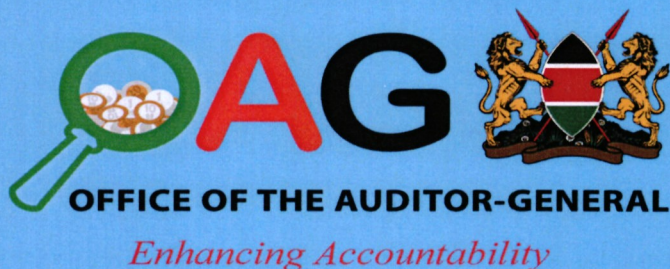


REPUBLIC OF KENYA



## REPORT

PARLIAMENT  
OF KENYA  
LIBRARY

|                                                                                                            |                                                   |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <br>THE NATIONAL ASSEMBLY |                                                   |
| DATE: 05 JUL 2023                                                                                          | DAY: WED                                          |
| TABLED BY:                                                                                                 | Hon Owen Baga, CBS, MP<br>Deputy Leader, Majority |
| CLERK AT THE TABLE:                                                                                        | Finlay Munira                                     |

OF

**THE AUDITOR-GENERAL**

ON

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

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



*Revised Template 30<sup>th</sup> June 2022*



---

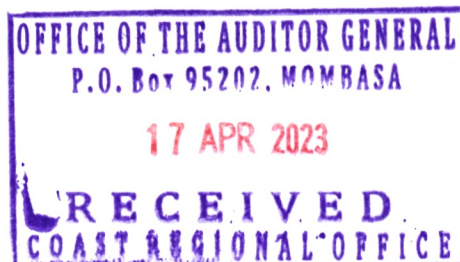
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -  
LUNGALUNGA CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

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

---

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





## Table of Contents

|                                                                                                | Page  |
|------------------------------------------------------------------------------------------------|-------|
| I. Key Constituency Information and Management.....                                            | iii   |
| II. NG-CDFC Chairman's Report.....                                                             | vii   |
| III. Statement Of Performance Against Predetermined Objectives for FY2021/22.....              | x     |
| IV. Environmental and Sustainability Reporting.....                                            | xii   |
| V. Statement Of Management Responsibilities.....                                               | xvi   |
| VI. Report Of the Independent Auditors On The NGCDF- xx Constituency.....                      | xviii |
| VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022.....                 | 1     |
| VIII. Statement Of Assets and Liabilities As At 30 <sup>th</sup> June, 2022.....               | 2     |
| IX. Statement Of Cash Flows for The Year Ended 30th June 2022.....                             | 3     |
| X. Summary Statement of Appropriation for The Year Ended 30 <sup>th</sup> June 2022.....       | 5     |
| X. Budget Execution By Sectors And Projects For The Year Ended 30 <sup>th</sup> June 2022..... | 7     |
| XI. Significant Accounting Policies.....                                                       | 14    |
| XII. Notes To the Financial Statements.....                                                    | 20    |





## **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;





*Lunga Lunga 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 Lunga Lunga Constituency NGCDF day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)





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

ii. National Government Constituency Development Fund Committee (NGCDFC)  
(c) Fiduciary Management

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

| No | Designation           | Name                   |
|----|-----------------------|------------------------|
| 1. | A.I.E holder          | Ronald W. Jembe        |
| 2. | Sub-County Accountant | Sebina Wamboi          |
| 3. | Chairman NGCDFC       | Abubakar Juma Manyenze |
| 4. | Member NGCDFC         | Lucy Mwero             |

(d) Fiduciary Oversight Arrangements

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

(e) LungaLunga Constituency NGCDF Headquarters

P.O. Box 336-80400  
Kanana Building/House/Plaza  
Ukunda- LungaLunga/Road/Highway  
Ukunda- KENYA

(f) LungaLunga Constituency NGCDF Contacts

Telephone: (254)723924494  
E-mail: [cdflungalunga@ngcdf.go.ke](mailto:cdflungalunga@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)





(g) Lungalunga Constituency NGCDF Bankers  
Cooperative Bank of Kenya  
Account No. 01141195733400

Ukunda Branch  
P.O Box

Lunga Lunga

(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

Harabee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

## **II. NG-CDFC Chairman's Report**

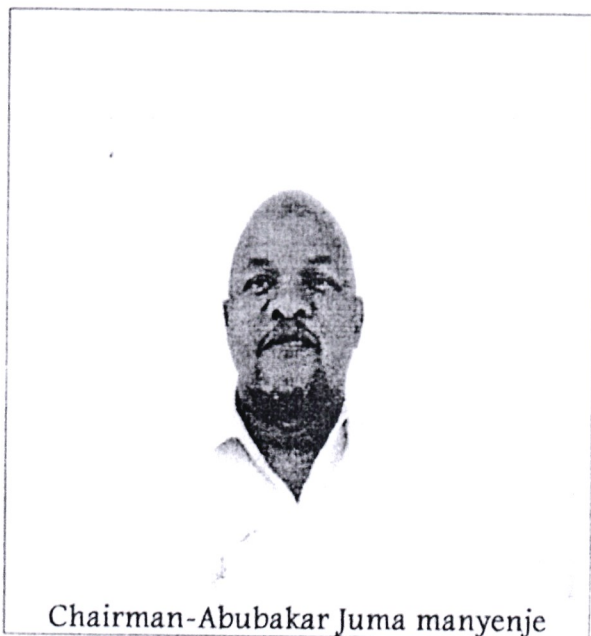
*During the financial year ended 30<sup>th</sup> June 2022, Lungalunga NG-CDF was allocated a total of KShs. 137,088,879. In the course of the financial year, Lungalunga NG-CDF received approximately 98% of its financial year 2021/2022 allocation. The funds received during the financial year were allocated to different sectors of the projects as follows:*

### ***Sectorial analysis***

*In the course of the financial year KShs. 3,809,826 was compensation of employees, KShs. 9,224,369 was use of goods and services, KShs. 83,106,956 was transfer to other Government units which comprised of transfers to Primary schools KShs. 60,610,000, transfers to secondary schools KShs. 22,496,956, KShs. 81,007,105 was other grants and other payments which comprise of bursary to secondary schools KShs. 28,343,000 bursary to tertiary institutions KShs. 18,027,180 security KShs. 21,200,580 sports KShs. 3,789,096 and emergency KShs. 9,647,249*

*The percentage allocation to the sectors in financial year's comparison is presented graphically as here under provided*

*(One to two pages)*



### ***Achievements***

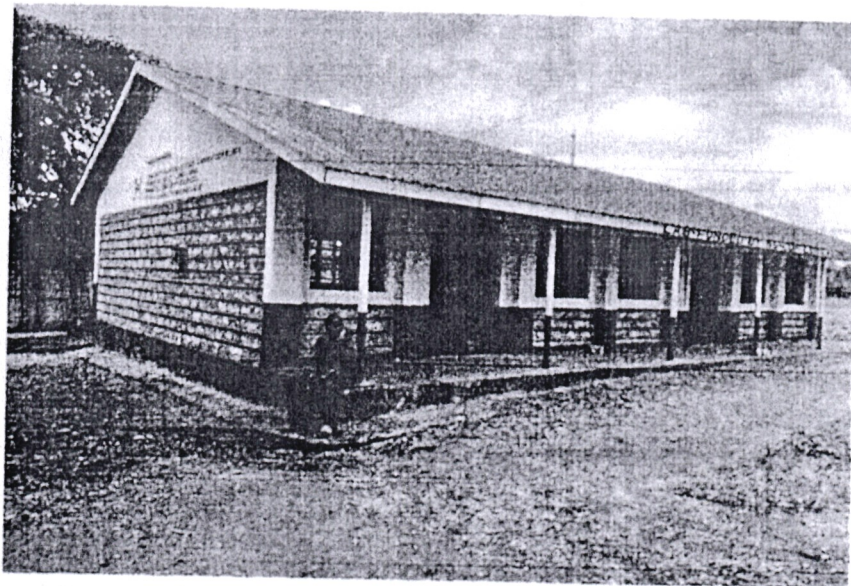
*Continued funding towards the education sector in the constituency has contributed to increased enrolment in primary, secondary and tertiary institutions. This has boosted retention and transition rates in schools. Major funded school projects are classrooms, administration blocks, laboratories, libraries, dormitories, toilets, lockers, and chairs, desks and equipping of laboratories while security projects are chiefs offices and police administration blocks. During the year, the committee*





