

THE NATIONAL ASSEMBLY
PUBLIC ACCOUNTS COMMITTEE
REPORT

DATE: 23 MAR 2022 WED (pm)

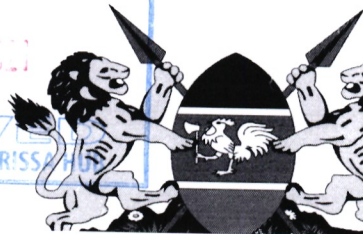
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THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND – LAMU EAST CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE, 2020**



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
LAMU EAST CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

The mandate of the Fund as derived from sec (3) of NG-CDF Act, 2015 is to:

- a) Recognize the constituency as a platform for identification, performance and implementation of national government functions;
- b) Facilitate the performance and implementation of national government functions in all parts of the Republic pursuant to Article 6(3) of the Constitution;
- c) Provide for the participation of the people in the determination and implementation of identified national government development projects at the constituency level pursuant to Article 10(2)(a) of the Constitution;
- d) Promote the national values of human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized pursuant to Article 10 (2) (b) of the Constitution;
- e) Provide for the sustainable development of all parts of the Republic pursuant to Article 10 (2) (d) of the Constitution;
- f) Provide a legislative and policy framework pursuant to Article 21 (2) of the Constitution for the progressive realization of the economic and social rights guaranteed under Article 43 of the Constitution;
- g) Provide mechanisms for the National Assembly to deliberate on and resolve issues of concern to the people as provided for under Article 95 (2) of the Constitution;
- h) provide for a public finance system that promotes an equitable society and in particular expenditure that promotes equitable development of the country by making special provisions for marginalized groups and areas pursuant to Article 201 (b) (iii) of the Constitution;
- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

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Vision

Equitable Socioeconomic 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.

(a) Key Management

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

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

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Josef Kumbatha
2.	Sub-County Accountant	Geoffrey Kimani
3.	Chairman NGCDF Committee	Ali Kassim Msalam
4.	Member NGCDF Committee	Khadija Mohamed Swabir

(c) Fiduciary Oversight Arrangements

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

(d) NGCDF Lamu East Constituency Offices

P.O. Box 262
Behind Lamu Fort
Next to Lamu New Market Building
Lamu, KENYA

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(e) NGCDF Lamu East Constituency Contacts

