

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 AUG 2024 DAY: Afternoon

TABLED BY: Deputy Leader of Majority Party
CLERK-AT THE TABLE: Benson Inzofu

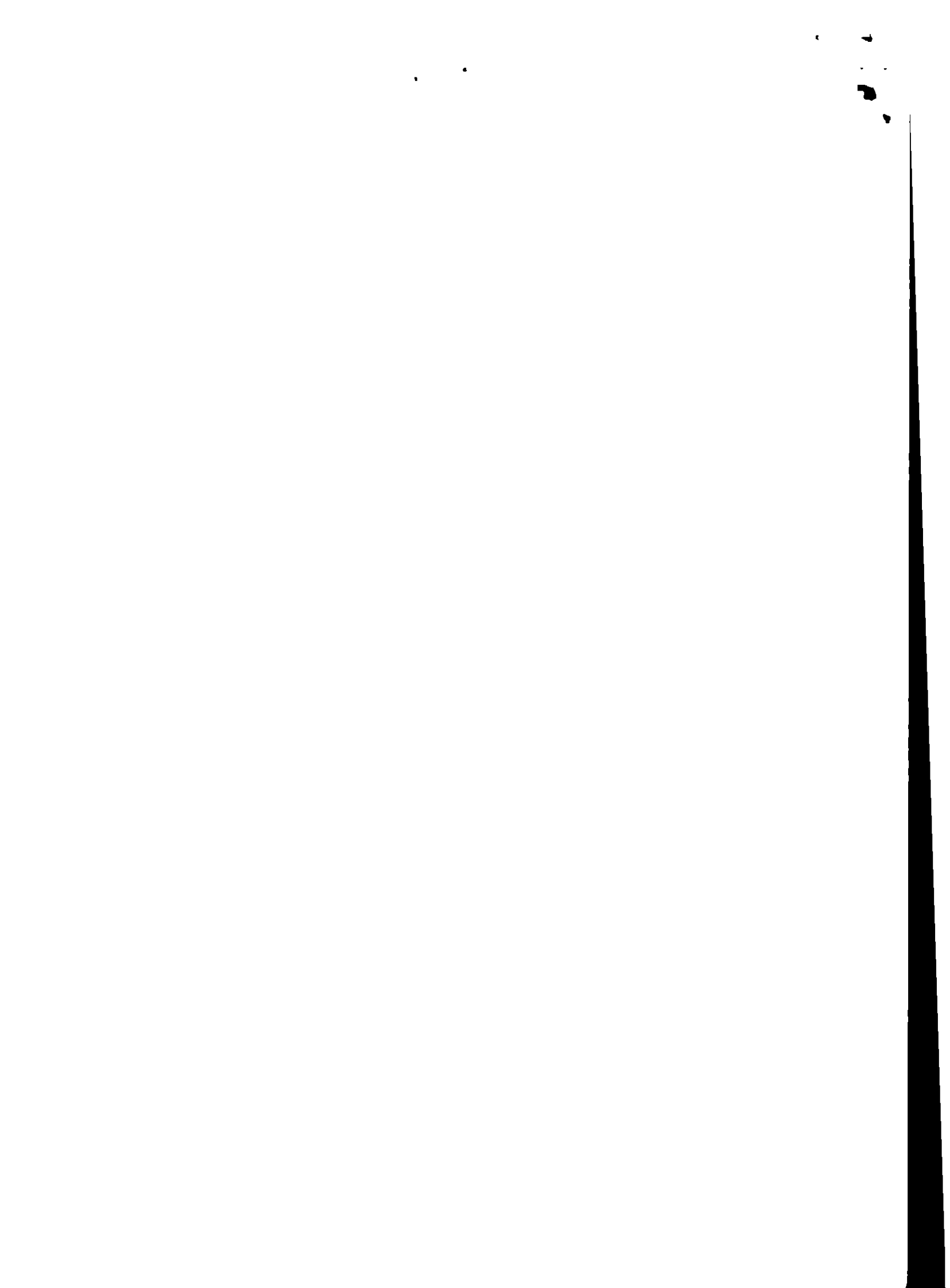
PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2023**





LUNGALUNGA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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

Table of Content	Page
1. Acronyms and Glossary of Terms	ii
2. Key Constituency Information and Management	iii
3. NG-CDFC Chairman's Report	vii
4. Statement Of Performance Against Predetermined Objectives for FY2022/23.....	x
5. Governance statement'	xii
6. Environmental and Sustainability Reporting.....	xv
7. Statement Of Management Responsibilities.....	xix
8. Report Of the Independent Auditors On The NGCDF- lungalunga Constituency.....	xxi
9. Statement Of Receipts and Payments for the Year Ended 30th June 2023.....	1
10. Statement Of Assets and Liabilities As At 30 th June, 2023	2
11. Statement Of Cash Flows for The Year Ended 30th June 2023	3
12. Summary Statement of Appropriation for The Year Ended 30 th June 2023.....	4
13. Budget Execution By Sectors And Projects For The Year Ended 30 th June 2023	6
14. Significant Accounting Policies	12
15. Notes To the Financial Statements.....	18
16. Annexes.....	28

1. Acronyms and glossary of terms

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC-

FY-Financial Year

2. 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 2022. 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

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 Lungalunga 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)

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Davis Mwasambu Pole
2.	Sub-County Accountant	Peter Kamande
3.	Chairman NGCDFC	Abdhulmalik Said Mwalimu
4.	Member NGCDFC	Selina Santo Nambula

(c) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Lungalunga 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.

