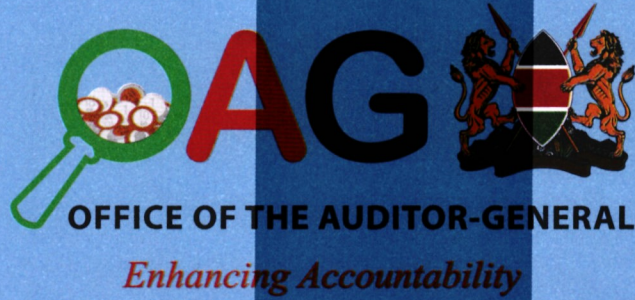


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

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

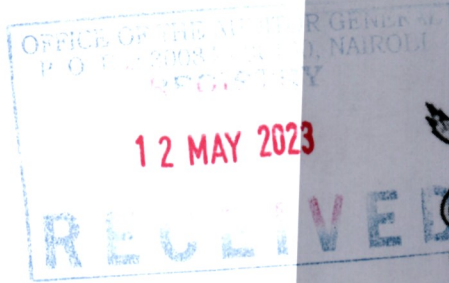
**FOR THE YEAR ENDED
30 JUNE, 2022**

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
DATE: 15 AUG 2023
TUESDAY
Hon Kimani Ichung'uwa
Leader, majority party
Inzogu mwalo







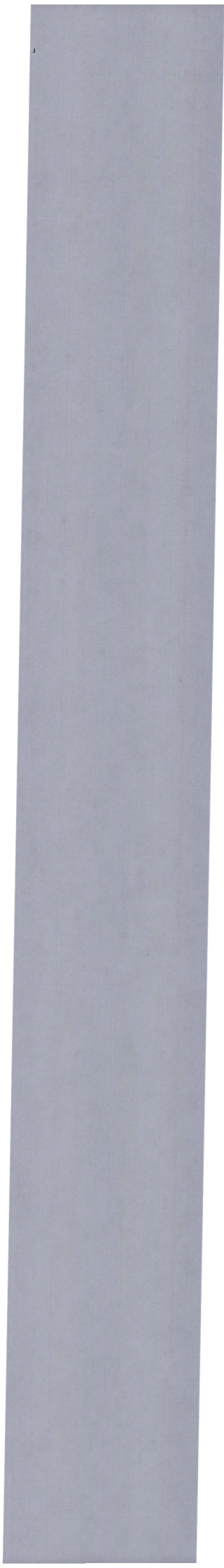
**EMBAKASI EAST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**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)



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EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
NG - CDF
P.O. BOX 2360 - 00515, NAIROBI

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;

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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

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

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Victor Ouma
2.	Sub-County Accountant	Dennis Mathenge
3.	Chairman NGCDFC	Jane Akinyi
4.	Member NGCDFC	Josephine Owino

(d) Fiduciary Oversight Arrangements

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

(e) EMBAKASI EAST CONSTITUENCY NGCDF Headquarters

P.O. Box 2360-00515
Greenspan mall
Along old Donholm Road
Nairobi, KENYA

(f) EMBAKASI EAST CONSTITUENCY NGCDF Contacts

Telephone: (254)0707484910
E-mail: vouma@ngcdf.go.ke
Website: www.embakasiengcdf.go.ke



EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

(g) EMBAKASI EAST CONSTITUENCY NGCDF Bankers

Equity Bank A/C No 0820264117294
Donholm Branch
P.O Box 5328-20100
Nairobi Kenya

(h) Independent Auditors

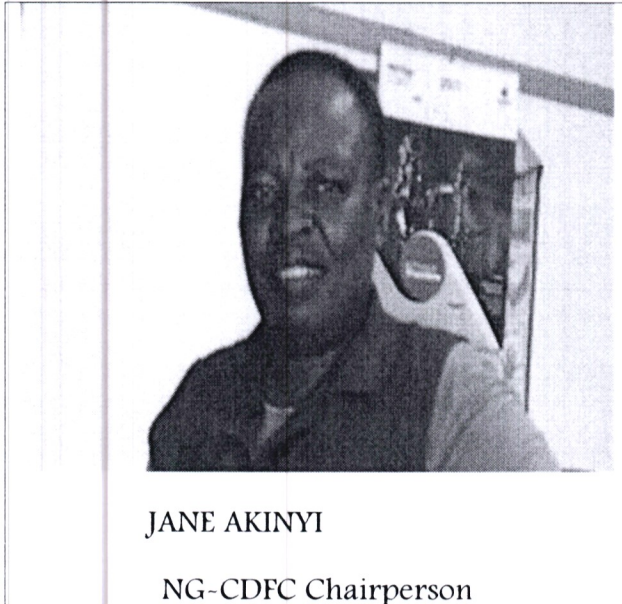
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(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



JANE AKINYI

NG-CDFC Chairperson

I am pleased to present Embakasi East –NCDF annual report and financial statements for the financial year 2021/22. The people of Embakasi East constituency are determined to participate effectively in domesticating objectives of vision the big 5 in our development planning. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness, transparency, openness and accountability.

Financial year budget

In the financial year 2021/22 the NG-CDF Embakasi East Constituency was allocated Kshs **137,088,879** and we have received half the allocation for the financial year **2021/202** and the utilization has gone well in which 69% of the funds allocated to projects has been utilized effectively as bellow.