Telephone: (254) 704 451 760

E-mail: cdflamueast@ngcdf.go.ke

Website: www.cdf.go.ke

(f) Equity Bank (K) Limited

Lamu Branch

A/C NO 159 0261 644 233

P.O. Box 60-80500

Lamu, Kenya

(g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

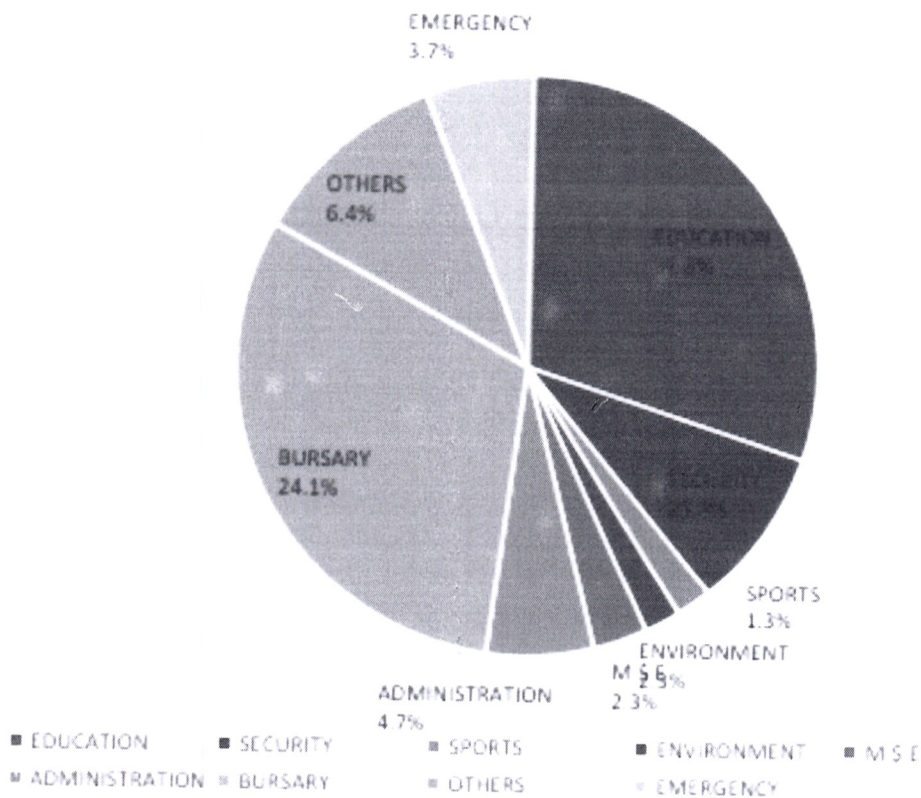
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I am pleased to forward the Financial Statements and Reports for NGCDF Lamu East Constituency for the period ended 30th June 2020 as the expended Budget for the Financial Year 2019/2020. The actual receipts from the NGCDF Board for the referred period was kshs.137,367,724.10 which represents the total annual Project Proposal Budget for the FY 2019/2020. The actual final budget for the referred period was kshs.197,099,465 backed up by an Adjustment (cashbook opening balances) of kshs.59,731,738 Total expenditure for the period was kshs.129,516,462 which is equivalent to 65.7% of the actual final budget closing with a cashbook balance of kshs.67,582,970 representing a 34.3% of the final actual budget for the referred period

Budget allocations for the period have been summarized in a pie-chart as captured below

1. SECTOR ALLOCATION OF FUNDS FY 2019-2020



As depicted in the pie-chart, education has remained a major priority as it takes a lion's share of the entire budget totalling 55.4% comprised of 31.3% being for education infrastructure projects such as construction of classrooms, dormitories, libraries, laboratories, administration blocks, ablution blocks among others and 24.1% being bursaries for needy and bright students both in secondary and tertiary institutions of learning. Coming in second as a major beneficiary of the funds allocation is security which is understandable due to the perennial threats posed by the porous border shared by Kenya and her neighbour - Somalia that have seen the Al-shabaab militants continuously invading the Boni forest area of Lamu East Constituency.

Environment allocation has gone a long way to conserve the environment through implementation of projects such as construction of VIP toilets to improve waste disposal and planting of trees in schools and public compounds.

Sports allocation has awoken talents harnessing for the youths as they engage in various sporting activities and competitions.

Emergency allocation has come in hand to arrest life threatening calamities mostly caused by mother nature that may not have been prior planned for as they are unforeseen in nature