(d) Lungalunga Constituency NGCDF Headquarters

P.O. Box 336-80400
Opposite Petro filling station
Off Ukunda Lungalunga Highway
KENYA

(e) Lungalunga Constituency NGCDF Contacts

Telephone: (254) 717822831
E-mail: cdflungalunga@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) Lungalunga Constituency NGCDF Bankers
Cooperative Bank (A/C NO. 01141195733400)
Ukunda Branch
P.O.Box 11029
Ukunda

Independent Auditors

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

(g) Principal Legal Adviser

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

3. NG-CDFC Chairman's Report



Abdhulmalik Said Mwalimu

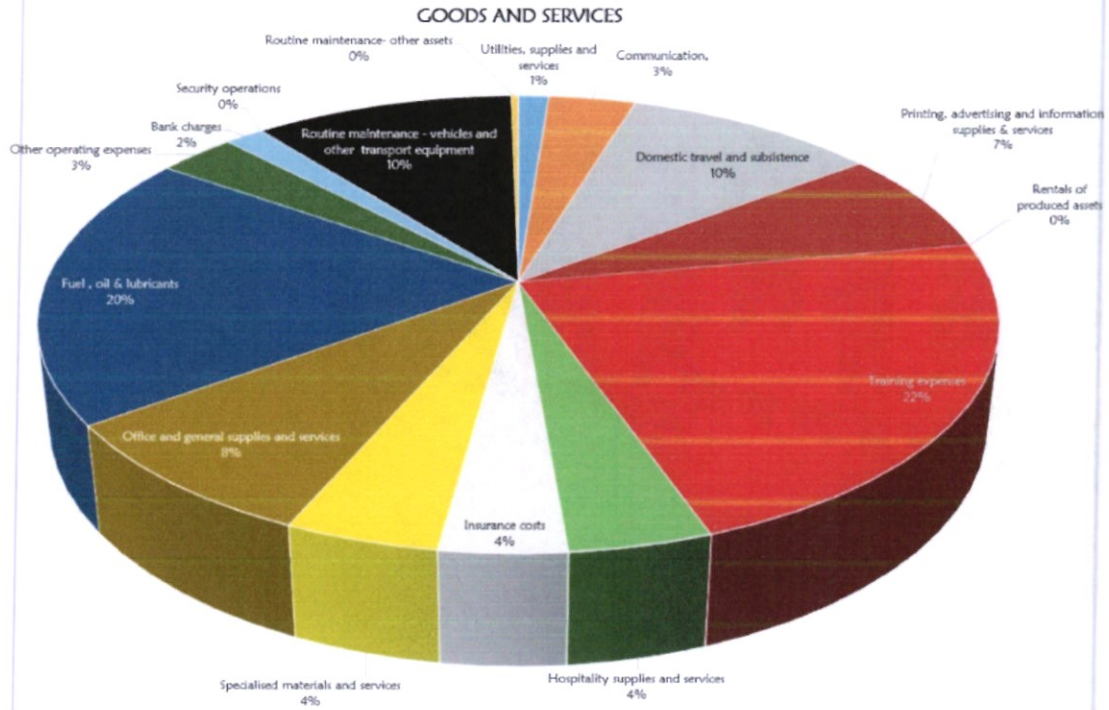
Lungalunga constituents have continuously participated effectively in cascading the objectives of the National Development Plan. They are aware of their rights and the power bestowed on them by the Constitution of Kenya (2010) in relation to implementation of all the development programmes within the constituency. The Constitution of Kenya gives the right to participate in public forums in order to air their opinions as well as grievances through public participation. They too get an opportunity to give feedback in relation to the already implemented programmes by the government through different agencies. The utilization of the NG-CDF fund has always been carried out with fairness, transparency, openness and accountability.

Financial year budget

In the financial year 2022/2023 the NG-CDF Lungalunga Constituency received Kshs. 87,000,000. The budgetary allocation for the 2022/2023 FY was Kshs. 138,215,033. The management therefore received a disbursement of 63% of its budget. During the year a total of Ksh 79,800,710 was paid translating to 45.9% budget utilization through implementation of tangible/ physical projects targeted within the financial year as well as issuance of bursaries to needy students. The remaining 54.1% consisted of amounts disbursed close to the end of the financial year and money owed from the board therefore could not be utilized within the year.

Bursary to both Secondary institutions and Tertiary institutions constituted the highest level of payments amounting to Ksh 44,686,503 translating to 56% of the total payments

The ultimate plan for the year was continuous improvement of infrastructure in our education institutions clearly shows the commitment of Lungalunga NG-CDF towards achieving 100% transition rate. However, there were challenges of funds disbursements during the year causing non realisation of these plans but we look forward to achieving them in the next financial year.





Name: Abdhulmalik Said Mwalimu
CHAIRMAN NGCDF COMMITTEE

4. Statement Of Performance Against Predetermined Objectives for FY2022/23

Introduction

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

The key development objectives of *Lungalunga Constituency 2021-2025* plan are to:

- i. Promotion of Education and Training in the constituency by empowering students in and improving infrastructure in the learning institutions
- ii. Ensure universal health coverage
- iii. Promotion of sports and creative talent for the youths
- iv. Enhancement of administration and security within the constituency
- v. Promotion of Governance and Resource Mobilization
- vi. Creating an enabling environment by participating in environmental activities.
- vii. Promotion of a well-defined Monitoring and evaluation model

Progress on attainment of Strategic development objectives

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

sector	Objective	Outcome	Indicator	Performance
Education	<i>To have all children of school going age attending school</i>	<i>Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions</i>	<i>number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels</i>	<i>In FY 2022/23 -we increased bursary funds by 25% translating to 5000 students who were able to retain in learning institutions. - Bursary beneficiaries at all levels were as per the attached schedules</i>
Security	To improve security in the constituency	Increase number of police post and chiefs office	Number of police post and chiefs offices build.	In FY 2022/2023 we completed Jego police and Kikoneni chiefs

		and		office.
Sports	To harness youth talent and potential in the constituency.	Reduce crime rate number of youth participating in sports activities.	Number of tournament held.	One tournament held in the constituency.

