


REPUBLIC OF KENYA



Enhancing Accountability

 THE NATIONAL ASSEMBLY PADOCTAD	
REPORT	
DATE: 25 NOV 2023	DAY: <i>Thurs</i>
TABLED BY:	<i>Hon Kimani Ichungu</i> <i>Leader of the Majority Party</i>
CLERK-AT THE TABLE	<i>Miriam Njoroge</i>

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**





OFFICE OF THE AUDITOR GENERAL
P.O. BOX 95202, MOMBASA
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MVITA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

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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;

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- 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 MVITA 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)

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(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	Fatma Abubakar
2.	Sub-County Accountant	Julius Muchohi
3.	Chairman NGCDFC	Ali Bafundi
4.	Member NGCDFC	Raweh Mohamed Shamsa

(d) Fiduciary Oversight Arrangements

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

(e) MVITA Constituency NGCDF Headquarters

P.O. Box 43258 - 80100
Mwalimu House
Ronald G. Ngala Primary School
Mombasa, Kenya

(f) Mvita Constituency NGCDF Contacts

Telephone: (254) 721862644
E-mail: cdfmvita@ngcdf.go.ke.
Website: www.mvita.ngcdf.go.ke

(g) MVITA Constituency NGCDF Bankers

EQUITY Bank
Digo Road Branch
P.O. Box 90016 - 80100
Mombasa, Kenya

(h) Independent Auditors

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



Mvita constituency is an electoral constituency in Kenya. It is one of six constituencies in Mombasa County. It has eleven location and it holds five county assembly wards namely old town (mji wa kale), Tudor, Tononoka, Shimanzi and Majengo Wards. The entire constituency is located within the municipality area and an island; many people come from neighbouring constituencies to work during the day while they live outside the constituency, as a result showing a higher number of registered voters compared to population. The Constituency was established for the 1988 elections.

We are glad to present to you financial statements for National Government Constituency Development Fund Mvita for year ending 30th June 2022. We have managed to complete of projects, which were on going as well as start new ones. Most of the projects funded were mainly in education sector to meet 100% transition from primary to high school. We have so far received hundred percent (100%) of the total allocation of funds.

The Ngcdf has purchased lockers and chairs to six public Primary schools namely Mvita, Burhaniya, Sparki, Guru Nanak, Bondeni, Kikowani and Tom Mboya Boys. This has greatly improved the school performance and has enabled the 100% primary transition in primary school. The special schools have also not left out as we have paid for their school fees through issuing them with bursary.

The Ngcdf Mvita have constructed a Youth Recreation Centre at Mvita Primary school, which comprises a swimming pool and a modern football pitch. This has enabled all the primary school to keep up pace with the current CBC (Competency Based Curriculum) as this is one of the examined area.

The construction of a modern Football pitch at Ronald Ngala Primary which has been installed with sprinklers has helped many youth to nature their talents . The Ng cdf mvita has purchased various sport jersey, organizing tournament in partnership with Sharriff Nassir Foundation and awarding the winning teams.

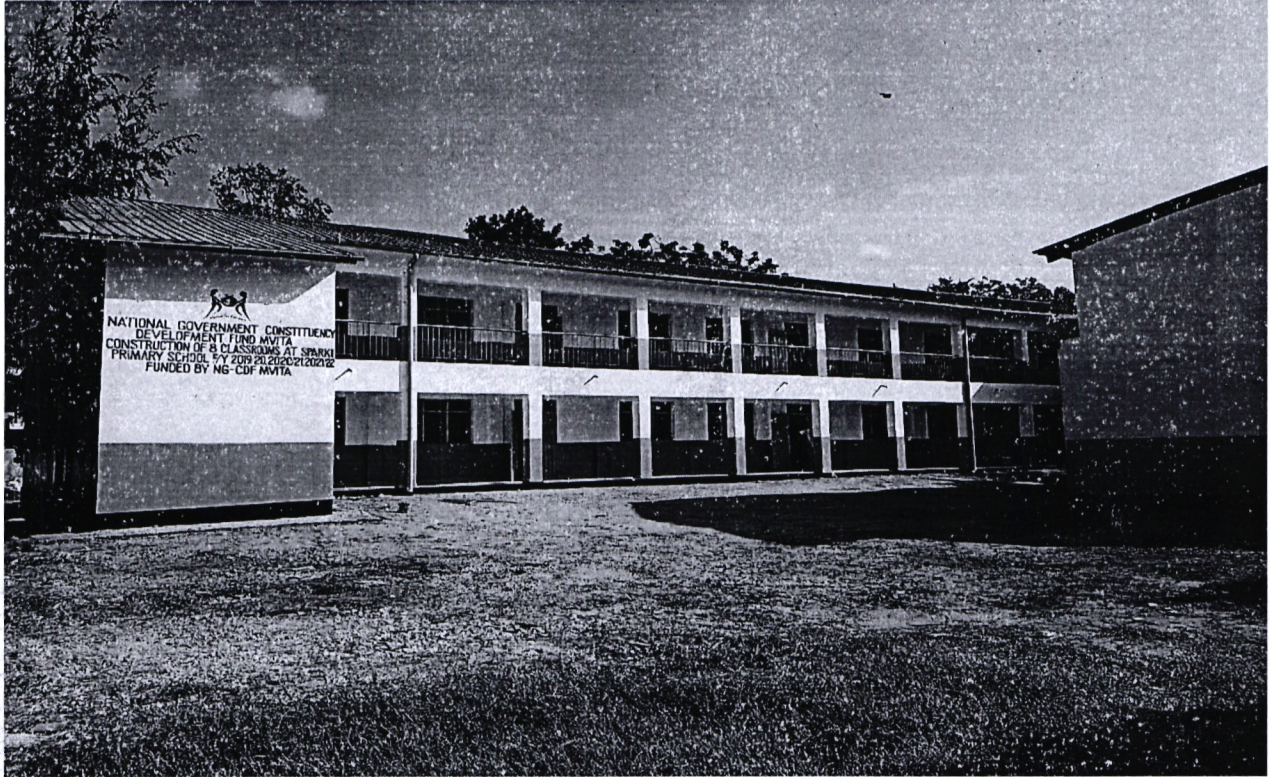


Image:Sparki primary School

The Ng-Cdf Mvita has constructed Eight class rooms at Sparki primary, this has enabled to ease the conjection in the school and it has also increased the current school enrolment.

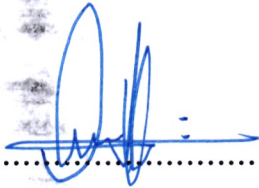
Construction of a modern girl school at mekatilil wa Menza girls will enable 100 percent transition from primary to secondary school

The Ng-Cdf Mvita has installed water purifier machines (Reverse osmosis Plant) in all secondary public school. the projects have reduced the school the burden of purchasing fresh water which is expensive need in the constituency.

The Ng-Cdf Mvita had overutilization in its original budget as a result there were outstanding balance for previous years and they were approved and disbursed in the year 2022.

Challenges.

- Some of the challenges we have encountered are delay in receipt of bill of quantities from Regional Works Officers and delay in approving of reallocations of proposed projects. The Ngcdf Mvita have overcome the challenge of delay in receipt of Bills of quantities by employing a clerk of work and engaged a private consultant.
- Change of activity from the PMCS as a result in delay of funds at the time we have received fund the PMCS have changed their mind to another project.
- Lack of Land –this has been the greatest challenge since the constituency is small and available land is expensive and privately owned hence NG CDF cannot put up a new construction. This has seen some projects fail to take off.
- PMCS capacity –the CDF Act has tasked pmc’s the duty to implement projects but their capacity is wanting, even though CDFC is trying to overcome it by frequent training, it is still a challenge.



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Ali Bafundi
CHAIRMAN NGCDF COMMITTEE

III. Statement Of Performance Against Predetermined Objectives for FY2021/22

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 *Mvita Constituency 2018-2022* plan are to:

- A) To improve infrastructure in all learning institutions*
- B) To increase retention levels in schools*
- C) To increase Enrolment in schools (100% transition)*
- D) To establish educational administration centre*
- E) To develop ICT capacity in all schools*
- F) To improve security in the constituency*
- G) Bursary to need students*
- H) To modernize security infrastructure*
- I) To reduce crime*
- J) To empower the Ng-Cdf committee, staff and PMC*
- K) To increase the participation of the youth, women and special group in economic development*

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 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	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels	In FY 21/22 -we increased number of classrooms 8 classrooms in Sparki primary, 2 classrooms at Makupa Boys, 4 classrooms at Sheikh Abdalla Alfarsy Girls, 3 classrooms at Ganjoni primary and construction

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Constituency Sector	Objective	Outcome	Indicator	Performance
				of a modern girl school Mekatilili wa Menza girls - Bursary beneficiaries at all levels were as per the attached schedules
Security				There were no funds set aside for security projects
Environment				Purchased water tanks to collect water in 3 schools
Sports	To reduce radicalization and crimes from youths	Realizations of new talents		Organized tournament to youths and purchased various medals, trophies ,balls and jerseys and distributed them to various teams in the constituency
Emergency				

IV. Environmental and Sustainability Reporting

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

- a. **Education and Training:** Mvita 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 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

The Ng-Cdf Mvita, together with students has planted trees in four schools to help reduce of soil erosion.

The NG CDF Mvita,Area Member of parliament in conjunction with Sharriff Nassir foundation we have donated water tanks to collect rain water and drilled boreholes .

Mvita Ng cdf has paid participation of fees to various teams in Mvita Constituency parcipating in Kenya premier league and county leagues. We have constructed a modern football pitch at Ronald ngala primary school and mvita primary school this has enables many youths to nature theirtalents. Construction of a swimming pool at mvita primary has enables the youths and community at large to show case their talents and it has reduced drug addiction among the youths.

The Ng cdf Mvita have organized tournaments for the clubs and the winning teams were awarded football jersey,balls and trophies.

The Ngcdf Mvita in partnership with Sharriff Nassir foundation in conjunction with the Reach Out Trust center have conducted workshop to educate the youths the impacts of drug addiction. In the year under review we conducted a sensitization on drug and substance abuse themed arosto noma.

3. Employee welfare

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

Mvita 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-**

Mvita 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.

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

Fatma Abubakar


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Fund Account Manager

V. Statement of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF-Mvita 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, 2022. 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-Mvita 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, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Mvita 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 Mvita 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

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used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Mvita Constituency financial statements were approved and signed by the Accounting Officer on 18.09.2023.

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Name: Ali Bafundi

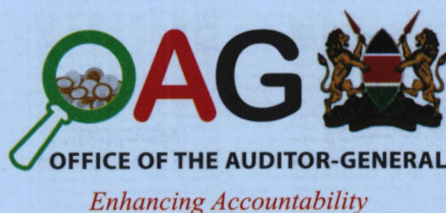
Chairman – NGCDF Committee

.....
Name: Fatma Abubakar

Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MVITA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

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

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mvita Constituency set out on pages 1 to 32, which comprise of the statement of assets and liabilities as at 30 June, 2022, statement of

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

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

Basis for Qualified Opinion

Payments in the Bank Statement not in Cash Book

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.36,473,873 and as disclosed in Note 10A to the financial statements. However, review of the related bank reconciliation statements revealed payments in bank statement not recorded in cash book amounting to Kshs.72,555 relating to the period 11 July, 2020 to 30 September, 2022. No explanation has been provided why the payments had not been recorded in the cashbook.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.36,473,873 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects that the Fund spent Kshs.244,456,892 against an approved budget of Kshs.280,930,766 resulting to an under-utilization of Kshs.36,473,873 or (13%) of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to constituents of Mvita Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1.0 Unutilized Emergency Funds

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.36,473,873 which includes Kshs.6,563,676 relating to emergency funds for the financial year 2020/2021. This is contrary to Section 6(4) of National Government Constituency Development Act, 2015 which provides that unspent funds shall be allocated to any eligible project and such project may be new or ongoing at the end of the financial year.

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

2.0 Bank Balances for Closed Projects

Annex 5 to the financial statements reflects bank balances in thirty-two (32) project management committees' bank accounts totaling to Kshs.93,437,369. This balance includes bank balances for nineteen (19) closed projects totaling to Kshs.519,419 which had not been returned to the Fund's main account. This is contrary to Section 12(8) of National Government Constituencies Development Fund Act, 2015 which states that "all unutilized funds of the Project Management Committee shall be returned to the constituency account".

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

3.0 Uninsured Assets

Annex 4 to the financial statements reflects a summary of fixed assets register historical cost balance of Kshs.3,180,378. However, no evidence was provided to show that the listed assets were insured in compliance with Section 36(3) of the National Government Constituencies Development Fund Act, 2015. which requires all assets, including equipment bought under this Act for use by the Constituency Committee be the property of the Board and shall be insured in the name of the Board.

In the circumstances, the security of the Fund's assets could not be confirmed.

4.0 Unutilized Assets

The statement of receipts and payments reflects use of goods and services amount of Kshs.15,042,139 which, as disclosed in Note 5 to the financial statements includes Kshs.533,384 relating to other operative expenses. This amount in turn includes Kshs.120,000 incurred towards procurement of four (4) 5,000 litre capacity water tanks for Kikowani and Kaloleni Primary Schools. However, a physical verification done in the month of August, 2022 revealed that the tanks were supplied but had not been put into use.

In the circumstances, value for Kshs.120,000 incurred on purchase of the water tanks had not been realized.

5.0 Irregularities in Procurement of Goods and Services

Audit examination of various procurement processes undertaken during the year under review revealed irregularities in various projects as detailed below:

5.1 Non-Conformity with Ninth Schedule in Professional Opinion

The statement of receipts and payments reflects other grants and other transfers of Kshs.93,674,778 and as disclosed in Note 7 to the financial statements. However, a review of all professional opinions provided for audit review did not comply with the format prescribed in the ninth schedule of the Public Procurement and Asset Disposal Regulations, 2020 as shown below.

No.	Aspect	Basis
1	A brief background statement of the procurement/asset disposal proceeding from planning to tender evaluation.	There was no mention of the planning process, requisition and advertisement.
2	State whether due diligence was conducted on the successful bidder.	There was no mention of due diligence applicability or undertaken.
3	Confirm if adequate funds are set aside (budgeted) for the procurement/asset.	There was no mention of availability of funds set aside.

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

5.2 Non-Preparation of Monthly Progress Reports

The Fund Management did not prepare and submit monthly reports to the Accounting officer in compliance to Section 152 of the Public Procurement and Assets Disposal Act, 2015 which states that 'the head of the procurement function shall prepare monthly progress reports of all procurement contracts of the procuring entity and submit them to the accounting officer'.

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

6.0 Lack of Risk Management Policy and Data Recovery Strategy

As at the time of the audit, the Fund had not yet formulated a Risk Management Policy. Further, there was no Disaster Recovery and Business Continuity Plan in place, contrary to the provisions of Section 165(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the national government entity develops a system of risk management and internal control that builds robust business operations.

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

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 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

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

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

17 October, 2023

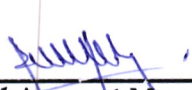
Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
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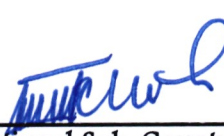
VII. Statement of Receipts and Payments for the Year Ended 30th June 2022

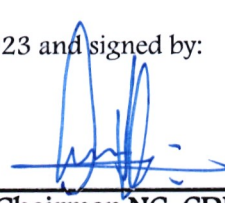
	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	228,545,482	196,218,813
Proceeds From Sale of Assets	2		
Other Receipts	3	10,177,268	7,771,095
Total Receipts		238,722,750	203,989,909
Payments			
Compensation Of Employees	4	4,720,051	4,312,571
Use Of Goods and Services	5	15,042,139	6,379,250
Transfers To Other Government Units	6	131,019,924	126,573,067
Other Grants and Transfers	7	93,674,778	64,070,622
Acquisition Of Assets	8		830,000
Other Payments	9		1,169,766
Total Payments		244,456,892	203,334,766
(Deficit)/Surplus		(5,734,142)	655,143

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

The Constituency financial statements were approved on 18/07 2023 and signed by:


 Fund Account Manager
 Name: Fatma Abubakar


 National Sub-County
 Accountant
 Name: Julius Muchohi
 ICPAK No. 7897


 Chairman NG-CDF Committee
 Name: Ali Bafundi

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

VIII. Statement of Assets and Liabilities as at 30th June, 2022

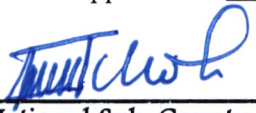
	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	36,473,873	42,208,016
Cash Balances (Cash at Hand)	10B		
Total Cash and Cash Equivalents		36,473,873	42,208,016
Accounts Receivable			
Outstanding Imprests	11		
Total Financial Assets		36,473,873	42,208,016
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A		
Gratuity	12B		
Total Financial Liabilities			
Net Financial Assets		<u>36,473,873</u>	<u>42,208,016</u>
Represented By			
Fund Balance B/Fwd	13	42,208,016	41,552,873
Prior Year Adjustments	14		
(Deficit)/Surplus for the year		<u>(5,734,142)</u>	<u>655,143</u>
Net Financial Position		<u>36,473,873</u>	<u>42,208,016</u>

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

The Constituency financial statements were approved on 18/9/ 2023 and signed by:


Fund Account Manager

Name: Fatma Abubakar


National Sub-County
Accountant

Name: Julius Muchohi

ICPAK 7897


Chairman NG-CDF Committee

Name: Ali Bafundi


MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

IX. Statement of Cash Flows for the Year Ended 30th June 2022


	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	228,545,482	196,218,813
Other Receipts	3	10,177,268	7,771,095
Total Receipts		238,722,750	203,989,909
Payments			
Compensation Of Employees	4	4,720,051	4,312,571
Use Of Goods and Services	5	15,042,139	6,379,250
Transfers To Other Government Units	6	131,019,924	126,573,067
Other Grants and Transfers	7	93,674,778	64,070,622
Other Payments	9		1,169,256
Total Payments		244,456,892	202,504,766
Total Receipts Less Total Payments			
Adjusted For:			
Decrease/ (Increase) In Accounts Receivable	15		
Increase/ (Decrease) In Accounts Payable	16		
Prior Year Adjustments	14		
Net Cash Flow from Operating Activities		(5,734,142)	1,485,143
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2		
Acquisition Of Assets	8		(830,000)
Net Cash Flows from Investing Activities			830,000
Net Increase In Cash And Cash Equivalent		(5,734,143)	655,143
Cash & Cash Equivalent At Start Of The Year	10	42,208,016	41,552,873
Cash & Cash Equivalent At End Of The Year	10	36,473,873	42,208,016

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

The Constituency financial statements were approved on 15/9/2023 and signed by:


Fund Account Manager

Name: Fatma Abubakar


National Sub-County
Accountant

Name: Julius Muchohi

ICPAK NO. 7897


Chairman NG-CDF Committee

Name: Ali Bafundi

Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
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X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipts/Payments	Original Budget		Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
	a	2021/2022	b	Previous Years' Outstanding disbursements				
Receipts								
Transfers From NGCDF Board	Kshs	137,088,880	Kshs	91,456,603	Kshs	270,753,498	Kshs	0.70
Proceeds From Sale of Assets								
Other Receipts				10,177,268	10,177,268	10,177,268		100%
Totals		137,088,880		101,633,871	280,930,766	280,930,766	1	100%
Payments								
Compensation Of Employees		4,947,333		2,257,333	7,855,257	4,720,051	3,135,206	60%
Use Of Goods and Services		7,390,666		4,938,055	15,732,271	15,042,139	690,132	96%
Transfers To Other Government Units		66,835,788		50,658,090	124,708,886	131,019,924	(6,311,038)	105%
Other Grants and Transfers		57,915,093		43,698,223	132,272,783	93,674,778	38,598,005	71%
Acquisition Of Assets								
Other Payments				82,170	82,170		82,170	
Pmc balances un allocated funds								
Funds Pending Approval**				279,400	279,400		279,400	
Totals		137,088,880		101,633,871	280,930,766	244,456,892	36,473,873	87%

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	36,473,873
Less undisbursed funds receivable from the Board as at 30 th June 2022	
Add Accounts payable	36,473,873
Less Accounts Receivable	
Add/Less Prior Year Adjustments	
Cash and Cash Equivalents at the end of the FY 2021/2022	36,473,873

The Constituency financial statements were approved on 18/9/ 2023 and signed by:


Fund Account Manager

Name: Fatma Abubakar


National Sub-County Accountant

Name: Julius Muchohi

ICPAK No. 7897


Chairman NG-CDF Committee

Name: Ali Bafundi

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

XI. Budget Execution by Sectors and Projects for the Year Ended 30th June 2022

Programme/Sub-programme	Original Budget		Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2021/2022	Kshs	Opening Balance (C/Bk) and MIA	Previous Years' Outstanding Disbursements			
1.0 Administration and Recurrent							
1.1 Compensation of employees	4,947,333		650,591	2,257,333	7,855,257	4,720,051	3,135,206
1.2 Committee allowances	1,128,000		1,128,000		2,256,000	1,690,000	566,000
1.3 Use of goods and services	2,150,000		100,550	2,991,306	5,241,856	5,241,856	0
2.0 Monitoring and evaluation							
2.1 Capacity building	1,200,000		325,000	1,525,000	3,050,000	1,525,000	1,525,000
2.2 Committee allowances	2,312,666		1,850,000	3,731,698	7,894,364	6,044,354	1,850,010
2.3 Use of goods and services	600,000			600,000	1,200,000	858,932	341,068
3.0 Emergency	7,192,207				7,192,207		7,192,207
3.1 Primary Schools				4,500,000	4,500,000	4,500,000	0
3.2 Secondary schools				2,692,207	2,692,207	2,692,207	0
3.3 Tertiary institutions							
3.4 Security projects							
4.0 Bursary and Social Security							
4.1 Primary Schools							
4.2 Secondary Schools	19,981,108		23,165,467	29,678,243	72,824,818	59,297,000	13,527,818
4.3 Tertiary Institutions	28,000,000				28,000,000	20,500,000	7,500,000
4.4 Universities					0	0	0

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2021/2022 Kshs	Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
4.5 Social Security		6,000,000	3,000,000	9,000,000	9,000,000	0
5.0 Sports	2,741,778	1,494,000		4,235,778	4,235,778	0
5.1						
5.2						
5.3						
6.0 Environment	120,000	204,000		324,000	324,000	0
6.1						
6.2						
6.3						
7.0 Primary Schools Projects (List all the Projects)						
7.1 kikowani primary school	513,500			513,500	513,500	0
7.2 Mbheni Primary School	513,500			513,500	513,500	0
7.3 Mvita Primary	513,500			513,500	513,500	0
7.4 Burhania Primary School	513,500			513,500	513,500	0
7.5 Gurunak Primary School	513,500			513,500	513,500	0
7.6 Ronald Ngala Primary School	400,000	1,373,077		1,773,077	1,773,077	0
7.7 Sparki Primary School	4,000,000			4,000,000	4,000,000	0
7.8 Sparki P rimary School	513,500			513,500	513,500	0
7.9 Tom Mboya Primary School	513,500			513,500	513,500	0
7.10 Sacred Heart Primary	5,921,288			5,921,288	5,921,288	0
7.11 Mvita Primary School			8,798,000	8,798,000	8,798,000	0

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2021/2022 Kshs	Opening Balance (C/3k) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
7.12 Ronald Ngala primary School		5,637,931	9,500,000	15,137,931	15,137,931	0
7.13 Sparki Primary School			6,000,000	6,000,000	6,000,000	0
7.14 Kaloleni /Kikowani			737,783	737,783	737,783	0
8.0 Secondary Schools Projects (List all the Projects)						
8.1 Tononoka High School	1,800,000			1,800,000	1,800,000	0
8.2 Mekatilili Wa Menza Girls	50,500,000		14,822,301	65,322,301	64,765,135	557,166
8.3 Makupa Boys	500,000			500,000	500,000	0
8.4 Serani Secondary School			1,800,000	1,800,000	1,800,000	0
8.5 Makande Girls			1,800,000	1,800,000	1,800,000	0
8.6 Star of the sea Girls			1,800,000	1,800,000	1,800,000	0
8.7 Mbaraki Girls			1,800,000	1,800,000	1,800,000	0
8.8 Shariff Nassir Girls			1,800,000	1,800,000	1,800,000	0
8.9 Sacred heart			1,800,000	1,800,000	1,800,000	0
9.0 Tertiary institutions Projects (List all the Projects)						
9.1						
9.2						
9.3						
9.4						
10.0 Security Projects						

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget 2021/2022 Kshs	Adjustments		Final Budget 2021/2022 Kshs	Actual on comparable basis 30/06/2022 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA Kshs	Previous Years' Outstanding Disbursements Kshs			
10.1						
10.2						
10.3						
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)						
11.2 Construction of CDF office						
11.3 Purchase of furniture and equipment						
11.4 Purchase of computers						
11.5 Purchase of land						
12.0 Others						
12.1 Strategic Plan						
12.2 Innovation Hub						
A.I.A		279,400		279,400	279,400	279,400
Funds pending approval**PMC						0
Total	137,088,880	42,208,016	101,633,871	280,930,767	244,456,892	36,473,873

***Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022***

XI. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

MVITA Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2022

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.

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 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

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.

***MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022***

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 10th June 2021 for the period 1st July 2021 to 30th June 2022 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 2022.

*MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
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Significant Accounting Policies continued

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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XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO B105227	32,000,000	
AIE NO B105523	44,000,000	
AIE NO.B105883	22,000,000	
AIE NO B128638	10,000,000	
AIE NO B128952	26,000,000	
AIE NO B154148	35,088,879	
AIE NO B089059	10,088,879	
AIE NO A895073	49,367,724	
AIE NO B104699		18,000,000
AIE NO B124752		5,000,000
AIE NO B124794		837,931
AIE NO B124801		1,736,207
AIE NO B124786		5,603,800
AIE NO 119587		8,500,000
AIE NO B119979		13,000,000
AIE NOB124816		55,040,875
AIE NO B119512		20,000,000
AIE NO B128220		6,900,000
AIE NO B122276		6,000,000
AIE NO B129182		7,000,000
AIE NO B126237		8,000,000
AIE NO B138945		12,000,000
AIE NO B105032		13,600,000
AIE NO B140675		15,000,000
TOTAL	228,545,482	196,218,813

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2. Proceeds From Sale of Assets

	2021-2022	2020-2021
	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		
Others (specify)		
Total		

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents		
Hire of plant/equipment/facilities		
Unutilized funds from PMCs	10,177,268	7,771,095
Other Receipts Not Classified Elsewhere		
Total	10,177,268	7,771,095

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Notes To the Financial Statements (Continued)

4. Compensation of Employees

Description	2021-2022	2020 - 2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,605,360	2,453,024
Personal allowances paid as part of salary		
House allowance	672,000	390,000
Transport allowance	390,000	678,000
Leave allowance	60,000	50,000
Gratuity-contractual employees	404,486	226,083
Employer Contributions Compulsory national social security schemes	14,400	15,360
Staff Insurance	573,805	500,104
TOTAL	4,720,051	4,312,571

5. Use Of Goods and Services

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Utilities, supplies and services	3,086,244	2,491,000
Office rent	510,000	-
Domestic travel and subsistence	-	200,000
Printing, advertising and information supplies & services	-	393,356
Rentals of produced assets		-
Training expenses	2,324,800	990,000
Hospitality supplies and services	105,000	435,000
Other committee expenses	5,101,600	-
Committee allowance	1,702,000	-
Specialised materials and services	-	-
Office and general supplies and services	1,679,112	985,084
Fuel , oil & lubricants	-	343,310
Other operating expenses	533,384	-
Bank service commission and charges	-	31,500
Other Operating Expenses -office Rent	-	510,000
TOTAL	15,042,139	6,379,250

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6. Transfer To Other Government Units

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Transfers to Primary Schools	50,462,584	60,987,500
Transfers to Secondary Schools	80,557,340	65,585,567
Transfers to Tertiary Institutions	-	-
TOTAL	131,019,924	126,573,067

7. Other Grants and Other transfers

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Bursary - Secondary (see attached list)	58,689,000	31,096,000
Bursary -Tertiary (see attached list)	20,500,000	18,872,230
Bursary- Special Schools	1,250,000	1,200,000
Mocks & CAT (see attached list)	-	8,320,000
Social Security programmes (NHIF)	9,000,000	-
Security Projects (see attached list)	-	-
Sports Projects (see attached list)	4,235,777	4,462,392
Environment Projects (see attached list)	-	120,000
Emergency Projects (see attached list)	-	-
TOTAL	93,674,777	64,070,622

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8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase 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		830,000
Purchase of Specialized Plant, Equipment and Machinery		
Acquisition of Land		
Total		830,000

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan		
ICT Hub		

10: Cash Book Bank Balance

Name of Bank, Account No. & currency	Account Number	2021-2022	2020 - 2021
		Kshs (30/6/2022)	Kshs (30/6/2021)
<i>Equity Bank, Digo Road Branch . MVITA NG-CDF</i>	<i>0460297599144</i>	36,473,873	42,208,016
		-	-
		-	-
TOTAL		36,473,873	42,208,016

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Notes to the Financial Statement Continued

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total		
<i>[Provide Cash Count Certificates for Each]</i>		

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>
		Kshs	Kshs	Kshs
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
<i>Name of Officer</i>	dd/mm/yy			
Total				

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

12A. Retention

	2021-2022	2020-2021
	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		

[Provide short appropriate explanations as necessary.]

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12B. Gratuity

	2021-2022	2020-2021
	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		

[Provide short appropriate explanations as necessary]

13. Balances Brought Forward

	2021-2022	2020- 2021
	Kshs (1/7/2021)	Kshs (1/7/2020)
Bank accounts	42,208,016	41,552,873
Cash in hand		
Imprest		
TOTAL	42,208,016	41,552,873

14. Prior Year Adjustments

Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements Kshs	Adjustments Kshs	Adjusted Balance** b/f FY 2021/2022 Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
Total			

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

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15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022	2020-2021
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
closing accounts in account receivables D= A+B-C		
Changes in Account Receivables E= D-A		

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022	2020 – 2021
	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 payables D= A+B-C		
Changes in Accounts Payable E= D-E		

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Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		
Total		

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	1,253,895	
Others (<i>specify</i>)		
Total	1,253,895	

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020- 2021
	Kshs	Kshs
Compensation of employees	3,135,206	650,591
Use of goods and services	690,132	3,403,550
Amounts due to other Government entities (see attached list)	-	7,215,008
Amounts due to other grants and other transfers (see attached list)	32,286,965	30,659,467
Acquisition of assets		
Others (<i>specify</i>) AIA	82,170	
Funds pending approval	279,400	279,400
Totals	36,473,873	42,208,016

17.4: PMC account balances (See Annex 5)

	2021-2022	2020- 2021
	Kshs	Kshs
PMC account balances (see attached list)	93,437,369	120,240,030

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**Annexes
Annexes: 1 Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	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					

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30th June 2022	Comments
NG-CDFC Staff				
1. Mdudu Bakari	Project coordinator	April 2014	338,240	
2. Mohamed Hussein	IT	April 2014	278,807	
3. Stellah Matunda	Accounts assistant	Feb 2016	115,752	
4. Evelyn Tatu	Clerical officer	Jan 2017	212,125	
5. Wahida Abdalla	Secretary	Feb 2018	110,195	
6. Fadya Khalil	Clerk of works	April 2020	198,776	
Sub-Total				
Grand Total			1,253,895	

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		3,135,206	650,591	
Use of goods & services		690,132	3,403,550	
Amounts due to other Government entities		-	7,215,008	
Sub-Total				
Amounts due to other grants and other transfers		32,286,965	30,659,467	
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)		82,170		
Sub-Total				
Funds pending approval		279,400	279,400	
Grand Total		36,478,873	42,208,016	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/2021	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/2022
Land				
Buildings and structures				
Transport equipment	176,320			176,320
Office equipment, furniture and fittings	556,148			556,148
ICT Equipment, Software and Other ICT Assets	2,312,910			2,312,910
Other Machinery and Equipment	135,000			135,000
Heritage and cultural assets				
Intangible assets				
Total	3,180,378			3,180,378

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Annex 5 –PMC Bank Balances as at 30th June 2022

PMC	Bank	Account number	Bank Balance	
			2021/2022	2020/2021
Sparki Kitchen	Equity	0460278673191	100,878	1,100,000
Ronald Ngala Football Pitch	Equity	0460276219089	1,130	6,771,367.50
Sheikh Abdalla Alfarsy	equity	0460279966209	9,400	581,000
Ronald Ngala Social Hall	Gulf	025001	1,200,000	22,000
Khamis High School	Equity	0460278841673	66,624	261941
Makande Girls	Equity	0460278999072	0	4,774,291
Mbeheni Bondeni Complex	Equity	0460269745194	18,136	481,500
Mekatili Wa menza Girls	Equity	0460280508700	46,041,449	49,311,430
Tudor Day Secondary School	Equity	0460279999425	3,676	225000
Mvita Primary School	Equity	0460277388194	15,985,686	20,000,000
Ganjoni Primary School	Equity	0460262705776	10,532,255	6,000,000
Kaloleni Kikowani	Equity	0460280824224	631,790	9,900,000
Mvita Primary	Equity	0460280891605	1,550	10,000,000
Sparki Primary classroom project	Equity	0460281079015	6,292,431	9,000,000
Allidina Visram	Equity	0460280824248	135,985	-
burhaniya primary school	Equity	0460282131040	513,500	-
Tom mboya primary school	Equity	0460282362350	513,500	-
GURU NANAK PRIMARY	Equity	0460282078110	513,500	-
mvita primary	Equity	0460282270930	513,500	-
Sheikh Abdalla Alfarsy class rooms	Equity	0460280874624	693,807	-
khamis high school renovation	Equity	0460277881674	66,624	-
Makupa boys classroom	Equity	0460282094451	3,192,206	-
Sacred heart primary school project	Equity	0460282517393	5,921,288	5,921,288
Sparki primary school desk	Equity	0460282502739	513500	-

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PMC	Bank	Account number	Bank Balance	
			2021/2022	2020/2021
Mvita sports	Equity	0460282685231	578	-
KMTC project	Equity	0460299295470	2290	-
Mvita Boys water purifier	Equity	0460280010588	400	-
Makupa boys water purifier	Equity	0460280022517	900	-
Bahari primary desks project	Equity	0460280160006	400	-
Star of the sea primary school	Equity	0460278999100	6,520	-
Sheikh Abdala Alfarsy school	Equity	0460278746904	16,655	-
Sharriff Nassir girls lab	Equity	0460277402211	87,673	-
Total			93,437,369	120,240,030

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)
MSA/NG-CDF MVITA 2020/2021	Presentation and disclosure of financial statements	The financial statement has been amended	resolved	11 th april 2022
MSA/NG-CDF MVITA 2020/2021	Undisbursed fund allocations-Ksh 42,088,878.60	At the closure of financial year the NG-CDF Mvita had a closing balance amounting to ksh 42,088,878 as this amount comprised of ksh	resolved	11 th april 2022

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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)
		14,393,448. being emergency funds for financial year 2019/2020 and 2020/2021 respectively where the committee had submitted for reallocation of the same and we are waiting for approval from the Board. While Ksh 6,000,000 was meant for social security and the payment was due in July, the balances were for bursary and administration.		
MSA/NG-CDF MVITA 2020/2021	Under- Absorption of disbursed funds	At the closure of the financial year the project account were not utilized but the works were tendered and we were waiting for the Contractor to raise invoice .	resolved	11 th April 2022
MSA/NG-CDF MVITA 2020/2021	Unsupported other receipts (A.I.A) -KSH 7,771,095	Amount of ksh 7,771,095 were un utilized funds from the project management account and we had received approval from the board before utilizing the funds as per approved code list	resolved	11 th april 2022
MSA/NG-CDF MVITA 2020/2021	Overstatement of compensation of employees	The overstatement of kshs 288,000 has been rectified in the financial statement	resolved	11 th april 2022

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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)
MSA/NG-CDF MVITA 2020/2021	Unsupported committee and training expenses	The schedules for the committee expenses and training expenses have been attached as per attached	resolved	11 th April 2022
MSA/NG-CDF MVITA 2020/2021	Un presented cheques	The unpresented cheques have been reversed back to cash book as per attached cashbook folio	resolved	11 th April 2022
MSA/NG-CDF MVITA 2020/2021	Non remittance of bank reconciliation statements to the office of Auditor General	The bank reconciliation will be submitted as per the PFM Act	resolved	11 th april 2022

Fatma Abubakar

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Fund Account Manager.