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

*disbursed a total of Ksh.46, 370,180 as bursary to needy students in secondary, tertiary institutions and this benefitted a total of 3,864 students.*



*Mwasetani High school 50 capacity students laboratory*

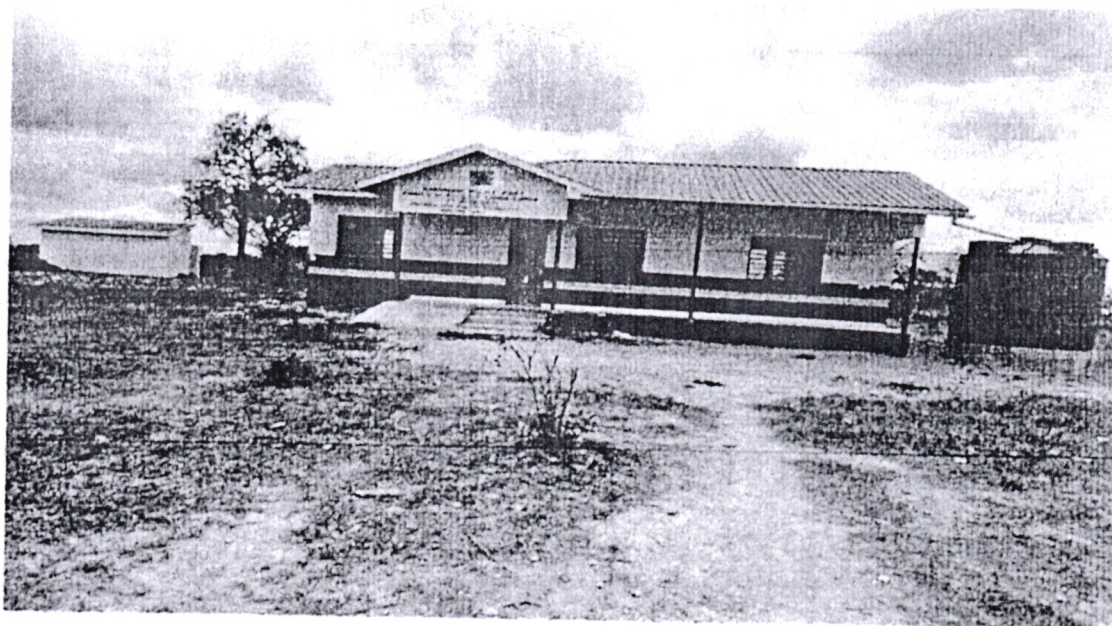


*Mwalewa Girls Secondary school multi-purpose dining hall with annex kitchen*





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



*Magombani police post*

***Challenges***

*During the financial year 2021/2022, lungalunga NG-CDF experienced various challenges in the management of funds which included lack of proper records keeping by project management committees. NG-CDFC has during the financial year 2021/2022 organised training of NG-CDFC, Staff and Project Management Committee to capacity build as remedial measures hence improve performance.*

*I sincerely thank the NG-CDF Board, NG-CDFC staff, Project Management Committees, the relevant Government Departments and other stakeholders for support and co-operation that has made us achieve our goals.*

.....  
**Abubakar Juma Manyenje**  
**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 *Lungalunga Constituency 2018-2022* plan are to:

- a) *To improve the quality of the social economic well-being*

#### 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 | <ul style="list-style-type: none"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary's beneficiaries at all levels</li> </ul> | In FY 21/22 we increased number of classrooms, dormitories, laboratories etc from ... to... in the following schools/institutions<br>- Bursary beneficiaries at all levels were as per the attached schedules |
| Security            | To improve security in the constituency                   | Increase number of police post and chiefs office                                                              | Number of police post and chiefs offices build                                                                                                                                                                 | In FY 2021/2022 we build Kikoneni, Magombani chiefs offices, pongwe Kidimu Acc office                                                                                                                         |
| Sports              | To harness youth talent                                   | Reduce crime rate                                                                                             | Number of tournament held                                                                                                                                                                                      | One tournament held in                                                                                                                                                                                        |



*Lungalunga Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

|  |                                            |                                                                |  |              |
|--|--------------------------------------------|----------------------------------------------------------------|--|--------------|
|  | and<br>potential in<br>the<br>constituency | number of<br>youth<br>participating<br>in sports<br>activities |  | constituency |
|--|--------------------------------------------|----------------------------------------------------------------|--|--------------|





#### **IV. Environmental and Sustainability Reporting**

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

##### **1. Sustainability strategy and profile -**

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

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





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

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

## **2. Environmental performance**

- *Sensitization of youth/ community on the impact of drugs after by construction of different police posts within Lungalunga constituency*
- *NG-CDF sponsored sporting activities/ tournament in order to enhance talents and reduce crime rate by engaging youths on sporting activities*

## **3. Employee welfare**

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

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

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of



movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

#### **4. Market place practices-**

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

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

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

NGCDF has put in efforts to ensure:

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

#### **5. Community Engagements-**

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

**Public Participation in Project Identification and Implementation and Monitoring**





*Lungalunga Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

---

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

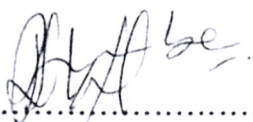
**Public participation** is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision.

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

**Public Awareness**

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

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



.....  
Name

Ronald W. Jembe



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





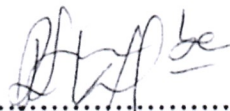
The Accounting Officer in charge of the NGCDF Lungalunga Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used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

#### **Approval of the financial statements**

The NGCDF- Lungalunga Constituency financial statements were approved and signed by the Accounting Officer on 30/09/ 2022.



.....  
**Name: Abubakar Juma Mwanyenze**  
**Chairman – NGCDF Committee**



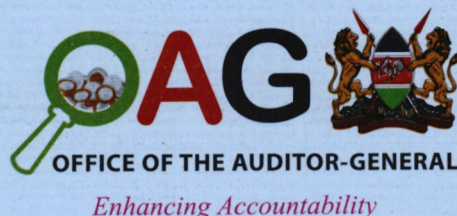
.....  
**Name: Ronald W. Jembe**  
**Finance Account Manager**





# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LUNGALUNGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 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 - Lungalunga Constituency set out on pages 1 to 37, which comprise of the statement of assets and liabilities as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and summary statement of

---

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



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 the National Government Constituencies Development Fund - Lungalunga Constituency as at 30 June, 2022 and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2015 and the National Government Constituencies Development Fund Act, 2015.

### **Basis for Qualified Opinion**

#### **1. Unsupported Committee Expenses and Allowances**

The statement of receipts and payments reflects an amount of Kshs.9,324,369 in respect to use of goods and services which, as disclosed in Note 5 to the financial statements includes Kshs.1,500,000 and Kshs.710,000 relating to Committee allowances and other Committee expenses respectively. However, these expenses were not supported with payment schedules and signed attendance registers.

In the circumstances, the propriety and accuracy of Committee allowances and other Committee expenses totalling to Kshs.2,210,000 could not be confirmed.

#### **2. Inaccurate Cash and Cash Equivalents Balance**

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.35,580,196 and as disclosed in Note 10 to the financial statements. Review of the bank reconciliation statement for the month of June, 2022 reflected payments in cash book not in bank statement (unpresented cheques) amounting to Kshs.3,018,346. This amount in turn includes stale cheques totalling to Kshs.324,296 which had not been reversed in the cashbook and no evidence was provided indicating that they were issued to the beneficiaries before becoming stale. Further, no bank statement was provided to confirm when the valid unpresented cheques were cleared.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.35,580,196 could not be confirmed.