5. Governance Statement

The Lungalunga NG-CDF is governed by the NGCDF committee members who are selected by a selection panel established under paragraph (4) of NGCDF regulations.

The functions of a Constituency Committee shall be to

- build the capacity of project management committees and sensitize the Community on the operations of the Fund;
- consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
- ensure that all proposed projects are approved
- ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans; in approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that such project (works and services) fall within the functions of the National Government under the Constitution;
- consult with relevant government departments to ensure that cost estimates for projects are realistic; in considering joint projects.
- ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board;
- monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;
- ensure that project reports are prepared and submitted to the Board;
- ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
- ensure that the principles of public finance as provided for under Chapter Twelve of the Constitution and the Public Finance Management legislation are observed in the management of the Fund;
- submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;
- collaborate with the officer of the Board seconded to the Constituency in the management of the Fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
- record the names of all the signatories

Removal of NGCDFC Members

- The members of a Constituency Committee may remove a member in accordance with section 43 (13) and (14) of the Act upon receipt of a complaint against a member.
- A complaint against a member of a Constituency Committee shall be deposited with the National Government Constituency Office.
- The complaint referred to in paragraph (2) shall clearly set out the particulars of the issues complained of.
- The Secretary shall convene a special meeting in accordance with these Regulations to deliberate on the complaint, but the member against whom the complaint is raised shall not participate in such a meeting.
- If, at a meeting held pursuant to paragraph (4), members determine that sufficient grounds exist requiring the member against whom the complaint is raised to respond to the issues complained of, the secretary shall by notice, require the member to respond to the issues received in the complaint within fourteen days of the date of the notice.
- A copy of the complaint and any other grounds of removal shall be attached to the notice issued under paragraph (5).
- The member against whom the complaint is raised may be required to respond to the complaint in writing. The member against whom a complaint is raised may, in addition to the written response required under paragraph (7), elect to be heard orally, and a Constituency Committee may hear such a member.
- The member against whom a complaint is made may call witnesses. If the member against whom a complaint is raised chooses not to submit a response in writing or to attend the hearings, a Constituency Committee may proceed to determine the matter.
- Notwithstanding paragraph (10), a Constituency Committee may summon the member against whom the complaint is made to clarify any issue, and such member shall attend the hearing. *Kenya Subsidiary Legislation, 2016 1955*
- If the member against whom a complaint is made fails to respond to the complaint as may be directed by a Constituency Committee, the Committee may proceed and make a determination based on the evidence available.
- A Constituency Committee shall issue its decision on the complaint within seven days after the conclusion of the hearing.
- If a Constituency Committee resolves to remove the member against whom a complaint is made, the secretary shall communicate the decision of the Constituency Committee to the Board within fourteen days of the decision.

- The communication to the Board under paragraph (14) shall include duly executed proceedings, together with all the supporting documents.
- The Board shall, within thirty days after receipt of the communication in paragraph (14), consider the matter and issue a final declaration which shall be binding on all parties.

Members Remuneration

During financial year 2022/2023 the NG-CDF committee members conducted 14 meetings, bursary sub committee conducted 4 meetings. They were remunerated at a rate of kshs. 5,000 per sitting and kshs. 7,000 for the NG-CDFC chairperson which were all subjected to 30% income tax.

6. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

To ensure sustainability of Lungalunga NG CDF, the committee funds the following key sectors with the following sustainable priorities.

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

- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

During the financial year 2022-2023 Lungalunga constituency planted 3000 trees in two secondary schools and one primary school. This will help the schools to have conducive learning environment by providing shade to students in future. The learning institutions engages the students in growing the trees as a motivation tool

3. Employee welfare

We invest in providing the best working environment for our employees. Lungalunga 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. Lungalunga 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-

Lungalunga NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from

the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

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

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.

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



.....
Name: Pole Davis Mwasambu
Fund Account Manager.

7. 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-Lungalunga 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, 2023. 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-Lungalunga 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, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Lungalunga 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.

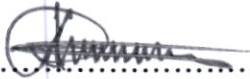
The Accounting Officer in charge of the NGCDF Lungalunga Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used 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

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

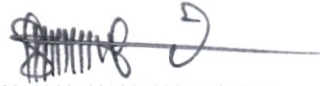
prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Lungalunga Constituency financial statements were approved and signed by the Accounting Officer on 21/08/ 2023.



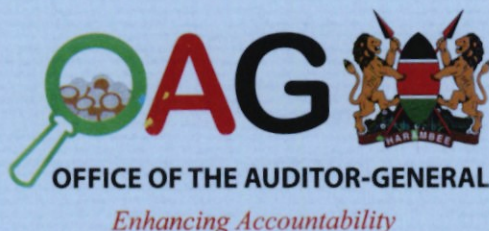
.....
Name: Abdhulmalik Said
Chairman – NGCDF Committee



.....
Name: Pole Davis Mwasambu
Fund Account Manager

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LUNGALUNGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 - Lungalunga Constituency set out on pages 1 to 33, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Lungalunga Constituency as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 (Amended 2022) and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Security Project Expenditure

The statement of receipts and payments reflects other grants and transfers amount of Kshs.48,365,683 as disclosed in Note 8 to the financial statements. Included in the amount is Kshs.3,321,380 in respect of security projects. However, payments totalling to Kshs.2,958,000 in favour of the projects were not supported with Project Management Committee minutes as well as certificates of work as evidence of technically assessed work done.

