within the constituency.

Sign

CHAIRMAN NGCDF COMMITTEE

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.

Embakasi South Constituency deliverable plan to its constituents is founded and guided in its development initiatives by the Kenya Vision 2030 and the Post-2015 Agenda. These initiatives envisage achieving universal primary and Secondary education, improving environmental sustainability, gender equity and empowerment of women, youth and other disadvantaged groups. The Embakasi South Constituency Strategic Plan was founded under three Vision 2030 pillars namely:

- **Social Pillar:** Social pillar of vision 2030 seeks to build a just and cohesive society with social equity in a clean and secure environment. The pillar provides social interventions aimed at improving the quality of life of all Kenyans by targeting a cross-section of human and social welfare projects and programmes. The targeted key sectors are; education and Security.
- **Economics Pillar:** Kenya vision 2030 economic pillar seeks to improve the prosperity of all regions of the country and all Kenyans by achieving a 10% Gross Domestic Product (GDP) growth rate per annum beginning in 2012. To achieve this target Kenya aims at increasing national savings, foreign investments and Overseas Development Assistance (ODA). Moreover, tourism, agriculture, wholesale and retail trade, manufacturing, IT enabled services also known as business process outsourcing and financial services are targeted as the key drivers of growth.
- **Political Pillar:** This pillar seeks to realize a democratic political system that is issue based, people centered, result oriented and accountable to the public. The pillar is anchored on transformation of Kenya's political governance across five strategic areas; security, peace building and conflict management, transparency and accountability, democracy and public service delivery, electoral and political processes and rule of law.

Embakasi South Constituency main purpose is to enhance infrastructure in the education and security sectors and improve the socio-economic development in line with the National Government NG-CDF Board strategy dedicated to poverty reduction by dedicating a minimum of two and half per cent (2.5%) of all National Government's share of annual revenue towards community projects identified at constituency level. Since 2003/04, the Fund supported projects mainly in the areas of education, health, agriculture, roads, security, environment and sports.

The key development objectives of NGCDF- Embakasi South Constituency's 2018-2023 plan are to:

- a. To disburse bursary timely and fairly.
- b. To Plan development initiatives.
- c. To Increase the number of public primary and secondary schools.
- d. To develop Sports and talent.

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:

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Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - 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 from 12 to 16 in the following schools. <ol style="list-style-type: none"> 1. Kwa Njenga Primary School. 2. Kware Secondary 3. Kware Primary 4. Our Lady Primary School.
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	Number of renovated chiefs' offices increased from 1 to 2. Number of police lines increased from 3 to 4
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Equip schools and public facilities with sanitation	Number of sanitation facilities built in primary, secondary and police posts	In FY 19/20 -we increased number of Toilets from 2 to 5 in the following areas. <ol style="list-style-type: none"> 1. Mombasa road police post 2. Imara daima ACC office. 3. AA Villa Police Post. 4. Pipeline Police post.
Sports	Empower and develop youth and special groups	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme increased from 8 to 12
Disaster Management	Improve the mechanism used in handling disasters	Reduce loss of live and properties	Number of staircases and rumps put in place.	Number of facilities increased from 1 to 2 benefited from the staircases and rumps

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – EMBAKASI SOUTH 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 -

For each strategic issue, strategic objectives have been developed together with the strategies to be undertaken to achieve them. These are presented as follows

Strategic Objective 1: To improve access to basic education

Strategy 1: Increasing provision of bursaries to needy children

Strategic Objective 2: To improve learning environment

Strategy 1: To improve learning infrastructure in primary and secondary schools

Strategy 2: To equip schools with learning materials

Strategic Objective 3: To promote Technical and Vocational Training Skills

Strategy 1: Increasing youth access to technical and vocational training

Strategic Objective 4: To increase security in the Constituency

Strategy 1: Improving security infrastructure

Strategy 2: Improving working conditions of security personnel

Strategic Objective 5: To prevent environmental degradation

Strategy 1: Plant trees

Strategic Objective 6: To build and enhance the skills of youth through sports

Strategy 1: Sponsor sports tournaments

Strategy 2: Provide balls and uniforms to sports teams

Strategic Objective 7: To increase access to ICT infrastructure

Strategy 1: Construct ICT hubs spread around the constituency

Strategic Objective 8: To strive for organizational excellence

Strategy 1: Improve capacity of NG-CDFC, PMC and community members to plan, allocate resources, monitoring and evaluation of projects.

