

REPUBLIC OF KENYA



REPORT NATIONAL ASSEMBLY

DATE: 08 MAR 2023

DAY

Wednesday

OF

TABLED
BY:

Hon Onen Baya, CBS, MP
Deputy Majority Leader

CLERK-AT
THE-TABLE:

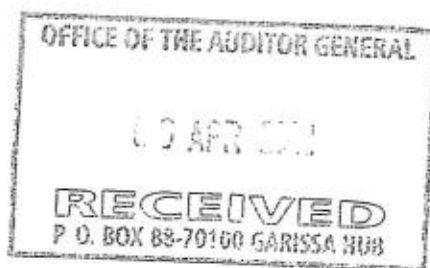
Miriam Nduko

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – LAMU EAST CONSTITUENCY**

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



LAMU EAST CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	2
II. NGCDF COMMITTEE CHAIRMAN' S REPORT.....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY' S PREDETRMINED OBJECTIVES.....	8
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	11
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	15
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF LAMU EAST CONSTITUENCY.....	16
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	17
VIII. STATEMENT OF ASSETS AND LIABILITIES.....	18
IX. STATEMENT OF CASHFLOW.....	19
X. TRIAL BALANCE AS AT 30TH JUNE 2021.....	20
XI. SUMMARY STATEMENT OF APPROPRIATION.....	21
XII. BUDGET EXECUTION BY SECTORS AND PROJECTS.....	23
XIII. SIGNIFICANT ACCOUNTING POLICIES.....	27
XIV. NOTES TO THE FINANCIAL STATEMENTS.....	30

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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

Core Values

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

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The Lamu East Constituency NGCDF day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	CPA Kumbatha Josef
2.	Sub-County Accountant	CPA Kimani Geoffrey
3.	Chairman NGCDFC	Ali Kassim Msalam
4.	Member NGCDFC	Khadija Swabir Mohamed

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Lamu East Constituency NGCDF. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

(e) Lamu East Constituency NGCDF Headquarters

P.O. Box 262 - 80500
Duka la Sigara Building
Behind Lamu Fort
Lamu, KENYA

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

Lamu East Constituency NGCDF Contacts

Telephone: (254) 725 281889
E-mail: cdfamueast@ngcdf.go.ke
Website: www.cdf.go.ke

(f) Lamu East Constituency NGCDF Bankers

Equity Bank (Kenya) Limited
Account Name: Lamu East National Government Constituency Development Fund
Account Number: 1590261644233
Lamu Branch
P.o. Box 262 - 80500
LAMU

(g) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(h) Principal Legal Adviser

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

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

II. NGCDF COMMITTEE CHAIRMAN' S REPORT

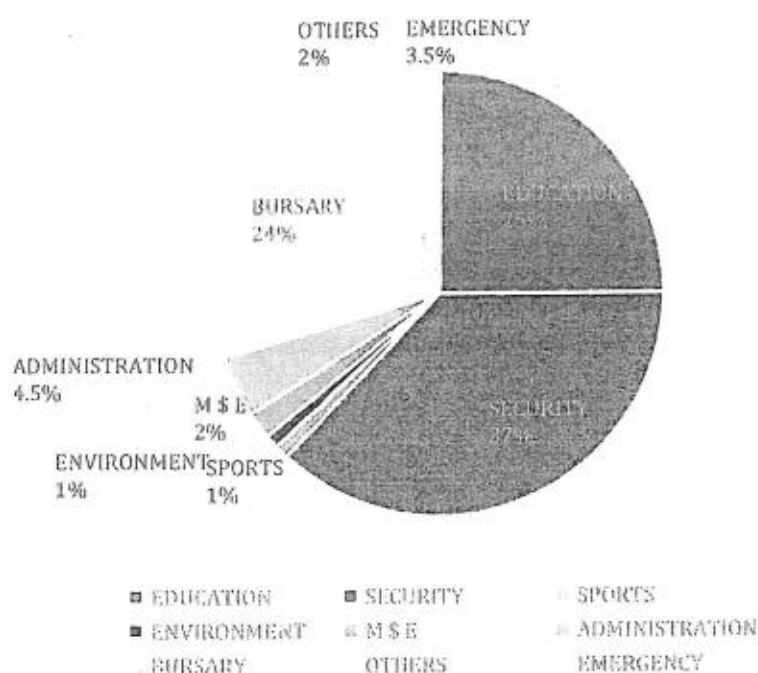
Ali Kassim Msalam



I am pleased to forward the Financial Statements and Reports for NGCDF Lamu East Constituency for the period ended 30th June 2021 as the expended Budget for the Financial Year 2020/2021. The actual receipts from the NGCDF Board for the referred period was kshs.113,400,000 which represents kshs.110,900,000 out of the total annual Project Proposal Budget for the FY 2020/2021 of kshs.137,088,879.31, being 81% of the annual allocation. Outstanding Disbursements held pending at the NGCDF Board is kshs.26,188,879.31, representing 19% of the Annual Budget Proposal. The actual final budget for the referred period was kshs.207,171,849 backed up by an Adjustment (cashbook opening balances) of kshs.67,582,970 and ksh.2,500,000 being outstanding receipts from previous financial years. Total expenditure for the period was kshs.178,323,616 which is equivalent to 86% of the actual final budget closing with a cashbook balance of kshs.2,659,354 and outstanding pending disbursements of kshs.26,188,879.31 totaling to unutilized budget balance of kshs.28,848,233 being 14% of the Final Actual Budget for the referred period

Budget allocations for the period have been summarized in a pie-chart as captured below

1. SECTOR ALLOCATION OF FINAL BUDGET FOR FY 2020-2021



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

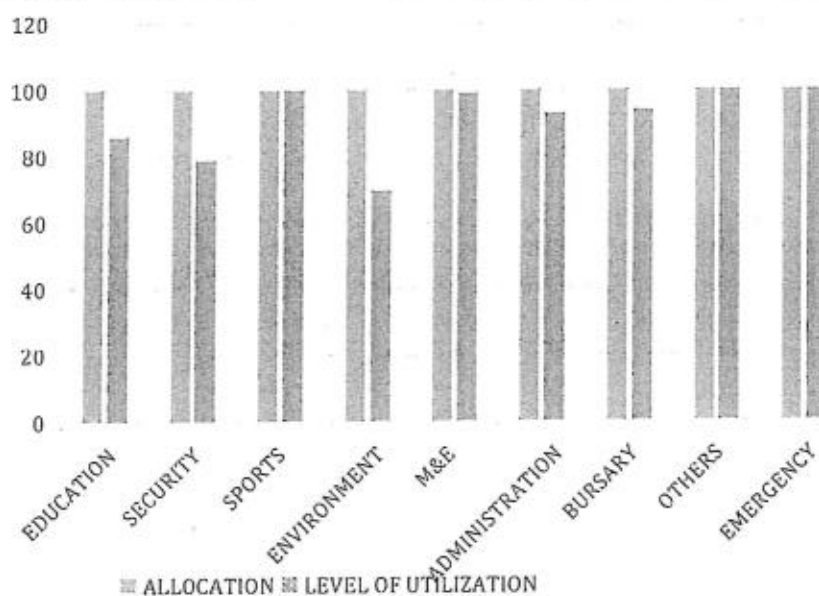
As depicted in the pie-chart, education has remained a major priority as it takes a lion's share of the entire budget totaling 49% comprising of 25% being for education infrastructure projects such as construction of classrooms, dormitories, libraries, laboratories, administration blocks, ablution blocks among others and 24% being bursaries for needy and bright students both in secondary and tertiary institutions of learning and provision of social security programs through NHIF comprehensive medical cover for vulnerable families within the constituency. Coming in second as a major beneficiary of the funds allocation is security which is understandable due to the perennial threats posed by the porous boarder shared by Kenya and her neighbor - Somalia that have seen the Al-shabaab militants continuously invading the Boni forest area of Lamu East Constituency. Environment allocation has gone along way to conserve the environment through implementation of projects such as construction of VIP toilets to improve waste disposal, provision of rain water harvesting equipment and planting of trees in schools and public compounds. Sports allocation has awoken talents harnessing for the youths as they engage in various sporting activities and competitions. Emergency allocation has come in hand to arrest life threatening calamities mostly caused by mother nature that may not have been prior planned for as they are unforeseen in nature. Administration allocation capacitates the committee to manage the fund efficiently and effectively.

2. PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION

The low level of project implementation was due to delays occasioned by late disbursements of funds by the NGCDF Board as by closure of the FY 2020-2021 on 30 June 2021, a whopping kshs.26,188,879.31 of the year's proposed and approved budget of kshs.137,088,879.31 was still pending at the NGCDF Board Head Quarters.

The untimely and inconsistent trickling of funds from the NGCDF Board coupled with the bureaucracies in the procurement laws, posed a challenge in expending the annual budget within the required time frame.

Hence the less than 100% utilization as shown in the bar-graph below



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

PERENIAL ISSUES

Lamu East Constituency suffers from pre-independence challenges of;

- i) Diseases, illiteracy and poverty
- ii) Transport is hampered by lack of roads on the islands and the ocean
- iii) Insecurity caused by pirates and now terrorists

As a result, the fund has continuously endeavored to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students sponsorship, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- i. Economic collapse caused by covid-19 pandemic
- ii. Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- iii. Ban on dawn to dusk fishing
- iv. Ban on mangrove harvesting
- v. High rural-urban migration by youth due to joblessness thus stripping the islands of much needed man-power for development

Despite a few challenges here and there, NG-CDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were leaving in despair and ravaging poverty.

Forward by;



Ali Kassim Msalam
Chairman - NGCDF Lamu East Constituency

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

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY' S PREDETERMINED 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.

Lamu East Constituency is mainly made up of Patte, Ndaui, Kiwayu islands and the mainland Boni forest. Thus the main economic activity is fishing and tourism. Arable land is very limited though the population practice some crop production mainly food crops such as maize, beans, green grams and sim-sim. They also keep some livestock such as cows and donkeys.

The constituency has people of diverse culture that co-exist and participate in the development of the constituency but majority of the population is composed of the Bajuni community

Majority of the population is poor and records high illiteracy rate and perennial food deficit. This is one of the biggest challenges that faces the population of Lamu East Constituency. In terms of infrastructural development, the constituency lags behind in poor road network, inadequate safe drinking water, schools, security infrastructure and health facilities. The non-existence of a developed road network has resulted into the usage of dhows and donkeys as the main means of transport.

Majority of the population of Lamu East Constituency derive their livelihood from fishing, subsistence agriculture and livestock keeping. The area experiences unreliable rainfall and the population has perennial shortage of food and has repeatedly to depend on the government for food relief. Thus 65 per cent of the populations are food poor, 43 per cent are hardcore poor meaning that they cannot meet the basic minimum food requirements even after spending all their income on food alone. About 60 per cent of the adult population cannot meet the minimum cost of food and non food items essential for human life hence are absolutely poor. In terms of gender, 45 percent of the poor are male and 55 percent are female. The highest poverty incidence is found in the hinterland Boni forest areas of the constituency where the Boni community live as hunters and gatherers.

Lack of sufficient and reliable sources of potable water supply and sanitation services in Lamu East Constituency have greatly contributed to the high poverty levels inherent of the area. Provision of readily available potable water supply and improved sanitation will impact positively on the livelihoods of the communities by availing adequate time for engagement in farming and other economic activities, eradication of water borne related diseases, improved food security and better health care services.

The constituency has endeavored to come up with strategic objectives and related programmes and projects that have been formulated to better the livelihoods of the constituents as envisaged in the five year strategic plan (2018-2022). This is a commitment by the Lamu East NGCDF Committee to initiate projects for a period of five years that is expected to transform the livelihoods of the constituents for the better.

The vision statement is " To be a leader in promoting citizen ' s driven socio-economic programmes for sustainable development" .

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

The strategic objectives include:

- To improve the quality of the socio-economic well-being of the marginalized and vulnerable local communities.
- To contribute in enhancing infrastructure improvement.
- To promote conservation and management of the environment.
- To contribute in reducing unemployment among the youth in the constituency
- To develop and sustain institutional capacity of Lamu East Constituency NGCDF Committee

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:

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrollment 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 the FY 2020/2021 we increased number of classrooms, furniture, sanitation blocks, Multipurpose halls, Administration offices, etc in the following institutions - Kiunga Primary School supply of furniture - Faza Boys Primary School supply of furniture - Patte Girls secondary school completion of science laboratory - Siyu secondary school supply of furniture - Mbujumwali secondary school multipurpose hall - Mbujumwali secondary school Administration block - Bursary beneficiaries at all levels were sponsored with tuition fees totaling kshs.40,000,000
Security	To have all government security agencies within the constituency provided with	Heightened security within the constituency that guarantees safe working environment and peaceful co-	Number of police posts constructed and furnished Number of chiefs offices constructed and furnished	In the FY 2020/2021 the following infrastructure was implemented:- - Lamu East Sub-county Head Quarters at Faza - Lamu East Sub-county Police Head Quarters at

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

	administration offices and secured working environment	existence of communities and improved service delivery to the citizens		Kizingitini Police Station - Chief Offices at Kiunga, Siyu, Patte, together with furniture of chief offices at Ndaui, Kiwayu, Mbujumwali and Tchundwa
Environment	Rehabilitation and Conservation of environment	Restoration of nature and protecting nature from degradation and pollution	Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated and pit-latrines constructed	In the FY 2020/2021, we constructed 3no pit-latrines at Mbujumwali secondary schools for staff, boys and girls. - Pit-latrines at Mbujumwali primary school Primary School - Planted trees at Mtangawanda Primary School, Patte Girls secondary school and Siyu secondary school
Sports	Promotion of Sports and Sporting activities	Harnessing of youth talents and promotion of peaceful coexistence of communities through social welfare activities such as ball games, boat racing and donkey competitions	Number of teams participated in sponsored sporting events Infrastructures constructed in institutions that providing sporting space Sporting gear and equipment procured for sporting teams	In the FY 2020/2021, we organized constituency sports tournament that provided a platform to harness and identify sporting talents, offered entertainment and peace building opportunity for all the communities in the constituency
Social Security Programs	Promotion of social welfare programs and activities	Provision of public amenities that cater for public utilities	Construction of public Dias Procurement of Office motor vehicles that enhance service delivery to the public	In the FY 2020/2021, we made a provision of kshs.1.5M to go towards provision of universal health care program to vulnerable families in the constituency in collaboration with NIHF

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

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Lamu East NGCDF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely, Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

To ensure sustainability of Lamu East NGCDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Lamu East NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid-19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

Environment Policy and Action Plan

Protection of the environment in which we live and operate is part of Lamu East NGCDF initiatives

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

Our Environmental Policy

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

In this policy statement Lamu East NGCDF commits to:

- ✓ Comply with all relevant environmental legislation, regulations and approved codes of practice
- ✓ Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- ✓ Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- ✓ Managing and disposing of all wastage in a responsible manner;
- ✓ Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- ✓ Regularly communicating our environmental performance to our employees and other significant stakeholders
- ✓ Developing our management processes to ensure that environmental factors are considered during planning and implementation
- ✓ Monitoring and continuously improving our environmental performance.
- ✓ Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

Our Environmental Action Plan

Lamu East NGCDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts. These four areas together with our approach and targets for each are shown below:

Impact Area	Approach
Capacity Building	<ul style="list-style-type: none"> • Promote environmental awareness by sensitizing the Lamu East NG-CDFC, NG-CDFC staff and PMCs on good conservation practices • To encourage, through regular communication to Lamu East NG-CDFC, staff, and other stakeholders changes in individual behaviour to reduce usage
Conservation of Energy and Resources	<ul style="list-style-type: none"> • To maximize use of available technologies to remove the need to use paper • To encourage our clients to engage with us using electronic means where possible • To maximize on rain water harvesting • To make energy efficiency a key factor in the selection of any new energy device being purchased • To invest in available energy saving technologies and devices within our existing premises
Environmental Protection and Conservation	<ul style="list-style-type: none"> • To promote use of volt guards to control power surges • We have constructed culverts and gabions to prevent soil erosion • To encourage tree planting in the constituency to improve the forest cover. • To promote purchase and installation of fire extinguishers to aid in extinguishing and controlling fires
Pollution Control and Waste Management	<ul style="list-style-type: none"> • To ensure that all paper waste is recycled • To ensure segregation of waste • To ensure proper human waste disposal through construction of pit latrines, septic and soak pit tanks

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

3. Employee welfare

We invest in providing the best working environment for our employees. Xxx constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Lamu East constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Lamu East NGCDF Constituency is committed to fair and ethical market practices.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practices ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honoring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honoring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests

5. Community Engagements-

Lamu East NGCDF has endeavored to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

The NGCDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans

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

and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community - based needs assessments and public awareness campaigns and holding community meetings.

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

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

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF Lamu East Constituency is responsible for the preparation and presentation of the entity ' s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF Lamu East Constituency accepts responsibility for the entity ' s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency* ' s financial statements give a true and fair view of the state of entity ' s transactions during the financial year ended June 30, 2021, and of the entity ' s financial position as at that date. The Accounting Officer charge of the NGCDF Lamu East Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity ' s financial statements as well as the adequacy of the systems of internal financial control.

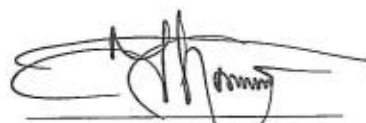
The Accounting Officer in charge of the NGCDF Lamu East Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity ' s funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency* ' s financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF Lamu East Constituency financial statements were approved and signed by the Accounting Officer on __20 April,2022.



Chairman NGCDF Committee
Name: Ali Kassim Msalam



Fund Account Manager
Name: Josef Kumbatha

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lamu East Constituency set out on pages 17 to 53, which comprise of the statement of assets and liabilities as at 30 June, 2021 and the

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Lamu East Constituency as at 30 June, 2021 and 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

Unsupported Bursaries to Tertiary Institutions

The statement of receipts and payments reflects other grants and transfers balance of Kshs.116,646,672 as disclosed in Note 7 to the financial statements. The amount includes payment of bursaries to tertiary institutions amounting to Kshs.25,389,818. However, payments amounting to Kshs.14,854,000 were not supported with acknowledgement of receipt of the bursaries by students and the respective institutions. Further, the payments relate to bursaries to secondary schools and not tertiary institutions.