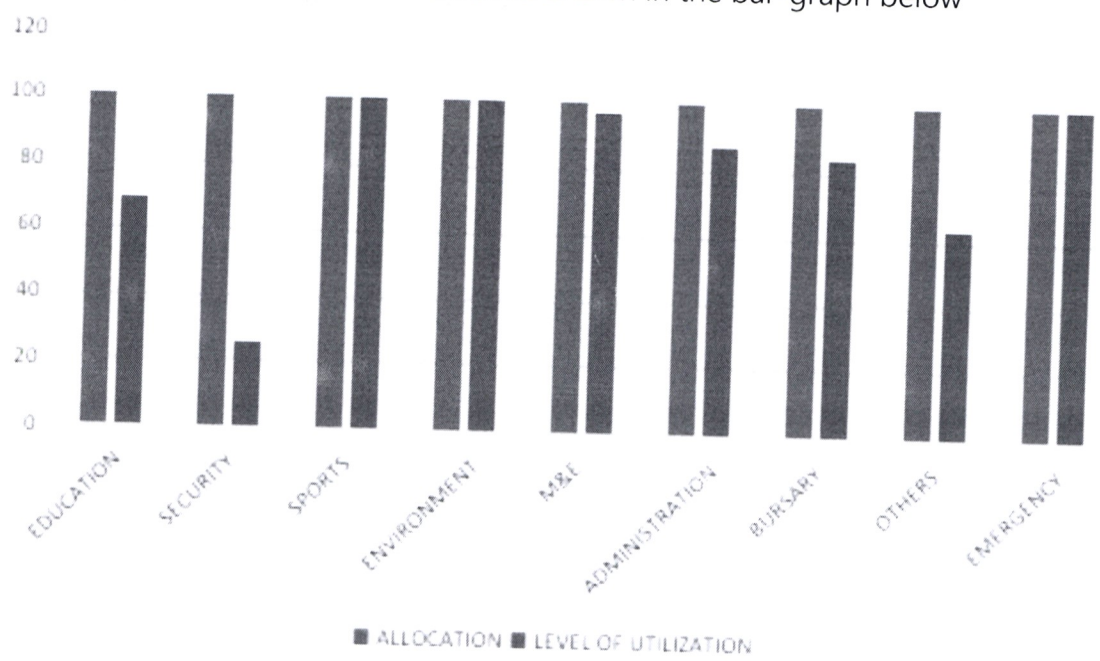
Administration allocation capacitates the committee to manage the fund efficiently and effectively

2. PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION

The low level of project implementation was due to delays occasioned by late disbursement of funds by the Board as the final receipt of funds for the FY 2019-2020 budget was received in the closing days of June 2020, a whopping kshs.69,367,724.10 vide AIE NO B096761 referenced as DEP 07/2019/2020/1322

Coupled with the bureaucracies in the procurement laws, it was virtually unviable to expend the budget within the required time frame

Hence the less than 100% utilization as shown in the bar-graph below



PERENIAL ISSUES

Lamu East Constituency suffers from pre-independence challenges of;

- i) Diseases, illiteracy and poverty
- ii) Transport is hampered by lack of roads on the islands and the ocean
- iii) Insecurity caused by pirates and now terrorists

As a result, the fund has continuously endeavoured to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students sponsorship, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- i. Economic collapse caused by covid-19 pandemic
- ii. Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- iii. Ban on dawn to dusk fishing
- iv. Ban on mangrove harvesting
- v. High rural-urban migration by youth due to joblessness thus stripping the islands of much needed man-power for development

Despite a few challenges here and there, NG-CDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were leaving in despair and ravaging poverty.

Forward by



Chairman - NGCDF Lamu East Constituency

15 September 2020

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

Lamu East Constituency is mainly made up of the islands of Lamu County. Thus the main economic activity is fishing and tourism. Arable land is very limited though the population practice some crop production mainly food crops such as maize, beans, green grams and sim-sim. They also keep some livestock such as cows and donkeys.

The constituency has people of diverse culture that co-exist and participate in the development of the constituency but majority of the population is composed of the Bajuni community

Majority of the population is poor and records high illiteracy rate and perennial food deficit. This is one of the biggest challenges that faces the population of Lamu East Constituency. In terms of infrastructural development, the constituency lags behind in poor road network, inadequate safe drinking water, schools, security infrastructure and health facilities. The non-existence of a developed road network has resulted into the usage of dhows and donkeys as the main means of transport.

Majority of the population of Lamu East Constituency derive their livelihood from fishing, subsistence agriculture and livestock keeping. The area experiences unreliable rainfall and the population has perennial shortage of food and has repeatedly to depend on the government for food relief. Thus 65 per cent of the populations are food poor, 43 per cent are hardcore poor meaning that they cannot meet the basic minimum food requirements even after spending all their income on food alone. About 60 per cent of the adult population cannot meet the minimum cost of food and non food items essential for human life hence are absolutely poor. In terms of gender, 45 percent of the poor are male and 55 percent are female. The highest poverty incidence is found in the hinterland Boni forest areas of the constituency where the Boni community live as hunters and gatherers.