Strategy 2: Ensure that we have regular appraisals of our performance to improve accountability and effectiveness.

Strategy 3: Improve the level of understanding on community development practices which affect continuous improvement for the setting of strategy, the deployment of resources, monitoring and reporting.

2. Environmental performance

Adopting environmentally friendly practices.

The constituency has budgeted

- To build gabions along a river passing through Kwa Ngenga Primary school.
- To fix gutters in all classes in the same school have the water stored in the tanks.
- Drain rain water running through the school compound and have the same compound gravelled

3. Employee welfare

Embakasi South Constituency consists of fourteen members of staff. Six females and eight males.

The constituency's main aim is to strive for organizational excellence Improve capacity of NG-CDFC, PMC and community members to plan, allocate resources, monitor and evaluate projects.

They are all employed under contract of three years and at the end of the period they will be awarded a gratuity.

The Committee is after Improving the level of understanding on community development practices which affect continuous improvement for the setting of strategy, the deployment of resources, monitoring and reporting.

The NG-CDF committee and staff are normally taken to refresher courses and this makes the office processes to run smoothly.

Ensure that we have regular appraisals of our performance to improve accountability and effectiveness.

4. Market place practices-

Ensure NG-CDFC run the activities of the constituency openly. They use technical staff to guide them on the activities they undertake.

They also hold consultative meetings with the patron for smooth running of the constituency.

The CDFC also meet regularly so as to discuss the challenges in the constituencies.

5. Community Engagements-

The community participates in project identification through public participation. During project implementation the community provides for labour and materials.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI SOUTH CONSTITUENCY

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STATEMENT OF NGCDF-EMBAKASI SOUTH CONSTITUENCY RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Embakasi South shall prepare financial statements in respect of Embakasi South. 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-EMBAKASI SOUTH Constituency is responsible for the preparation and presentation of the NGCDF-EMBAKASI SOUTH Constituency 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 Embakasi South; (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 Embakasi South; (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-EMBAKASI SOUTH Constituency accepts responsibility for the Embakasi South 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 *NGCDF-EMBAKASI SOUTH* financial statements give a true and fair view of the state of *NGCDF-EMBAKASI SOUTH'S* transactions during the financial year ended June 30, 2020, and of the *NGCDF-EMBAKASI SOUTH'S* financial position as at that date. The Accounting Officer charge of the NGCDF-EMBAKASI SOUTH Constituency further confirms the completeness of the accounting records maintained for the NGCDF-EMBAKASI SOUTH Constituency, which have been relied upon in the preparation of the *NGCDF-EMBAKASI SOUTH'S* financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-EMBAKASI SOUTH Constituency confirms that NGCDF-EMBAKASI SOUTH Constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that NGCDF-EMBAKASI SOUTH Constituency 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 NGCDF-EMBAKASI SOUTH Constituency 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-EMBAKASI SOUTH Constituency financial statements were approved and signed by the Accounting Officer on 15th February 2020.

Fund Account Manager

Name: JOSEPH KAMETI



Sub-County Accountant

Name: DENNIS MATHENGE
ICPAK Member Number: 14373

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI SOUTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi South Constituency set out on pages 15 to 41, which comprise the statement of assets and liabilities as at 30 June, 2020 and the 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 provision 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 audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Embakasi South 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 comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Understated Cash and Cash Equivalents

The statement of assets and liabilities reflects bank balances of Kshs.36,016,599 and nil balance for cash in hand respectively as disclosed in Note 10A and 10B to the financial statements. However, the cash book and board of survey report for the year ended 30 June, 2020 reflects a cash in hand balance of Kshs.1,915,000 which was not included in the cash and cash equivalents balance resulting to understatement of the cash balance by Kshs.1,915,000.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.36,016,599 could not be confirmed.

2. Understated Use of Goods and Services Expenditure

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. However, an expenditure of Kshs.481,810 was incurred for execution of tenancy agreement but it was not included in the use of goods and services therefore understating the expenditure by a similar amount.

In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.10,584,119 could not be confirmed.

3. Unexplained Variances for Use of Goods and Services

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. However, as per the payment vouchers provided, the expenditure for use of goods and services amounted to Kshs.12,957,270 resulting to unexplained variance of Kshs.2,373,151.

In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.10,584,119 could not be confirmed.