#### **3. Unexplained Variances**

Annex 4 to the financial statements summary of fixed assets register reflects historical cost of fixed assets of Kshs.42,569,546 while the fixed assets register reflects Kshs.12,771,084, resulting to a variance of Kshs.29,798,562 which was not explained or reconciled as shown below;



| <b>Description</b>       | <b>Financial Statements<br/>Balance<br/>(Kshs.)</b> | <b>Fixed Assets Register<br/>Balance<br/>(Kshs.)</b> | <b>Variance<br/>(Kshs.)</b> |
|--------------------------|-----------------------------------------------------|------------------------------------------------------|-----------------------------|
| Buildings and Structures | 5,762,239                                           | 5,762,239                                            | 0                           |
| Transport Equipment      | 13,057,402                                          | 4,700,000                                            | 8,357,402                   |
| Office Equipment         | 1,743,371                                           | 412,400                                              | 1,330,971                   |
| ICT Equipment            | 1,126,634                                           | 1,896,445                                            | 769,811                     |
| Other Machinery          | 20,880,000                                          | -                                                    | 20,880,000                  |
| <b>Total</b>             | <b>42,569,646</b>                                   | <b>12,771,084</b>                                    | <b>29,798,562</b>           |

Further, it was noted that the Fund does not have a title deed for the land on which its office is constructed. In addition, the office furniture and equipment were not tagged or coded, making it difficult to track and safeguard the assets against the risk of theft or misuse.

In the circumstances, the accuracy and completeness of the fixed assets balance of Kshs.42,569,646 as at 30 June, 2022 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 - Lungalunga 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The summary statement of appropriation reflects final receipts budget and actual amounts on comparable basis of Kshs.217,623,837 and Kshs.212,623,837 respectively resulting to an under-funding of Kshs.5,000,000 or 2% of the budget. Similarly, the Fund expended Kshs.177,248,255 against an approved budget of Kshs.217,623,837 resulting to an under-expenditure of Kshs.40,375,581 or 19% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Lungalunga Constituency.

#### **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 during the year under review.

#### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved or given any explanation for failure to adhere to the



guidelines issued by the Public Sector Accounting Standards Board and The National Treasury's Circular Ref: AG.3/88/ Vol.VII(20) dated 11 May, 2022.

## 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 matter 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

#### Poor Implementation of Projects

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfers to other Government units of Kshs.83,106,956. During the year under review, a total of Kshs.60,610,000 was disbursed to primary schools Project Management Committees for various projects. However, it was observed that, twelve (12) projects valued at Kshs.39,656,295 were completed but not as specified in the bills of quantities. Further, projects inspection done in March, 2023 revealed that ten (10) projects costing Kshs.29,919,129 were complete, handed over and in use but had various defects putting their workmanship into doubt.

In the circumstances, value for money may not have been achieved on these projects.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed. 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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



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

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

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

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

26 May, 2023

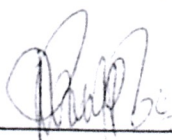


## VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022

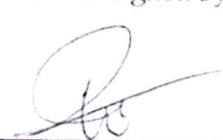
|                                     | Note | 2021-2022          | 2020-2021<br>Kshs   |
|-------------------------------------|------|--------------------|---------------------|
| <b>RECEIPTS</b>                     |      |                    |                     |
| Transfers from NGCDF Board          | 1    | 181,277,758        | 92,900,000          |
| Proceeds from Sale of Assets        | 2    | -                  | -                   |
| Other Receipts                      | 3    | 1,577,576          | -                   |
| <b>TOTAL RECEIPTS</b>               |      | <b>182,855,334</b> | <b>92,900,000</b>   |
| <b>PAYMENTS</b>                     |      |                    |                     |
| Compensation of employees           | 4    | 3,809,826          | 2,806,332           |
| Use of goods and services           | 5    | 9,324,369          | 10,609,172          |
| Transfers to Other Government Units | 6    | 83,106,956         | 64,007,922          |
| Other grants and transfers          | 7    | 81,007,105         | 51,201,600          |
| Acquisition of Assets               | 8    | -                  | -                   |
| Other Payments                      | 9    | -                  | 1,499,821           |
| <b>TOTAL PAYMENTS</b>               |      | <b>177,248,255</b> | <b>130,124,847</b>  |
| <b>SURPLUS/DEFICIT</b>              |      | <b>5,607,079</b>   | <b>(37,224,847)</b> |

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 \_\_\_\_\_ 2022 and signed by:

  
Fund Account Manager

  
National Sub-County  
Accountant

  
Chairman NG-CDF Committee

Name: Ronald W. Jembe

Name: Sebina Wamboi

Name: Abubakar Juma  
Mwanyenze

ICPAK M/No:



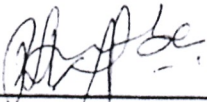


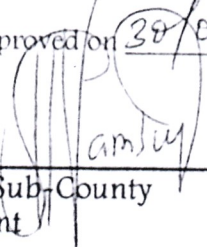
VIII. Statement of Assets and Liabilities As At 30<sup>th</sup> June, 2022

|                                        | Note | 2021-2022         | 2020-2021         |
|----------------------------------------|------|-------------------|-------------------|
|                                        |      | Kshs              | Kshs              |
| <b>FINANCIAL ASSETS</b>                |      |                   |                   |
| <b>Cash and Cash Equivalents</b>       |      |                   |                   |
| Bank Balances ( as per the cash book)  | 10A  | 35,580,196        | 29,768,503        |
| Cash Balances (cash at hand)           | 10B  | -                 | -                 |
| <b>Total Cash and Cash Equivalents</b> |      | <b>35,580,196</b> | <b>29,768,503</b> |
| <b>Accounts Receivable</b>             |      |                   |                   |
| Outstanding Imprests                   | 11   | -                 | -                 |
| <b>TOTAL FINANCIAL ASSETS</b>          |      | <b>35,580,196</b> | <b>29,768,503</b> |
| <b>FINANCIAL LIABILITIES</b>           |      |                   |                   |
| <b>Accounts Payable (Deposits)</b>     |      |                   |                   |
| Retention                              | 12A  | -                 | 254,890           |
| Gratuity                               | 12B  | -                 | -                 |
| <b>NET FINANCIAL SSETS</b>             |      | <b>35,580,196</b> | <b>29,513,613</b> |
| <b>REPRESENTED BY</b>                  |      |                   |                   |
| Fund balance b/fwd 1st July...         | 13   | 29,768,503        | 66,038,460        |
| Prior year adjustments                 | 14   | 204,614           | 700,000           |
| Surplus/Defict for the year            |      | 5,607,079         | (37,224,847)      |
| <b>NET FINANCIAL POSITION</b>          |      | <b>35,580,196</b> | <b>29,513,613</b> |

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 30/09/2022 and signed by:

  
Fund Account Manager

  
National Sub-County Accountant

  
Chairman NG-CDF Committee

Name: Ronald W. Jembe

Name: Sebina Wamboi

Name: Abubakar Juma Mwanyenze

ICPAK M/No:



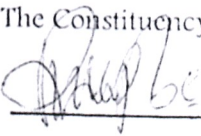


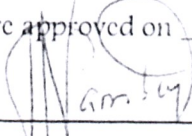
IX. Statement of Cash Flows for the Year Ended 30<sup>th</sup> June 2022