Lack of sufficient and reliable sources of potable water supply and sanitation services in Lamu East Constituency have greatly contributed to the high poverty levels inherent of the area. Provision of readily available potable water supply and improved sanitation will impact positively on the livelihoods of the communities by availing adequate time for engagement in farming and other economic activities, eradication of water borne related diseases, improved food security and better health care services.

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The constituency has endeavoured to come up with strategic objectives and related programmes and projects that have been formulated to better the livelihoods of the constituents as envisaged in the five year strategic plan (2018-2022). This is a commitment by the Lamu East NGCDF Committee to initiate projects for a period of five years that is expected to transform the livelihoods of the constituents for the better.

The vision statement is "To be a leader in promoting citizen's driven socio-economic programmes for sustainable development".

The strategic objectives include:

- To improve the quality of the socio-economic well-being of the marginalized and vulnerable local communities.
- To contribute in enhancing infrastructure improvement.
- To promote conservation and management of the environment.
- To contribute in reducing unemployment among the youth in the constituency
- To develop and sustain institutional capacity of Lamu East Constituency NGCDF Committee

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The key development objectives of NGCDF Lamu East Constituency's 2018-2022 plan are to:

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	In the FY 2019/2020 we increased number of classrooms, sanitation blocks, School buses, Multipurpose halls, Administration offices, etc in the following institutions - Kiunga Primary School 4no classrooms - Kizingitini Girls Primary School 2no classrooms - Rasini Girls Primary School Teachers Sanitation block - Faza Boys Primary School Teachers Sanitation block - Pate secondary school Sanitation block - Siyu secondary school bus - Faza secondary school multipurpose hall - Kiunga secondary school Administration block - Bursary beneficiaries at all levels were sponsored with tuition fees totaling kshs.37,650,000

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Security	To have all government security agencies within the constituency provided with administration offices and secured working environment	Heightened security within the constituency that guarantees safe working environment and peaceful co-existence of communities and improved service delivery to the citizens	Number of police posts constructed and furnished Number of chiefs offices constructed and furnished	In the FY 2019/2020 the following infrastructure was implemented:- -Lamu East Sub-county Head Quarters at Faza - Lamu East Sub-county Police Head Quarters at Kizingitini Police Station - Kizingitini Divisional Offices - Fencing of Kiangwe AP Post - Amoury at Tchundwa AP Post - Chief Offices at Mwajumwali, Tchundwa, Kiwayu and Ndau
Environment	Rehabilitation and Conservation of environment	Restoration of nature and protecting nature from degradation and pollution	Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated and pit-latrines constructed	In the FY 2019/2020, we constructed 5no pit-latrines in the following institutions:- - Myabogi Primary School - Kizingitini Girls Primary School - Ndau Primary School - Mikokoni Primary School - Kiangwe AP Post

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Sports	Promotion of Sports and Sporting activities	Harnessing of youth talents and promotion of peaceful coexistence of communities through social welfare activities such as ball games, boat racing and donkey competitions	<p>Number of teams participated in sponsored sporting events</p> <p>Infrastructures constructed in institutions that providing sporting space</p> <p>Sporting gear and equipment procured for sporting teams</p>	In the FY 2019/2020, we constructed; Faza secondary school baseball court
Social Security Programs	Promotion of social welfare programs and activities	Provision of public amenities that cater for public utilities	<p>Construction of public Dias</p> <p>Procurement of Office motor vehicles that enhance service delivery to the public</p>	In the FY 2019/2020, we constructed Faza DCC Dias with parade ground and toilets and purchased a NGCDF Office motor vehicle

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Lamu East Constituency 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 -

Lamu East NGCDF Committee endeavored to work within the existing policy guidelines that help in focusing on the service delivery and drive to better performance with the involvement of both internal and external stakeholders on matters of development. The relevance of this is attributed to our vision, mission and core values as provided for in our strategic plan.

Vision

To be a leader in promoting citizen's driven socio-economic programmes for sustainable development

Mission

To provide an enabling environment to accelerate implementation of socio-economic programmes and projects for the benefit of the communities in Lamu East Constituency.