In the circumstances, the accuracy and completeness of bursaries to tertiary institutions of Kshs.14,854,000 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 - Lamu East 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

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.207,171,849 and Kshs.180,982,970 respectively resulting to

an under funding of Kshs.26,188,879 or (13%) of the budget. Similarly, the Fund spent Kshs.178,361,765 against an approved budget of Kshs.207,171,849 resulting to an under-expenditure of Kshs.28,810,084 or (14%) of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Emergency Projects

The statement of receipts and payments reflects other grants and transfers of Kshs.116,646,672 as disclosed in Note 7 to the financial statements. Included in the expenditure is Kshs.7,192,558 in respect to emergency expenses out of which four (4) projects with a total cost of Kshs.5,692,558 were not of emergency nature as required by Section 8(3) of the National Government Constituencies Development Fund Act, 2015. Further, the expenditure from emergency reserve was not reported to the Board within thirty days of occurrence of the emergency contrary to Regulation 20 (2) of the National Government Constituencies Development Fund Regulations, 2016.

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

2. Delay in Construction of Sub County Headquarter

Physical verification in April, 2022 of the construction of phase two (2) sub county headquarters with a contract sum of Kshs.12,000,000 revealed that the works were incomplete with plastering, electrical works and plumbing works still pending. Further, contract period had lapsed by one hundred fifty (150) days and no evidence of extension was provided for audit.

In the circumstances, value for money may not be obtained for the resources already spent on the project.

3. Delay in Project Implementation

Analysis of the project implementation status report revealed that Management had planned to implement fifty-one (51) projects with a total allocation of Kshs.80,522,206. However, only two (2) projects were completed, thirty-two (32) projects with total allocation of Kshs.56,222,206 were on-going while seventeen (17) projects with total allocation of Kshs.23,300,000 had not been started. In addition, three (3) rollover projects amounting to Kshs.21,000,000 remained incomplete as at April, 2022.

In the circumstances, value for money may not be obtained from the delayed projects.

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

Lack of Ownership Documents and Incomplete Fixed Assets Register

Annex 4 of the financial statements reflects a summary of fixed assets register with an historical amount of Kshs.20,841,943 as at 30 June, 2021. However, a review of the fixed assets register and other supporting documents maintained by the Fund revealed the following anomalies:

- (i) The land parcel that houses the Fund's building did not have ownership documents.
- (ii) Two boats owned by the Fund were not functional and ownership documents (Log books) for the two boats were also not provided for audit review.
- (iii) The assets were not tagged and could therefore not be clearly identified.

In the circumstances, the internal controls of the Fund could not be confirmed.

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 International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

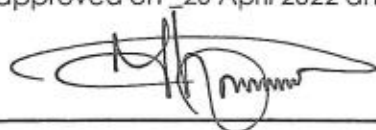
23 September, 2022

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

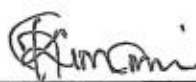
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	113,400,000	137,367,724
Proceeds from Sale of Assets	2	0	0
Other Receipts	3	0	0
TOTAL RECEIPTS		113,400,000	137,367,724
PAYMENTS			
Compensation of employees	4	4,899,172	3,973,895
Use of goods and services	5	8,235,694	9,363,652
Transfers to Other Government Units	6	43,903,200	42,744,800
Other grants and transfers	7	116,646,672	66,167,757
Acquisition of Assets	8	0	7,266,388
Other Payments	9	4,677,027	0
TOTAL PAYMENTS		178,361,765	129,516,492
SURPLUS/(DEFICIT)		<u>(64,961,765)</u>	<u>7,851,232</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 20 April 2022 and signed by:



Fund Account Manager
Name: CPA Kumbatha Josef
CPAK Member No: 24271



National Treasury Sub-County
Accountant
Name: CPA Kimani Geoffrey
ICPAK Member No: 22173



Chairman NG-CDF Committee
Name: Ali Kassim Msalam

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

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	2,621,205	67,582,970
Cash Balances (cash at hand)	10B	0	0
Total Cash and Cash Equivalents		2,621,205	67,582,970
Accounts Receivable			
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		2,621,205	67,582,970
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	0	0
Gratuity	12B	0	0
TOTAL FINANCIAL LIABILITIES		0	0
NET FINANCIAL ASSETS		<u>2,621,205</u>	<u>67,582,970</u>
REPRESENTED BY			
Fund balance b/fwd		67,582,970	59,731,738
Prior year adjustments	14	0	0
Surplus/(Deficit) for the year		(64,961,765)	7,851,232
NET FINANCIAL POSITION		<u>2,621,205</u>	<u>67,582,970</u>

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National Treasury Sub-County
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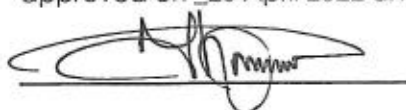
Chairman NG-CDF Committee
Name: Ali Kassim Msalam

Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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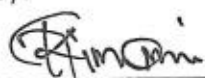
IX. STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	113,400,000	137,367,724
Other Receipts	3	0	0
Total receipts		113,400,000	137,367,724
Payments for operating activities			
Compensation of Employees	4	4,899,172	3,973,895
Use of goods and services	5	8,235,694	9,363,652
Transfers to Other Government Units	6	43,903,200	42,744,800
Other grants and transfers	7	116,646,672	66,167,757
Other Payments	9	4,677,027	0
Total payments		178,361,765	122,250,104
Total Receipts Less Total Payments		(64,961,765)	15,117,620
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	0	0
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	0	0
Prior year adjustments	14	0	0
Net cash flow from operating activities		(64,961,765)	15,117,620
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	0	7,266,388
Net cash flows from Investing Activities		00	(7,266,388)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		(64,961,765)	7,851,232
Cash and cash equivalent at BEGINNING of the year	10	67,582,970	59,731,738
Cash and cash equivalent at END of the year		<u>2,621,205</u>	<u>67,582,970</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 20 April 2022 and signed by:



Fund Account Manager
Name: CPA Kumbatha Josef
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National Treasury Sub-County
Accountant
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ICPAK Member No: 22173



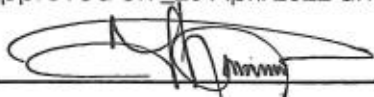
Chairman NG-CDF Committee
Name: Ali Kassim Msalaw

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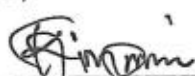
X. TRIAL BALANCE AS AT 30TH JUNE 2021

		DR	CR
		Kshs	Kshs
Cash and Cash equivalents			
Bank Balances	2,621,205		
Cash Balances			
Outstanding Imprest			
Payments			
Compensation of Employees	4,899,172		
Use of goods and services	8,235,694		
Transfers to Other Government Units	43,903,200		
Other grants and transfers	116,646,672		
Acquisition of Assets	-		
Other Payments	4,677,027		
Receipts			
Transfers from the Board			113,400,000
Proceeds from sale of assets			
Others receipts			-
Prior Year Adjustment			
Fund Balance b/f			67,582,970
TOTAL		180,982,970	180,982,970

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 20 April 2022 and signed by:



Fund Account Manager
Name: CPA Kumbatha Josef
CPAK Member No: 24271



National Treasury Sub-County
Accountant
Name: CPA Kimani Geoffrey
ICPAK Member No: 22173



Chairman NG-CDF Committee
Name: Ali Kassim Msalam

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

XI. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
RECEIPTS	2020/2021	Opening Balance (Cashbook and AIA)	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	67,582,970	2,500,000	207,171,849	180,982,970	26,188,879	87.4%
Proceeds from Sale of Assets	0	0	0	0	0	0	0%
Other Receipts	0	0	0	0	0	0	0%
TOTALS	137,088,879	67,582,970	2,500,000	207,171,849	180,982,970	26,188,879	87.4%
PAYMENTS							
Compensation of Employees	4,300,000	1,050,369	0	5,350,369	4,899,172	451,197	91.6%
Use of goods and services	8,036,672	257,907	0	8,294,579	8,235,694	58,885	99.3%
Transfers to Other Government Units	32,200,000	19,003,200	0	51,203,200	43,903,200	7,300,000	85.7%
Other grants and transfers	92,552,207	42,594,467	2,500,000	137,646,674	116,646,672	21,000,002	84.7%
Acquisition of Assets	0	0	0	0	0	0	0.0%
Other Payments	0	4,677,027	0	4,677,027	4,677,027	0	100%
Funds pending approval**	0	0	0	0	0	0	0%
TOTALS	137,088,879	67,582,970	2,500,000	207,171,849	178,361,765	28,810,084	86.1%

***Funds pending approval are sums not yet approved by the board for utilization and include approved allocations and/or AIA not yet allocated for specific projects.*

Budget was full funded with disbursements for the financial year from the NGCDF Board, Cashbook balances brought forward from previous financial years and Previous year' s outstanding disbursements that were received during the financial year. Approved budget for the financial year 2020/2021 was kshs.137,088,879. kshs.67,582,970 is cashbook opening balances brought forward from previous financial year while kshs.2,500,00 is funds that had been outstanding for disbursement at the NGCDF Board but received during the financial year. Thus the total financial budget available for expending during the year under review was kshs.207,171,849. Actual on comparable basis is (Receipts)kshs.180,982,970 which is equivalent of 87.4% of total financing budget and Total expenditure for the period (Payments) kshs.178,323,616 being 86.1% of the total financing budget leaving a closing Cashbook balance of kshs.2,659,354.

Disbursements outstanding from the NGCDF Board by closure of business at end of financial year totaled kshs.26,188,879. The balance utilization difference of kshs.28,848,233 is therefore a summation of the closing cashbook balance - kshs.2,659,354 and the pending disbursement of kshs.26,188,879

The under-utilization of funds in all sectors, i.e Compensation of employees (90.9%) is a balance available after the financial year which cushions the employees till funds for the succeeding financial year are received. In Transfers to Other government units (85.7%) and Other grants and transfers (84.7%), these are the funds outstanding for disbursement from the NGCDF Board


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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	28,810,084
Less non-disbursed funds receivable from the Board as at 30 th June 2021	26,188,879
	2,621,205
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2020/2021	2,621,205

The NGCDF Lamu East Constituency financial statements were approved on _20 April 2022 and signed by:



Fund Account Manager
Name: CPA Kumbatha Josef
CPAK Member No: 24271



National Treasury Sub-County
Accountant
Name: CPA Kimani Geoffrey
ICPAK Member No: 22173



Chairman NG-CDF Committee
Name: Ali Kassim Msalam

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

XII. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2020/2021	Opening Balance (Cashbook and AIA)	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021	
	Kshs		Kshs	Kshs	Kshs	Kshs
1.0 COMPENSATION OF EMPLOYEES						
1.1 Employee Salaries	4,195,000	1,021,505	0	5,216,505	4,794,169	422,336
1.2 Employer NSSF	105,000	28,864	0	133,864	105,003	28,861
Sub-total	4,300,000	1,050,369	0	5,350,369	4,899,172	451,197
2.0 USE OF GOODS AND SERVICES						
Administration & Recurrent						
2.1 Committee Expenses	3,000,000	45,138	0	3,045,138	3,045,138	0
2.2 Goods and Services	924,672.41	2,302	0	926,974.41	918,556	8,418.41
Monitoring and evaluation						
2.1 Committee Expenses	2,500,000	0	0	2,500,000	2,450,000	50,000
2.2 Capacity Building	1,612,000	210,467	0	1,822,467	1,822,000	467
Sub-total	8,036,672.41	257,907	0	8,294,579.41	8,235,705	58,885.41
3.0 TRANSFERS TO OTHER GOVERNMENT UNITS						
3.1 Primary Schools						
Shanga Primary School	0	28,000	0	28,000	28,000	0
Kiunga Primary School	0	5,775,200	0	5,775,200	5,775,200	0
Rasini Girls Primary School	0	1,000,000	0	1,000,000	1,000,000	0
Faza Boys Primary School	0	1,000,000	0	1,000,000	1,000,000	
Mtangawanda pry sch	800,000	0	0	800,000	800,000	0
Patte primary school	1,000,000	0	0	1,000,000	1,000,000	0
Mbwajumwali pry school	900,000	0	0	900,000	900,000	0
Kiwayuu Primary school	800,000	0	0	800,000	800,000	0
Patte primary school	2,000,000	0	0	2,000,000	2,000,000	0
Kiunga primary school	1,000,000	0	0	1,000,000	1,000,000	0
Kizingitini primary school	800,000	0	0	800,000	800,000	0
Mtangawanda pry sch	500,000	0	0	500,000	500,000	0
Myabogi primary school	1,000,000	0	0	1,000,000	1,000,000	0
Ndau primary school	900,000	0	0	900,000	900,000	0
Rasini Girls primary school	800,000	0	0	800,000	800,000	0
Siyu primary school	800,000	0	0	800,000	800,000	0
Shanga primary school	500,000	0	0	500,000	500,000	0
Tchundwa primary	800,000	0	0	800,000	800,000	0

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

school						
Faza Boys primary school	1,000,000	0	0	1,000,000	1,000,000	0
Kizingitini Girls pry school	800,000	0	0	800,000	800,000	0
Mtangawanda pry sch	2,400,000	0	0	2,400,000	0	2,400,000
Kiangwe Primary School	500,000	0	0	500,000	0	500,000
Mkokoni Primary School	1,000,000	0	0	1,000,000	0	1,000,000.00
Kiunga primary school	600,000	0	0	600,000	0	600,000
Mbwajumwali pry school	1,000,000	0	0	1,000,000	0	1,000,000
Siyu primary school	300,000	0	0	300,000	0	300,000
Sub-total	20,200,000	7,803,200	0	28,003,200	22,203,200	5,800,000
3.2 Secondary Schools						
Pate Secondary School	0	1,000,000	0	1,000,000	1,000,000	0
Pate Secondary School	0	200,000	0	200,000	200,000	0
Faza Secondary School	0	6,000,000	0	6,000,000	6,000,000	0
Kiunga Secondary School	0	4,000,000	0	4,000,000	4,000,000	0
Mbwajumwali Sec School	4,500,000	0	0	4,500,000	4,500,000	0
Kiunga Secondary School	1,000,000	0	0	1,000,000	1,000,000	0
Siyu Secondary School	1,000,000	0	0	1,000,000	1,000,000	0
Faza Secondary School	1,000,000	0	0	1,000,000	1,000,000	0
Pate Secondary School	3,000,000	0	0	3,000,000	3,000,000	0
Faza Secondary School	1,000,000	0	0	1,000,000	0	1,000,000
Mbwajumwali Sec School	500,000.00	0	0	500,000	0	500,000
Sub-Total	12,000,000	11,200,000	0	23,200,000	21,700,000	1,500,000
Total	32,200,000	19,003,200	0	51,203,200	43,903,200	7,300,000
4.0 OTHER GRANTS AND TRANSFERS						
Bursary Secondary Institutions	20,000,000	2,174,296	0	22,174,296	22,174,296	0
4.2 Bursary Tertiary Institutions	20,000,000	5,389,818	0	25,389,818	25,389,818	0
4.3 Social Security Programs	1,500,000	0	0	1,500,000	1,500,000	0
Sub-total	41,500,000	7,564,114	0	49,064,114	49,064,114	0
4.4 Emergency Projects	7,192,206.90	353	0	7,192,559.90		
Lamu East Covid Response Fund	0	0	0	0	1,000,000	
Kiunga primary school	0	0	0	0	2,300,000	
Lamu East Covid Response Fund	0	0	0	0	500,000	
Faza ACC Office	0	0	0	0	1,500,000	
Kiwayuu Primary school	0	0	0	0	1,000,000	

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

Kizingitini Police Station	0	0	0		892,558	
Sub-total	7,192,206.90	353	0	7,192,559.90	7,192,558	1.90
4.5 Sports						
Lamu East Constituency Sports Committee	2,730,000	0	0	2,730,000	2,730,000	0
Sub-total	2,730,000	0	0	2,730,000	2,730,000	0
4.6 Environment						
Mtangawanda Pry Sch	200,000	0	0	200,000	200,000	0
Mbwajumwali Pry School	630,000	0	0	630,000	630,000	0
Mbwajumwali Sec School	1,700,000	0	0	1,700,000	0	1,700,000
Patte Girls Sec Sch	200,000	0	0	200,000	0	200,000
Sub-Total	2,730,000	0	0	2,730,000	830,000	1,900,000
4.7 Security						
Police Posts Electrification	0	30,000	0	30,000	30,000	0
Lamu East Sub County Headquarters at Faza	0	12,000,000	0	12,000,000	12,000,000	0
Kizingitini Police Station	0	10,000,000	0	10,000,000	10,000,000	0
Kizingitini Divisional Offices	0	3,000,000	0	3,000,000	3,000,000	0
Mbwajumwali Chiefs office	0	2,500,000	0	2,500,000	2,500,000	0
Tchundwa Chiefs office	0	2,500,000	0	2,500,000	2,500,000	0
Kiwayuu Chiefs office	0	2,500,000	0	2,500,000	2,500,000	0
Ndau Chiefs office	0	2,500,000	0	2,500,000	2,500,000	0
Mkokoni Chiefs office	0	0	2,500,000	2,500,000	2,500,000	0
Kizingitini Police Station	7,000,000	0	0	7,000,000	7,000,000	0
Tchundwa AP Post	1,000,000	0	0	1,000,000	1,000,000	0
Kiwayuu Chief's Office	600,000	0	0	600,000	600,000	0
Tchundwa Chief's Office	600,000	0	0	600,000	600,000	
Mbwajumwali Chief's Office	600,000	0	0	600,000	600,000	0
Patte Chief's Office	3,000,000	0	0	3,000,000	3,000,000	0
Lamu East Sub-county HQ	13,000,000	0	0	13,000,000	6,500,000	6,500,000
Ndau Chiefs office	600,000	0	0	600,000	0	600,000
Kiunga Chief's Office	3,000,000	0	0	3,000,000	0	3,000,000
Ndau AP Post	3,000,000	0	0	3,000,000	0	3,000,000
Siyu Chief's Office	3,000,000	0	0	3,000,000	0	3,000,000
Siyu AP Post	3,000,000	0	0	3,000,000	0	3,000,000
Sub-Total	38,400,000	35,030,000	2,500,000	75,930,000	56,830,000	19,100,000
Total	92,552,206.90	42,594,467	2,500,000	137,646,673.90	116,646,672	21,000,001.90
5.0 ACQUISITION OF ASSETS						

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

5.1 Motor Vehicles (including motorbikes)	0	0	0	0	0	0
5.2 Construction of CDF office	0	0	0	0	0	0
5.3 Purchase of furniture and equipment	0	0	0	0	0	0
5.4 Purchase of computers	0	0	0	0	0	0
5.5 Purchase of land	0	0	0	0	0	0
6.0 OTHER PAYMENTS						
6.1 Strategic Plan						
Lamu East Constituency (2018-2022) Strategic Plan Mid-term Review	0	0	0	0	0	0
?? Innovation Hub						
Mbwajumwali Sec Sch	0	4,677,027	0	4,677,027	4,677,027	0
Sub-total	0	4,677,027	0	4,677,027	4,677,027	0
Funds pending approval**	0	0	0	0	0	0
Grand Total	137,088,879.31	67,582,970	2,500,000	207,171,849.31	178,323,616	28,810,084.31

(NB: This statement is a disclosure statement indicating the utilization in the same format as the entity' s budgets which are programme based.)

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

XIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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 Lamu East 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 recognizes all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

Transfers from the National Government Constituency Development Fund (NGCDF)

Transfers from the NGCDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognized as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance received.

b) Recognition of payments

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

The Entity recognizes all payments when the event occurs and the related cash has actually been paid out by the entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the constituency in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the constituency includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents.

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, Deposits (gratuity and retention) 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 fulfillment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they

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

are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the entity at the end of the financial year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 4 June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

Material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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

XIV. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO. B 041103	1		4,000,000
AIE NO. B 041310	2		20,000,000
AIE NO. B 047729	3		7,000,000
AIE NO. RTGS	4		9,000,000
AIE NO. B 049350	5		19,000,000
AIE NO. B 047952	6		9,000,000
AIE NO. B 096761	7		69,367,724.10
AIE NO. B 104924	1	2,000,000	
AIE NO. B 104930	2	5,000,000	
AIE NO. B 124586	3	9,000,000	
AIE NO. B 124781	4	500,000	
AIE NO. B 119537	5	12,000,000	
AIE NO. B 119927	6	15,000,000	
AIE NO. B 128168	7	6,900,000	
AIE NO. B 128481	8	8,000,000	
AIE NO. B 132225	9	6,000,000	
AIE NO. B 138893	10	15,000,000	
AIE NO. B 126187	11	6,000,000	
AIE NO. B 126482	12	10,000,000	
AIE NO. B 140625	13	18,000,000	
TOTAL		113,400,000	137,367,724

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	0	0
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	0
Receipts from the Sale Plant Machinery and Equipment	0	0
Total	00	00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	0	0
Rents	0	0
Receipts from sale of tender documents	0	0
Hire of plant/equipment/facilities	0	0
Unutilized funds from PMCs	0	0
Other Receipts Not Classified Elsewhere	0	0
Total	00	00

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Basic staff salaries	3,785,530	3,890,195
House Allowance		0
Transport Allowance		0
Leave allowance		0
Gratuity to contractual employees	1,008,639	0
Employer Contributions Compulsory National Social Security Fund	105,003	83,700
Total	4,899,172	3,973,895

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	3,045,138	2,431,800
Utilities, supplies and services	32,340	748,210
Communication, supplies and services	20,540	27,000
Domestic travel and subsistence	32,000	30,000
Printing, advertising and information supplies & services	49,400	220,000
Training expenses	1,822,000	1,606,000
Hospitality supplies and services	25,800	85,150
Insurance costs	0	218,978
Specialized materials and services	119,200	517,600
Office and general supplies and services	102,995	1,315,042
Water & Sewerage charges	15,000	12,000
Fuel, Oil & Lubricants	100,000	13,710
Electricity	17,600	16,000
Other Operating Expenses	75,000	471,022
Other Committee Expenses	2,450,000	1,600,000
Routine maintenance – vehicles and other transport equipment	232,871	0
Routine maintenance – Other Assets	95,810	23,300
Bank service commission and charges	0	26,990
Total	8,235,694	9,363,652

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	22,203,200	20,377,600
Transfers to secondary schools (see attached list)	21,700,000	22,367,200
Transfers to tertiary institutions (see attached list)	0	0
TOTAL	43,903,200	42,744,800

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	22,174,296	23,457,427
Bursary – tertiary institutions (see attached list)	25,389,818	16,441,516
Bursary – special schools (see attached list)	0	0
Mock & CAT (see attached list)	0	0
Social Security programmes (NHIF)	1,500,000	0
Security projects (see attached list)	56,830,000	12,000,000
Sports projects (see attached list)	2,730,000	2,500,000
Environment projects (see attached list)	830,000	4,500,000
Emergency projects (see attached list)	7,192,558	7,268,814
Total	116,646,672	66,167,757

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	0	0
Refurbishment of Buildings	0	1,956,388
Purchase of Vehicles and Other Transport Equipment	0	5,310,000
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialized Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	00	7,266,388

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	4,677,027	0
Total	4,677,027	00

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
Lamu East Constituency - Equity Bank	2,621,205	67,582,970
Total	2,621,205	67,582,970

10B: CASH IN HAND

Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (specify)	0	0
Total	00	00
[Provide cash count certificates for each]		

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer	dd/mm/yy	0	0	0
Name of Officer	dd/mm/yy	0	0	0
Name of Officer	dd/mm/yy	0	0	0
Name of Officer	dd/mm/yy	0	0	0
Name of Officer	dd/mm/yy	0	0	0
Name of Officer	dd/mm/yy	0	0	0
Total		00	00	00

[Include an annex if the list is longer than 1 page.]

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)	0	0
Retention held during the year (B)	0	0
Retention paid during the Year (C)	0	0
Closing Retention as at 30 th June D= A+B-C	00	00

[Provide short appropriate explanations as necessary.]

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	0	0
Gratuity held during the year (B)	0	0
Gratuity paid during the Year (C)	0	0
Closing Gratuity as at 30 th June D= A+B-C	00	00

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	67,582,970	59,731,738
Cash in hand	0	0
Imprest	0	0
Total	67,582,970	59,731,738

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	0	0	0
Cash in hand	0	0	0
Accounts Payables	0	0	0
Receivables	0	0	0
Others (specify)	0	0	0
TOTAL	00	00	00

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	0	0
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year (C)	0	0
closing accounts in account receivables D= A+B-C	00	00

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	0	0
Deposit and Retentions held during the year (B)	0	0
Deposit and Retentions paid during the Year (C)	0	0
closing account receivables D= A+B-C	00	00

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	0	0
Total	00	00

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
NGCDFC Staff	0	0
Others (specify)	0	0
Total	00	00

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
Compensation of employees	451,197	1,050,370
Use of goods and services	58,885.41	257,906
Amounts due to other Government entities (see attached list)	7,300,000	19,002,950
Amounts due to other grants and other transfers (see attached list)	21,000,001.90	42,594,717
Acquisition of assets	0	0
Others (specify)	0	4,677,027
Funds pending approval	0	0
Total	28,810,084.31	67,582,970

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	20,200,374.45	7,606,399.52
	20,200,374.45	7,606,399.52

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					
Sub-Total					
Construction of civil works					
Sub-Total					
Supply of goods					
Sub-Total					
Supply of services					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1.				
2.				
Sub-Total				
Grand Total				

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

ANNEX 3 – UNUTILIZED FUND

Name	Brief Description of Transaction	Outstanding Balances 2020/2021	Outstanding Balances 2019/2020	Comments
1. Compensation of Employees				
Salaries		422,336	1,021,506	
NSSF		28,861	28,864	
Subtotal		451,197	1,050,370	
2. Use of Goods and Services				
Administration & Recurrent				
Committee Expenses		0	38,138	
Goods and Services		8,418.41	98,410	
Monitoring & Evaluation				
Committee Expenses		50,000	0	
Goods and Services		0	121,031	
Capacity Building		467	327	
Subtotal		58,885.41	257,906	
3. Transfer to Other Government Units				
Transfers to Primary schools		5,800,000	7,803,200	
Transfers to Secondary Schools		1,500,000	11,200,000	
Subtotal		7,300,000	19,003,200	
4. Other Grants and Transfers				
Bursary -Secondary		0	2,174,296	
Bursary -Tertiary		0	5,389,818	
Social Security Programs		0		
Emergency Projects		1.90	353	
Security		19,100,000	35,030,000	
Sports		0	0	
Environment		1,900,000	0	
Subtotal		21,000,001.90	42,594,467	
5. Acquisition of Assets				
Refurbishment of Buildings		0	0	
Purchase of Motor vehicles		0	0	
Subtotal		0	0	
6. Other Payments				
Strategic Plan		0	0	
Constituency Innovation Hub		0	4,677,027	
Subtotal		0	4,677,027	
Pending Approvals		0		
TOTAL		28,810,084	67,582,970	

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

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/2021
Land				
Buildings and structures	9,805,012	0	0	9,805,012
Transport equipment	9,119,430	0	0	9,119,430
Office equipment, furniture and fittings	1,057,655	0	0	1,057,655
ICT Equipment, Software and Other ICT Assets	797,160	0	0	797,160
Other Machinery and Equipment	62,686	0	0	62,686
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	20,841,943	00	00	20,841,943

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

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Lamu East Constituency Sports Committee	Equity - Lamu branch	1590276053826	122.00	547,262.00
NGCDF Lamu East Constituency	Equity - Lamu branch	1590277308313	0.00	10,408.50
Faza Boys Primary School	Equity - Lamu branch	1590279990866	910,312.30	0.00
Rasini Girls Primary School	Equity - Lamu branch	1590280025711	726,311.31	0.00
Mtangawanda Primary School	Equity - Lamu branch	1590277335980	41,484.75	0.00
Patte Primary School	Equity - Lamu branch	1590280789057	98,554.50	0.00
Mbwajumwali Primary School	Equity - Lamu branch	1590270950313	598,606.95	0.00
Kiwayuu Primary School	Equity - Lamu branch	1590276052882	6,548.45	0.00
Kiunga Primary School	Equity - Lamu branch	1590279941256	32,218.46	0.00
Mkokoni Primary School	Equity - Lamu branch	1590279288884	0.00	7,211.00
Myabogi Primary School	Equity - Lamu branch	1590279046908	27,300.00	7,356.80
Kizingitini Girls Primary School	Equity - Lamu branch	1590278989477	157.84	2,740,471.00
Kizingitini Boys Primary School	Equity - Lamu branch	1590278641290	24,851.70	10,181.00
Ndau Primary School	Equity - Lamu branch	1590278997012	28,324.95	402,218.00
Siyu Primary School	Equity - Lamu branch	1590272702449	800,198.80	0.00
Shanga Primary School	Equity - Lamu branch	1590277346316	10,410.00	0.00
Tchundwa Primary School	Equity - Lamu branch	1590264418021	700,655.16	0.00
Faza ACC Office	Equity - Lamu branch	1590279371557	17,816.35	3,094,993.00
Patte Girls Secondary School	Equity - Lamu branch	1590269212713	2,758,684.42	219,139.50
Faza Secondary School	Equity - Lamu branch	1590279213978	19,279.73	3,861.00
Siyu Secondary School	Equity - Lamu branch	1590264441085	1,000,453.72	453.72
Mbwajumwali Secondary School	Equity - Lamu branch	1590277458581	3,901,845.75	60,249.00
Tchundwa AP Post	Equity - Lamu branch	1590277313571	7,536.10	268,659.00
Tchundwa Chief's Office	Equity - Lamu branch	159027994453	36,607.72	0.00
Patte Chief's Office	Equity - Lamu branch	1590281001477	2,699,520.00	0.00
Kiangwe AP Post	Equity - Lamu branch	1590279046404	0.00	233,196.00
Mkokoni AP Post	Equity - Lamu branch	1590272652542	0.00	740.00
Ndau Chief's Office	Equity - Lamu branch	1590279991042	771.16	0.00
Kizingitini Divisional Offices	Equity - Lamu branch	1590279974779	5,502.50	0.00
Mbwajumwali Chief's Office	Equity - Lamu branch	1590279990463	36,486.57	0.00
Kiunga Secondary School	Equity - Lamu branch	1590279930737	56.70	0.00
Lamu East Covid-19 Response Committee	Equity - Lamu branch	1590280390884	29,520.00	0.00
Kizingitini Police Station	Equity - Lamu branch	1590279971163	30,966.24	0.00
Kiwayuu Chief's Office	Equity - Lamu branch	1590279928343	41,629.52	0.00
Lamu East Sub-county Head Quarter	Equity - Lamu branch	1590279971133	5,607,640.80	0.00
Total			20,200,374.45	7,606,399.52

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
4.1	<p>Unsupported Expenditure on Bursary for Tertiary institutions - kshs.10,023,716</p> <p>Criteria Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation</p> <p>Observations Included in the Other Grants and Transfers balance of kshs.66,167,757 reflected in the ledgers to the Financial Statements is an expenditure of kshs.16,441,516 incurred on Bursary - tertiary. However, examination of payment records availed for audit review revealed expenditure amounting to kshs.7,323,716 that were not supported with acknowledgement receipts. Further, funds disbursement amounting to kshs.2,700,000 made to Lamu East Constituency Bursary Fund Committee to facilitate purchase of school uniforms for needy students were not supported with the list of beneficiaries and invoices for their purchases made.</p> <p>Risk(s)/ Effect(s)/ Implication(s) Lack of supporting documents may lead to loss of public funds</p> <p>Recommendations Ensure that all payments are supported fully</p>	<p>Copies of acknowledgement receipts from beneficiary learning institutions had been disrupted by the covid-19 pandemic where transactions of paper documentation was largely discouraged so as to curb the spread of the corona virus.</p> <p>Copies of list of beneficiaries, invoices and delivery notes have been enclosed for support of transaction. These documents were held by the Project Management Committee at the time of the audit and could not be obtained on time due to</p>	Resolved	30 June 2021

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
		geographical logistical challenges		
4.2	<p>Unsupported Purchase of Motor vehicles - kshs.6,000,000</p> <p>Criteria Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation.</p> <p>Observations Included in the acquisition of Assets balances of kshs.7,956,388 reflected in the ledgers to the Financial statements is an expenditure of kshs.6,000,000 incurred on purchase of vehicles and other transport equipment. The payment was for the purchase of GKB 620V, a Hiace Minibus, procured from Toyota Kenya at the cost of kshs.5,310,000 with its ferrying and insurance expenses costing the fund kshs.690,000. However, the purchase was not supported with pre-delivery inspection certificate and delivery note of the motor vehicle.</p> <p>Risk(s) / Effect(s) / Implication(s) Unsupported payments may lead to loss of public funds</p> <p>Recommendations Ensure payments are supported fully</p>	Pre-delivery inspection certificate together with delivery notes of the motor vehicle had been misplaced but have since been located. Copies attached for verification	Resolved	30 June 2021
4.3	<p>Unsupported Expenditure on Purchase of School bus for Siyu secondary school - kshs.6,300,000</p> <p>Criteria</p>			

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	<p>Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation.</p> <p>Observation Included in the Transfer to Other Government Entities is a balance of kshs.42,744,800 reflected in the ledgers to the Financial Statements is an expenditure of kshs.6,300,000 incurred on purchase of school bus for Siyu Secondary School. The school bus was procured from Associated Motors Limited - Isuzu East Africa at the cost of kshs.5,179,750 with ferrying, optional fitments and insurance expenses which cost the Fund kshs.1,120,250. However, the purchase was not supported with pre-delivery inspection certificate and delivery note of the vehicle.</p> <p>Risk(s)/ Effect(s)/ Implication(s) Unsupported payments may lead to unaccountability of assets and public funds</p> <p>Recommendations Avail the supporting documents</p>	<p>Pre-delivery inspection certificate together with delivery notes of the motor vehicle had been misplaced but have since been located. Copies attached for verification</p>	Resolved	30 June 2021
4.4	<p>Projects Implementation Status Report</p> <p>Criteria Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate</p>	<p>Disbursement of funds from the NGCDF Board delayed and funds allocated to the</p>		

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)																						
	<p>authority and documentation.</p> <p>Observations The project implementation status report for NGCDF Lamu East Constituency revealed that the fund had planned to implement twenty seven (27) projects with a total project cost of kshs.87,354,630.14 that consisted of one (1) Emergency projects, one (1) sports project, five (5) Environmental projects, four (4) primary school projects, four (4) Secondary school projects, ten (10) Security projects, and two (2) Lamu East NGCDF Office. However, as at 30th June 2020, NGCDF Lamu East Constituency completed one (1) secondary school project and two (2) Lamu East NGCDF Office projects. The remaining twenty four (24) projects with a total cost of kshs.73,098,241.38 were ongoing as at 30th June 2020 as detailed below:</p>	<p>captured projects were processed by the NGCDF Board Head Quarters on 08/06/2020 as evidenced by AIE NO B096761 - DEP 07/2019/2020/1322 and received by our office on 15/06/2020 thus implementation of projects was delayed by forces beyond our jurisdiction. However projects had been implemented to completion at the time of audit</p>	Resolved	30 June 2021																						
	<table><tr><td>Emergency</td><td>To cater for any unforeseen occurrences in the constituency during the fina</td></tr><tr><td>Sports</td><td></td></tr><tr><td>Faza Secondary School</td><td>Construction to completion of a new out-door concrete slab basketball cou basketballs and 10 spare nets</td></tr><tr><td>Environment</td><td></td></tr><tr><td>Myabogi primary school</td><td>Construction to completion of a 2 door pit latrines with plumbing systems ar septic format</td></tr><tr><td>Kizingitini Girls Primary school</td><td>Construction to completion of a 2 door pit latrines with plumbing systems an septic format</td></tr><tr><td>Ndau primary school</td><td>Construction to completion of a 2 door pit latrines with plumbing systems an septic format</td></tr><tr><td>Mkokoni primary school</td><td>Construction to completion of a 2 door pit latrines with plumbing systems an septic format</td></tr><tr><td>Kiangwe AP Post</td><td>Construction to completion of a 2 door pit latrines with plumbing systems an septic format</td></tr><tr><td colspan="2">EDUCATION: PRIMARY SCHOOLS</td></tr><tr><td>Kiunga Primary School</td><td>Construction to completion of four new classrooms @ Kshs. 4,800,000 plus su desks@4,500 and 4 teachers desk-table@20,000 and 4 teachers' chairs @ 3,8</td></tr></table>	Emergency	To cater for any unforeseen occurrences in the constituency during the fina	Sports		Faza Secondary School	Construction to completion of a new out-door concrete slab basketball cou basketballs and 10 spare nets	Environment		Myabogi primary school	Construction to completion of a 2 door pit latrines with plumbing systems ar septic format	Kizingitini Girls Primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format	Ndau primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format	Mkokoni primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format	Kiangwe AP Post	Construction to completion of a 2 door pit latrines with plumbing systems an septic format	EDUCATION: PRIMARY SCHOOLS		Kiunga Primary School	Construction to completion of four new classrooms @ Kshs. 4,800,000 plus su desks@4,500 and 4 teachers desk-table@20,000 and 4 teachers' chairs @ 3,8			
Emergency	To cater for any unforeseen occurrences in the constituency during the fina																									
Sports																										
Faza Secondary School	Construction to completion of a new out-door concrete slab basketball cou basketballs and 10 spare nets																									
Environment																										
Myabogi primary school	Construction to completion of a 2 door pit latrines with plumbing systems ar septic format																									
Kizingitini Girls Primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format																									
Ndau primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format																									
Mkokoni primary school	Construction to completion of a 2 door pit latrines with plumbing systems an septic format																									
Kiangwe AP Post	Construction to completion of a 2 door pit latrines with plumbing systems an septic format																									
EDUCATION: PRIMARY SCHOOLS																										
Kiunga Primary School	Construction to completion of four new classrooms @ Kshs. 4,800,000 plus su desks@4,500 and 4 teachers desk-table@20,000 and 4 teachers' chairs @ 3,8																									

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	works @ Kshs. 80,000 each			
Kizingitini Girls Primary School	Construction to completion of two new classrooms @ Kshs. 2,400,000 plus su desks@4,500 and 2 teachers desk-table@20,000 and 2 teachers' chairs @ 3,8 works @ Kshs. 80,000 each			
Rasini Girls Primary School	Construction to completion of a new teacher's 4-door pit latrine with plumb pits dug aside in septic format			
Faza Boys Primary School	Construction to completion of a new teacher's 4-door pit latrine with plumb pits dug aside in septic format			
EDUCATION: SECONDARY SCHOOLS				
Siyu Secondary School	Purchase of School Bus – MTD-904-040-16 minibus 30-35 Passengers die (Japan) All Duties & Taxes paid – kshs.5,700,000 Optional Fitments (AC installation, Electric winch, Roof rack, packing p Ferrying costs from Mokowe jet to Pate Island – kshs.100,000			
Faza Secondary School	Conference hall measuring 64.8 SM, office, store, kitchen, verandah c toilets (gents & ladies)			
Kiunga Secondary School	Construction to Completion of an administration block - 7 roomed bu principal' s office, deputy principal, staff room, reception, waiting bay cubicle, store, mini-kitchen and twin washrooms for ladies and gents			
Pate Secondary School	Construction and drilling of a septic tank and soak pit through hard b works for the girl's dormitory toilets.			
SECURITY				
Lamu East Sub County Headquarters at Faza	Construction to completion of Phase I of a modern storey building; low housing National Government offices; including DCC and National Tre of departments for Lamu East Sub County at Faza			
Kizingitini Police Station	Construction to completion of a new Sub County modern police head OCPD'S ,OCS, Deputy OCS, Crime and report Offices also with armoury and 4 sets of toilets			
Kizingitini Divisional Office	Construction to completion of Kizingitini Divisional Offices A 6no roomed building - 3 offices, reception, waiting bay, store, mini-k			
Kiangwe AP Post fencing of a compound	Construction to completion of a Galvanized chain link fence with pre and a gate on additional 4acres -Phase II			
Tchundwa AP Post	Construction to completion of an armory with reinforced concrete Ro height of standard building to be cast with metal bars (16 gauge) and recommended standards on both floor, walls and roof			
Faza Deputy County Commissioner's Dias	Construction to completion of a Public Dias and parade ground with c Offices			
Mbwajumwali Chiefs office	Construction to completion of a new chief's office A 5no roomed building - 2 offices, reception, waiting bay, store and ve			

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	<p>Tchundwa Chiefs office</p> <p>Kiwayuu Chiefs office</p> <p>Ndau Chiefs office</p> <p>Lamu East NG-CDF Office Vehicle</p> <p>Lamu East NG CDF Office Building Renovations</p>	<p>Construction to completion of a new chief's office A 5no roomed building - 2 offices, reception, waiting bay, store and verandah</p> <p>Construction to completion of a new chief's office A 5no roomed building - 2 offices, reception, waiting bay, store and verandah</p> <p>Construction to completion with electrical works of a new chief's office building - 2 offices, reception, waiting bay, store and verandah</p> <p>Purchase of NG CDF Office motor vehicle – HIACE MINIBUS-MTD-919-0 KDH222R-LEMDY-DIESEL-16 EXECUTIVE PASSENGER SEATS (Japan) All Duty Kshs.5,310,000 Optional fitments/Accessories (Bull bar, Electric winch, Roof rack, pack grills) – kshs.320,000 One year Insurance cover – kshs.270,000 Ferrying and handling costs from Mokowe jet to Pate Island – kshs.100,000</p> <p>Repairs to 7no roomed building - Replacement of falling ceiling with m ceiling) – 1,056,388.76 Replacement of worn-out roof – kshs.700,000 Fitting of doors, repair of windows and Painting of office building – 200,000</p>		
<p>Risk(s)/ Effect(s)/ Implication(s)</p> <p>None implementation of development projects will affect delivery of goods and services to the residents of Lamu East constituency</p> <p>Recommendations</p> <p>Fast track and ensure projects are completed as planned</p>				
4.5	<p>Unsupported Payments on Sports projects</p> <p>Criteria</p> <p>Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation.</p> <p>Observations</p> <p>Included in the Other Grants and Transfers balance of kshs.66,167,757 reflected in the ledgers to the financial statements is an expenditure of kshs.2,500,000 incurred on</p>	<p>Documents were held by the Project Management Committee at the time of audit and due to</p>	Resolved	30 June 2021

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	<p>Sports projects that was not supported with Inspection and Acceptance committee report and certificate of practical completion contrary to section 48 of the Public Procurement and Assets Disposal Act, 2015</p> <p>Risk(s)/ Effect(s)/ Implication(s) Unupported payments may lead to loss of funds</p> <p>Recommendations Ensure that all projects payments are properly supported</p>	<p>geographical location, topography and logistical challenges, documents could not be availed on time.</p> <p>Documents have since been obtained and available for verification</p>		
4.6	<p>Unacknowledged Bursary - kshs.6,347,306</p> <p>Criteria Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation.</p> <p>Observations Included in Other Grants and Transfers of kshs.66,167,757 reflected under note 7 to the financial statements is an expenditure of kshs.23,457,427 incurred on Bursary for secondary schools. However, examination of payment records and acknowledgement receipts availed for audit review revealed bursary payments amounting to kshs.6,347,306 that were not supported with acknowledgement receipts.</p> <p>Risk(s)/ Effect(s)/ Implication(s) Non-acknowledgement of bursary</p>	<p>Copies of acknowledgement receipts from beneficiary learning institutions had been disrupted by the covid-19 pandemic where transactions of paper documentation was largely discouraged so as to curb the spread of the corona virus.</p>	Resolved	30 June 2021

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

Reference No. on the external audit Report	Issue/ Observations from Auditor				Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	disbursements may lead to misappropriation of public funds						
	Recommendations Please explain and properly account for the expenditure						
4.7	Committee Expenses						
	Criteria Section 104(1) of the Public Finance Management (National Government) Regulations, 2015 states that all receipts and payments vouchers of public moneys shall be properly supported by pre-numbered receipt and payment vouchers and shall be supported by appropriate authority and documentation.						
	Observations Included in the Use of Goods and Services of kshs.8,673,652 reflected under note 5 to the financial statements is an expenditure of kshs.2,431,800 and kshs.1,600,000 incurred on Committee Expenses and Other Committee Allowances respectively. However, expenditure amounting to kshs.2,500,000 was not properly supported with vehicle work-tickets showing areas covered and approval from NGCDF Committee minutes as shown below:						
					Copy of NGCDF Committee - Lamu East Constituency minutes supporting the expenditure is hereby enclosed. Lamu East Constituency is composed of several islands namely Patte, Ndau, Kiwayu among others and means of transport is majorly by water by use of speed motor boats thus work-tickets may not apply	Resolved	30 June 2021
	Date	PV	Description	Amount	Observation		
	29/11/2019	1032297	Payment of Committee Expenses	1,800,000	The expenditure is for committee exper project proposal meetings in various wa ticket showing how the committee mer details of the people who attended an		
	22/04/2020	1032273	Payment of Committee Expenses	300,000	The expenditure is for committee exper were no attached vehicle work tickets s launch. No approved requisition or com Payment schedules were not approved		
	23/04/2020	1032271	Payment of	400,000	Expenditure was for committee allowar		

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

Reference No. on the external audit Report	Issue/ Observations from Auditor			Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
		Committee Expenses		approving this expenditure		
<p>Risk(s)/ Effect(s)/ Implication(s) The constituency funds may be misappropriated through failure to adhere to financial regulations and</p> <p>Recommendations Please explain and properly account for the expenditure</p>						
4.8	<p>Budgetary control and performance</p> <p>Criteria Section 6 of the National Government Constituencies Development Fund Act, 2015 states that the Board shall, with the approval of the relevant committee of the National Assembly, allocates funds for every constituency in each financial year in accordance with section 34. Once funds are allocated for a particular project, they shall remain allocated for that project and may only be re-allocated for any other purpose during the financial year with the approval of the Board. Further, if for any reason, a particular project is cancelled or discontinued during the financial year funds allocated for such a project shall be return to the fund and credited to the account of the constituency from which the funds were withdrawn. In addition, unspent funds shall be allocated to any eligible project and such project may be new or ongoing at the end of the financial year.</p> <p>Observation During the financial year 2019/2020, NGCDF Lamu East Constituency budgeted a total receipt in the form of Transfers from NGCDF Board amounting to kshs.197,099,462 and a total expenditure amounting to kshs.197,099,462</p>			<p>Disbursement of funds from the NGCDF Board delayed and funds allocated to the captured projects were processed by the NGCDF Board Head Quarters on 08/06/2020 as evidenced by AIE NO B096761 - DEP 07/2019/2020/1322 and received by</p>	Resolved	30 June 2021