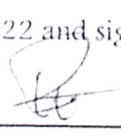
|                                                          |           | 2021-2022          | 2020-2021           |
|----------------------------------------------------------|-----------|--------------------|---------------------|
|                                                          |           | Kshs               | Kshs                |
| <b>Receipts from operating activities</b>                |           |                    |                     |
| Transfers from NGCDF Board                               | 1         | 181,277,758        | 92,900,000          |
| Other Receipts                                           | 3         | 1,577,576          | -                   |
|                                                          |           | <b>182,855,334</b> | <b>92,900,000</b>   |
| <b>Payments for operating activities</b>                 |           |                    |                     |
| Compensation of Employees                                | 4         | 3,809,826          | 2,806,332           |
| Use of goods and services                                | 5         | 9,324,369          | 10,609,172          |
| Transfers to Other Government Units                      | 6         | 83,106,956         | 64,007,922          |
| Other grants and transfers                               | 7         | 81,007,105         | 51,201,600          |
| Other Payments                                           | 9         | -                  | 1,499,821           |
|                                                          |           | <b>177,248,255</b> | <b>130,124,847</b>  |
| <b>Adjusted for:</b>                                     |           |                    |                     |
| Decrease/(Increase) in Accounts receivable               | 15        | -                  | -                   |
| Increase/(Decrease) in Accounts Payable                  | 16        | -                  | 254,890             |
| Prior year Adjustments                                   | 14        | 204,614            | 700,000             |
| <b>Net Adjustments</b>                                   |           | <b>204,614</b>     | <b>954,890</b>      |
| <b>Net cash flow from operating activities</b>           |           | <b>5,811,693</b>   | <b>(36,269,957)</b> |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>                |           |                    |                     |
| Proceeds from Sale of Assets                             | 2         | -                  | -                   |
| Acquisition of Assets                                    | 8         | -                  | -                   |
| <b>Net cash flows from Investing Activities</b>          |           | <b>-</b>           | <b>-</b>            |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>          |           | <b>5,811,693</b>   | <b>(36,269,957)</b> |
| <b>Cash and cash equivalent at BEGINNING of the year</b> | <b>10</b> | <b>29,768,503</b>  | <b>66,038,460</b>   |
| <b>Cash and cash equivalent at END of the year</b>       |           | <b>35,580,196</b>  | <b>29,768,503</b>   |

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 \_\_\_\_\_ 2022 and signed by:

  
Fund Account Manager

  
National Sub-County Accountant

  
Chairman NG-CDF Committee

Name: Ronald W. Jembe

Name: Sebina Wambui

Name: Abubakar Juma Mwanyenze



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

---





**Lungalunga 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 30<sup>th</sup> June 2022**

| Receipt/Expense Item                | Original Budget    |                                | Adjustments       | Final Budget       | Actual on          | Budget Utilisation | % of Utilisation |
|-------------------------------------|--------------------|--------------------------------|-------------------|--------------------|--------------------|--------------------|------------------|
|                                     | a                  | Opening Balance (C/Bk) and ALA | b                 | c=a+b              | d                  | e=c-d              | f=d/c %          |
| <b>RECEIPTS</b>                     |                    |                                |                   |                    |                    |                    |                  |
| Transfers from NG-CDF Board         | 137,088,879        | 29,768,503                     | 49,188,879        | 216,046,261        | 211,046,261        | 5,000,000          | 98%              |
| Proceeds from Sale of Assets        |                    |                                |                   | -                  | -                  | -                  | 0%               |
| Other Receipts (pnc balances)       |                    | 1,577,576                      | -                 | 1,577,576          | 1,577,576          | 0                  | 100%             |
| <b>TOTAL RECEIPTS</b>               | <b>137,088,879</b> | <b>31,346,079</b>              | <b>49,188,879</b> | <b>217,623,837</b> | <b>212,623,837</b> | <b>5,000,000</b>   | <b>98%</b>       |
| <b>PAYMENTS</b>                     |                    |                                |                   |                    |                    |                    |                  |
| Compensation of Employees           | 4,268,720          |                                | 2,137,882         | 6,406,602          | 3,809,826          | 2,596,776          | 59%              |
| Use of goods and services           | 8,068,644          | 565,748                        | 938,828           | 9,573,220          | 9,324,369          | 248,851            | 97%              |
| Transfers to Other Government Units | 63,000,000         | 29,202,576                     | 25,178,685        | 117,381,261        | 83,106,956         | 34,274,305         | 71%              |
| Other grants and transfers          | 61,751,515         | 1,577,576                      | 20,933,484        | 84,262,575         | 81,007,105         | 3,255,470          | 96%              |
| Acquisition of Assets               |                    |                                | -                 | -                  | -                  | -                  |                  |
| Other Payments                      | -                  | 179                            | -                 | 179                | -                  | 179                |                  |
| Unallocated funds( pnc balances)    |                    |                                | -                 |                    |                    |                    |                  |
| <b>TOTAL</b>                        | <b>137,088,879</b> | <b>31,346,079</b>              | <b>49,188,879</b> | <b>217,623,837</b> | <b>177,248,255</b> | <b>40,375,581</b>  | <b>81%</b>       |

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

**Explanatory Notes .**

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

*The underutilization on compensation of employees, transfer to other government units and other grants were as a result of the late disbursement of funds from the NG-CDF Board*  
*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.*





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

| Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities |            |
|---------------------------------------------------------------------------------------------|------------|
| Description                                                                                 | Amount     |
| Budget utilisation difference totals                                                        | 40,375,581 |
| Less undisbursed funds receivable from the Board as at 30th June 2022                       | 5,000,000  |
|                                                                                             | 35,375,581 |
| Add Accounts payable                                                                        | -          |
| Less Accounts Receivable                                                                    | -          |
| Add/Less Prior Year Adjustments                                                             | 204,614    |
| Cash and Cash Equivalents at the end of the FY 2021/2022                                    | 35,580,195 |

The Constituency financial statements were approved on 20/09/2022 and signed by:

Fund Account Manager

Name: Ronald W. Jembe

National Sub-County Accountant

Name: Sebina Wambui  
ICPAK M/No:

Chairman NG-CDF Committee

Name: Abubakar Juma Mwanyenze



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

**X. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> 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) |
|-----------------------------------------|--------------------|--------------------------------|------------------------------------------|------------------------|-------------------------------|----------------------------------------|
|                                         |                    | Opening Balance (C/Bk) and AIA | Previous years Outstanding Disbursements |                        |                               |                                        |
|                                         | Kshs               |                                | Kshs                                     | Kshs                   | Kshs                          | Kshs                                   |
| <b>1.0 Administration and Recurrent</b> |                    |                                |                                          |                        |                               |                                        |
| 1.1 Compensation of employees           | 3,368,720          | 1,507,768                      | 1,530,114                                | 6,406,602              | 3,809,826                     | 2,596,776                              |
| 1.2 Committee allowances                | 1,500,000          |                                | 0                                        | 1,500,000              | 1,500,000                     | 0                                      |
| 1.3 Use of goods and services           | 2,456,613          | 565,748                        | 639,437                                  | 3,661,798              | 3,661,798                     | (0)                                    |
| <b>Total</b>                            | <b>7,325,333</b>   | <b>2,073,516</b>               | <b>2,169,551</b>                         | <b>11,568,400</b>      | <b>8,971,624</b>              | <b>2,596,776</b>                       |
| <b>2.0 Monitoring and evaluation</b>    |                    |                                |                                          |                        |                               |                                        |
| 2.1 Capacity building                   | 1,500,000          |                                | 4,034                                    | 1,504,034              | 1,400,800                     | 103,234                                |
| 2.2 Committee allowances                | 710,000            |                                | -                                        | 710,000                | 710,000                       | -                                      |
| 2.3 Use of goods and services           | 1,902,031          |                                | 295,357                                  | 2,197,388              | 2,051,771                     | 145,617                                |
| <b>Total</b>                            | <b>4,112,031</b>   |                                | <b>299,391</b>                           | <b>4,411,422</b>       | <b>4,162,571</b>              | <b>248,851</b>                         |
| <b>3.0 Emergency</b>                    | <b>7,192,207</b>   |                                | <b>2,670,847</b>                         | <b>9,863,054</b>       | <b>9,647,249</b>              | <b>215,805</b>                         |
| 3.1 Primary Schools                     |                    |                                |                                          | -                      |                               | -                                      |
| 3.2 Secondary schools                   |                    |                                | -                                        |                        |                               |                                        |