Goal

The goal of Lamu East Constituency Development Fund Committee is to improve the socio-economic well being of the marginalized and underprivileged communities.

Core Values

The core values are integral part of an organization's culture and create a sense of identity belonging and purpose. Lamu East NGCDF Committee has therefore agreed to uphold the following principles as its core values:-

Team work – *We are deliberately nurturing team spirit, collaboration and consultation and we shall maximize our synergies in working together.*

Customer Satisfaction – *We are committed to satisfying both our internal and external customers.*

Integrity – *We aim to be accountable, transparent, ethical and honesty and at the same time adopt a zero tolerance to corruption.*

Gender Equity – *We shall embrace the principles of gender equity, fairness and balance across gender.*

Creativity and Innovativeness – *We shall remain open and pro-active in seeking better methods of delivery of service.*

Commitment – *We will be committed to our set objectives.*

Respect to diverse culture – *We will accommodate every stakeholder regardless of cultural background.*

2. ENVIRONMENTAL PERFORMANCE

Environment Policy and Action Plan

Protection of the environment in which we live and operate is part of Lamu East NGCDF initiatives

Care for the environment is one of our key responsibilities and an important aspect in the way in which we carry out our operations.

Our Environmental Policy

In this policy statement Lamu East NGCDF commits to:

- ꣳ Comply with all relevant environmental legislation, regulations and approved codes of practice
- ꣳ Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- ꣳ Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- ꣳ Managing and disposing of all wastage in a responsible manner;
- ꣳ Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- ꣳ Regularly communicating our environmental performance to our employees and other significant stakeholders
- ꣳ Developing our management processes to ensure that environmental factors are considered during planning and implementation
- ꣳ Monitoring and continuously improving our environmental performance.
- ꣳ Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

Our Environmental Action Plan

Lamu East NGCDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts. These four areas together with our approach and targets for each are shown below:

Impact Area	Approach
Capacity Building	<ul style="list-style-type: none"> • Promote environmental awareness by sensitizing the Lamu East NG-CDFC, NG- CDFC staff and PMCs on good conservation practices • To encourage, through regular communication to Lamu East NG-CDFC, staff , and other stakeholders changes in individual behaviour to reduce usage
Conservation of Energy and Resources	<ul style="list-style-type: none"> • To maximize use of available technologies to remove the need to use paper • To encourage our clients to engage with us using electronic means where possible • To maximize on rain water harvesting • To make energy efficiency a key factor in the selection of any new energy devise being purchased • To invest in available energy saving technologies and devices within our existing premises

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Environmental Protection and Conservation	<ul style="list-style-type: none">• To promote use of volt guards to control power surges• We have constructed culverts and gabions to prevent soil erosion• To encourage tree planting in the constituency to improve the forest cover.• To promote purchase and installation of fire extinguishers to aid in extinguishing and controlling fires
Pollution Control and Waste Management	<ul style="list-style-type: none">• To ensure that all paper waste is recycled• To ensure segregation of waste• To ensure proper human waste disposal through construction of pit latrines, septic and soak pit tanks

3. EMPLOYEE WELFARE.

Employee welfare is a specialty within the broader field of management that focuses on managing employees. It is the efficient and effective process of acquisition, development, motivation and maintenance of labour at optimum levels. It is strategic; and it matches people to the strategic and operational needs of the organization, and ensures that the human resources are fully utilized.

It is also holistic in nature, and is concerned with the overall people requirements of an organization. It ensures that an organization's people as the most important resource are taken in consideration, as well as, its financial and technological resources.

Categories of Employment

Lamu East NGCDF offers two categories of employment, namely - Contractual employment which engages employees for 3 years on a renewable contract subject to satisfactory performance and Temporary employment that offers a 1 year open contract also renewable subject to satisfactory performance and assignments availability. Casual employees are hired to perform specific duties on a daily or weekly basis on a piece rate payment system. Casuals are not allowed to work continuously for more than three (3) months and are not eligible for any employee benefits in line with statutory requirements.