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)																																																
	The fund received 100% of the total transfers from NGCDF Board which is comprised of an actual receipt for the financial year 2019/2020 amounting to kshs.137,367,724.10 and cashbook opening balance of kshs.59,731,738 but expended kshs.129,516,492 representing approximately 65.71% of the total budgeted receipts leaving unspent balance of kshs.67,582,970 which represents approximately 34.29% of the budgeted receipts for the financial year 2019/2020 as detailed below:	our office on 15/06/2020 thus implementation of projects was delayed by forces beyond our jurisdiction. However projects had been implemented to completion at the time of audit																																																		
	<table><tr><th>Receipt/Expense Item</th><th>Budget (kshs)</th><th>Expenditure (kshs)</th><th>Variance (kshs)</th></tr><tr><td>RECEIPTS</td><td></td><td></td><td></td></tr><tr><td>Transfers from NGCDF Board</td><td>197,099,462</td><td>197,099,462</td><td>0</td></tr><tr><td>TOTAL RECEIPTS</td><td>197,099,462</td><td>197,099,462</td><td>0</td></tr><tr><td>PAYMENTS</td><td></td><td></td><td></td></tr><tr><td>Compensation of Employees</td><td>5,024,264</td><td>3,973,895</td><td>1,050,369</td></tr><tr><td>Use of goods and services</td><td>8,931,559</td><td>8,673,652</td><td>257,907</td></tr><tr><td>Transfers to Other Government Units</td><td>61,748,000</td><td>42,744,800</td><td>19,003,200</td></tr><tr><td>Other grants and transfers</td><td>108,762,224</td><td>66,167,757</td><td>42,594,467</td></tr><tr><td>Acquisition of Assets</td><td>7,956,388</td><td>7,956,388</td><td>0</td></tr><tr><td>Other Payments</td><td>4,677,027</td><td>0</td><td>4,677,027</td></tr><tr><td>TOTALS</td><td>197,099,462</td><td>129,516,492</td><td>67,582,970</td></tr></table> <p>Risk(s)/ Effect(s)/ Implication(s) Failure to utilize the budgeted receipts will affect the implementation of the planned projects and the delivery of goods and services to the residents of Lamu East Constituency</p> <p>Recommendations Ensure full utilization of the budgeted receipts</p>				Receipt/Expense Item	Budget (kshs)	Expenditure (kshs)	Variance (kshs)	RECEIPTS				Transfers from NGCDF Board	197,099,462	197,099,462	0	TOTAL RECEIPTS	197,099,462	197,099,462	0	PAYMENTS				Compensation of Employees	5,024,264	3,973,895	1,050,369	Use of goods and services	8,931,559	8,673,652	257,907	Transfers to Other Government Units	61,748,000	42,744,800	19,003,200	Other grants and transfers	108,762,224	66,167,757	42,594,467	Acquisition of Assets	7,956,388	7,956,388	0	Other Payments	4,677,027	0	4,677,027	TOTALS	197,099,462	129,516,492	67,582,970
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4.9	Constituency Oversight Committee Criteria National Government Constituencies Development Fund Act, 2015 section																																																			

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	<p>53(1) requires a Constituency Oversight Committee to be appointed for every National Government Constituency Development Fund in every constituency</p> <p>Observation National Government Constituencies Development Fund Act, 2015 section 53(1) requires a Constituency Oversight Committee to be appointed for every National Government Constituency Development Fund in every constituency. However, there was no oversight committee in place during the financial year under review</p> <p>Risk(s)/ Effect(s)/ Implication(s) Failure to have the committee in place may lead to non-adherence of laws and regulations</p> <p>Recommendations National Government Constituency Development Fund - Lamu East Constituency should appoint a Constituency Oversight Committee</p>	<p>The authority to appoint the Constituency Oversight Committee is a preserve of the Member of National Assembly as provided for by the law.</p> <p>The Constituency Oversight Committee (COC) - Lamu East Constituency was eventually proposed in March 2021 and names forwarded to the NGCDF Board for onwards gazette/ment/appoi ntment</p>	Resolved	30 June 2021
10	<p>Summary of Fixed Assets</p> <p>Criteria Section 139(1) of the Public Finance Management (National Government) regulations states that the Accounting Officer of a National Government Entity shall take full responsibility and ensure that proper control systems exist for assets and that: a) preventive mechanisms are in place to eliminate theft, security threats, losses, wastages and misuse b) movement and conditions of assets can be tracked</p>	<p>Assets in the custody of the NGCDF Lamu East Constituency are assets owned by the NGCDF Board and authority to dispose obsolete assets has to be given by the NGCDF Board. NGCDF Lamu East</p>	Resolved	30 June 2021

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	<p>c) stock levels are at an optimum and economical level (2) the Accounting Officer shall ensure that processes and procedures both electronic and manual are in place for the effective, efficient, economical and transparent use of the government entity's assets.</p> <p>Observation Annex 4 of the financial statements reflects a summary of fixed assets register with an historical amount of kshs.21,531,943 as at 30 June 2020 compared to kshs.13,575,555 as at 30 June 2019 as the balancer for fund's non-current assets. However, a review of the Fixed Assets register maintained by the fund indicated the following anomalies;</p> <ul style="list-style-type: none"> Assorted items like laptops, photocopier machines and scanners were among others which were obsolete but held by the fund land owned by the fund has no ownership documents The fund owns five boats but three of them are not functional and none has ownership documents The physical location of the assets was not indicated and thus difficult to verify them Labeling of the assets has not been done <p>Risk(s)/ Effect(s)/ Implication(s) The completeness, accuracy, correctness and security of fixed assets could not be ascertained</p> <p>Recommendations The fund should put in place adequate systems and processes to plan for, procure, account for, maintain, store and dispose</p>	<p>Constituency is in the process of getting authority from the NGCDF Board to dispose obsolete assets.</p> <p>Majorly, land ownership within Lamu East Constituency is communal and public land for development of public amenities well identified.</p> <p>To date land in Lamu East Constituency lacks land ownership document but pose no threat whatsoever as processes of identification of land for public use is well elaborated with participation of all stakeholders</p> <p>NGCDF Lamu East Constituency owns one (1) Speed Motor Boat All other items indicated in Assets Register are machinery parts obtained in respective financial</p>		

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management Comments	Status: <i>(Resolved / Not Resolved)</i>	Time-frame: <i>(Put a date when you expect the issue to be resolved)</i>
	assets, including an asset register that is updated, accurate and available in compliance with section 149 (2) (o) of the Public Finance Management Act, 2012.	years towards maintenance of the one Speed Boat. Item physical locations and labeling have since been indicated in Asset Register for ease of identification as enclosed in supporting evidence file		
4.11	<p>Security projects</p> <p>Criteria Section 227(1) of the constitution states that when a state organ or any other public entity contracts for goods or services, it shall do so in accordance with a system that is fair, equitable, transparent, competitive and cost effective.</p> <p>Observations Included in the Other Grants and Transfers of kshs.66,167,757 reflected under note 7 to the financial statement is an expenditure of kshs.12,000,000 incurred on Security projects that was procured through open tender. Audit review of payment vouchers, tender documents and other supporting documents revealed that the NGCDF Committee - Lamu East Constituency spent on security projects, kshs.2,000,000 on construction of galvanized chain-link fence in Kiangwe AP Post. Three firms had quoted as follows;</p>			

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

Reference No. on the external audit Report	Issue/ Observations from Auditor		Management Comments	Status: (Resolved / Not Resolved)	Time-frame: (Put a date when you expect the issue to be resolved)
	Firms	Amount Quoted	Tendering documents were misplaced in heaps with other tender documents during a previous audit by the Kenya Revenue Authority on revenue compliance. These tender documents have since been located and physical copies have been enclosed for verification	Resolved	30 June 2021
	Shamkarim Commercial Agencies	1,947,567.08			
	Bin Affan General Supplies	2,064,369.64			
	Amana Investment Limited	2,563,963.08			
	<p>The review of evaluation minutes showed that the contract was awarded to the lowest bidder, Shamkarim Commercial Enterprises on 4/02/2020 at a contract sum of kshs.1,947,567.08 (Contract No.NGCDF/LME/02/2019-2020). Work certificates were issued on 16/04/2020. It was observed that although opening and evaluation minutes were attached and lowest evaluated bidder awarded, the project file did not contain the quoted prices by the various bidders and it is not possible to ascertain whether these were the prices quoted by the bidders. The project file did not have the bidders' quotations. It is also not possible to confirm whether evaluation was transparent.</p> <p>Risk(s)/ Effect(s)/ Implication(s) The fund may lose funds through irregular award of procurement tenders</p> <p>Recommendations The fund management should strictly adhere to procurement laws as prescribed during opening and evaluation of tenders</p>				