In the circumstances, the accuracy and completeness of Kshs.3,321,380 could not be confirmed.

2. Unsupported Project Management Committee Balances

Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances of Kshs.3,452,734. However, the cashbooks, bank reconciliation statements and certificates of bank balances for the individual PMC accounts were not provided for audit.

In the circumstances, the accuracy and completeness of the PMC bank balances of Kshs.3,452,734 could not be confirmed.

3. Unsupported Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers amount of Kshs.48,365,683 which as disclosed in Note 8 to the financial statements, includes bursary payments amounting to Kshs.39,974,308 and Kshs.4,640,495 disbursed to secondary schools and tertiary institutions respectively both totalling Kshs.44,614,803. However, no acknowledged letters from beneficiary institutions were provided for audit.

In the circumstances, the accuracy and completeness of bursary disbursements totalling Kshs.44,614,803 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Lungalunga Constituency Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual amounts on comparable basis of Kshs.178,800,229 and Kshs.122,585,196 respectively, resulting to under-funding of Kshs.56,215,033, or 31% of the budget. However, the Fund spent Kshs.79,800,710 against actual receipts of Kshs.122,585,196, resulting to an under-utilization of Kshs.42,784,486 or 35% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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

Unresolved Prior Year Matters

The prior year audit issues remained unresolved as at 30 June, 2023. Although Management has indicated that the issues have been resolved, no evidence was provided to support the status.

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, I confirm that, nothing 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

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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the 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 Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2024

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)




Annual Report and Financial Statements for The Year Ended June 30, 2023

9. Statement of Receipts and Payments for the Year Ended 30th June 2023

	Note	2022-2023	2021-2022
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	87,000,000	181,277,758
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	5,000	1,577,576
TOTAL RECEIPTS		87,005,000	182,855,334
PAYMENTS			
Compensation of employees	4	4,195,689	3,809,826
Committee expenses	5	2,853,710	2,210,000
Use of goods and services	6	4,836,041	7,114,368
Transfers to Other Government Units	7	17,388,087	83,106,956
Other grants and transfers	8	48,365,683	81,007,105
Acquisition of Assets	9	521,500	-
Oversight Committee Expenses	10	640,000	-
Other Payments	11	1,000,000	-
TOTAL PAYMENTS		79,800,710	177,248,255
SURPLUS/DEFICIT		7,204,290	5,607,079

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by the NGCDFC on 21/08 2023 and signed by:

		
_____ Fund Account Manager	_____ National Sub-County Accountant	_____ Chairman NG-CDF Committee
Name: Pole Davis Mwasambu	Name: Peter Kamande ICPAK M/No:12030	Name: Abdhulmalik Said

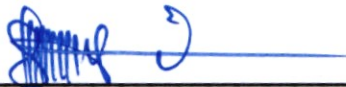
Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

10. Statement Of Assets and Liabilities As At 30th June, 2023

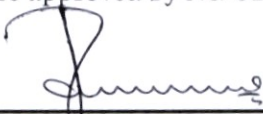
	Note	2022-2023	2021-2022
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	12A	42,784,486	35,580,196
Cash Balances (cash at hand)	12B	-	-
Total Cash and Cash Equivalents		42,784,486	35,580,196
Accounts Receivable			
Outstanding Imprests	13	-	-
TOTAL FINANCIAL ASSETS		42,784,486	35,580,196
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	14A	-	-
Gratuity	14B	-	-
NET FINANCIAL ASSETS		42,784,486	35,580,196
REPRESENTED BY			
Fund balance b/fwd 1st July...	15	35,580,196	29,768,503
Prior year adjustments	16	-	204,614
Surplus/Deficit for the year		7,204,290	5,607,079
NET FINANCIAL POSITION		42,784,486	35,580,196

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.


The Constituency financial statements were approved by NG CDFC on 21/08 2023 and signed by:



Fund Account Manager



National Sub-County
Accountant



Chairman NG-CDF
Committee

Name: Pole Davis Mwasambu

Name: Peter Kamande
ICPAK M/No:12030

Name: Abdhulmalik Said

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023


11. Statement Of Cash Flows for The Year Ended 30th June 2023


		2022-2023	2021-2022
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	87,000,000	181,277,758
Other Receipts	3	5,000	1,577,576
		87,005,000	182,855,334
Payments for operating activities			
Compensation of Employees	4	4,195,689	3,809,826
Committee expenses	5	2,853,710	2,210,000
Use of goods and services	6	4,836,041	7,114,368
Transfers to Other Government Units	7	17,388,087	83,106,956
Other grants and transfers	8	48,365,683	81,007,105
Oversight Committee Expenses	10	640,000	-
Other Payments	11	1,000,000	-
		79,279,210	177,248,255
Adjusted for:			
Decrease/(Increase) in Accounts receivable	17	-	-
Increase/(Decrease) in Accounts Payable	18	-	-
Prior year Adjustments	16	-	204,614
Net Adjustments		-	204,614
Net cash flow from operating activities		7,725,790	5,811,693
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(521,500)	-
Net cash flows from Investing Activities		(521,500)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		7,204,290	5,811,693
Cash and cash equivalent at BEGINNING of the year	12	35,580,196	29,768,503
Cash and cash equivalent at END of the year		42,784,486	35,580,196

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 21/08 2023 and signed by:


Fund Account Manager


National Sub-County Accountant


Chairman NG-CDF Committee

Name: Pole Davis Mwasambu

Name: Peter Kamande
ICPAK M/No:12030

Name: Abdhulmalik Said

ngalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

12. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipt/Expense Item	Original Budget		Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	138,215,033	35,580,196	5,000,000	178,795,229	122,580,196	56,215,033	
Proceeds from Sale of Assets				-	-	-	0.0%
Other Receipts		5,000		5,000	5,000	-	100.0%
TOTAL RECEIPTS	138,215,033	35,585,196	5,000,000	178,800,229	122,585,196	56,215,033	68.6%
PAYMENTS							
Compensation of Employees	3,829,320	2,596,776		6,426,096	4,195,689	2,230,407	65.3%
Committee expenses	2,912,000	-		2,912,000	2,853,710	58,290	98.0%
Use of goods and services	4,950,533	-		4,950,533	4,836,041	114,492	97.7%
Transfers to Other Government Units	42,400,000	27,959,497		70,359,497	17,388,087	52,971,410	24.7%
Other grants and transfers	79,949,180	5,023,923		84,973,103	48,365,683	36,607,420	56.9%
Acquisition of Assets	1,254,000	-		1,254,000	521,500	732,500	41.6%
Oversight Committee Expenses	720,000	-		720,000	640,000	80,000	88.9%
Other Payments	2,200,000	-		2,200,000	1,000,000	1,200,000	45.5%
Unapproved projects	-	5,000	5,000,000	5,005,000	-	5,005,000	0.0%
TOTAL	138,215,033	35,585,196	5,000,000	178,800,229	79,800,710	98,999,519	44.6%

Explanatory Notes.

The underutilization was a result of late funds disbursement from the board

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	98,999,519
Less undisbursed funds receivable from the Board as at 30th June 2023	56,215,033
	42,784,486
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2022/2023	42,784,486

The Constituency financial statements were approved by NG CDFC on 21/08 2023 and signed by:



Fund Account Manager

Name: Pole Davis Mwasambu



National Sub-County Accountant

Name: Peter Kamande
 ICPAK M/No:12030



Chairman NG-CDF Committee

Name: Abdhulmalik Said

13. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation (f= d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2022-2023			2022-2023	6/30/2023		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	3,829,320	2,596,776.00		6,426,096	4,195,689	2,230,407	65%
1.2 Committee allowances	1,456,000			1,456,000	1,456,000	-	100%
1.3 Use of goods and services	2,475,266			2,475,266	2,475,266	0	100%
Total	7,760,586	2,596,776	-	10,357,362	8,126,955	2,230,407	78%
2.0 Monitoring and evaluation						-	
2.1 Capacity building	1,500,000			1,500,000	1,500,000	-	100%
2.2 Committee allowances	1,456,000			1,456,000	1,397,710	58,290	96%
2.3 Use of goods and services	975,266			975,266	860,775	114,491	88%
Total	3,931,266		-	3,931,266	3,758,485	172,781	96%
3.0 Emergency							
3.1 NG-CDF office							100%

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

	249,500			249,500	249,500	-	
3.2 Secondary schools				-		-	
3.3 Tertiary institutions				-		-	
3.4 Security projects			-	-		-	
3.5 Unutilised	7,386,690			7,386,690	-	7,386,690	0%
Total	7,636,190		-	7,636,190	249,500	7,386,690	
4.0 Bursary and Social Security				-			
4.1 Secondary Schools	50,375,262	1,628,478.00		52,003,740	39,974,308	12,029,432	86%
4.2 Tertiary Institutions	10,000,000			10,00,000	4,640,495	5,359,505	30%
4.3 Social Security				-		-	
4.4 Special Needs				-	-		
Total	60,375,262	1,628,478	-	62,003,740	44,614,803	17,388,937	72%
5.0 Sports							
5.1 Constituency Football Sports tournament	2,352,455			2,352,455	-	2,352,455	-
5.2 Regional sports	411,846			411,846	-	411,846	-
Total	2,764,301			2,764,301	-	2,764,301	-
6.0 Environment							
6.1 Menzamenye secondary	291,143			291,143	60,000	231,143	21%

Ng'angalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

6.2 Kilimangodo secondary	291,143			291,143	60,000	231,143	21%
6.3 Jego primary school	291,143			291,143	60,000	231,143	21%
				-		-	
				-		-	
Total	873,428	-	-	873,428	180,000	693,428	21%
7.0 Primary Schools Projects							
7.1 Masimbani Primary school	2,000,000			2,000,000		2,000,000	0%
7.2 Maro Primary school	2,700,000			2,700,000		2,700,000	0%
7.3 Kalwembe Primary school	2,700,000			2,700,000		2,700,000	0%
7.4 Mvumoni Primary school	2,700,000			2,700,000		2,700,000	0%
7.5 Vumbakuu Primary school (Jasini)	2,700,000			2,700,000		2,700,000	0%
7.6 Vitsangalaweni Primary school	2,500,000	3,000,000.00		5,500,000	2,960,000	2,540,000	54%
7.7 Solaita Primary school	-	500,000.00		500,000		500,000	0%
7.8 Mnarani Primary school	-	3,000,000.00		3,000,000	2,960,000	40,000	99%
7.9 Mwangwei primary school		33,943.00		33,943	33,943	-	100%
				-		-	
						-	
Total	15,300,000	6,533,943	-	21,833,943	5,953,943	15,880,000	27%
8.0 Secondary Schools							