Recruitment Procedure

Available job vacancies are advertised by the NGCDF Office - Lamu East constituency with the blessings of the NGCDF Committee Lamu East constituency

The Advertisement contains the following:

- Job title
- Main purpose of the job
- A brief description of the key responsibilities of the job
- Education, experience, skills and competencies required for the job
- Location of the job. Clear instructions on how to apply and information to be submitted in the application
- Closing date for receipt of applications

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Appointment of a selection and Interview subcommittee

A selection and interview subcommittee is appointed to oversee the selection strategy for application review, determination of testing methodology, administration of tests and scoring, and reference check criteria.

Interviews

Interviews for staff employment are conducted in a manner that complies with the office's commitment to equal employment opportunity, to ensure that qualified candidates are not discriminated based on ethnicity, religion, gender, age, disability, status etc.

Offer of Appointment

A person appointed to the office will be given the appropriate letter of offer of appointment, as the case may be, which may be accepted or rejected by the candidate within the stipulated time.

Letters of Appointment

A written contract of service that is signed by the NGCDF Committee Chairman is then issued, which stipulates specifications of employment which include, the name and address of the employee, job description, date of commencement of the job, form and duration of the contract, place of work, hours of work, remuneration, termination, terms and conditions of employment which the employee is entitled to.

Health, Safety and Well Being

This provides guidelines on the health, safety and well-being of the office staff

Guidelines to General Safety

The office has maintain healthy and safe working conditions for its employees to ensure there is no personal injury caused by accidents.

All the staff must always consider safety to themselves and others when performing their duties. They should not compromise on quality, cause injury, ill health, loss or environmental damage.

Emergency Preparedness Every Department depending on the nature of work and services shall plan for foreseeable incidents such as accidents, explosions, fire, floods etc. and prepare and outline procedures to be followed in such events.

Fire precautions

The fire protection facilities have been provided both inside and outside the building and they are adequate and maintained annually
General information on fire precautions and fire equipment is contained in stickers on the wall next to the fire extinguishers

Provision of protective equipment and clothing

The Fund Account Manager ensures that officers who are employed in any process involving exposure to wet or to any injurious or offensive substances are provided with adequate, effective and suitable protective clothing and appliances.

Reporting of an Accident

Immediately an accident or development of an occupational disease resulting in death or injury to an officer comes to the notice of the officer under whom he/she is directly deployed, the supervisor should make a claim for compensation in accordance with the procedure set out in the Occupational Safety and Health Act 2007 and Work Injury Benefits act 2007.

Guidance and Counselling

The current challenges in the workplace and family environment affects the performance and well being of an officer. To address these challenges, the office undertakes guidance and counselling of the affected staff however, consultation with family members or support system may be sought when deemed necessary.

Health Care Services

The staff, including spouses and children, are eligible to affordable health care services and to benefit from the NHIF medical scheme as statutory deductions are done and remitted on a monthly basis

HIV/AIDS

HIV and AIDS is a major challenge facing officers in and out of the Institute. It poses a big threat to the individual, the family and the public Service. It is in cognizance of this that the Institute has put in place care and support programs for the infected and affected officers to enable them remain productive.

HIV/AIDS shall be treated like any other challenging issue at the workplace. All officers of the Institute shall have a role to play in the wider struggle to mitigate the effects of the pandemic. An officer shall not be discriminated or stigmatized on the basis of HIV status. It is an offense for any person to discriminate another on the ground of actual, perceived or suspected HIV status.

It is the responsibility of the Fund Account Manager in liaison with NGCDF Committee to minimize the risk of HIV/AIDS transmission by adopting first aid/universal infection control precautions at the workplace.

HIV/AIDS screening shall not be a requirement for job seekers, recruitment or for persons in employment. Screening shall be confidential, voluntary and shall be after counselling. There shall be no disclosure of HIV/AIDS test results of any related assessment results to any person without the written consent of the officers.

Drug and Substance Abuse

Addiction to drugs or substance will be treated like any other disease. An officer who is determined to deal with drug and substance abuse problem by engaging in rehabilitation services will be referred by the office by a Government doctor for evaluation, within the limits and budgets endorsed by the NGCDF Committee.