Table 1.0 summary of budget performance

Key achievements

We have therefore completed our allocations in time, and achieved the results as stipulated in the summary graph below:

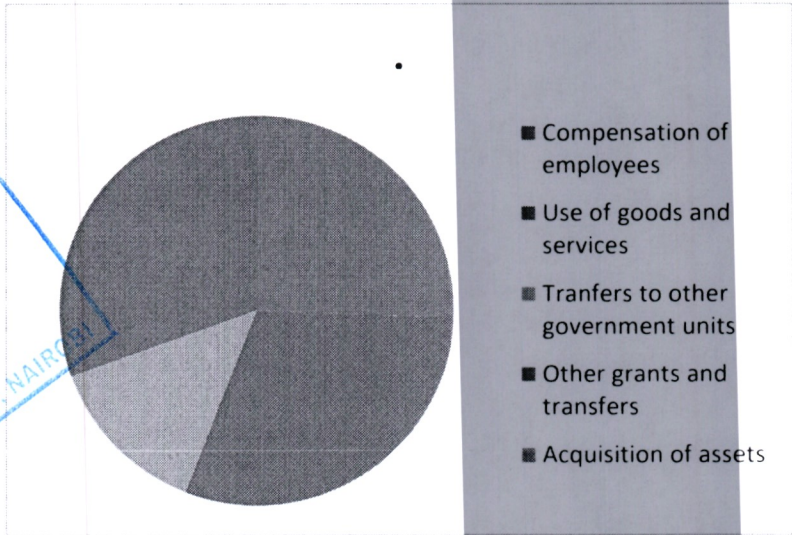
EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

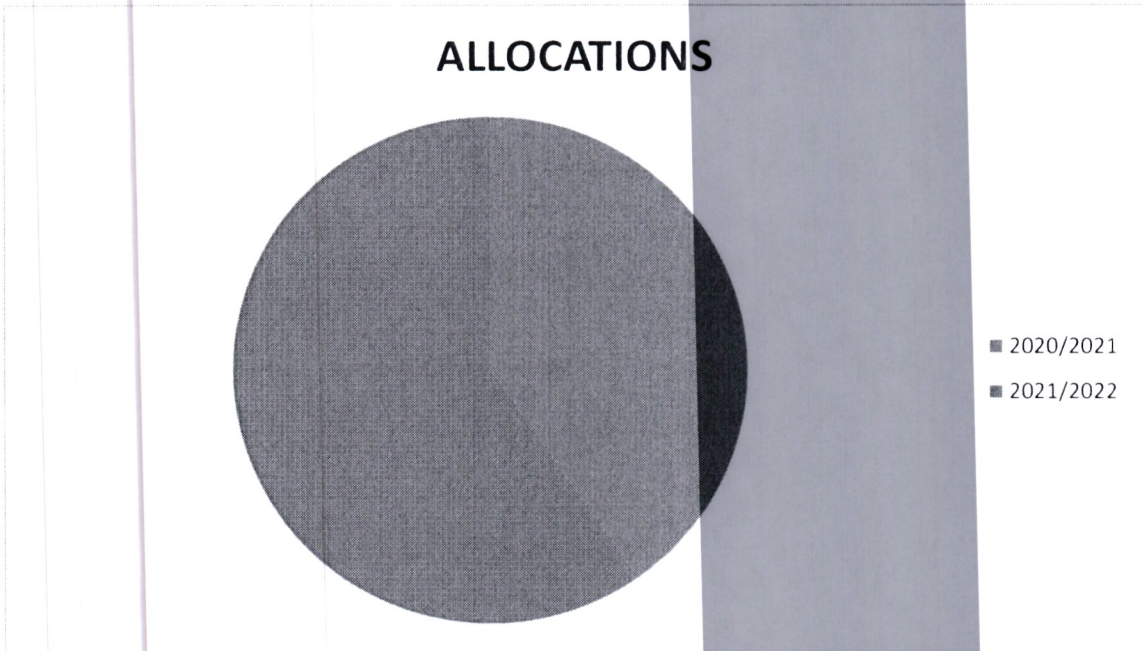
Annual Report and Financial Statements for The Year Ended June 30, 2022

Compensation of Employees	83.4%
Use of goods and services	98.6%
Transfers to Other Government Units	44.1%
Other grants and transfers	99.2%
Acquisition of Assets	0.0%
Other Payments	0.0%
Funds pending approval	0.0%

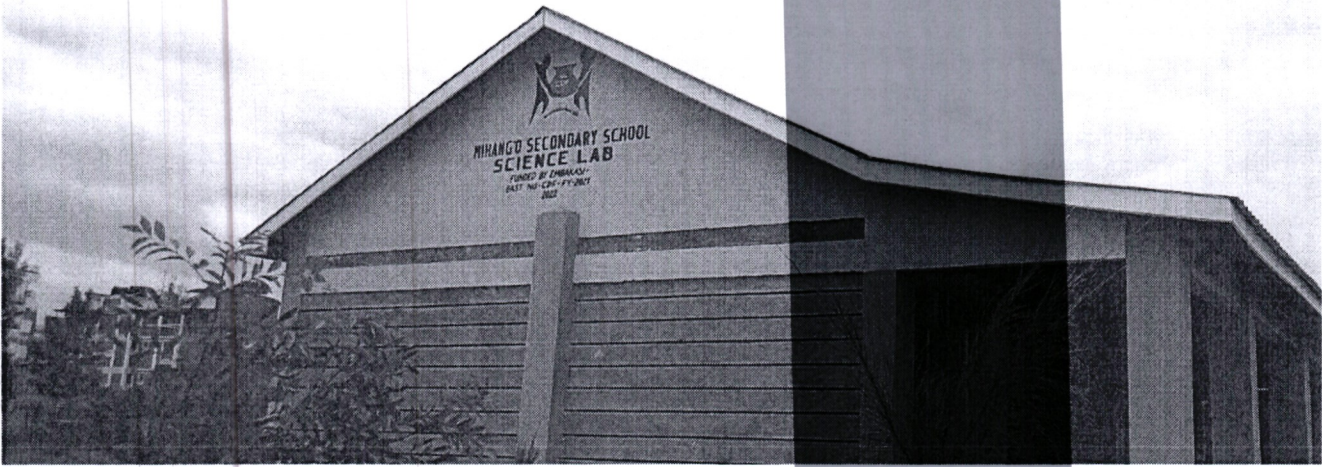
SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
NG - CDF
P.O. BOX 2380 - 00515, NAIROBI



ALLOCATIONS



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



MIHANGO SECONARY SCHOOL LAB 2021-2022.

Jane Akinyi

Name: Jane Akinyi
CHAIRPERSON NGCDF COMMITTEE

SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
NG - CDF
P.O. BOX 2360 - 00515, NAIROBI

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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 *Embakasi East Constituency 2018-2022* plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

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, dormitories, laboratories etc from ... to... in the following schools/institutions - Bursary beneficiaries at all levels were as per the attached schedules
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	Number of renovated chiefs' offices increased from 1 to 2. 2 high masts added in the constituency
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Equip schools with tanks	Tanks supplied in different schools	Tanks supplied in different schools
Sports	Empower and develop youth and special groups	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme is 37 teams around the constituency
Emergency	Improve the mechanism used in handling disasters	Reduce loss of live and properties	Covid 19 assortments supplied in the constituency	Help reduce the rate of spread of covid 19.

IV. Environmental and Sustainability Reporting

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

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

- d. **Sports:** Embakasi East 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

- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.*

3. Employee welfare

We invest in providing the best working environment for our employees. Embakasi East 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. Embakasi East Constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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-

Embakasi East 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.

Embakasi East 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-

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

Public Participation in Project Identification and Implementation and Monitoring

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

Embakasi East 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.

Embakasi East 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.

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

SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
NG - CDF
P.O. BOX 2367 NAIROBI

Name: VICTOR OUMA

FAM

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-Embakasi East Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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 NG-CDF-Embakasi East Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NG-CDF-Embakasi East Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

EMBAKASI EAST CONSTITUENCY

National Government Constituencies Development Fund (NGCDF)

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

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

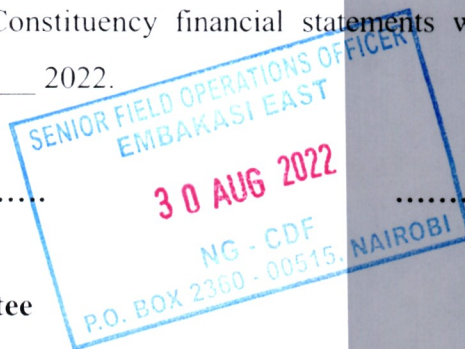
Approval of the financial statements

The NG-CDF- Embakasi East Constituency financial statements were approved and signed by the Accounting Officer on 30/08/2022 2022.

Akinyi

Name: JANE AKINYI

Chairperson – NGCDF Committee



Victor

Name: VICTOR OUMA

Fund Account Manager

REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI EAST 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 the 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 - Embakasi East Constituency set out on pages 1 to 30, which comprise the statement of assets and liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the summary statement

Report of the Auditor-General on National Government Constituencies Development Fund - Embakasi East Constituency for the year ended 30 June, 2022

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

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

Basis for Qualified Opinion

1. Unsupported Bursary Disbursement

The statement of receipts and payments and Note 7 to the financial statements reflect other grants and other payments amount of Kshs.91,809,957. Included in this amount is expenditure totalling to Kshs.77,142,000 which relates to bursaries to secondary schools and tertiary institutions. However, only a few acknowledgement receipts were provided and some application forms had no admission numbers. Further, it was observed that the total bursary amount of Kshs.77,142,000 represents 48% of the total transfers from NG-CDF Board, which is 13% above the allowable limit of 35%. The anomaly was not explained.

In addition, there was no evidence of formation of an Education Bursary Committee whose core mandate is vetting of applicants, contrary to guidelines in a circular issued in relation to vetting, as all the forms had no evidence of vetting by the Committee. Further, the amount awarded to the successful applicants was not indicated in the application form, and in the absence of such information it was not possible to confirm the amount awarded to the successful applicants.

In the circumstances, the accuracy, regularity and completeness of bursaries amounting to Kshs.77,142,000 could not be confirmed.

2. Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.12,497,023. However, there was no Board of survey report in support of the balance.

Further, examination of the April, 2022 bank reconciliation statement revealed a total amount of Kshs.11,564,352 being payment in cash book not yet recorded in the bank statement (unpresented cheques). Included in this amount were stale cheques some dating 28 August, 2019 totalling to Kshs.1,680,000. Details on when the long outstanding balances were cleared were not provided and the same was not reflected in the June, 2022 bank statement.

In addition, the June, 2022 bank reconciliation statement revealed analyses of payments in bank statement not yet recorded in the cash book, with payments totalling to

Kshs.721,112 dating back to 2016, hence had been outstanding for over seven years. No explanation was provided for not adjusting the balances in the cash book. In addition, the reconciliation statement also revealed payments in cash book not recorded in bank statement (unpresented cheques) totalling to Kshs.3,290,042. The Management did not provide evidence and details on when the cheques were cleared.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.12,497,023 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Embakasi East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audit 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

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.228,466,380 and Kshs.170,902,439 respectively, resulting to an underfunding amounting to Kshs.57,563,941 or 25% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.228,466,379 and Kshs.158,405,417 respectively, resulting to an under expenditure of Kshs.70,060,962 or 31% of the budget.

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

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022, and Management did not provide reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregularities in Implementation of Primary and Secondary School Projects

The statement of receipts and payments reflects transfer to other Government entities amounting to Kshs.54,000,000 as disclosed in Note 6 to the financial statements, which includes transfers to secondary schools amounting to Kshs.42,000,000 and transfers to primary schools amounting to Kshs.12,000,000. Review of the project files provided for audit and physical verification of the projects revealed the following anomalies;

1.1 Construction of Three Classrooms at Maua Primary School

The Fund disbursed a total of Kshs.4,500,000 to the Project Management Committee (PMC) of Maua Primary School for construction of 3 classrooms. Physical verification carried out on 4 April, 2023 revealed that the project had been completed. However, it was observed that the entire floor had cracks, only one coat of painting had been done, the black boards were not complete, and the project was not branded.

1.2 Construction of Toilets at Embakasi Garrison Primary School

The Fund disbursed a total of Kshs.4,000,000 to the Project Management Committee (PMC) for Embakasi Garrison Primary School vide cheques number 15799 dated 16 March, 2022 for construction of toilets. Physical verification of the project carried out on 4 April, 2023 revealed that both the male and female toilets had malfunctioning water system connection making the effective use of the toilets minimal. The project was also not branded.

1.3 Donholm Secondary School - Construction of Tuition Block

The National Government Constituency Development Fund Embakasi East Constituency disbursed a total of Kshs.12,000,000 for completion of a new tuition block with 8 classrooms, 5 toilet doors, and 50 student capacity laboratory phase 2 of the first floor. In total, Kshs.42,713,620 had been disbursed to the Project Management Committee (PMC) as at 30 June 2022, for construction of tuition block for Donholm Secondary School.

The contract was awarded to a contractor for a contract sum of Kshs.40,249,703 on 15 June, 2021. Physical verification carried out on 4 April, 2023 revealed that the construction of the new tuition block phase 1 was still ongoing and the entire building was incomplete. The construction was completed only to the slab, with no finishing and the engineer's progress reports were not provided for audit.

In view of the gaps in project completion described above, it was not possible to confirm that value for money was realized in the project implementation. In addition, Management was in breach of the law.

2. Non-Compliance with Management of Emergency Reserves

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.91,809,957 which includes emergency expenditure amounting to Kshs.8,267,933, as disclosed in Note 7 to the financial statements. However, no documentary evidence was provided indicating that NGCDF Embakasi East Constituency had reported any of the emergency expenditure to the Board using the prescribed format and within the stipulated period of 30 days of occurrence of the emergency as required by Section 20(2) of the National Government Constituencies Development Fund Regulations, 2016.

In the circumstances, Management was in breach of the law

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 controls, 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 Management is aware of intention to terminate the Fund or cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with Constituency policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 July, 2023



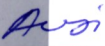
EMBAKASI EAST CONSTITUENCY
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2022

VII. Statement of Receipts and Payments for the Year Ended 30th June 2022

	Note	2021-2022	2020-2021
		Kshs	
RECEIPTS			
Transfers from NGCDF Board	1	160,241,496.30	180,281,121.00
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	2,000.00	45,000.00
TOTAL RECEIPTS		160,243,496.30	180,326,121.00
PAYMENTS			
Compensation of employees	4	3,283,292.00	4,723,640.00
Use of goods and services	5	9,312,168.00	11,481,143.00
Transfers to Other Government Units	6	54,000,000.00	99,927,550.00
Other grants and transfers	7	91,809,957.00	92,120,016.00
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		158,405,417.00	208,252,349.00
SURPLUS/DEFICIT		1,838,079.30	(27,926,228.00)

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

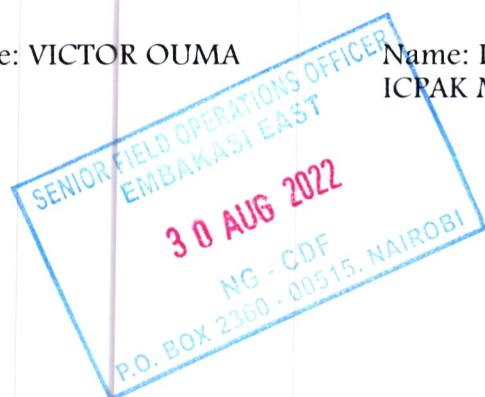
The Constituency financial statements were approved on 30/08/ 2022 and signed by:

		
_____ Fund Account Manager	_____ National Sub-County Accountant	_____ Chairperson NG-CDF Committee

Name: VICTOR OUMA

Name: DENNIS MATHENGE
ICRAK M/No: 14373

Name: JANE AKINYI



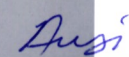


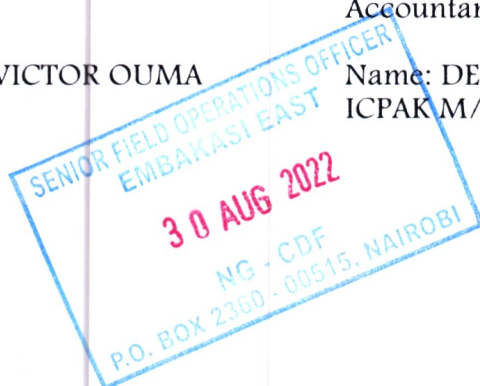
VIII. Statement of Assets and Liabilities as At 30th June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	12,497,022.62	10,658,943.00
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		12,497,022.62	10,658,943.00
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		12,497,022.62	10,658,943.00
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		12,497,022.62	10,658,943.00
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	10,658,943.00	38,585,171.00
Prior year adjustments	14	-	
Surplus/Defict for the year		1,838,079.62	(27,926,228.00)
NET FINANCIAL POSITION		12,497,022.62	10,658,943.00

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 30/06/ 2022 and signed by:

		
_____ Fund Account Manager	_____ National Sub-County Accountant	_____ Chairperson NG-CDF Committee
Name: VICTOR OUMA	Name: DENNIS MATHENGE ICPAK M/No: 14373	Name: JANE AKINYI



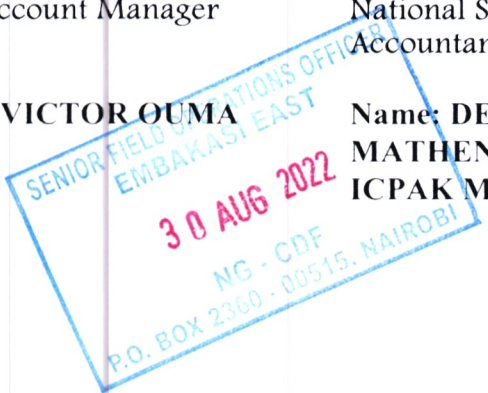
X. Statement of Cash Flows for the Year Ended 30th June 2022

		2021-2022	2020-2021
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	160,241,496.30	180,281,121.00
Other Receipts	3	2,000.00	45,000.00
		160,243,496.30	180,326,121.00
Payments for operating activities			
Compensation of Employees	4	3,283,292.00	4,723,640.00
Use of goods and services	5	9,312,168.00	11,481,143.00
Transfers to Other Government Units	6	54,000,000.00	99,927,550.00
Other grants and transfers	7	91,809,957.00	92,120,016.00
Other Payments	9	-	-
		158,405,417.00	208,252,349.00
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		1,838,079.30	(27,926,228.00)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities			
		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		1,838,079.30	(27,926,228.00)
Cash and cash equivalent at BEGINNING of the year	10	10,658,943.00	38,585,171.00
Cash and cash equivalent at END of the year		12,497,023.30	10,658,943.00

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 20/08/2022 and signed by:

<u>10</u>	<u>[Signature]</u>	<u>[Signature]</u>
Fund Account Manager	National Sub-County Accountant	Chairperson NG-CDF Committee
Name: VICTOR OUMA	Name: DENNIS MATHENGE ICPAK M/No: 14373	Name: JANE AKINYI



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

X. Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,088,879.00	Opening Balance (C/Bk) and AIA 10,658,943.32	228,464,380.32	170,900,439.00	57,563,941.32	74.8%
Proceeds from Sale of Assets		-	-	-	-	0.0%
Other Receipts		2,000.00	2,000.00	2,000.00	-	100.0%
TOTAL RECEIPTS	137,088,879.00	10,660,943.32	228,466,380.32	170,902,439.00	57,563,941.32	74.8%
PAYMENTS						
Compensation of Employees	3,748,100.00	186,720.00	3,934,820.00	3,283,292.00	651,528.00	83.4%
Use of goods and services	8,589,898.00	247,423.00	9,437,321.00	9,312,168.00	125,153.00	98.7%
Transfers to Other Government Units	63,886,379.75	-	122,468,823.75	54,000,000.00	68,468,823.75	44.1%
Other grants and transfers	60,864,501.00	10,127,230.00	92,525,845.00	91,809,957.00	715,888.00	99.2%
Acquisition of Assets	-	52,570.00	52,570.00	-	52,570.00	0.0%
Other Payments	-	-	-	-	-	0.0%
funds pending approval	-	47,000.00	47,000.00	-	47,000.00	0.0%
TOTAL	137,088,878.75	10,660,943.00	228,466,378.75	158,405,417.00	70,060,962.75	69.3%

SENIOR FIELD OPERATIONS OFFICER
 EMBAKASI EAST
30 AUG 2022
 NG - CDF
 P.O. BOX 2300 - 00515, NAIROBI


Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities

Description	Amount
Budget utilisation difference totals	70,060,962.75
Less undisbursed funds receivable from the Board as at 30 th June 2022	57,563,941.32
Add Accounts payable	12,497,023.62
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	12,497,023.62

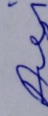
The Constituency financial statements were approved on 30/08/2022 and signed by:



Fund Account Manager



National Sub-County Accountant



Chairperson NG-CDF Committee

Name: VICTOR OUMA

Name: DENNIS MATHENGE
ICPAK M/No: 14373

Name: JANE AKINYI



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

Programme/Sub-programme	Original Budget(a)		Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
	2021/2022	Kshs	Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
1.0 Administration and Recurrent								
1.1 Compensation of employees	3,748,100.00		186,720.00	-	3,934,820.00	3,283,292.00	651,528.00	83
1.2 Committee allowances	1,245,540.00		100,000.00	-	1,345,540.00	1,328,000.00	17,540.00	99
1.3 Use of goods and services	3,231,692.00		147,423.00	600,000.00	3,979,115.00	3,968,310.00	10,805.00	100
Total	8,225,332.00		434,143.00	600,000.00	9,259,475.00	8,579,602.00	679,873.00	93
2.0 Monitoring and evaluation								
2.1 Capacity building	2,000,000.00		-	-	2,000,000.00	1,950,000.00	50,000.00	98
2.2 Committee allowances	908,356.00		-	-	908,356.00	908,000.00	356.00	100
2.3 Use of goods and services	1,204,310.00		-	-	1,204,310.00	1,157,858.00	46,452.00	96
Total	4,112,666.00				4,112,666.00	4,015,858.00	96,808.00	98
3.0 Emergency								
3.1 Primary Schools	-		-	-	-	-	-	-
3.2 Secondary schools	-		-	-	-	-	-	-
3.3 Tertiary institutions	-		-	-	-	-	-	-
3.4 Security projects	-		-	-	-	-	-	-
3.5 Unutilised	7,192,207.00			1,443,398.00	8,635,605.00	8,267,933.00	367,672.00	96
Total	7,192,207.00			2,043,398.00	8,635,605.00	8,267,933.00	367,672.00	96
4.0 Bursary and Social Security								
4.1 Secondary Schools	34,116,520.00		10,127,230.00	13,551,250.00	57,795,000.00	57,795,000.00	-	100
4.2 Tertiary Institutions	14,272,220.00			5,074,780.00	19,347,000.00	19,347,000.00	-	100
4.3 Social Security	-		-	-	-	-	-	-

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-Embakasi East Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

6. Cash and Cash 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.

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
IG - CDF
P.O. BOX 2360 - 00515, NAIROBI

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 1st June 2020 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.

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.

SENIOR FIELD OPERATIONS OFFICER
EMBAKASI EAST
30 AUG 2022
NG - CDF
P.O. BOX 2360 - 00515. NAIROBI

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

Notes to the Financial Statement Continued

1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description		2021-2022	2020 - 2021
330407	Normal Allocation		Kshs	Kshs
		1 AIE NO B124742	-	5,000,000.00
		2 AIE NO B104968	-	52,888,258.00
		3 AIE NO B124921	-	8,500,000.00
		4 AIE NO B119776	-	12,000,000.00
		5 AIE NO B128067	-	6,900,000.00
		6 AIE NO B128378	-	6,000,000.00
		7 AIE NO B132122	-	6,000,000.00
		8 AIE NO B126085	-	8,000,000.00
		9 AIE NO B138790	-	12,000,000.00
		10 AIE NO B126375	-	11,000,000.00
		11 AIE NO B140521	-	13,000,000.00
		12 AIE NO B105172	-	38,992,863.00
		1 AIE NO B140869	28,963,879.30	-
		2 AIE NO B105426	44,000,000.00	-
		3 AIE NO B105750	24,000,000.00	-
		4 AIE NO B128792	12,000,000.00	-
		5 AIE NO B132479	5,000,000.00	-
		6 AIE NO B140800	24,900,000.00	-
		7 AIE NO B155936	19,725,000.00	-
		8 AIE NO A888972	1,652,617.00	-
330408	Conditional Grants	AIE NO...		
330409	Receipt from other Constituency			
	TOTAL		160,241,496.30	180,281,121
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
510000	Description		2021-2022	2020 - 2021
			Kshs	Kshs
510202	Receipts from the Sale of Buildings			-

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510601	Receipts from the Sale of Vehicles and Transport Equipment	-	-
510801	Receipts from the Sale Plant Machinery and Equipment	-	-
510803	Receipts from the Sale of Office and General Equipment	-	-
	TOTAL	-	-

400000 3 OTHER RECEIPTS

Description		2021-2022	2020 - 2021
		Kshs	Kshs
410107	Interest Received	-	-
410405	Rents	-	-
420601	Receipts Sale of Tender Documents	2,000.00	45,000.00
	Hire of plant/equipment/facilities	-	-
	Unutilized funds from PMCs	-	-
450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	TOTAL	2,000.00	45,000.00

110000 4 COMPENSATION OF EMPLOYEES

Description		2021-2022	2020 - 2021
		Kshs	Kshs
110201	NG-CDFC Basic staff salaries	3,249,692.00	2,673,400
	Personal allowances paid as part of salary	-	-
110301	House allowance	-	-
110314	Transport allowance	-	-
110320	Leave allowance	-	-
710120	Gratuity-contractual employees	-	2,019,240
120101	Employer Contributions Compulsory national social security schemes	33,600.00	31,000
	TOTAL	3,283,292.00	4,723,640

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200000 5 USE OF GOODS AND SERVICES

Description		2021-2022	2020 - 2021
		Kshs	Kshs
210100	Utilities, supplies and services	700,000.00	160,000
210101	Electricity		38,559

			36,242.00	
210102	Water & sewerage charges		25,000.00	10,000
210104	Office rent		997,890.00	1,069,426
210200	Communication, supplies and services		162,000.00	88,000
210300	Domestic travel and subsistence		50,000.00	100,000
210500	Printing, advertising and information supplies & services		135,000.00	506,107
210600	Rentals of produced assets		-	-
210700	Training expenses		1,580,065.00	3,054,824
210800	Hospitality supplies and services		-	-
210802	Other committee expenses		1,200,100.00	1,956,000
210809	Committee allowance		1,328,000.00	2,779,000
210900	Insurance costs		-	-
211000	Specialised materials and services		50,000.00	
211100	Office and general supplies and services		2,968,520.00	1,623,107
211200	Fuel , oil & lubricants		-	-
211300	Other operating expenses		-	-
211301	Bank service commission and charges		79,351.00	96,120
211310	Other Operating Expenses		-	-
211313	Security operations		-	-
220100	Routine maintenance - vehicles and other transport equipment		-	-
220200	Routine maintenance- other assets		-	-
	TOTAL		9,312,168.00	11,481,143

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630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES			
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	Description	2021-2022	2020 - 2021
		Kshs	Kshs
630204	Transfers to Primary Schools	42,000,000.00	42,512,769
630205	Transfers to Secondary Schools	12,000,000.00	57,414,781
630206	Transfers to Tertiary Institutions	-	-
	TOTAL	54,000,000.00	99,927,550

640000	7 OTHER GRANTS AND OTHER PAYMENTS			
---------------	--	--	--	--

	Description	2021-2022	2020 - 2021
		Kshs	Kshs
640101	Bursary - Secondary (see attached		35,505,000

	list)		57,795,000.00		
640102	Bursary -Tertiary (see attached list)		19,347,000.00	31,004,759	
640104	Bursary- Special Schools		-	-	
640105	Mocks & CAT (see attached list)		-	-	
	Social Security programmes (NHIF)		-	-	
640507	Security Projects (see attached list)		-	8,700,000	
640509	Sports Projects (see attached list)		5,400,024.00	4,122,600	
640510	Environment Projects (see attached list)		1,000,000.00	6,385,865	
640200	Emergency Projects (see attached list)		8,267,933.00	6,401,792	
	TOTAL		91,809,957.00	92,120,016	

100000	8 ACQUISITION OF ASSETS			
---------------	--------------------------------	--	--	--

Non Financial Assets		2021-2022	2020 - 2021
		Kshs	Kshs
110102	Purchase of Buildings	-	-
110202	Construction of Buildings	-	-
110302	Refurbishment of Buildings	-	-
110701	Purchase of Vehicles Vehicles and Other Transport Equipment	-	-
110704	Purchase of Bicycles & Motorcycles	-	-
110801	Overhaul of Vehicles and Other Transport Equipment	-	-
	Purchase of Household Furniture and Institutional Equipment	-	-
	Purchase of office furniture and and General Equipment	-	-
	Purchase of computers ,printers and other IT equipments	-	-
	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	-	-

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9 Other Payments				
211310	Strategic Plan		-	-
211311	ICT Hubs		-	-
	TOTAL		-	-

10A: Bank Balances (cash book bank balance)				
--	--	--	--	--

Name of Bank, Account No. & currency	Account Number	2021-2022	2020 - 2021
		Kshs (30/6/2022)	Kshs (30/6/2021)
EQUITY BANK, Donholm Branch	A/C no	12,497,022.62	10,658,943
		-	-
		-	-
TOTAL		12,497,022.62	10,658,943

10B: CASH IN HAND)				
---------------------------	--	--	--	--

	2021-2022	2020 - 2021
	Kshs (30/6/2022)	Kshs (30/6/2021)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
TOTAL	-	-

[Provide cash count certificates for each]

11: OUTSTANDING IMPRESTS				
---------------------------------	--	--	--	--

Name of Officer	Date imprest taken	Amount Taken Kshs	Amount Surrendered Kshs	Balance (30/6/2022) Kshs
		-	-	-
		-	-	-
		-	-	-
TOTAL		-	-	-

12A Retention		2021-2022	2020-2021
		KShs	KShs
Retention as at 1st July (A)		-	-
Retention held during the year (B)		-	-
Retention paid during the Year (C)		-	-
Closing Retention as at 30th June D= A+B-C		-	-
12 B Gratuity		2021-2022	2020-2021
		KShs	KShs
Gratuity as at 1st July (A)		-	-
Gratuity held during the year (B)		-	-
Gratuity paid during the Year (C)		-	-
Closing Gratuity as at 30th June D= A+B-C		-	-

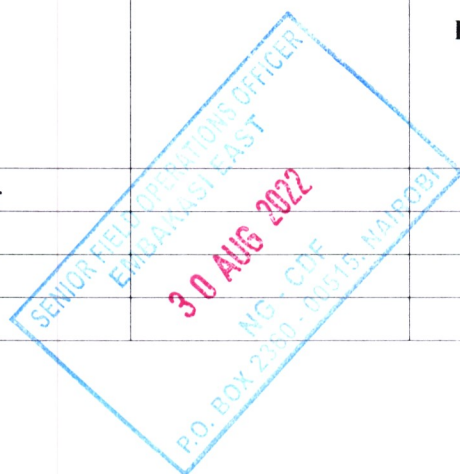
13 BALANCES BROUGHT FORWARD

	2021-2022	2020- 2021
	Kshs (1/7/2021)	Kshs (1/7/2020)
Bank accounts	10,658,943.32	38,585,171
Cash in hand		
Imprest		
TOTAL	10,658,943.32	38,585,171

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2020/2021
	Kshs	Kshs	Kshs
Bank accounts balances	-	-	-
Cash in hand	-	-	-
Accounts Payable	-	-	-



Receivables		-	-	-
Others (specify)		-	-	-
Total		-	-	-

***The adjusted balances are not carried down on the face of the financial statement.*

(Entity to provide disclosure on the adjusted amounts)

Clarification note included

15. CHANGES IN ACCOUNTS RECEIVABLE - OUTSTANDING IMPREST

	2021-2022	2020- 2021
	Kshs	Kshs
Outstanding Imprest as at 1st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Closing accounts receivable as at 30th June 2022 (D=A+B-C)	-	-
Net changes in accounts receivables A-D		

16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION

	2020- 2021	2019- 2020
	Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)	-	-
Deposits and Retention held during the year (B)	-	-
Deposits and Retention paid during the year ©	-	-
Closing accounts payable at 30th June (D=A+B-C)	-	-
Net changes in accounts payables A-D		

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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
NGCDF Staff			-	-
Others (specify)			-	-
TOTAL			-	-
17.3: UNUTILISED FUNDS (See Annex 3)				
			2021-2022	2020- 2021
			Kshs	Kshs
Compensation of employees			651,528.00	186,720.00
Use of goods and services			125,153.00	247,423.00
Amounts due to other Government entities (see attached list)			68,468,823.75	66,717,505.00
Amounts due to other grants and other transfers (see attached list)			715,888.00	24,126,283.00
Acquisition of assets			52,570.00	52,570.00
Strategic plan			-	-
Funds pending approval			47,000.00	45,000.00
			-	-
TOTAL			70,060,962.75	91,375,501.00
17.4: PMC ACCOUNT BALANCES (See Annex 4)				
			2021-2022	2020- 2021
			Kshs	Kshs
PMC account balances (see attached list)			39,779,282.60	54,842,582.00
TOTAL			39,779,282.60	54,842,582.00

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

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 30 th June 2022	Comments
NG-CDFC Staff				
1.	-	-	-	-
2.	-	-	-	-
3.	-	-	-	-
Sub-Total	-	-	-	-
Grand Total	-	-	-	-

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		651,528.00	186,720.00	
Use of goods & services		125,153.00	247,423.00	
Amounts due to other Government entities		68,468,823.75	66,717,505.00	
Sub-Total		69,245,504.75	67,151,649.00	
Amounts due to other grants and other transfers		715,888.00	24,126,283.00	
Sub-Total		69,961,392.75	91,277,931.00	
Acquisition of assets		52,570	52,570.00	
Others (<i>specify</i>)				
Sub-Total		70,013,962.75	91,330,501.00	
Funds pending approval		47,000.00	45,000.00	
Grand Total		70,060,962.75	91,375,501	

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	697,430	-	-	697,430
ICT Equipment, Software and Other ICT Assets	273,000	-	-	273,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	2,340,479	-	-	2,340,479
Intangible assets	-	-	-	-
Total	3,310,909	-	-	3,310,909

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Annex 5 – PMC Bank Balances As At 30th June 2022

PMC	Bank	Account number	Bank Balance	
			2021/2022	2020/2021
Embakasi DCI Police Post	Equity	0820279829224	426,055.00	1,229,797
Embakasi East Pry School Desks Pmc	Equity	0820279644399	288.50	299
Edeivele Primary Upper - 20 Doors	Equity	0820277346618	-	499
Maua Primary School Project	Equity	1790278928152	8,280.50	2,081,634
Mihango Primary School Project	Equity	0820278988469	1,446.60	1,446
Mihango Sec School Laboratory Pmc	Equity	0820280981064	2,188,960.00	5,699,010
Embakasi Primary School-Pmc	Equity	0820280199450	714,883.00	714,883
Edeivale Pry Re-Roofing 12 Classes Pmc	Equity	0820280987080	349,377.00	7,000,000
Embakasi Garrison Pmc	Equity	0820280850644	225,469.00	1,350
Utawala Secondary School Bus Pmc	Equity	0820280560592	2,250.00	2,999,430
Mihango Secondary School Bus Pmc	Equity	0820280208850	615.00	615
Donholm Sec School Tuition Block Pmc	Equity	0820280998871	5,009,648.00	30,713,620
Mihango Sec School Toilet Block Pmc	Equity	0820280981088	4,279,550.00	4,400,000
DONHOLM PRIMARY SCHOOL PMC	Equity	0820282788352	4,500,000.00	-
UTAWALA ACADEMY PMC	Equity	1790282775346	16,000,000.00	-
GIKABU MWANGAZA PRY SCH PMC	Equity	0820282733357	6,000,000.00	-
Embakasi East water TANKS PMC	Equity	0820280204422	72,460.00	-
Total			39,779,282.60	54,842,583

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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)
<p>OAG/NG-CDF EMBAKASI EAST/2020/2021(21)</p>	<p>Construction of Toilet Block and School Laboratory at Mihango Secondary School</p> <p>The National Government Constituency Development Fund Embakasi East Constituency disbursed a total of Kshs.4,400,000 and Kshs.5,669,010 to the project management committee (PMC) for Mihango Secondary School vide cheques number 24059 and 24056 for construction of toilet block and school laboratory respectively.</p> <p>Interview carried out with the project coordinator in the NG-CDF office showed that although the funds had been disbursed to the PMC during the year under review, both projects had not started. However, it was not possible to confirm the progress of the project implementation and the cause of the delay in implementation of the projects and whether the procurement</p>	<p>Construction of Toilet Block and School Laboratory at Mihango Secondary School- the amount was transferred to the PMC Account on 29/06/2021 which was almost the closure of the year as shown by the schedule below. There is already existing PMC Account which is mandated to oversee all the projects which is headed by the principal of the aforesaid school and in an existing institution, the BOM immediately becomes the PMC members. MIHANGO SECONDARY SCH LAB- the project is ongoing and attached is the award and acceptance letters MIHANGO SECONDARY SCH TOILET BLOCK-the project was started and its ongoing Kshs 70,000 was allowances paid to the PMC Members during tender opening kshs 35,000 and evaluation process kshs</p>	<p>RESOLVED</p>	<p>RESOLVED</p>

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)
	<p>process had actually been done. Further, no evidence was provided to show the appointment of the PMC members and the minutes to show the signatories of the bank accounts. In addition, it was not possible to confirm whether the PMC opened new bank accounts for the projects.</p> <p>Further, review of the project file for construction of toilet block showed that PMC allowances amounting to Kshs.70,000 were paid, however supporting documents including the attendance sheets for the PMC members and PMC minutes were not provided for review.</p>	<p>35,000 as per the attached schedules.</p>		
<p>OAG/NG-CDF EMBAKASI EAST/2020/2021(21)</p>	<p>Presentation and Disclosure in the Financial Statements</p>	<p>Embakasi East NG-CDF Financial statement has been revised and the above amendments have been made, attached is a copy of the Amended financial statements.</p>	<p>RESOLVED</p>	<p>RESOLVED</p>

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)
QAG/NG-CDF EMBAKASI EAST/2020/2021(21)	<p>Inaccurate Summary Statement of Appropriation</p> <p>The Summary Statement of Appropriation reflects other receipts under budget utilization difference column amounting to Kshs.45, 000. However, recast of the statement showed nil balance for other receipts under the same column. Further, the statement reflects total payments under opening balance (CBK and AIA) totalling Kshs38, 630,171. However, recast of the statement showed total payments amounting to Kshs.38, 675,171 under the same column resulting to an unreconciled variance of Kshs.45, 000</p>	<p>Embakasi East NG-CDF Financial statement has been revised and the casting error of kshs 45,000 in the summary statement of appropriation under the column (CBk and AIA) has been rectified to give the true balance of kshs 38,675,171 as total receipts and total payments- kshs 45,000 is part of tender sales for the financial year as per the amended copy of the financial statements.</p>	RESOLVED	RESOLVED

.....

Name: **VICTOR OUMA OUMA**
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