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Projects						-	
8.1 Menzamwenye Secondary school	300,000.00			300,000		300,000	0%
8.2 Chiforomodo Secondary school	10,000,000.00			10,000,000		10,000,000	0%
8.3 Kasemeni City Secondary school	10,000,000.00			10,000,000		10,000,000	0%
8.4 Shimoni secondary school	2,500,000	3,000,000.00		5,500,000	3,000,000	2,500,000	55%
8.5 Franz josef secondary school	2,500,000			2,500,000	-	2,500,000	0%
8.6 Lungalunga secondary school	1,800,000	7,000,000.00		8,800,000	35,600	8,764,400	0%
8.7 Mwashetani High school	-	986,453.00		986,453	985,500	953	100%
8.8 Jumaboy Secondary school	-	3,000,000.00		3,000,000	-	3,000,000	0%
8.9 Mwalewa Girls secondary school	-	30,000.00		30,000	-	30,000	0%
8.91 Ngozi Girls secondary school	-	1,500,000.00		1,500,000	1,500,000	-	100%
8.92 Mama Rukia Girls secondary school	-	5,943,044.00		5,943,044	5,913,044	30,000	99%
Total	27,100,000	21,459,497	-	48,559,497	11,434,144	37,125,353	24%
9.0 Tertiary institutions Projects				-		-	
						-	
Total	-	-	-	-	-	-	
10.0 Security Projects				-		-	
10.1 Jego police Post	500,000.00			500,000		500,000	0%
10.2 Kiwegu Ass. Chief's							0%

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

office	3,010,000.00			3,010,000		3,010,000	
10.3 Bengo police post	3,900,000.00			3,900,000		3,900,000	0%
10.4 Mwangulu police station	577,500.00			577,500		577,500	0%
10.5 Kiwegu chief's offices	312,500			312,500		312,500	0%
10.6 Magombani Ass. Chiefs office	-	3,000,000.00		3,000,000	2,960,000	40,000	99%
10.7 Magombani chiefs office	-	361,502.00		361,502	361,380	122	100%
Total	8,300,000	3,361,502	-	11,661,502	3,321,380	8,340,122	28%
11.0 Acquisition of assets				-		-	
11.1 NG-CDF Office	1,254,000			1,254,000	521,500	732,500	42%
	-		-	-	-	-	
	-		-	-	-	-	
	-		-	-			
Total	1,254,000		-	1,254,000	521,500	732,500	42%
12.0 Oversight Committee Expenses (itemize)				-		-	
Oversight allowances	670,000			670,000	590,000	80,000	88%
Transport	50,000		-	50,000	50,000	-	100%
Total	720,000		-	720,000	640,000	80,000	89%
13.0 Other payments				-		-	
13.1 Lungalunga strategic plan	2,200,000			2,200,000.00	1,000,000	1,200,000.00	45%

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Total	2,200,000	-	-	2,200,000	1,000,000	1,200,000	45%
14.0 unallocated fund							
Unapproved projects			5000,000	5000,000		5,000,000	
AIA		5,000.00		5,000	-	5,000	0%
PMC savings							
Total		5,000	5,000,000	5,000	-	5,005,000	0%
	138,215,033	35,585,196	5,000,000	178,800,229	79,800,710	98,999,519	46%

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

14. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-Lungalunga Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the entity for all the years presented.

a) Recognition of Receipts

The entity recognises all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

Significant Accounting Policies continued

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

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.

Significant Accounting Policies continued

6. Cash and Cash Equivalent.

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.

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

For the purposes of these financial statements, Deposits (gratuity and retentions) held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

Significant Accounting Policies continued

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the entity at the end of the financial year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30th June 2022 for the period 1st July 2022 to 30th June 2023 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.

Significant Accounting Policies Continued

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 2023.

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.

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

15. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022-2023	2021-2022
	Kshs	Kshs
Normal Allocation		
AIE NO. B185301	7,000,000	-
AIE NO. B185494	6,000,000	-
AIE NO. B185689	15,000,000	-
AIE NO. B206007	5,000,000	-
AIE NO. B206454	12,000,000	-
AIE NO. B205964	12,000,000	-
AIE NO. B207562	15,000,000	-
AIE NO. B207843	15,000,000	-
AIE NO. B140986		33,000,000
AIE NO. B105498		44,000,000
AIE NO. B105849		24,000,000
AIE NO. B128597		5,000,000
AIE NO. B128909		12,000,000
AIE NO. B154107		16,000,000
AIE NO. B164440		26,988,879
AIE NO. B895014		9,100,000
		11,188,879
TOTAL	87,000,000	181,277,758

2. Proceeds From Sale of Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Receipts from the Sale of Buildings		-
Receipts from the Sale of Vehicles and Transport Equipment		-
Receipts from the Sale Plant Machinery and Equipment		-
Receipts from the Sale of Office and General Equipment		-
TOTAL	-	-

3. Other Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts Sale of Tender Documents	5,000	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs		1,577,576
Other Receipts Not Classified Elsewhere (specify)	-	-
TOTAL	5,000	1,577,576

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

Description	2022-2023	2021-2022
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,187,522	2,692,493
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	1,889,287	1,086,533
Employer Contributions Compulsory national social security schemes	118,880	30,800
TOTAL	4,195,689	3,809,826

5. Committee Expenses

Sitting allowance	1,339,290	1,500,000
Other committee expenses	1,514,420	710,000
TOTAL	2,853,710	2,210,000

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

6. Use of Goods and services

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, supplies and services	59,271	38,989
Communication, supplies and services	168,000	27,000
Domestic travel and subsistence	491,650	926,907
Printing, advertising and information supplies & services	355,749	-
Rentals of produced assets	-	-
Training expenses	1,079,000	1,400,800
Hospitality supplies and services	196,920	587,600
Insurance costs	174,823	-
Specialised materials and services	211,324	-
Office and general supplies and services	409,930	887,010
Fuel , oil & lubricants	944,250	1,537,383
Other operating expenses	151,200	617,000
Bank Charges	74,366	57,059
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	504,558	1,034,620
Routine maintenance- other assets	15,000	-
TOTAL	4,836,041	7,114,368

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to Primary Schools	5,953,943	60,610,000
Transfers to Secondary Schools	11,434,144	22,496,956
Transfers to Tertiary Institutions	-	-
TOTAL	17,388,087	83,106,956

8. Other Grants and Other transfers

Description	2022-2023	2021-2022
	Kshs	Kshs
Bursary - Secondary (see attached list)	39,974,308	28,343,000
Bursary -Tertiary (see attached list)	4,640,495	18,027,180
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security Projects (see attached list)	3,321,380	21,200,580
Sports Projects (see attached list)	-	3,789,096
Environment Projects (see attached list)	180,000	-
Emergency Projects (see attached list)	249,500	9,647,249
Roads Projects	-	-
TOTAL	48,365,683	81,007,105

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

Non Financial Assets	2022-2023	2021-2022
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	521,500	-
Purchase of Vehicles Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of office furniture and and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
TOTAL	521,500	-

10. Oversight Committee Expenses

	2022-2023	2021-2022
	Kshs	Kshs
COC Members allowance	590,000	-
Other COC expenses	50,000	-
TOTAL	640,000	-

11. Other Payments

	2022-2023	2021-2022
	Kshs	Kshs
Strategic Plan	1,000,000.00	-
ICT Hubs	-	-
TOTAL	1,000,000.00	-

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

12. Cash Book Bank Balance

Name of Bank, Account No. & currency	2022-2023	2021-2022
	Kshs (30/6/2023)	Kshs (30/6/2022)
Cooperative Bank, A/C no. 01141195733400, Ukunda Branch. (main account)	42,784,486	35,580,196
TOTAL	42,784,486	35,580,196

13. Outstanding Imprests

Name of Officer		Amount Taken	Amount Surrendered
	Date imprest taken	Kshs	Kshs
		-	-
TOTAL		-	-

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Notes to the Financial Statement Continued

14. Retention and Gratuity

	2022-2023	2021-2022
	KShs	KShs
Retention as at 1st July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30th June D= A+B-C	-	-

	2022-2023	2021-2022
	KShs	KShs
Gratuity as at 1 st July (A)	-	-
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 th June D= A+B-C	-	-

15. Fund Balance B/F

	2022-2023	2021-2022
	Kshs (1/7/2022)	Kshs (1/7/2021)
Bank accounts	35,580,196.00	29,768,503
Cash in hand		
Imprest		
TOTAL	35,580,196.00	29,768,503

[Provide short appropriate explanations as necessary]

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

16. Prior Year Adjustments

Description of the error	Balance b/f	Adjustments	Adjusted Balance** b/f
	FY 2021/2022 as per Audited Financial statements		
	Kshs	Kshs	Kshs
Bank accounts balances	-	-	-
Cash in hand	-	-	-
Accounts Payable	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
Total	-	-	-

**** The adjusted balances are not carried down on the face of the financial statement.
(Entity to provide disclosure on the adjusted amounts)**

17. Changes In Accounts Receivable – Outstanding Imprests

	2022-2023	2021-2022
	Kshs	Kshs
Outstanding Imprest as at 1st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Closing accounts receivable as at 30th June 2022 (D=A+B-C)	-	-
Net changes in accounts receivables D-A	-	-

18. Changes In Accounts Payable – Deposits and Retentions

	2022-2023	2021-2022
	Kshs	Kshs
Deposits and Retention as at 1st July 2019 (A)	-	-
Deposits and Retention held during the year (B)	-	-
Deposits and Retention paid during the year (C)	-	-
Closing accounts payable at 30th June (D=A+B-C)	-	-
Net changes in accounts payables D-A	-	-

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

	2022-2023	2021-2022
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
TOTAL	-	-

19.2: Pending Staff Payables (See Annex 2)

	2022-2023	2021-2022
	Kshs	Kshs
NGCDF Staff	-	-
Others (specify)	-	-
	-	-

19.3: Unutilized Fund (See Annex 3)

	2022-2023	2021-2022
	Kshs	Kshs
Compensation of employees	2,230,407	2,596,776
Use of goods and services	252,782	248,851
Amounts due to other Government entities (see attached list)	53,005,353	34,274,305
Amounts due to other grants and other transfers (see attached list)	36,573,477	3,255,470
Acquisition of assets	732,500	
Others (<i>strategic plan</i>)	1,200,000	-
Funds pending approval	5,005,000	
Total	98,999,519	40,375,402

Lungalunga Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

18.4: PMC account balances (See Annex 5)

	2022-2023	2021-2022
	Kshs	Kshs
PMC account balances (see attached list)	3,452,734	4,556,709

16. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

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

*Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 20xx	Comments
NG-CDFC Staff				
1.				
2.				
3.				
Sub-Total				
Grand Total				

ANNEX 3 - UNUTILIZED FUND				
Name	Brief Transaction Description	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
Compensation of employees		2,230,407	2,596,776	
Use of goods & services		172,782	248,851	
Amounts due to other Government entities			34,274,305	
1. Masimbani primary school		2,000,000		
2. Maro primary school		2,700,000		
3. Kalwembe primary school		2,700,000		
4. Mvumoni primary school		2,700,000		
5. Vumbakutu primary school		2,700,000		
6. Vitsangalaweni primary school		2,540,000		
7. Sololita Primary school		500,000		
8. Mnarani primary school		40,000		
9. Merzamuweye secondary school		300,000		
10. Chifromodo secondary school		10,000,000		
11. Kasementi City secondary school		10,000,000		
12. Shimeni secondary school		2,500,000		
13. Franz Josef Girls secondary school		2,500,000		
14. Lungalunga secondary school		8,764,400		
15. Mwashedhani High school		953		
16. Jumabay secondary school		3,000,000		
17. Mwalewa Girls secondary school		30,000		
18. Marna Rukia Girls secondary school		30,000		
Sub-Total		53,005,353	37,119,932	
Amounts due to other grants and other transfers			3,255,470	
1. Bursaries-Secondary		12,029,432		
2. Bursaries-Tertiary		5,359,505		
3. Sports		2,763,639		
4. Menza mwempe sec- environment		231,143		
5. Jeigo primary school -environment		231,143		
5. Kilimanfedo secondary school -environment		231,143		
6. Jeigo police post -security		500,000		
7. Bengo police post - security		3,900,000		
8. Mwangulu Police post -security		577,500		
9. Kiwegu chiefs office -security		312,500		
10. Kiwegu assistant chiefs-security		3,010,000		
11. Magombani As. Chiefs -security		40,000		
12. Magomabni chiefs office - security		122		
13. Emergency		7,387,350		
Sub-Total		36,573,477		
Acquisition of assets		732,500		
Oversight Committee Expenses(allowances)		80,000		
Others (specify)				
Strategic plan		1,200,000		
Sub-Total		5,005,000		
Funds pending approval		98,999,319		
Grand Total			40,375,402	

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2021-2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2022-2023
Land				-
Buildings and structures	5,762,239			5,762,239
Transport equipment	13,057,402			13,057,402
Office equipment, furniture and fittings	1,743,271	521,500		2,264,771
ICT Equipment, Software and Other ICT Assets	1,126,634			1,126,634
Other Machinery and Equipment	20,880,000			20,880,000
Heritage and cultural assets				-
Intangible assets				-
Total	42,569,546	521,500		43,091,046

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Annex 5 – PMC Bank Balances as at 30th June 2023

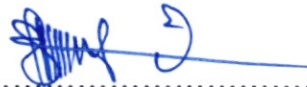
PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
VITSANGALAWENI PRIMARY SCHOOL-NG CDF	COOPERATIVE	01141043353200	510	510
MKUDURU PRIMARY SCHOOL-NG CDF	COOPERATIVE	01141566749900	2,477	134,477
GUGU SECONDARY SCHOOL-NG CDF	COOPERATIVE	01141566750700	9,884	279,884
MPAKANI POLICE STATION-NG CDF	COOPERATIVE	01141566920400	0,00	46,571
MAKAMBANI PRIMARY SCHOOL-NG CDF PROJECT	COOPERATIVE	01141566980200	2,713	136,713
MWALEVA GIRLS SECONDARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839273400	5,154	595,154
MAGOMBANI POLICE POST-NG CDF PMC	COOPERATIVE	01141839363600	119,735	119,735
MAJORENI ASSISTANT CHIEFS OFFICE-NG CDF PMC	COOPERATIVE	01141839399700	276,759	276,759
MIRIMA PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839499700	124,907	377,907
MTIMBIVANI PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839509400	1,534	135,534
KITUNGURE PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839418800	2,629	2,629
MAFUNGONI PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839401500	62,819	62,819
MALEDI PRIMARY SCH CDF PROJECT	COOPERATIVE	01141566345900	1	1
MURUJI PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839227600	0	171,305
NG CDF LUNGALUNGA MCGME PRIMARY SCHOOL	COOPERATIVE	01141043985800	77,923	77,923
SOLOTA PRIMARY SCHOOL-NG CDF PMC	COOPERATIVE	01141839417200	358,035	358,035
MNARANI PRIMARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141839543600	1,110	-
MWANGWEI PRIMARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141043799400	8,010	-
NGOZI GIRLS SECONDARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141839510600	373,930	-
MAGOMBANI ASSISTANT CHIEFS OFFICE-NG-CDF PMC	COOPERATIVE	0114183956400	1,280	-
MAGOMBANI CHIEFS OFFICE-NG-CDF PMC	COOPERATIVE	01141839399700	-	1,779,632
CHIDZIWENI PRIMARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141566318300	-	1,121
PANGANI PRIMARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141566750300	-	-
MAMA KUKIA GIRLS SECONDARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141839374100	248,704	-
SHIMONI SECONDARY SCHOOL-NG-CDF PMC	COOPERATIVE	01141043769100	867,529	-
HON. KHATIB MWASHITANI SECONDARY SCHOOL-NG-CDF PMC	COOPERATIVE	1141566102900	381,038	-
JECO POLICE POST-NG-CDF PROJECT	COOPERATIVE	1141839653700	526,055	-
LUNGALUNGA SECONDARY SCHOOL-NG-CDF PMC	COOPERATIVE	1141565824400	-	-
Total			3,452,734	4,556,709

Lungalunga Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

Annex 6: 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)	Timeframe: (Put a date when you expect the issue to be resolved)
2. Inaccurate cash and cash equivalents	Stale cheques totalling to kshs. 324,296 had not been reversed in the cashbook	The stale cheques were reversed in the cashbook at the beginning of the financial year	Resolved	
4. Unexplained variances	The fixed asset register reflects a historical cost of fixed assets of 42,569,546 while the fixed asset register reflects kshs. 12,771,984, resulting to a variance of 29,798,562 which was not explained	The asset register was dully updated to reflect the correct amount of kshs. 42,569,546	Resolved	



.....
 Name: Pole Davis Mwasambu
 Fund Account Manager.