**Lungalunga Constituency**

**National Government Constituencies Development Fund (NGCDF)**

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

|                                        |                   |                  |                  |                   |                   |                |  |
|----------------------------------------|-------------------|------------------|------------------|-------------------|-------------------|----------------|--|
| 3.3 Tertiary institutions              |                   |                  |                  | -                 |                   | -              |  |
| 3.4 Security projects                  |                   |                  |                  | -                 |                   | -              |  |
| 3.5 Unutilised                         |                   |                  |                  | -                 |                   | -              |  |
| <b>Total</b>                           |                   | -                |                  | -                 |                   | -              |  |
| <b>4.0 Bursary and Social Security</b> |                   |                  |                  |                   |                   |                |  |
| 4.1 Secondary Schools                  | 25,100,000        | 69,808           | 3,243,000        | 28,412,808        | 28,343,000        | 69,808         |  |
| 4.2 Tertiary Institutions              | 16,188,949        | 1,577,576        | 777,885          | 18,544,410        | 18,027,180        | 517,230        |  |
| 4.3 Social Security                    | -                 |                  |                  | -                 |                   | -              |  |
| 4.4 Special Needs                      |                   |                  |                  | -                 |                   | -              |  |
| <b>Total</b>                           | <b>41,288,949</b> | <b>1,647,384</b> | <b>4,020,885</b> | <b>46,957,218</b> | <b>46,370,180</b> | <b>587,038</b> |  |
| <b>5.0 Sports</b>                      | <b>1,347,354</b>  |                  | <b>2,441,752</b> | <b>3,789,106</b>  | <b>3,789,096</b>  | <b>10</b>      |  |
| <b>5.1</b>                             |                   |                  |                  |                   |                   |                |  |
| <b>Total</b>                           | <b>1,347,354</b>  |                  | <b>2,441,752</b> | <b>3,789,106</b>  | <b>3,789,096</b>  | <b>10</b>      |  |
| <b>6.0 Environment</b>                 |                   |                  |                  |                   |                   |                |  |
| <b>Total</b>                           | -                 | -                | -                | -                 | -                 | -              |  |
| <b>7.0 Primary Schools Projects</b>    |                   |                  |                  |                   |                   |                |  |
| 7.1 Chidzweni Primary school           |                   | 3,000,000        | -                | 3,000,000         | 3,000,000         | -              |  |
| <b>8</b>                               |                   |                  |                  |                   |                   |                |  |

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

|                              |           |           |           |           |           |           |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 7.2 Chiromo Primary School   |           |           | 3,000,000 | 3,000,000 | 3,000,000 | -         |
| 7.3 Godo Primary School      |           |           | 1,000,000 | 1,000,000 | 1,000,000 | -         |
| 7.4 Kidimu Primary School    |           | 125,000   | -         | 125,000   |           | 125,000   |
| 7.5 Kitungure Primary School |           |           | 3,000,000 | 3,000,000 | 2,980,000 | 20,000    |
| 7.6 Matungoni Primary School |           | 3,000,000 | -         | 3,000,000 | 2,930,000 | 70,000    |
| 7.7 Mbuji Primary School     |           |           | 1,300,000 | 1,300,000 | 1,300,000 | -         |
| 7.8 Mgome Primary School     |           | 3,000,000 | -         | 3,000,000 | 2,930,000 | 70,000    |
| 7.9 Mwangwi Primary School   |           | -         | 1,500,000 | 1,500,000 | 1,500,000 | -         |
| 7.10 Solaita Primary School  |           | 3,000,000 | -         | 3,000,000 | 2,500,000 | 500,000   |
| 7.12 Desk projects           | 6,000,000 |           |           | 6,000,000 | 6,000,000 | -         |
| 7.13 Maledi Pry school       | 3,000,000 | 500,000   | -         | 3,500,000 | 3,500,000 | -         |
| 7.14 Mnarani Pry school      | 3,000,000 |           |           | 3,000,000 | -         | 3,000,000 |
| 7.15 Mtumbwani Pry school    | 3,000,000 |           |           | 3,000,000 | 3,000,000 | -         |
| 7.16 Mrima Pry school        | 3,000,000 |           |           | 3,000,000 | 3,000,000 | -         |
| 7.17 Chigombera Pry school   | 3,000,000 |           |           | 3,000,000 | 3,000,000 | -         |
| 7.18 Visangalaweni pry schl  |           |           |           | 3,000,000 | 3,000,000 | -         |





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

|                                       |                   |                   |                  |                   |                   |                  |
|---------------------------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
|                                       | 3,000,000         |                   |                  | 3,000,000         | -                 | 3,000,000        |
| 7.19 Tswaka Pry school                | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
| 7.21 Mkuduru Pry school               | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
| 7.22 Dzombo Pry school                | 3,000,000         |                   |                  | 3,000,000         | 2,970,000         | 30,000           |
| 7.23 Mkamambi Pry school              | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
| 7.24 Mtune Pry school                 | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
| 7.25 Pangani Pry school               | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
| 7.26 Mgombezi Pry school              | 3,000,000         |                   |                  | 3,000,000         | 3,000,000         | -                |
|                                       |                   |                   |                  | -                 |                   |                  |
| <b>Total</b>                          | <b>45,000,000</b> | <b>12,625,000</b> | <b>9,800,000</b> | <b>67,425,000</b> | <b>60,610,000</b> | <b>6,815,000</b> |
| <b>8.0 Secondary Schools Projects</b> |                   |                   |                  |                   |                   |                  |
| 8.1 Lungalunga Sec school             |                   |                   | 7,000,000        | 7,000,000         |                   | 7,000,000        |
| 8.3 Gugu Sec School                   |                   | 3,000,000         | -                | 3,000,000         | 3,000,000         | -                |
| 8.4 Mabafweni Sec School              |                   | 3,000,000         | -                | 3,000,000         | 3,000,000         | -                |
| 8.5 Ngozi Girls Sec school            | 1,500,000         | 4,000,000         | -                | 5,500,000         | 4,000,000         | 1,500,000        |
| 8.6 Makwenyeni Sec School             |                   | 5,000,000         | -                | 5,000,000         | 5,000,000         | -                |





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

|                                      |                   |                   |                   |                   |                   |                   |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 8.7 Mwalewa Girls Sec school         | 4,500,000         |                   |                   | 4,500,000         | 4,470,000         | 30,000            |
| 8.8 Franz Joseph Sec School          | 3,000,000         |                   |                   | 3,000,000         | 2,970,000         | 30,000            |
| 8.9 Juma Boy Secondary school        |                   |                   | 3,000,000         | 3,000,000         |                   | 3,000,000         |
| 8.9 Shimoni Sec school               | 3,000,000         |                   |                   | 3,000,000         |                   | 3,000,000         |
| 8.20 Mama Rukia High school          | 6,000,000         |                   |                   | 6,000,000         | 56,956            | 5,943,044         |
| 8.21 Mwasheetani High school         | -                 | -                 | 986,453           | 986,453           | -                 | 986,453           |
| <b>Total</b>                         | <b>18,000,000</b> | <b>15,000,000</b> | <b>10,986,453</b> | <b>43,986,453</b> | <b>22,496,956</b> | <b>21,489,497</b> |
| 9.0 Tertiary institutions Projects   |                   |                   |                   | -                 |                   | -                 |
|                                      |                   |                   |                   | -                 |                   | -                 |
|                                      |                   |                   |                   | -                 |                   | -                 |
| <b>Total</b>                         | <b>-</b>          |                   | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>10.0 Security Projects</b>        |                   |                   |                   |                   |                   |                   |
| 10.1 Majoreni Assistant chief office |                   |                   | 3,000,000         | 3,000,000         | 3,000,000         | -                 |
| 10.2 Magombani Police Post           |                   |                   | 4,700,000         | 4,700,000         | 4,700,000         | -                 |
| 10.3 Mpakani Police Post             |                   |                   | 1,100,000         | 1,100,000         | 1,100,000         | -                 |
| 10.4 Vitsangalaweni /menza chiefs    |                   |                   | 3,000,000         |                   |                   |                   |