Persons Living with Disability

An employee with an impairment in his/her body will be expected to confirm their disability status with a doctor after medical examination. Once it is confirmed that he/she is disabled, the employee will register with the National Council for Person with Disabilities. The employee will then present the registration certificate from the National Council for Persons with Disabilities to the Institute which will then recognize them as employees living with disabilities

The office shall provide facilities and effect such modification, whether physical, administrative or otherwise, in the workplace as may be reasonably required to accommodate persons with disabilities

Sexual harassment and other Forms of Harassment

Any staff of the office should not harass another officer sexually through, direct or indirect request for favours, use of language whether written or spoken of a sexual nature, use visual material of a sexual nature and show physical behaviour of a sexual nature which directly or indirectly subjects the person to behaviour that is unwelcome or offensive.

Disciplinary action will be taken against an officer of the Institute for harassing another person.

Harassment may be based on racial, tribal, gender, marital status, religious or ethical belief, disability, age, political opinion, employment status, family status, sexual orientation, or involvement in the activities of an employee's organization.

The improper use of power based on administrative or Managerial status (i.e. the use of a position to insult, bully, dominate, manipulate, disadvantage or discriminate) may also constitute harassment.

Bullying – which means repeated, deliberate and targeted conduct by a person towards a staff member which is offensive, intimidating or humiliating and which detrimentally affects that member's well-being.

Reporting Harassment Cases

Any staff who believes that they have experienced some form of harassment should report harassment cases as outlined in the office complaints procedures manual

4. MARKET PLACE PRACTICES

The National Government Constituencies Development Fund NGCDF was designed to support constituencies at the grassroots fight inequalities of the marginalized and alleviate poverty. It is aimed to achieve equitable distribution of development resources across regions and to control imbalances in regional development brought about by partisan politics. It targets all constituency-level development projects, particularly those aiming to combat poverty at the grassroots and entrench equitable distribution of development in line with the NGCDF Act 2015 (as amended in 2016)

The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

a) Responsible competition practice.

During projects implementation the office transfers funds to the Project Management Committees who are thereafter guided during tendering process, to ensure that the locals benefit competitively in the provision of services and materials to the projects.

How the organization ensures responsible competition practices with issues like anti- corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations

Payments to suppliers are done promptly upon presentation of requisite supporting documents

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

d) Product stewardship

In order to safeguard consumer rights and interests, Lamu East NGCDF came up with a service charter and the complaints handling policy, principles and procedures brochure.

The service charter points out our commitment in ensuring that we provide quality services to our customers with high level professionalism, dignity, integrity and courtesy, whereas complaints handling policy, principles and procedures shows our commitment to consistent, fair and confidential complaint handling and to resolve complaints as quickly as possible

5. COMMUNITY ENGAGEMENTS

Public Participation in Project Identification, Implementation and Monitoring and Evaluation is a core indicator of transparency and accountability in the management of public resources. The NGCDF Act 2015 (as amended in 2016) stipulates in part 5 section 27 subsection 1 and 2 that the chairperson of the NGCDF Committee shall, within the first year of the commencement of a new Parliament and at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency.

The NGCDF Committee shall then deliberate on project proposals from all the wards in the constituency and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from. There after the list of proposed constituency based projects to be covered under this Act shall be submitted by NGCDF Committee to the NGCDF Board.

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.

Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs.

When the public is involved in a project, they feel motivated to work together, recognize the benefits of their involvement and have ownership of the projects and the decision making process, which is key to a successful project outcome and their sustainability.

Effective public engagement is about recognizing that involving the public in a project is no longer about information dissemination and telling the people what is being done, but is a two- way information sharing tool. The more views gathered in the process of making a decision, the more likely the final product will meet the most needs and address the most concerns possible.

In summary stakeholders participation is important since:

- Providing information helps them understand the issues, options, and solutions available for the projects
- Consulting with the public aids in obtaining their feedback on alternatives or decisions
- