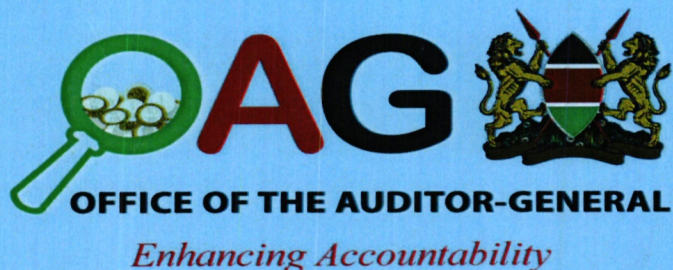


REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY

DATE: 22 NOV 2022

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THE AUDITOR-GENERAL

ON

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

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





OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

20 APR 2022

RECEIVED



LANGATA 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)

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

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National Government Constituencies Development Fund (NGCDF)
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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

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 LANGATA Constituency NG-CDF day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(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	Phyliss Chibayi
2.	Sub-County Accountant	Conelius Omony
3.	Chairman NG-CDFC	David Muchai
4.	Member NG-CDFC	Donnie Langat

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NG-CDF Board provide overall fiduciary oversight on the activities of LANGATA Constituency NG-CDF. The reports and recommendation of ARMC when adopted by the NG-CDF 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) LANGATA Constituency NG-CDF Headquarters

P.O. Box 34833-00100
Langata NG-CDF office
Wilson (DCC Compound)
Nairobi, KENYA

(f) LANGATA Constituency NG-CDF Contacts

Telephone: (254)722557112
E-mail: cdflangata@NG-CDF.go.ke
Website: www.langataNG-CDF.go.ke

(g) LANGATA Constituency NG-CDF Bankers

Bank Name:	Equity bank
Branch:	Nairobi west
Account Name:	LANGATA NG – CDF
Account Number:	1280262114687
Address:	75104 Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC CHAIRMAN'S REPORT



David K. Muchai

The total allocation for Langata NG - CDF for financial year 2020/2021 was **kshs 137,155,879.31**, a decrease of Kshs. 211,844.83 from the 2019/2020 financial year's allocation. This decrease was reciprocated in a decrease in projects' implementation.

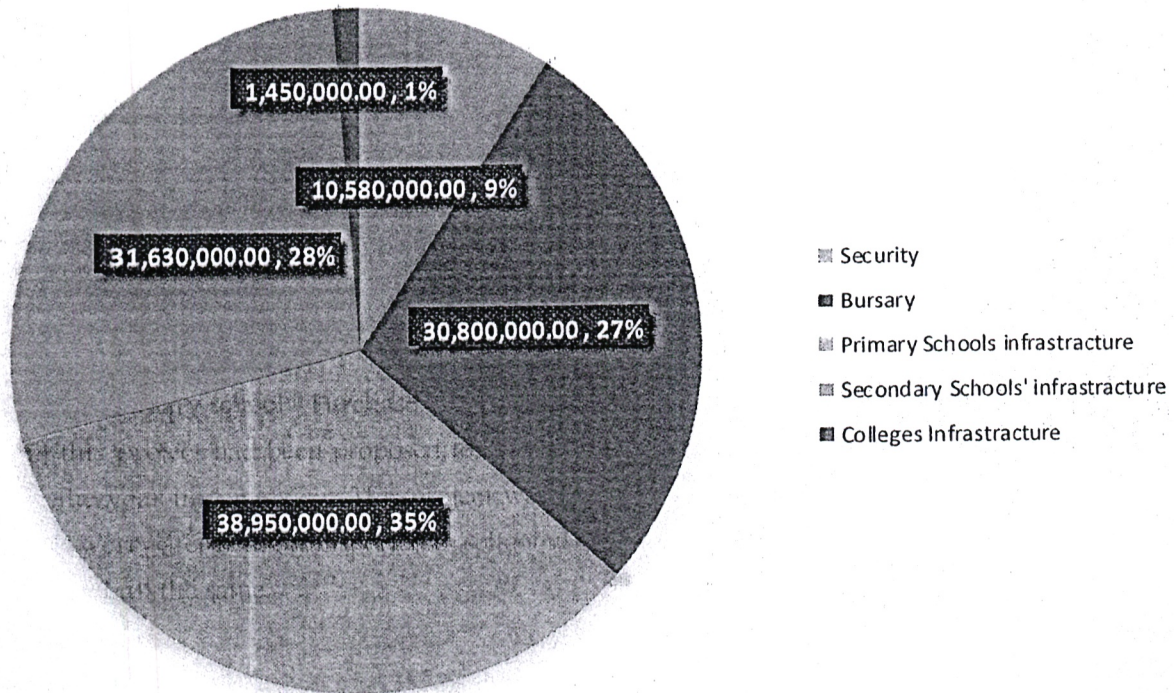
The National Government Constituencies Development Fund Board approved a total allocation of KShs. 137,088,879.31 less KShs. 67,000.00 which was under the AIA (revenue realized from the sale of tender documents) whose approval was pending by year-end.

Table 1.1: Showing allocation on comparative basis

Financial year	Allocation	Disbursement (within the financial year)	Difference
2020/2021	137,155,879.31	86,000,000.00	51,088,879.31 (37.3%)
2019/2020	137,367,724.14	68,000,000.00	69,367,724.14 (50.5%)
Difference	211,844.83 (-)		

Langata NG-CDF allocated Kshs. 30,800,000.00 to Social security programmes, education bursary schemes, mock examinations and continuous assessment tests. However, due to the Covid-19 pandemic this allocation to bursary was a drop in the ocean since the office was unable to issue bursary as per the vetted list of applicants. In this case, the committee awarded bursary to the secondary school applicants pending the post-secondary applicants.

SECTOR ALLOCATION



According to the above chart, primary schools’ infrastructure received the highest allocation followed by the secondary schools’ infrastructure. On the other hand, colleges’ infrastructure received the least which was the levelling of the field at Kenya Medical Training College in Karen ward.

Key achievements

The 2020/2021 Financial Year saw the entity engage in its mega projects as follows:

a) Langata West Primary school - Purchase of a School bus

Even though this project had been proposed for in the 2019/2020 Financial Year, its implementation was done during the year under review. This project was quite impactful in that with the school bus, it meant that the pupils were safer being transported to school using the school bus as opposed to the public means or walking to school all the same.

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b) Karen C Secondary School – Construction of a multipurpose hall

This is a multi-year project phased into two, where phase one's implementation started during the 2020/2021 Financial Year, precisely on the 14th June 2021.

Allocation

The current allocation for this project is KShs. 17,100,000.00 against the Engineer's estimate of KShs. 24,222,377.60. Phase one was awarded at KShs. 16,800,000.00 whose scope was the deep foundation, backfilling, walling and a slab to hold another floor in future.

Objective

- i. To improve students' performance.
- ii. To increase staff morale.

Challenges

- At the time of proposal preparation the Government had reduced the taxes by 2%. By the time this project was being tendered, unfortunately this was back to 16% meaning this increase has to be lamped to the Contractor and such adjustments have to be made by the Employer to avoid cases where the quality is compromised.

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- Black cotton soil which lead to increase in foundation depths and introduction of ground beams. For this reason extra works in the foundation was quoted at KShs 2,800,000.00.
- Poor drainage system in the school- leaking septic tank was a challenge during the excavation for column bases. This was also hazardous to the site workers and the students.



Ground breaking



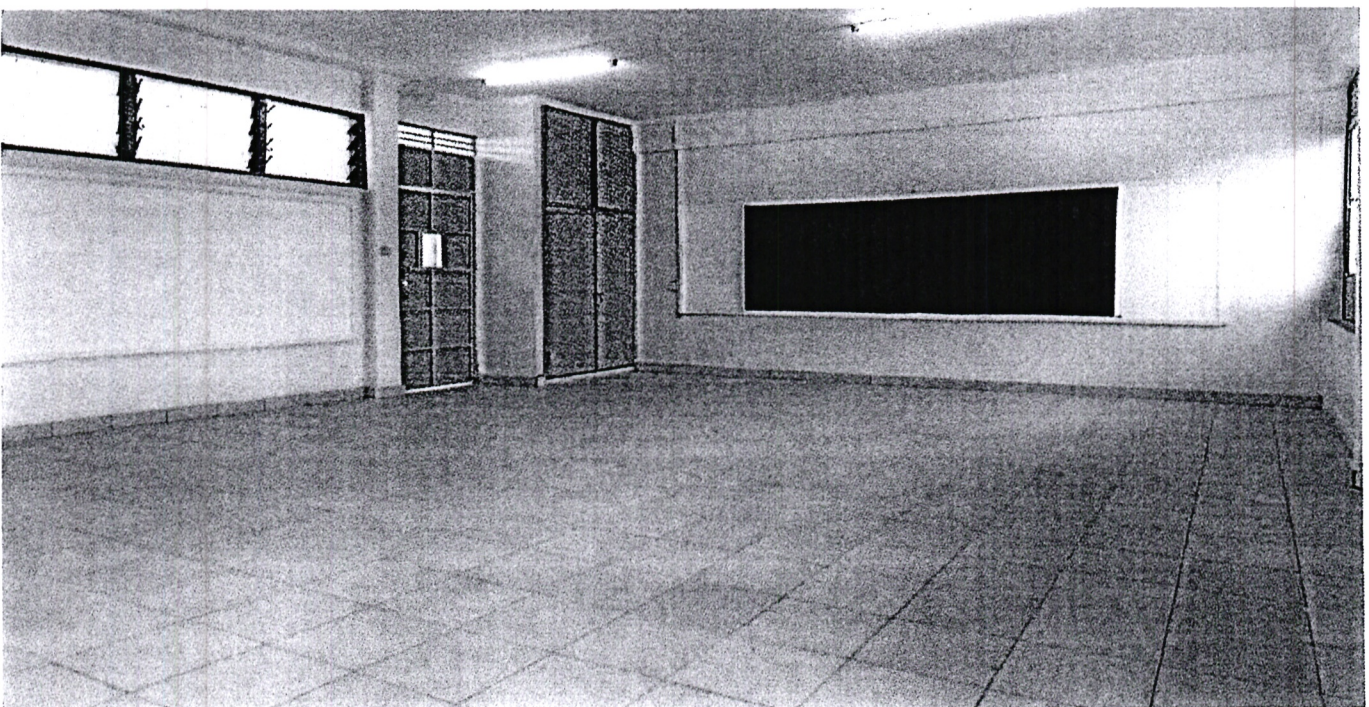
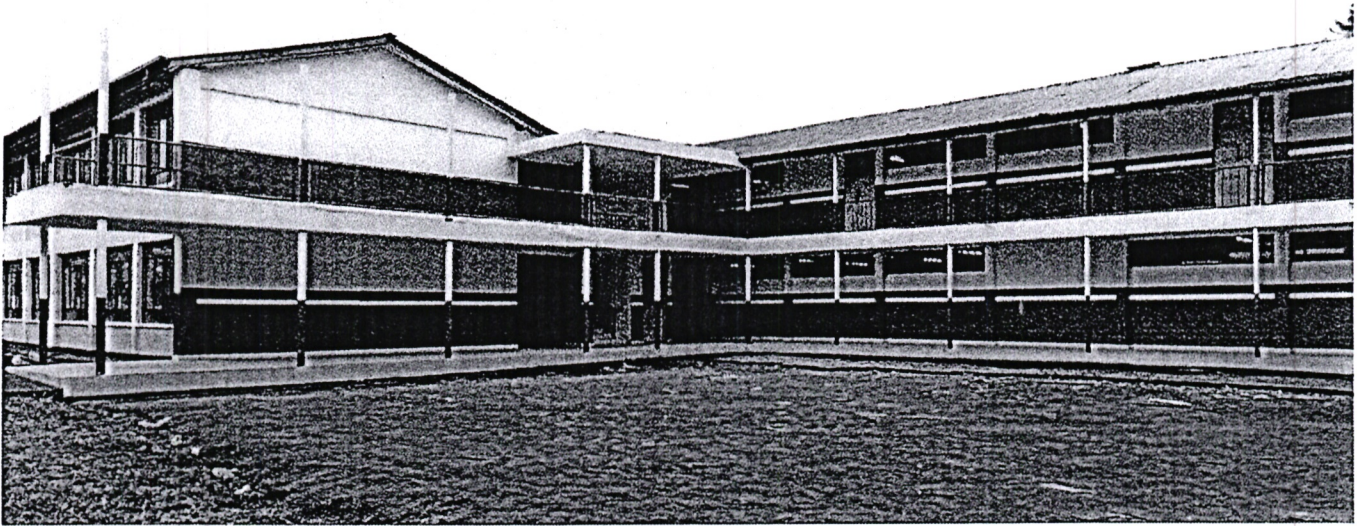
Ongoing

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c) Uhuru Gardens Primary school – renovation of ten classrooms

Renovation of ten classrooms was allocated KShs. 6,400,000.00 where the contract price was KShs. 6,375,360.00.

The implementation process was carried in accordance with the existing regulations and its completion was appreciated by the users who cited that besides improving the aesthetic of the school, pupils' and teachers' morale was boosted.



Emerging issues

- The use of ICT has been seen as an inevitable way of running day-to-day operations, for instance the entity has had to opt for zoom meetings as a way of preventing the spread of Covid-19 virus.

Implementation challenges and recommended way forward

- One major challenge is the high demand of projects in public institutions against the limited resources which results in some institutions feeling like they have been side-lined. Way forward here is to carry out sensitization on prioritization criteria by the entity prior to proposal presentation to the NG-CDF Board.
- Late disbursement of funds from NG-CDF Board was a challenge during the 2020/2021 Financial Year which delayed project implementation.
- Implementation of projects while adhering to the MoH Covid-19 guidelines has had its share of challenges in the sense that the NG-CDFC has had to reschedule M&E activities every now and then. Tailor-making operations and M&E activities is the only solution here and in the event that a member tests positive to the virus, such members should be given maximum support during the quarantine period.
- Undue political pressure has also caused some turbulence during projects' implementation process after the committee's prioritization. To protect the entity on this the political leaders should be more vocal on positive politics.

Signature



CHAIRMAN NG-CDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of *LANGATA Constituency 2018-2022* plan are to:

Strategic Issue 1: Unemployment

Objective: To Increase the % of youth (Male and Female) and people with disability benefiting socio-economically by Langata NG-CDF by the end of 3 years

Strategic program and activities:

i) Youth, Women and people with disability empowerment

- Partner with public and private sector to provide revolving fund and create jobs
- Partner with government agencies and private such as National Youth Service and enrol youth on career ready technical skills such as welding
- Partner with other stakeholders in youth programs and set up a resource centre for nurturing talents
- Mobilize youth to register on National Health Insurance Fund

ii) Education Support Program

- Partner with stakeholders and renovate and increase number of schools and classes to absorb more students
- Partner with relevant stakeholders and motivate teachers to improve teacher: student ratio
- Initiate and Strengthen School feeding program to keep poor students in school
- Create a fund for tertiary education and apprenticeship.

Strategic Issue 2: Poor access to community services such as health, security and others

Objective: Increase by 20% community access to quality social, housing, health and environmental secure services by the end of 5 years.

Strategic program and activities:

i) Safety and Security Program

- Work with national government to increase police and ensure secure business environment
- Work with national government to renovate present stations and advocate for more police posts and stations
- Partner with public and private sector to reform and rehabilitate youth who were once criminals
- Work with County government and set up street lights in all wards specifically dark corners

ii) Water and Sanitation Program

- Work with county government to ensure clean pipe water connection and supply
- Work with county government and other stakeholders to ensure clean drainage, sewer system is clean and proper garbage management policies
- Partner with national and county government and other stakeholders to drill bore holes and provide clean drinking water

iii) Social Amenities and Housing

- Partner with National and County government ensure our people benefit on the house project under the big four agenda
- Partner with other agencies and implement National House Fund to improve housing standards of the constituency
- Work with county and renovate sports and social centres

iv) Public Health Programs

- Enrol as many people as possible on National Health Insurance Fund
- Partner with county and National government as well as non- governmental and private to advocate for increase in number of health facilities in Langata Constituency and improve the quality of the current healthcare.
- Partner with relevant stakeholders and increase the number of health workers in the current and new health facilities

Strategic Issue 3: Leadership and management

Objective: Building the capacity of Langata NG-CDF management committee and staff in leadership, management and governance by the end of 2 years

Strategic program and activities:

Performance Capacity Building Program

- Train committee members in leadership; management and governance
- Train staff in program monitoring and reporting
- Help develop evidence-based management, supervision and control systems

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:

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:

Constituency Program	Objective	Outcome	Indicator	Performance
Unemployment	Increase the percentage of youth (Male and	Increased number of youth and people with	•Number of youth (male and female), persons	2020/2021 F.Y • There was an

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	Female) and people with disability benefiting socio-economically Langata by NG-CDF by the end of 3 years	disability with business management skills and start-up from the identified agencies	with disability empowered economically by the identified partners at end of year three •Number of Students in the constituency supported by the NG-CDF and are accessing quality education	increase in the number of bursary beneficiaries thus 6,574 (2020/2021 Financial Year) against 5,169 (2019/2020 Financial Year). • Additional funding for the construction of a new secondary school in Kongoni was proposed besides construction of a multipurpose hall at Karen C Secondary school.
Social health, housing, secure environment.	Increase by 20% community access to quality social health, housing, and environmental secure services by the end of 5 years	•5% of the community accessing quality social health, housing and environmental secure services by the end of 5 years	Survey reports at the mid and end of 5 years on quality social health, housing and environmental secure services by a consultant for NG-CDF	2020/2021 F.Y • Members of the community hold regular responsive forums under the guidance of the local administration. • Construction of a perimeter wall at Langata police station.
Youth empowerment and involvement	Increased number of youths with business management skills and start-up from the identified agencies	Increased number of partners delivering empowerment programs to the youth	5 partners delivering empowerment programs to the youth	2020/2021 F.Y Equity Bank and K.C.B foundations managed to empower Langata Constituency youth on economic activities.
Social Security program	To Increase the number of vulnerable	Have 500 vulnerable constituents enrolled for	A population that can easily access health facilities and	2020/2021 F.Y 100% renewal of NHIF cover for the previous

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	constituents benefiting from the NHIF enrolment by Langata NG-CDF by the end of 5 years	NHIF by the end of 5 years	services as at when need be.	years' applicants and an allocation for 100 new applicants.
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Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none">- number of usable physical infrastructure build in primary, secondary, and tertiary institutions- number of bursary's beneficiaries at all levels	In FY 2020/2021 -we increased renovations in schools in the following schools; Karen C Primary School, Langata West Primary School, Langata Road Primary School and Uhuru gardens Primary school.

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

LANGATA 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 LANGATA NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** LANGATA 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; NG-CDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well as 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 operations have 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 installing water points in public schools.
- 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 2020/2021 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- Langata NG-CDFC together with the constituency security department has sensitized over 100 youth on the dangers of drug use and abuse and facilitated them on the advocacy against this vice besides improvement of the available police station since there is scarcity of land to build new ones.
- Through its social security programme, Langata NG-CDF in conjunction with NHIF has conducted a medical camp in order to educate stakeholders on communicable ailments and how to take care of them.

3. Employee welfare

We invest in providing the best working environment for our employees. Langata constituency recruitment is guided by Employment Act, NG-CDF 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. Langata 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-

LANGATA NG-CDF 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.

NG-CDF 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 interests

5. Community Engagements-

LANGATA NG-CDF 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.

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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.

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

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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.

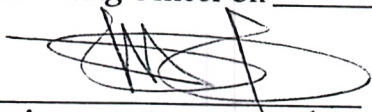
The Accounting Officer in charge of the NG-CDF LANGATA Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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 NG-CDF LANGATA 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 NG-CDF- LANGATA 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 NG-CDF LANGATA 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 NG-CDF- LANGATA Constituency financial statements were approved and signed by the Accounting Officer on _____ 2021.



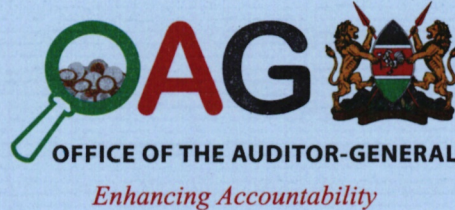
Chairman NG-CDF Committee
Name: David Muchai



Fund Account Manager
Name: Phyliss Chibayi

REPUBLIC OF KENYA

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Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LANGATA 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, gazette 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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Langata Constituency set out on pages

Report of the Auditor-General on National Government Constituencies Development Fund – Langata Constituency for the year ended 30 June, 2021

21 to 50, which comprise of the statement of assets and liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Langata Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis of opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.212,908,125 and Kshs.164,219,246 respectively, resulting into an under-funding of Kshs.48,688,879 or 23% of the budget. Similarly, the Fund spent Kshs.127,905,912 against an approved budget of Kshs.212,908,125 resulting to an under-expenditure of Kshs.85,002,213 or 40% of the budget.

The under-funding and under-absorption may have impacted negatively on service delivery to the constituents of Langata.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

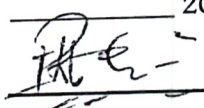
29 July,2022

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

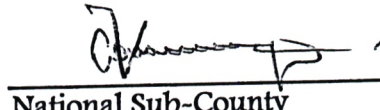
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	160,317,724	68,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	70,000	67,740
TOTAL RECEIPTS		160,387,724	68,067,740
PAYMENTS			
Compensation of employees	4	2,873,745	3,689,938
Use of goods and services	5	7,454,644	7,314,219
Transfers to Other Government Units	6	80,664,235	43,026,779
Other grants and transfers	7	36,913,288	45,481,608
Acquisition of Assets	8	-	1,191,645
Other Payments	9	-	5,206,627
TOTAL PAYMENTS		127,905,912	105,910,816
SURPLUS/DEFICIT		32,481,812	(37,843,076)