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

|                                        |            |   |            |            |            |           |           |
|----------------------------------------|------------|---|------------|------------|------------|-----------|-----------|
| office                                 |            |   |            |            | 3,000,000  | 3,000,000 | -         |
| 10.5 Jengo Police post                 | 3,100,000  |   |            |            | 3,100,000  | 3,070,000 | 30,000    |
| 10.6 Pongwe Kidimu Acc office          | 3,000,000  |   |            |            | 3,000,000  | 2,970,000 | 30,000    |
| 10.7 Kikoneni Assistant chiefs office  | 3,000,000  |   |            |            | 3,000,000  | 3,000,000 | -         |
| 10.8 Magombani Assistant chiefs office | 3,000,000  |   |            |            | 3,000,000  | -         | 3,000,000 |
| 10.9 Magombani chiefs office           | 361,503    |   |            |            | 361,503    |           | 361,503   |
| 10.20 Kikoneni chiefs office           | 361,503    |   |            |            | 361,503    | 360,580   | 923       |
| Total                                  | 12,823,005 | - | 11,800,000 | 24,623,005 | 21,200,580 | 3,422,425 |           |
| 11.0 Acquisition of assets             |            |   |            |            |            |           | -         |
| Total                                  | -          |   |            |            |            |           |           |
| 12.0 Other payments                    | -          |   |            |            |            |           | -         |
| 12.1 Strategic plan                    | 179        |   |            | 179        |            |           | 179       |
| Total                                  | 179        |   | -          | 179        | -          |           | 179       |





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

|                       |                    |                   |                   |                    |                    |                   |
|-----------------------|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| 13.0 unallocated fund |                    |                   |                   |                    |                    |                   |
| Unapproved projects   |                    |                   | 5,000,000         | 5,000,000          |                    | -                 |
| AIA                   |                    |                   |                   |                    |                    | 5,000,000         |
| PMC savings           |                    |                   | -                 |                    |                    | -                 |
| <b>Total</b>          |                    |                   | 5,000,000         | 5,000,000          | -                  | 5,000,000         |
|                       | <b>137,088,879</b> | <b>31,346,079</b> | <b>49,188,879</b> | <b>217,623,837</b> | <b>177,248,256</b> | <b>40,375,581</b> |

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





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

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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



*Significant Accounting Policies continued*

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

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

**Proceeds from Sale of Assets**

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

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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





*Significant Accounting Policies continued*

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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





*Significant Accounting Policies continued*

**6. Cash and Cash 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.



**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 30<sup>th</sup> June 2021 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> 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 30<sup>th</sup> 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.





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

**XII. Notes to the Financial Statements**

**1. Transfers from NGCDF Board**

| Description                     |           | 2021-2022          | 2020 - 2021       |
|---------------------------------|-----------|--------------------|-------------------|
|                                 |           | Kshs               | Kshs              |
|                                 |           | 33,000,000         | 9,000,000         |
| Normal Allocation               | B105498   | 44,000,000         | 10,000,000        |
|                                 | B105849   | 24,000,000         | 13,000,000        |
|                                 | B128597   | 5,000,000          | 6,900,000         |
|                                 | B128909   | 12,000,000         | 6,000,000         |
|                                 | B154107   | 16,000,000         | 6,000,000         |
|                                 | B164440   | 26,988,879         | 13,000,000        |
|                                 | B895014   | 9,100,000          | 7,000,000         |
|                                 |           | 11,188,879         | 10,000,000        |
|                                 |           |                    | 12,000,000        |
| Conditional Grants              | AIE NO... |                    |                   |
| Receipt from other Constituency |           |                    |                   |
| <b>TOTAL</b>                    |           | <b>181,277,758</b> | <b>92,900,000</b> |

**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)                                           |           |           |
| <b>Total</b>                                               | <b>-</b>  | <b>-</b>  |



*Lungalunga Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

3. Other Receipts

| Description                                          |  | 2021-2022        | 2020 - 2021 |
|------------------------------------------------------|--|------------------|-------------|
|                                                      |  | Kshs             | Kshs        |
| Interest Received                                    |  |                  | -           |
| Rents                                                |  |                  | -           |
| Receipts Sale of Tender Documents                    |  | -                | -           |
| Hire of plant/equipment/facilities                   |  | -                | -           |
| Unutilized funds from PMCs                           |  | 1,577,576        | -           |
| Other Receipts Not Classified Elsewhere<br>(specify) |  | -                | -           |
| <b>TOTAL</b>                                         |  | <b>1,577,576</b> | <b>-</b>    |





## 4. Compensation Of Employees

| Description                                                        |  | 2021-2022        | 2020 - 2021      |
|--------------------------------------------------------------------|--|------------------|------------------|
|                                                                    |  | Kshs             | Kshs             |
| NG-CDFC Basic staff salaries                                       |  | 2,692,493        | 2,372,414        |
| <b>Personal allowances paid as part of salary</b>                  |  |                  |                  |
| House allowance                                                    |  | -                | -                |
| Transport allowance                                                |  | -                | -                |
| Leave allowance                                                    |  | -                | -                |
| Gratuity-contractual employees                                     |  | 1,086,533        | 303,491          |
| Employer Contributions Compulsory national social security schemes |  | 30,800           | 130,427          |
| <b>TOTAL</b>                                                       |  | <b>3,809,826</b> | <b>2,806,332</b> |

## 5. Use Of Goods and Services

| Description                                               |  | 2021-2022 | 2020 - 2021 |
|-----------------------------------------------------------|--|-----------|-------------|
|                                                           |  | Kshs      | Kshs        |
| Utilities, supplies and services                          |  | 38,989    | 350,002     |
| Electricity                                               |  | -         | -           |
| Water & sewerage charges                                  |  | -         | -           |
| Office rent                                               |  | -         | -           |
| Communication, supplies and services                      |  | 27,000    | 10,010      |
| Domestic travel and subsistence                           |  | 926,907   | 380,000     |
| Printing, advertising and information supplies & services |  | -         | 185,600     |
| Rentals of produced assets                                |  |           | -           |
| Training expenses                                         |  | 1,400,800 | 1,643,000   |



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

|                                                              |  |                  |                   |
|--------------------------------------------------------------|--|------------------|-------------------|
| Hospitality supplies and services                            |  | 587,600          | 561,000           |
| Other committee expenses                                     |  | 710,000          | 1,378,000         |
| Committee allowance                                          |  | 1,500,000        | 2,475,765         |
| Insurance costs                                              |  | -                | 292,751           |
| Specialised materials and services                           |  | -                | -                 |
| Office and general supplies and services                     |  | 887,010          | 145,000           |
| Fuel , oil & lubricants                                      |  | 1,537,383        | 1,593,099         |
| Other operating expenses                                     |  | 617,000          | 974,120           |
| Bank service commission and charges                          |  | 57,059           | 85,757            |
| Other Operating Expenses                                     |  | -                | -                 |
| Security operations                                          |  | -                | -                 |
| Routine maintenance - vehicles and other transport equipment |  | 1,034,620        | 535,068           |
| Routine maintenance- other assets                            |  | -                | -                 |
| <b>TOTAL</b>                                                 |  | <b>9,324,369</b> | <b>10,609,172</b> |





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

*Notes to The Financial Statements (Continued)*

**6. Transfer To Other Government Units**

| Description                        |  | 2021-2022         | 2020 - 2021       |
|------------------------------------|--|-------------------|-------------------|
|                                    |  | Kshs              | Kshs              |
| Transfers to Primary Schools       |  | 60,610,000        | 38,459,376        |
| Transfers to Secondary Schools     |  | 22,496,956        | 25,548,546        |
| Transfers to Tertiary Institutions |  | -                 | -                 |
| <b>TOTAL</b>                       |  | <b>83,106,956</b> | <b>64,007,922</b> |