4. Unsupported Expenditure for Use of Goods and Services

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.10,584,119 as disclosed in Note 5 to the financial statements. Review of records provided showed that an amount of Kshs.1,424,000 was incurred but was not supported by any payment voucher, contrary to Section 104(1) of the Public Finance Management Regulations, 2015.

In the circumstances, the accuracy and completeness of the use of goods and services expenditure of Kshs.1,424,000 could not be confirmed.

5. Unaccounted for Transfers to Other Government Units

The statement of receipts and payments reflects transfers to other government units amounting to Kshs.19,500,000 which includes transfers to primary schools of Kshs.16,500,000 as disclosed in Note 6 to the financial statements. Review of payment vouchers provided for audit showed that the money was transferred to Kwa Njenga Primary PMC bank account and according to the approved project code list, the amount of Kshs.16,500,000 was meant to convert class to computer lab, purchase a 52-seater bus and rehabilitate the school field within the year ended 30 June, 2020.

However, audit inspection carried out on 22 January, 2021 showed that the project work had not been done and the amount of Kshs.15,400,000 had already been utilized leaving a balance of Kshs.1,100,000 which could not be traced in the PMC Account.

In the circumstances, the validity and regularity of the transfers to other government units expenditure amounting to Kshs.16,500,000 could not be confirmed.

6. Unaccounted for Compensation of Employees

The statement of receipts and payments reflects compensation of employees amounting to Kshs.3,695,480 as disclosed in Note 4 to the financial statements. However, review of employees documents provided for audit showed that only three (3) employees were

working in the constituent office despite the office paying fourteen (14) employees every month. The eleven (11) employees were not accounted for and employment contracts were not provided for audit.

Consequently, the validity and regularity of compensation of employees expenditure of Kshs.3,695,480 could not be confirmed.

7. Unsupported Bursary to Tertiary Institutions

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.54,421,336 which includes an amount of Kshs.17,549,218 for bursary to tertiary institutions, out of which an amount of Kshs.15,137,000 was paid to various tertiary institutions for various training programs as disclosed in Note 7 to the financial statements. However, documents showing acknowledgment of receipt of the monies and confirmation of the beneficiaries attendance of the training and whether they gained the required skills were not provided. Further, an amount of Kshs.5,637,218 was paid to private institutions as bursaries for training various courses which could not be confirmed.

In the circumstances, the validity and regularity of bursary to tertiary institutions amounting to Kshs.17,549,218 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Embakasi South Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.213,537,578 and Kshs.125,139,854 respectively, resulting to an underfunding amounting to Kshs.88,397,724 or 41% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.213,537,578 and Kshs.89,123,255 respectively, resulting to under expenditure of Kshs.124,414,322 or 58% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on the delivery of services to the residents of Embakasi South Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Presentation and Disclosure Errors in the Financial Statements

The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors;

- i. The statement of budget execution by programmes and sub-programmes shows the financial year under actual on comparable basis and final budget columns as 30/06/2019 and 2018/2019 respectively instead of 30/06/2020 and 2019/2020.
- ii. The progress on follow up of auditors' recommendations is blank and not signed by the Accounting Officer.
- iii. The forward by the Chairman NGCDF Committee indicates that the Fund was allocated a total allocation of Kshs.137,367,274. However, the summary statement of appropriation - recurrent and development combined reflects a budgetary allocation of Kshs.213,537,578 resulting to an unreconciled variance of Kshs.76,170,304.
- iv. The forward by the Chairman NGCDF Committee indicates that the Fund received an amount of Kshs.68,000,000. However, the statement of receipts and payments shows that actual receipts from the CDF board amounted to Kshs.104,010,876. The variance of Kshs.36,010,876 was not reconciled.
- v. Note 17.3 to the financial statements in other important disclosures reflects unutilized fund balance of Kshs.76,169,853 for both 2019/2020 and 2018/2019 financial years. However, Annex 3 to the financial statements reflects nil unutilized fund balances under outstanding balance for 2019/2020 and 2018/2019 columns.
- vi. Note 17.3 to the financial statements in other important disclosures reflects unutilized fund balance of Kshs.76,169,853. However, the summary statement of appropriation - recurrent and development combined reflects unutilized funds balance under budget utilization difference column of Kshs.124,414,322. The variance of Kshs.48,244,469 was not explained.

Consequently, the annual report and financial statements as prepared and presented are not in the format prescribed by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Unlawful Operations of PMC Accounts by CDFC Members

During the year under review, two PMC Accounts had CDFC members as their signatories to the accounts which was unlawful and against Section 41(1) of NG CDF Act, 2015 under which they have been appointed. As a result, there was conflict of interest amongst members and it was not clear how the National Government Constituency Development Committee was able to perform supervisory role to the Project Management Committee.

In the circumstances, the Management contravened the law.

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 governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to abolish 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 financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

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

10 February, 2022

Report of the Auditor-General on National Government Constituencies Development Fund - Embakasi South Constituency for the year ended 30 June, 2020

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

	Note	2019 - 2020	2018 - 2019
			Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	104,010,876	125,984,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	10,000
TOTAL RECEIPTS		104,010,876	125,994,483
PAYMENTS			
Compensation of employees	4	3,695,480	1,842,680
Use of goods and services	5	10,584,119	4,717,699
Transfers to Other Government Units	6	19,500,000	32,738,456
Other grants and transfers	7	54,421,336	80,149,127
Acquisition of Assets	8	-	-
Other Payments	9	922,320	2,537,680
TOTAL PAYMENTS		89,123,255	121,985,642
SURPLUS/DEFICIT		14,887,620	4,008,841

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI SOUTH Constituency financial statements were approved on 15 February 2020 and signed by:

Fund Account Manager

Name: JOSEPHIDA KAPATI

EMBAKASI SOUTH NG - CDF
P.O. Box 1253 - 00621,
NAIROBI

National Sub-County Accountant

 Name: DENNIS MATTHENGE
 ICPAK Member Number: 14373

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

VII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	36,016,599	21,128,978
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		36,016,599	21,128,978
Current Receivables-Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		36,016,599	21,128,978
FINANCIAL LIABILITIES			
Accounts Payable-Retention	12A		
Gratuity	12B	-	-
NET FINANCIAL SSETS		36,016,599	21,128,978
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	21,128,978	17,120,137
Surplus/Defict for the year		14,887,620	4,008,841
Prior year adjustments	14		-
NET FINANCIAL POSITION		36,016,599	21,128,978

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI SOUTH Constituency financial statements were approved on 15th february 2020 and signed by:

Fund Account Manager
 Name: JOSEFRIDA KAMATI

EMBAKASI SOUTH NGCDF
P. O. Box 1253
NAIROBI

National Sub-County Accountant
 Name: DENNIS MATHENGE
 ICPAK Member Number: 14373

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI SOUTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

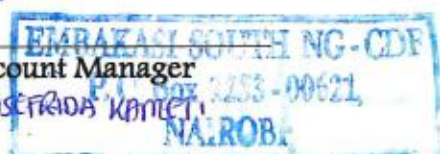
VIII. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	104,010,876	125,984,483
Other Receipts	3	-	10,000
		104,010,876	125,994,483
Payments for operating expenses			
Compensation of Employees	4	3,695,480	1,842,680
Use of goods and services	5	10,584,119	4,717,699
Transfers to Other Government Units	6	19,500,000	32,738,456
Other grants and transfers	7	54,421,336	80,149,127
Other Payments	9	922,320	2,537,680
		89,123,255	121,985,642
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15		
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		14,887,620	4,008,841
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	4,008,841
NET INCREASE IN CASH AND CASH EQUIVALENT		14,887,620	4,008,841
Cash and cash equivalent at BEGINNING of the year	13	21,128,978	17,120,137
Cash and cash equivalent at END of the year		36,016,599	21,128,978

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI SOUTH Constituency financial statements were approved on 15 February 2020 and signed by:

Fund Account Manager

Name: JOSEFRIDA KANETI



National Sub-County Accountant
Name: DENNIS MATENGGE
ICPAK Member Number: 14373

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

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	76,169,854	213,537,578	125,139,854	88,397,724	59%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	-	-	-	-	0%
TOTAL RECEIPTS	137,367,724	76,169,854	213,537,578	125,139,854	88,397,724	59%
PAYMENTS						
Compensation of Employees	5,194,063	427,320	5,621,383	3,695,480	1,925,903	66%
Use of goods and services	6,248,000	5,058,457	11,306,457	10,584,119	722,338	94%
Transfers to Other Government Units	35,600,000	24,815,237	60,415,237	19,500,000	40,915,237	32%
Other grants and transfers	90,325,661	40,229,492	130,555,153	54,421,336	76,133,817	42%
Acquisition of Assets	-	-	-	-	-	0%
Other Payments	-	5,639,347	5,639,347	922,320	4,717,027	16%
TOTAL	137,367,724	76,169,854	213,537,578	89,123,255	124,414,322	42%

N/B: This adjustments column shows the balances received from the board for previous financial year and opening cashbook balance as at 1st July 2020.

(a) The constituency did not realized any AIA in the financial year 2019/2020.

(b) The Constituency had underutilization due to delays of funds from NG-CDF Board.

RECEIPTS	% OF UTILIZATION	REASON FOR UTILIZATION
Transfers from CDF Board	59%	The disbursement for the financial year 2018/2019 was received late thus delaying the disbursement of the current year.
PAYMENTS		
Compensation of Employees	66%	This is to cater for gratuity which will be paid

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

		<i>at the end of the period.</i>
Transfers to Other Government Units	32%	<i>The disbursement for the financial year 2018/2019 was received late thus delaying the implementation of the current year projects..</i>
Other grants and transfers	42%	<i>The disbursement for the financial year 2018/2019 was received late thus delaying the implementation of the current year projects..</i>
Other Payments	16%	<i>The disbursement for the financial year 2018/2019 was received late thus delaying the implementation of the current year projects..</i>

The NGCDF-EMBAKASI SOUTH Constituency financial statements were approved on 15th February 2020 and signed by:

Fund Account Manager
Name: JOSEPHIDA KAMETI



Sub-County Accountant
Name: DENNIS MATHENGIE
ICPAK Member Number: 14373

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

X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	5,194,063	427,320	5,621,383	3,695,480	1,925,903
1.2 Committee allowances	1,448,000	243,000	1,691,000	1,650,000	41,000
1.3 Use of goods and services	1,600,000	3,186,485	4,786,485	4,294,119	492,366
Sub-Total	8,242,063	3,856,805	12,098,869	9,639,599	2,459,270
2.0 Monitoring and evaluation					
2.1 Capacity building	2,000,000	1,272,897	3,272,897	3,100,000.00	172,897
2.2 Committee allowances	800,000	222,000	1,022,000	1,015,000	7,000
2.3 Use of goods and services	400,000	134,075	534,075	525,000	9,075
Sub-Total	3,200,000	1,628,972	4,828,972	4,640,000	188,972
3.0 Emergency	7,198,241	4,297,784	11,496,026	6,076,978.00	5,419,047
3.1 Primary Schools	-	-	-	-	-
3.2 Secondary schools	-	-	-	-	-
3.3 Tertiary institutions	-	-	-	-	-
3.4 Security projects	-	-	-	-	-
Sub-Total	7,198,241	4,297,784	11,496,026	6,076,978.00	5,419,047
4.0 Bursary and Social Security					
4.1 Primary Schools	-	-	-	-	-
4.2 Secondary Schools	20,000,000	2,676,500	22,676,500	4,333,000	18,343,500
4.3 Tertiary Institutions	28,078,000	3,433,620	31,511,620	17,549,218	13,962,402
4.4 Universities	-	-	-	-	-
4.5 Social Security	-	-	-	-	-
Sub-Total	48,078,000	6,110,120	54,188,120	21,882,218	32,305,902
5.0 Sports	2,747,354	(275,399)	2,471,955	2,807,430.00	(335,475)

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

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
Sub-Total	2,747,354	(275,399)	2,471,955	2,807,430.00	(335,475)
6.0 Environment	2,747,354	1,390,851	4,138,205	-	4,138,205
Sub-Total	2,747,354	1,390,851	4,138,205	-	4,138,205
7.0 Primary Schools Projects (List all the Projects)	-	-	-	-	-
7.1 Njenga primary school	7,500,000		7,500,000	7,400,000	100,000.00
7.2 Njenga primary school	2,000,000		2,000,000	2,000,000	-
7.3 Njenga primary school	6,000,000		6,000,000	6,000,000	-
7.4 Kware primary school	8,000,000		8,000,000	-	8,000,000.00
7.5 EAF Reuben primary school	1,100,000		1,100,000	1,100,000.00	-
7.6 Njenga primary school		7,100,000	7,100,000	-	7,100,000.00
Sub-Total	24,600,000	7,100,000	31,700,000	16,500,000	15,200,000
8.0 Secondary Schools Projects (List all the Projects)			-	-	-
8.1 Embakasi Girls secondary school	3,000,000	-	3,000,000	3,000,000	-
8.2 Kware Secondary school	8,000,000	-	8,000,000	-	8,000,000
8.3 Embakasi Girls sec school		(2,284,763)	-2,284,763	-	(2,284,763)
8.4 Our lady of nazareth sec school		20,000,000	20,000,000	-	20,000,000
	-	-	0	-	-

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

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
Sub-Total	11,000,000	17,715,237	28,715,237	3,000,000	25,715,237
9.0 Tertiary institutions Projects (List all the Projects)	-	-	-	-	-
Sub-Total	-	-	-	-	-
10.0 Health projects	-	-	-	-	-
Sub-Total	-	-	-	-	-
11.0 Security Projects	-	-	-	-	-
11.1 Assistant C. C. office Imara Daima	10,154,710		10,154,710	10,154,710	0
11.2 Assistant County C office Imara Daima	3,500,000		3,500,000	3,500,000	-
11.3 Pipeline police post	6,300,000	2,000,000	8,300,000		8,300,000
11.4 AA Vila Police station	7,300,000	135,732	7,435,732		7,435,732
11.5 Mombasa Road police post	2,300,000		2,300,000		2,300,000
11.6 Kwa Reuben Chief Office		2,000,000	2,000,000		2,000,000
11.7 Imara Daima Chief Office		2,000,000	2,000,000		2,000,000
11.8 Njenga Police Station		7,020,000	7,020,000		7,020,000
11.9 Kware Chiefs Office		3,000,000	3,000,000		3,000,000
11.91 Imara Daima DO Office		9,999,999	9,999,999	10,000,000	(1)
11.92 Kwa Reuben Police Post		2,550,405	2,550,405		2,550,405
Sub-Total	29,554,710	28,706,136	58,260,846	23,654,710	34,606,136

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

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2018/2019 Kshs	Actual on comparable basis 30/06/2019 Kshs	Budget utilization difference Kshs
12.0 Acquisition of assets	-	-	-	-	-
12.1 Motor Vehicles (including motorbikes)	-	-	-	-	-
12.2 Construction/Renovations of CDF office	-	-	-	-	-
12.3 Purchase of furniture and equipment	-	-	-	-	-
12.4 Purchase of computers	-	-	-	-	-
12.5 Purchase of land	-	-	-	-	-
12.2 Roads	-	-	-	-	-
Sub-Total	-	-	-	-	-
13.0 Others	-	-	-	-	-
13.1 Strategic Plan	-	962,320	962,320	922,320	40,000
13.2 Innovation Hub	-	4,677,027	4,677,027	-	4,677,027
Sub-Total	-	5,639,347	5,639,347	922,320	4,717,027
GRAND TOTALS	137,367,724	76,169,854	213,537,578	89,123,255	124,414,322

(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)

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 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.

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.

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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 1st July 2019 to 30th 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 30th 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.

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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES

	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0407	Normal Allocation				
	1	AIE NO B005156		51,615,226	
	2	AIE NO B005225		7,000,000	
	3	AIE NO B005226		8,200,000	
	4	AIE NO B005230		2,000,000	
	5	AIE NO B005246		3,169,257	
	6	AIE NO B030050		10,000,000	
	7			8,000,000	
	8			12,000,000	
	9			24,000,000.00	
	1	AIE NO B047399	4,000,000		
	2	AIE NO B047827	15,000,000		
	3	AIE NO B049209	36,010,876		
	4		18,000,000		
	5	AIE NO B104272	19,000,000		
	6	AIE NO B104195	12,000,000		
0408	Conditional Grants				
0409	Receipt from other Constituency				
	TOTAL		104,010,876	125,984,483	

2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS

	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0202	Receipts from the Sale of Buildings		-	-	
0601	Receipts from the Sale of Vehicles and Transport Equipment		-	-	
0801	Receipts from the Sale Plant Machinery and Equipment		-	-	
0803	Receipts from the Sale of Office and General Equipment		-	-	
	TOTAL		-	-	

3 OTHER RECEIPTS

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0107	Interest Received		-	-	
0405	Rents		-	-	
0601	Sale of Tender Documents		-	-	
0207	Other Receipts Not Classified Elsewhere (specify)			10,000	
	TOTAL		-	10,000	

0000 4 COMPENSATION OF EMPLOYEES

	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0201	Basic wages of contractual employees		3,642,680	1,808,480	
0202	Basic wages of casual labour		-	-	
	Personal allowances paid as part of salary		-	-	
0301	House allowance		-	-	
0314	Transport allowance		-	-	
0320	Leave allowance		-	-	
0326	Other personnel payments		-	-	
0101	Employer contribution to NSSF		52,800	34,200	
0120	Gratuity-contractual employees		-	-	
	TOTAL		3,695,480	1,842,680	

0000 5 USE OF GOODS AND SERVICES

	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0100	Utilities, supplies and services		2,843,840	1,465,988	
0101	Electricity		-	15,000	
0102	Water & sewerage charges		-	7,800	
0104	Office rent		-	-	
0200	Communication, supplies and services		69,310		
0300	Domestic travel and subsistence		150,000	160,700	
0500	Printing, advertising and information supplies & services		-	129,120	

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**Reports and Financial Statements
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0600	Rentals of produced assets		-	-	
0700	Training expenses		-	650,000	
0800	Hospitality supplies and services		-	-	
0802	Other committee expenses		3,100,000	-	
0809	Committee allowance		2,150,000	1,200,000	
0900	Insurance costs		-	-	
1000	Specialised materials and services		-	72,958	
1100	Office and general supplies and services		2,254,189	200,000	
1200	Fuel , oil & lubricants		-	-	
1300	Other operating expenses		-	798,654	
1301	Bank service commission and charges		16,780	17,479	
1313	Security operations		-	-	
0100	Routine maintenance - vehicles and other transport equipment		-	-	
0200	Routine maintenance- other assets		-	-	
1310	Strategic Plan		-	-	
	TOTAL		10,584,119	4,717,699	

0200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES				
	Description		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0204	Transfers to Primary Schools		16,500,000	22,760,345	
0205	Transfers to Secondary Schools		3,000,000	9,978,111	
0206	Transfers to Tertiary Institutions		-	-	
0207	Transfers to Health Institutions		-	-	
	TOTAL		19,500,000	32,738,456	

0000	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2019 - 2020	2018 - 2019	

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			Kshs	Kshs	
10101	Bursary - Secondary		4,333,000	35,323,500	
10102	Bursary -Tertiary		17,549,218	30,000,000	
10104	Bursary- Special Schools		-	-	
10105	Mocks & CAT		-	-	
10504	Water		-	-	
10505	Food Security		-	-	
10506	Electricity		-	-	
10507	Security		23,654,710	3,169,257	
10508	Roads and Bridges				
10509	Sports		2,807,430	3,294,230	
10510	Environment		-	3,147,080	
10512	Cultural Projects				
10513	Agriculture			-	
10200	Emergency Projects		6,076,978	5,215,060	
	TOTAL		54,421,336	80,149,127	
0000	8 ACQUISITION OF ASSETS				
	Non Financial Assets		2019 - 2020	2018 - 2019	
			Kshs	Kshs	
0102	Purchase of Buildings		-	-	
0202	Construction of Buildings		-	-	
0302	Refurbishment of Buildings		-	-	
0701	Purchase of Vehicles		-	-	
0704	Purchase of Bicycles & Motorcycles		-	-	
0801	Overhaul of Vehicles		-	-	
1001	Purchase of office furniture and fittings		-	-	
1002	Purchase of computers ,printers and other IT equipments		-	-	
1005	Purchase of photocopier		-	-	
1009	Purchase of other office equipments		-	-	
1112	Purchase of soft ware		-	-	
0101	Acquisition of Land		-	-	

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	TOTAL		0	-	
9 Other Payments					
1310	Strategic Plan		922,320	2,537,680	
1311	ICT Hubs		-	-	
			-	-	
	TOTAL		922,320	2,537,680	
10A: Bank Balances (cash book bank balance)					
	Name of Bank, Account No. & currency	Account Number	2019 - 2020	2018 - 2019	
			Kshs (30/6/2019)	Kshs (30/6/2018)	
	Equity Bank, Embakasi Branch,	A/C No.1320261985991	36,016,599	21,128,978	
			-	-	
			-	-	
			-	-	
	TOTAL		36,016,599	21,128,978	
10B: CASH IN HAND)					
			2019 - 2020	2018 - 2019	
			Kshs (30/6/2019)	Kshs (30/6/2018)	
	Location 1		-	-	
	Location 2		-	-	
	Location 3		-	-	
	Other receipts (specify)		-	-	
	TOTAL		-	-	
				<i>[Provide cash count certificates for</i>	

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				each]	
11: OUTSTANDING IMPRESTS					
Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2018)	
	Date imprest taken	Kshs	Kshs	Kshs	
		-	-	-	
		-	-	-	
		-	-	-	
		-	-	-	
12 Retention					
Supplier/Contractor	PV No.	2019 - 2020	2018 - 2019		
TOTAL					
13 BALANCES BROUGHT FORWARD					
		2019 - 2020	2018 - 2019		
		Kshs (1/7/2019)	Kshs (1/7/2018)		
Bank accounts -		21,128,978	17,120,137		
Cash in hand					
Imprest					
TOTAL		21,128,978	17,120,137		
<i>[Provide short appropriate explanations as necessary]</i>					
14. PRIOR YEAR ADJUSTMENTS					
		Balance b/f FY2019 - 2020 per Financial statements	Adjustments	Adjusted balance b/f 2018 - 2019	
Description of the error		Kshs	Kshs	Kshs	
Bank accounts balances		-	-	-	

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Cash in hand		-	-	-
Accounts Payable		-	-	-
Receivables		-	-	-
Others (specify)		-	-	-
TOTAL				

15. CHANGES IN ACCOUNTS RECEIVABLE - OUTSTANDING IMPREST

		2019-2020	2018-2019	
		Kshs	Kshs	
Outstanding Imprest as at 1st July 2019 (A)		-	-	
Imprest issued during the year (B)		9,426,000	-	
Imprest surrendered during the Year ©		9,426,000	-	
Net changes in accounts receivables (D=A+B-C)		0	-	

16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION

		2019-2020	2018-2019	
		Kshs	Kshs	
Deposits and Retention as a t 1st July 2019 (A)		-	-	
Deposits and Retention held during the year (B)		-	-	
Deposits and Retention paid during the year ©		-	-	
Net changes in accounts payable (D=A+B-C)		-	-	

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

		2019 - 2020	2018 - 2019	
		Kshs	Kshs	
Construction of buildings		-	-	
Construction of civil works		-	-	
Supply of goods		-	-	
Supply of services		-	-	
TOTAL		-	-	

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17.2: PENDING STAFF PAYABLES (See Annex 2)				
		2019 - 2020	2018 - 2019	
		Kshs	Kshs	
Staff salaries		-	-	
Staff Gratuity		-	-	
Others (specify)		-	-	
		-	-	
17.3: UNUTILISED FUNDS (See Annex 3)				
		2019 - 2020	2018 - 2019	
		Kshs	Kshs	
Compensation of Employees		427,320	427,320	
Use of goods and services		5,058,457	3,057,180	
Transfers to Other Government Units		24,815,237	24,815,237	
Other grants and transfers		40,229,492	42,230,769	
Acquisition of Assets		-	-	
Others(Specify)		5,639,347	5,639,347	
		76,169,853	76,169,853	
17.4: PMC ACCOUNT BALANCES (See Annex 5)				
		2019 - 2020	2018 - 2019	
		Kshs	Kshs	
PMC account Balances (see attached list)		25,168,896.37	9,074,187	

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	
Construction of buildings	-	-	-	-	

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI SOUTH CONSTITUENCY
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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
		a	B	C	d=a-c	
Senior Management	-	-	-	-	-	
1.	-	-	-	-	-	
2.	-	-	-	-	-	
3.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Middle Management	-	-	-	-	-	
4.	-	-	-	-	-	
5.	-	-	-	-	-	
6.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Unionisable Employees	-	-	-	-	-	
7.	-	-	-	-	-	
8.	-	-	-	-	-	
9.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Others (specify)	-	-	-	-	-	
10.	-	-	-	-	-	
11.	-	-	-	-	-	
12.	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Grand Total	-	-	-	-	-	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI SOUTH CONSTITUENCY

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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				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Grand Total				

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	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	885,798	-	-	885,798
ICT Equipment, Software and Other ICT Assets	33,999	-	-	33,999
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	919,797	-	-	919,797

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
AA VILLA POLICE POST	CO-OPERATIVE	01141800174800	8,045,200	8,045,200
KWA NJENGA PRIMARY	CO-OPERATIVE	01141800174700	965,456	965,456
IMARA DAIMA DO OFFICE	CO-OPERATIVE	01141800397900	3,531	63,531
IMARA DAIMA DO OFFICE	EQUITY BANK	1320279905940	16,154,709.37	
Total			25,168,896	9,074,187

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]