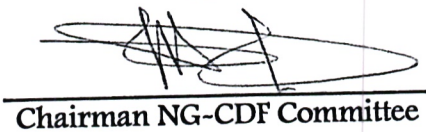
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF LANGATA Constituency financial statements were approved on _____ 2021 and signed by:



Fund Account Manager
Name: Phyliss Chibayi



National Sub-County
Accountant
Name: Conelius Omony
ICPAK M/No: 17636



Chairman NG-CDF Committee

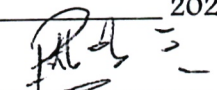
Name: David K. Muchai

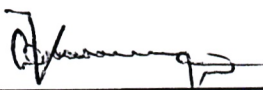
LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

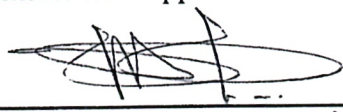
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	36,313,334	3,831,522
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		36,313,334	3,831,522
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		36,313,334	3,831,522
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITES			
NET FINANCIAL SSETS		36,313,334	3,831,522
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	3,831,522	41,674,597
Prior year adjustments	14	-	
Surplus/Defict for the year		32,481,812	(37,843,076)
NET FINANCIAL POSITION		36,313,334	3,831,522

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-LANGATA Constituency financial statements were approved on _____ 2021 and signed by:


 Fund Account Manager
 Name: Phylliss Chibayi


 National Sub-County
 Accountant
 Name: Conelius Omony
 ICPAK M/No: 17636

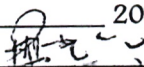

 Chairman NG-CDF Committee
 Name: David K. Muchai

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

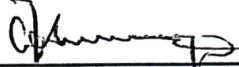
IX. STATEMENT OF CASHFLOW

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	160,317,724	68,000,000
Other Receipts	3	70,000	67,740
		160,387,724	68,067,740
Payments for operating activities			
Compensation of Employees	4	2,873,745	3,689,938
Use of goods and services	5	7,454,644	7,314,219
Transfers to Other Government Units	6	80,664,235	43,026,779
Other grants and transfers	7	36,913,288	45,481,608
Other Payments	9	-	5,206,627
		127,905,912	104,719,171
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		32,481,812	(36,651,431)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	(1,191,645)
Net cash flows from Investing Activities		-	(1,191,645)
NET INCREASE IN CASH AND CASH EQUIVALENT		32,481,812	(37,843,076)
Cash and cash equivalent at BEGINNING of the year	10	3,831,522	41,674,597
Cash and cash equivalent at END of the year		36,313,334	3,831,522

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-LANGATA Constituency financial statements were approved on _____ 2021 and signed by:



Fund Account Manager
Name: Phyliss Chibayi



National Sub-County
Accountant
Name: Conelius Omony
ICPAK M/No: 17636



Chairman NG-CDF Committee
Name: David K. Muchai

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

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED


Receipt/Expense Item	Original Budget	Opening Balance (C/BK and AIA)	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS							
Transfers from CDF Board	137,088,879	3,763,782	71,917,724	212,770,385	164,081,506	48,688,879	77.1%
Proceeds from Sale of Assets						-	
Other Receipts (sale of tender documents)		137,740		137,740	137,740	-	100.0%
TOTAL RECEIPTS	137,088,879	3,901,522	71,917,724	212,908,125	164,219,246	48,688,879	77.1%
PAYMENTS							
Compensation of Employees	3,689,352	2,725,010		6,414,362	2,873,745	3,540,617	44.8%
Use of goods and services	8,587,677	693,056	3,754,981	13,035,714	7,454,644	5,581,070	57.2%
Transfers to Other Government Units	72,030,000		47,734,235	119,764,235	80,664,235	39,100,000	67.4%
Other grants and transfers	52,781,850	340,793	20,428,508	73,551,151	36,913,288	36,637,863	50.2%
Acquisition of Assets		4,923		4,923	-	4,923	0.0%
Other Payments					-	-	
Un Approved AIA		137,740		137,740		137,740	
TOTAL	137,088,879	3,901,522	71,917,724	212,908,125	127,905,912	85,002,213	60.1%

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


- i. *The under-utilization under compensation of employees at 44.8%, use of goods and services at 57.2%, Transfers to other Government Units at 67.4%, other grants and transfers at 50.2% was generally due to the fact that Langata NGCDF only had Kshs 164,081,506 out of the expected Ksh 212,770,385 for use during the financial year under review. With this it meant that full budget implementation was not practical.*
- ii. *The difference between the original and the final budget was brought about by the opening cashbook balance of Kshs. 3,763,782 and an amount of Kshs 71,917,724 that was funds for previous years not yet received from the NG-CDF board. These funds were available for utilization during the financial year under review and thus the difference in the budget.*

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	85,002,213
Less undisbursed funds receivable from the Board as at 30th June 2021	48,688,879
	36,313,334
Add Accounts payable	
Less Accounts Receivable	
Add/Less Prior Year Adjustments	
Cash and Cash Equivalents at the end of the FY 202021	36,313,334

The NG-CDF-LANGATA Constituency financial statements were approved on _____ 2021 and signed by:



Fund Account Manager
 Name: Phylliss Chibayi



National Sub-County
 Accountant
 Name: Conelius Omony
 ICPAK M/No: 17636



Chairman NG-CDF Committee
 Name: David K. Muchai

XI. 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 (C/Bk) and AIA	Previous years Outstanding Disbursements	2020/2021		
	2020/2021		2020/2021	2020/2021	2020/2021	2020/2021
	Kshs		Kshs	Kshs	Kshs	Kshs
Employees' Salaries	3,584,352	2,607,460		6,191,812	2,766,995	3,424,817
NHIF	71,400	79,150		150,550	73,150	77,400
NSSF	33,600	38,400		72,000	33,600	38,400
Goods and Services	2,933,001		553,220	3,486,221	2,725,358	760,863
Committee Expenses	1,540,000		1,132,058	2,672,058	1,353,426	1,318,632
Sub-Total	8,162,353	2,725,010	1,685,278	12,572,641	6,952,530	5,620,111
2.0 Monitoring and Evaluation				-		-
Goods and Services	1,107,000		304,484	1,411,484	431,928	979,556
Committee Expenses	1,100,000		550,300	1,650,300	918,957	731,343
Capacity Building of NG-CDFs/PMCs	1,907,676	693,056	1,214,918	3,815,650	2,024,974	1,790,676
Sub-Total	4,114,676	693,056	2,069,702	6,184,378	3,375,859	2,808,519
3.0 Emergency				-		-
Emergency	7,192,207		11,149	7,203,355	6,800,000	403,355
Emergencies				-		-
Sub-Total	7,192,207	-	11,149	7,203,355	6,800,000	403,355
4.0 Bursary and Social Security Programme				-		-
Bursary Secondary Schools	16,000,000			16,000,000		16,000,000
Bursary Tertiary Schools	13,000,000		14,284,869	27,284,869	14,284,000	13,000,869
Bursary Special Schools				-		-

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

Social Security Programmes - NHIF	1,800,000		2,400,000	4,200,000	1,800,000	2,400,000
Sub-Total	30,800,000	-	16,684,869	47,484,869	16,084,000	31,400,869
5.0 Sports				-		-
Constituency Sports Tournament	2,009,643		2,301,653	4,311,296	2,299,950	2,011,346
	2,009,643	-	2,301,653	4,311,296	2,299,950	2,011,346
6.0 Environment				-		-
Constituency Environmental activities	2,200,000	793		2,200,793	2,200,000	793
Karen C primary school-energy saving jikos		340,000		340,000		340,000
Sub-Total	2,200,000	340,793	-	2,540,793	2,200,000	340,793
7.0 Primary School Projects				-		-
Madaraka Primary School	8,100,000			8,100,000		8,100,000
Karen C primary School	4,500,000		4,598,241	9,098,241	9,098,241	-
Langata West Primary School	6,000,000		7,000,000	13,000,000	13,000,000	-
Ngei Primary Sch				-		-
Kongoni Primary School	150,000			150,000	150,000	-
Ngong Forest Primary School	3,500,000		3,185,993	6,685,993	6,685,993	-
Langata Barracks Primary School	1,200,000			1,200,000	1,200,000	-
Uhuru Gardens Primary School	8,000,000			8,000,000	6,400,000	1,600,000
Langata Road Primary School	3,000,000		5,200,000	8,200,000	8,200,000	-
Joash Olum Highrise Primary School	4,500,000		2,550,000	7,050,000	4,500,000	2,550,000
Sub-Total	38,950,000	-	22,534,235	61,484,235	49,234,235	12,250,000
8.0 Secondary School Projects				-		-

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

Langata High School			2,000,000	2,000,000	2,000,000	-
Karen C Secondary School	10,000,000		10,500,000	20,500,000	16,400,000	4,100,000
Langata Barracks Secondary School	330,000		2,700,000	3,030,000	3,030,000	-
Kongoni Mixed Day Secondary school	21,300,000		10,000,000	31,300,000	10,000,000	21,300,000
Sub-Total	31,630,000	-	25,200,000	56,830,000	31,430,000	25,400,000
9.0 Tertiary institutions projects					-	-
KMTC-Karen	1,450,000			1,450,000		1,450,000
Sub-Total	1,450,000		-	1,450,000	-	1,450,000
10.0 Security Projects					-	-
Langata DCC Office	2,200,000			2,200,000	2,200,000	-
Langata Police Station	3,900,000		484,549	4,384,549	4,383,049	1,500
Mugumoini Chiefs Camp	2,000,000			2,000,000	2,000,000	-
Uhuru Administration Camp	2,480,000			2,480,000		2,480,000
Silanga Chiefs Camp			946,289	946,289	946,289	-
	10,580,000	-	1,430,838	12,010,838	9,529,338	2,481,500
11.0 Acquisitions of Assets					-	-
NG- CDF office		4,923		4,923		4,923
12.0 Others					-	-
Sub-Total	-	4,923	-	4,923		4,923
13.0 Un Approved AIA		137,740		137,740		137,740
GRAND TOTAL	137,088,879	3,901,522	71,917,724	212,908,125	127,905,912	85,002,213

(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)

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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.

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 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

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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.

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 NG-CDF 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 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.

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
NG-CDF Board		
AIE NO...B041102		4,000,000
AIE NO...B041495		20,000,000
AIE NO...B047954		6,000,000
AIE NO...B049352		14,000,000
AIE NO...B104375		15,000,000
AIE NO...		9,000,000
AIE NO...B104733	20,000,000	
AIE NO...B104815	34,567,724	
AIE NO...B124588	9,000,000	
AIE NO...B124854	11,200,000	
AIE NO...B119539	10,000,000	
AIE NO...B119929	12,000,000	
AIE NO...B128170	6,900,000	
AIE NO...B128483	6,000,000	
AIE NO...B132227	6,000,000	
AIE NO...B124789	2,550,000	
AIE NO...B138895	12,000,000	
AIE NO...B126189	7,000,000	
AIE NO...B126484	11,100,000	
AIE NO...B140627	12,000,000	
TOTAL	160,317,724	68,000,000

2. PROCEEDS FROM SALE OF ASSETS

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents	70,000	67,000
Hire of plant/equipment/facilities		
Unutilized funds from PMCs		740
Other Receipts Not Classified Elsewhere		
Total	70,000	67,740

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,628,920	2,220,200
Personal allowances paid as part of salary		
House Allowance		
Transport Allowance		
Leave allowance		
Other personnel payments	211,225	179,538
Gratuity to contractual employees		1,258,600
Employer Contributions Compulsory national social security schemes	33,600	31,600
Total	2,873,745	3,689,938

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Utilities, supplies and services	1,063,198	1,230,680
Electricity	35,000	29,000
Water & sewerage charges	66,472	
Office rent		
Communication, supplies and services	188,000	52,100
Domestic travel and subsistence		
Printing, advertising and information supplies & services	440,521	747,800
Rentals of produced assets		
Training expenses	1,987,000	1,226,000
Hospitality supplies and services	150,000	
Other committee expenses	1,174,957	837,200
Committee allowance	959,000	1,796,200
Insurance costs		
Specialised materials and services		
Office and general supplies and services	1,195,000	1,096,825
Fuel , oil & lubricants		
Other operating expenses		
Bank service commission and charges	25,440	22,560
Other Operating Expenses		210,854
Security operations		
Routine maintenance - vehicles and other transport equipment		
Routine maintenance- other assets	170,056	65,000
Total	7,454,644	7,314,219

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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)	49,234,235	32,526,779
Transfers to secondary schools (see attached list)	31,430,000	500,000
Transfers to tertiary institutions (see attached list)		10,000,000
TOTAL	80,664,235	43,026,779

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	-	20,577,200
Bursary – tertiary institutions (see attached list)	14,284,000	12,284,450
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	1,800,000	600,000
Security projects (see attached list)	9,529,338	4,700,000
Sports projects (see attached list)	2,299,950	2,179,958
Environment projects (see attached list)	2,200,000	2,540,000
Emergency projects (see attached list)	6,800,000	2,600,000
Total	36,913,288	45,481,608

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		1,191,645
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture 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	0	1,191,645

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan		
Legal costs		5,206,627
Total		5,206,627

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>EQUITY BANK LIMITED, LANGATA NG-CDF A/C no.1280262114687</i>	36,313,334	3,831,522
	-	
	-	
Total	36,313,334	3,831,522
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations		
Total		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer</i>	<i>dd/mm/yy</i>			
<i>Name of Officer</i>	<i>dd/mm/yy</i>			
<i>Name of Officer</i>	<i>dd/mm/yy</i>			
<i>Name of Officer</i>	<i>dd/mm/yy</i>			
<i>Total</i>				

12A. RETENTION

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

12B. GRATUITY

	2020-2021	2019-2020
	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		

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13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	3,831,522	41,674,597
Cash in hand		
Imprest		
Total	3,831,522	41,674,597

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			
Cash in hand			
Accounts Payables			
Receivables			
Others			
TOTAL			

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST*

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)	1,825,000	3,024,000
Imprest surrendered during the Year (C)	1,825,000	3,024,000
closing accounts in account receivables D= A+B-C		

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020-2021	2019-2020
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account receivables D= A+B-C		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

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

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
Langata NG-CDFC Staff gratuity	1,074,745.00	274,350
	1,074,745.00	274,350

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	3,540,617	2,935,864
Use of goods and services	5,581,070	4,304,922
Amounts due to other Government entities (see attached list)	39,100,000	36,700,000
Amounts due to other grants and other transfers (see attached list)	36,637,863	28,770,487
Acquisition of assets	4,923.00	4,923
Wairuri karuku-legal costs		483,049
Funds pending approval	137,740.00	
	85,002,213	73,199,245

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
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.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
NGCDF Staff Gratuity							
1. Muhammed Wandera Wanyama			Feb-22		93,384	26,350	
2. Jacinta Mumbi Nduguya			Feb-22		93,384	26,350	
3. Walter Mutai			Feb-22		131,750	38,750	
4. Cynthia Jelimo Cheserem			Feb-22		210,800	62,000	
5. Violet Ngereso Mulengeka			Feb-22		178,820	51,150	
6. Kelvin Kairu Njenga			Feb-22		243,846	69,750	
7. Christopher Muli Musembi					122,760	0	
Sub-Total					1,074,745	274,350	
NGCDFC Staff Salaries							
1							
2							
Sub-Total							
Others (specify)							
Sub-Total							
Grand Total					1,074,745	274,350	

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
Compensation of employees		3,540,617	2,935,864	
Use of goods & services		5,581,070	4,304,922	
Amounts due to other Government entities				
Langata West Primary School			7,000,000	
Langata Road Primary School			4,500,000	
Langata High School			2,000,000	
Langata Barraks Seondary School			2,700,000	
Kongoni Mixed Secondary School		21,300,000	10,000,000	
Karen C secondary school		4,100,000	10,500,000	
Joash Olum Primary School		2,550,000		
Madaraka Primary School		8,100,000		
Uhuru Gardens Primary School		1,600,000		
KMTC Karen		1,450,000		
Sub-Total		39,100,000	36,700,000	
Amounts due to other grants and other transfers				
langata DCC office			3,950,000	
silanga chiefs camp			946,289	
langata police station		1,500	1,500	
Bursary		31,400,869	13,434,869	
Emergency		403,355	7,795,383	
Constituency sports tournament		2,011,346	2,301,653	

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Constituency Environmental activities		340,793	340,793
Uhuru Administration Camp		2,480,000	
Sub-Total		36,637,863	28,770,487.08
Acquisition of assets			
langata NG-CDF office		4,923	4,923
Others (specify)			
Waruiru Karuku (Legal costs)		483,049	483,049
Funds pending approval		137,740	
Grand Total	-	85,002,213	73,199,245

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				
Buildings and structures	12,117,704			12,117,704
Transport equipment	-			-
Office equipment, furniture and fittings	2,933,060	37,000		2,933,060
ICT Equipment, Software and Other ICT Assets	-	99,000		-
Other Machinery and Equipment	1,656,319			1,656,319
Heritage and cultural assets	-			-
Intangible assets	-			-
Total	16,707,083	136,000		16,843,083

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

PMC	Bank	Account number	Bank Balance 2020/2021	Bank Balance 2019/2020
Highrise Primary School	EQUITY-NAIROBI WEST	1280270915693	4,589,656	3,437,666
Kongoni Primary School	EQUITY-NAIROBI WEST	1280271386853	39,343	5,352,465
Ngong Forest Primary School	EQUITY-NAIROBI WEST	1280270915749	419	102,762
Langata Road Primary School	EQUITY-NAIROBI WEST	1280271386731	2,950,942	5,993
Langata West Primary School	EQUITY-NAIROBI WEST	1280271386573	6,083,352	64,956
Karen C Secondary School	EQUITY-NAIROBI WEST	1280271386930	13,161,888	147,677
Karen C Primary School	EQUITY-NAIROBI WEST	1280271347142	4,801,665	131,472
Uhuru Gardens Primary School	EQUITY-NAIROBI WEST	1280271386624	6,310,637	198,753
Madaraka Primary School	EQUITY-NAIROBI WEST	1280271347202	204,583	315,906
Langata Dcc Office	EQUITY-NAIROBI WEST	1280271472120	2,137,364	233,324
Ngei Primary School	EQUITY-NAIROBI WEST	1280277203524	385	2,440
Langata Barracks Primary	EQUITY-NAIROBI WEST	1280277205514	1,212,586	12,706
St.Marys Karen Primary School	EQUITY-NAIROBI WEST	1280277205076	60	180
Langata High School	EQUITY-NAIROBI WEST	1280277202596	2,133,681	229,271
Silanga Chiefs Camp	EQUITY-NAIROBI WEST	1280276809459	2,707	125,947
Nairobi West Prison	EQUITY-NAIROBI WEST	1280277541814	7,328	297,228
Langata Barracks Secondary	EQUITY-NAIROBI WEST	1280277541713	193,740	17,695
Langata Police Station	EQUITY-NAIROBI WEST	1280279905565	3,965,515	4,700,000
Mugumoini Chiefs Camp	EQUITY-NAIROBI WEST	1280280850667	1,935,740	
Kongoni Secondary School	EQUITY-NAIROBI WEST	1280280787748	9,100,000	
Total			58,831,590	15,376,441

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)
1.1	Stale cheques- June 2020 bank reconciliation statement revealed payments in cashbook not yet recorded in the bank statement (Unpresented Cheques) amounting to Kshs.2,838,840 out of which cheques totalling Kshs.319,655 were stale and they had not been reversed in the cashbook	Most of these were bursary cheques and this was brought about by the fact that most schools were closed due to Covid-19 pandemic. The stale cheques amounting to Kshs 319,655 have already been reversed in the cashbook.	Resolved	
1.2	Unutilized PMC Balances - unutilized fund balances as at 30 June 2020 of Kshs.15,289,815 which were not returned to the constituency account	The PMC accounts for which funds had not been returned to the main account had projects which were at different stages of implementation. The management provided a status of the different projects	Resolved	

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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)
2.0	<p>Misclassification of Expenditure- some expenditure amounting to Kshs.191,033 was charged to compensation of employees instead of use of goods and services contrary to Regulation 4 (c) of the Public Finance Management (National Government) Regulations, 2015.</p>	<p>The misclassification of the expenditure in the financial statement was due to an error while preparing the financial statements. This has however been noted and the financial statement amended accordingly.</p>	Resolved	
3.0	<p>Budgetary Control and Performance-, the Fund had budgeted to spend Kshs.179,110,062 against the actual expenditure of Kshs.105,910,816 or 59% resulting in an under-expenditure of Kshs.73,199,245 or 41 % of the budget.</p>	<p>Langata NG-CDF received only Kshs 68,000,000 of the expected Kshs 137,367,724 during the financial year. Only this amount plus the opening cashbook balance at the start of the financial year amounting to kshs. 41,674,597 was available for use during the financial year out of the budgeted Kshs109,742,337.</p>	Resolved	
4.1	<p>Karen C Secondary School – funds amounting to Kshs.340,000 for supply and installation of energy saving jikos had been allocated had the jikos had not been supplied and supplied as at year end</p>	<p>The kitchen in which the jikos were to be installed was to be financed by Langata NG-CDF in two financial years (2019/2020 & 2020-2021) and at the time of audit the project was ongoing and had not been fully funded. The jikos will be installed ones the kitchen project is done.</p>	Resolved	

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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>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
4.2	Lang'ata Road Primary School - procurement records, payment details, completion certificates and handover reports for this project were not availed for audit verification contrary to section 9 (1) (e) (i) of the Public Audit Act, 2015.	A copy of the tender advert, tender opening register, tender opening minutes, evaluation report, professional opinion, handover minutes, payment certificates, photos of the project, certificate of substantial completion, handover minutes and all other documents relating to the implementation of the project were availed.	Resolved	