**7. Other Grants and other transfers**

| Description                               |  | 2021-2022         | 2020 - 2021       |
|-------------------------------------------|--|-------------------|-------------------|
|                                           |  | Kshs              | Kshs              |
| Bursary - Secondary ( see attached list)  |  | 28,343,000        | 17,923,526        |
| Bursary -Tertiary ( see attached list)    |  | 18,027,180        | 15,236,000        |
| Bursary- Special Schools                  |  | -                 | -                 |
| Mocks & CAT ( see attached list)          |  | -                 | -                 |
| Social Security programmes (NIHF)         |  | -                 | -                 |
| Security Projects ( see attached list)    |  | 21,200,580        | 7,000,000         |
| Sports Projects ( see attached list)      |  | 3,789,096         | 1,347,354         |
| Environment Projects ( see attached list) |  | -                 | -                 |
| Emergency Projects ( see attached list)   |  | 9,647,249         | 9,694,720         |
| <b>TOTAL</b>                              |  | <b>81,007,105</b> | <b>51,201,600</b> |

**8. Acquisition of Assets**

| <u>Non-Financial Assets</u> |  | 2021-2022 | 2020-2021 |
|-----------------------------|--|-----------|-----------|
|                             |  | Kshs      | Kshs      |
|                             |  |           |           |



**Lungalunga Constituency**

**National Government Constituencies Development Fund (NGCDF)**

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

|                                                              |  |   |   |
|--------------------------------------------------------------|--|---|---|
| Construction of Buildings                                    |  | - | - |
| Refurbishment of Buildings                                   |  | - | - |
| Purchase of Vehicles Vehicles and Other Transport Equipment  |  | - | - |
| Purchase of Bicycles & Motorcycles                           |  | - | - |
| 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                             |  |   |   |
| <b>TOTAL</b>                                                 |  | - | - |

**Notes To the Financial Statements (Continued)**

**9. Other Payments**

|                |  | <b>2021-2022</b> | <b>2020 - 2021</b> |
|----------------|--|------------------|--------------------|
|                |  | <b>Kshs</b>      | <b>Kshs</b>        |
| Strategic Plan |  | -                | 1,499,821          |
| ICT Hubs       |  | -                | -                  |
| <b>TOTAL</b>   |  | -                | 1,499,821          |





10A: Cash Book Bank Balance

| Name of Bank, Account No. & currency                  | Account Number           | 2021-2022                         | 2020 - 2021                       |
|-------------------------------------------------------|--------------------------|-----------------------------------|-----------------------------------|
|                                                       |                          | <b>Kshs</b><br><b>(30/6/2022)</b> | <b>Kshs</b><br><b>(30/6/2021)</b> |
| Cooperative Bank Ukunda Branch .<br>LungaLunga NG-CDF | A/C<br>no.01141195733400 | 35,580,196                        | 29,768,503                        |
| Equity Bank                                           |                          | -                                 | -                                 |
|                                                       |                          | -                                 | -                                 |
| <b>TOTAL</b>                                          |                          | <b>35,580,196</b>                 | <b>29,768,503</b>                 |
|                                                       |                          |                                   |                                   |
| <b>10B: CASH IN HAND)</b>                             |                          |                                   |                                   |
|                                                       |                          |                                   |                                   |
|                                                       |                          | 2021-2022                         | 2020 - 2021                       |
|                                                       |                          | <b>Kshs</b><br><b>(30/6/2022)</b> | <b>Kshs</b><br><b>(30/6/2021)</b> |
| Location 1                                            |                          | -                                 | -                                 |
| <b>TOTAL</b>                                          |                          | -                                 | -                                 |

11: Outstanding Imprests

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

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



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

*Notes to the Financial Statement Continued*

**12A. Retention**

|                                            |  | 2021-2022 | 2020-2021 |
|--------------------------------------------|--|-----------|-----------|
|                                            |  | KShs      | KShs      |
| Retention as at 1st July (A)               |  | -         | -         |
| Retention held during the year (B)         |  | -         | 254,890   |
| Retention paid during the Year (C)         |  | -         | -         |
| Closing Retention as at 30th June D= A+B-C |  | -         | 254,890   |

[Provide short appropriate explanations as necessary.]

**12B. Gratuity**

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

[Provide short appropriate explanations as necessary]

**13. Balances Brought Forward**

|               |  | 2021-2022          | 2020- 2021         |
|---------------|--|--------------------|--------------------|
|               |  | Kshs<br>(1/7/2021) | Kshs<br>(1/7/2020) |
| Bank accounts |  | 29,768,503         | 66,038,460         |
| Cash in hand  |  |                    |                    |
| Imprest       |  |                    |                    |
| <b>TOTAL</b>  |  | <b>29,768,503</b>  | <b>66,038,460</b>  |





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

*[Provide short appropriate explanations as necessary]*

**14. Prior Year Adjustments**

|                          |  | Balance b/f<br>FY 2020/2021<br>as per Audited<br>Financial<br>statements | Adjustments    | Adjusted<br>Balance** b/f<br>FY 2020/2021 |
|--------------------------|--|--------------------------------------------------------------------------|----------------|-------------------------------------------|
| Description of the error |  | Kshs                                                                     | Kshs           | Kshs                                      |
| Bank accounts balances   |  | 6,403,025                                                                | 204,614        | 6,607,639                                 |
| Cash in hand             |  | -                                                                        | -              | -                                         |
| Accounts Payable         |  | -                                                                        | -              | -                                         |
| Receivables              |  | -                                                                        | -              | -                                         |
| Others (specify)         |  | 700,000                                                                  | -              | 700,000                                   |
| <b>Total</b>             |  | <b>7,103,025</b>                                                         | <b>204,614</b> | <b>7,307,639</b>                          |

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

**15. Changes in Accounts Receivable – Outstanding Imprests**

|                                                    | 2021-2022 | 2020-2021 |
|----------------------------------------------------|-----------|-----------|
|                                                    | KShs      | KShs      |
| Outstanding Imprest as at 1 <sup>st</sup> 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**

|                                                 | 2020- 2021 | 2019- 2020 |
|-------------------------------------------------|------------|------------|
|                                                 | Kshs       | Kshs       |
| Deposits and Retention as a t 1st July 2019 (A) | -          | -          |
| Deposits and Retention held during the year (B) | -          | 254,890    |
| Deposits and Retention paid during the year ©   | -          | -          |
| Closing accounts payable at 30th June (D=A+B-C) | -          | 254,890    |
| <b>Net changes in accounts payables A-D</b>     |            |            |



**Lungalunga Constituency**

**National Government Constituencies Development Fund (NGCDF)**

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

**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              | -         | -         |
| Others ( <i>specify</i> ) | -         | -         |
| Total                     | -         | -         |

**17.3: Unutilized Fund (See Annex 3)**

|                                                                     | 2021-2022  | 2020-2021  |
|---------------------------------------------------------------------|------------|------------|
|                                                                     | Kshs       | Kshs       |
| Compensation of employees                                           | 2,596,776  | 2,137,882  |
| Use of goods and services                                           | 248,851    | 1,504,576  |
| Amounts due to other Government entities (see attached list)        | 34,274,305 | 54,381,261 |
| Amounts due to other grants and other transfers (see attached list) | 3,255,470  | 22,511,060 |
| Acquisition of assets                                               |            |            |
| Funds pending approval                                              | -          | 179        |
| Total                                                               | 40,375,402 | 80,534,958 |







*Lungalunga Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

17.4: PMC account balances (See Annex 5)

|                                          | 2021-<br>2022<br>Kshs | 2020-<br>2021<br>Kshs |
|------------------------------------------|-----------------------|-----------------------|
| PMC account balances (see attached list) | 4,556,707             | 457,154               |
| Total                                    | 4,556,707             | 457,154               |



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

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

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To-Date | Outstanding Balance 2022 | Comments |
|-------------------------------|-----------------|-----------------|---------------------|--------------------------|----------|
| Construction of buildings     | a               | b               | c                   | d=a-c                    |          |
| 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                   |                 |                 |                     |                          |          |

**Annex 2 - Analysis of Pending Staff Payables**





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

| Name of Staff |  |  | Designation | Date employed | Outstanding<br>Balance<br>30 <sup>th</sup> June 2022 | Comments |
|---------------|--|--|-------------|---------------|------------------------------------------------------|----------|
| NG-CDFC Staff |  |  |             |               |                                                      |          |
| 1.            |  |  |             |               |                                                      |          |
| 2.            |  |  |             |               |                                                      |          |
| 3.            |  |  |             |               |                                                      |          |
| Sub-Total     |  |  |             |               |                                                      |          |
| Grand Total   |  |  |             |               |                                                      |          |



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

**Annex 3 – Unutilized Fund**

| Name                                            | Brief Transaction Description | Outstanding Balance | Outstanding Balance |
|-------------------------------------------------|-------------------------------|---------------------|---------------------|
|                                                 |                               | 2021/2022           | 2020/2021           |
| Compensation of employees                       |                               | 2,596,776           | 2,137,882           |
| Use of goods & services                         |                               | 248,851             | 1,504,576           |
| Amounts due to other Government entities        |                               | 34,274,305          | 54,381,261          |
|                                                 |                               |                     |                     |
|                                                 |                               |                     |                     |
|                                                 |                               |                     |                     |
| Sub-Total                                       |                               | 37,119,933          | 58,023,719          |
| Amounts due to other grants and other transfers |                               | 3,255,470           | 22,511,060          |
|                                                 |                               |                     |                     |
|                                                 |                               |                     |                     |
|                                                 |                               |                     |                     |
| Sub-Total                                       |                               | 3,255,470           | 22,511,060          |
| Acquisition of assets                           |                               |                     |                     |
|                                                 |                               |                     |                     |
| Others ( <i>strategic plan</i> )                |                               | 179                 | 179                 |
|                                                 |                               |                     |                     |
|                                                 |                               |                     |                     |
| Sub-Total                                       |                               | -                   | 179                 |
| Funds pending approval                          |                               |                     |                     |
| Grand Total                                     |                               | 40,375,402          | 80,534,958          |





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

**Annex 4 – Summary of Fixed Asset Register**

| Asset class                                  | Historical Cost b/f |  | Additions during the year (Kshs) | Disposals during the year (Kshs) | Historical Cost |  |
|----------------------------------------------|---------------------|--|----------------------------------|----------------------------------|-----------------|--|
|                                              | (Kshs)              |  |                                  |                                  | (Kshs)          |  |
|                                              | 2020/2021           |  |                                  |                                  | 2021/2022       |  |
| Land                                         | -                   |  | -                                | -                                | -               |  |
| Buildings and structures                     | 5,762,239           |  | -                                | -                                | 5,762,239       |  |
| Transport equipment                          | 13,057,402          |  | -                                | -                                | 13,057,402      |  |
| Office equipment, furniture and fittings     | 1,743,271           |  | -                                | -                                | 1,743,271       |  |
| ICT Equipment, Software and Other ICT Assets | 1,126,634           |  | -                                | -                                | 1,126,634       |  |
| Other Machinery and Equipment                | 20,880,000          |  | -                                | -                                | 20,880,000      |  |
| Heritage and cultural assets                 |                     |  | -                                | -                                | -               |  |
| Intangible assets                            |                     |  | -                                | -                                | -               |  |
| Total                                        | 42,569,546          |  | -                                | -                                | 42,569,546      |  |



**Lungulunga Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**  
**Annex 5 –PMC Bank Balances As At 30<sup>th</sup> June 2022**

| <b>PMC</b>                      | <b>Bank</b>      | <b>Account number</b> | <b>Bank Balance 2021/2022</b> | <b>Bank Balance 2020/2021</b> |
|---------------------------------|------------------|-----------------------|-------------------------------|-------------------------------|
| Chidzewe Primary school         | Cooperative bank | 01141566318300        | 1,779,632                     | -                             |
| Kidimu Primary School           | Cooperative bank | 01141566423200        | -                             | -                             |
| Kitungure Primary School        | Cooperative bank | 01141839418800        | 2,629                         | -                             |
| Mafungoni Primary School        | Cooperative bank | 01141839401500        | 62,819                        | -                             |
| Mbiji Primary School            | Cooperative bank | 01141839227600        | 171,305                       | -                             |
| Migome Primary School           | Cooperative bank | 01141043985800        | 77,923                        | -                             |
| olata Primary School            | Cooperative bank | 01141839417200        | 358,035                       | -                             |
| Maledi Pry school               | Cooperative bank | 01141566345900        | 1                             | -                             |
| Mlimbani Pry school             | Cooperative bank | 01141839509400        | 135,534                       | -                             |
| Mrima Pry school                | Cooperative bank | 0114183949970         | 377,907                       | -                             |
| Visangalaweni pry schl          | Cooperative bank | 01141043353200        | 510                           | -                             |
| Mkuduru Pry school              | Cooperative bank | 01141566749900        | 134,477                       | -                             |
| Makambani Pry school            | Cooperative bank | 01141566980200        | 136,713                       | -                             |
| Pangani Pry school              | Cooperative bank | 01141566750300        | 1,121                         | -                             |
| Gugu Sec School                 | Cooperative bank | 01141566750700        | 279,884                       | -                             |
| Mwalewa Girls Sec school        | Cooperative bank | 01141839273400        | 595,154                       | 378,943                       |
| Majoreni Assistant chief office | Cooperative bank | 01141839399700        | 276,759                       | -                             |
| Magombani Police Post           | Cooperative bank | 01141839363600        | 119,735                       | -                             |
| Mpakani Police Post             | Cooperative bank | 01141566920400        | 46,571                        | 78,211                        |
| <b>Total</b>                    |                  |                       | <b>4,556,707</b>              | <b>457,154</b>                |





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

**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.

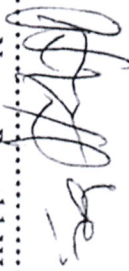
| Reference No. on the external audit Report | Issue / Observations from Auditor                                                                                                                                                                                                                                               | Management comments                                                                                                                                                                                                                                                                                                                                                                                                    | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | <b>Unsupported Training Expenditure</b> - the expenditure was not supported with training needs assessment, evidence of how the trainers were selected, attendance registers, trainings carried out and their relevance/importance to the staff and committee members selected. | As part of the performance evaluation from the NG-CDF Board, the Fund Manager is required to conduct training to the CDF's, Project management committees and staffs so that they can be capacity built on their roles as they discharge their duties.<br>For cost reduction the trainings are done on regional basis hence the NG-CDF Board source out for trainers and facilitate them to come and train our members |                                   |                                                                  |
|                                            | <b>Lack of an Updated Assets Register</b> - the register of buildings and structures did not contain building ownership, number, size of land on which the building stands, ownership status of the land( Freehold/ Leasehold), designated use, number of floors and locations  | The auditor's comments on tagging the assets for identification have been noted and will be implemented to the latter.                                                                                                                                                                                                                                                                                                 |                                   |                                                                  |
|                                            | The Statement of Assets and Liabilities                                                                                                                                                                                                                                         | At the closure of the financial year 2019/2020                                                                                                                                                                                                                                                                                                                                                                         |                                   |                                                                  |





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

| 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) |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------------------|
|                                            | reflects a an opening bank balance of Kshs. 66,038,460 whereas the audited financial statements for the prior year reflects Kshs. 65,840,338, resulting to the variance of Kshs. 198,122 which management attributed to previous years cancelled and reversed cheques. However, the comparative balance has not been restated to reflect the correct bank balance | the cashbook balance was Ksh.65, 840,337.95. Cheques amounting to Ksh.198, 122 from the previous financial year were cancelled and reversed in the cashbook changing the closing balance to Ksh.66, 038,460. |                                   |                                                                  |

  
 .....  
 Name Ronald W. Jembe  
 Fund Account Manager.

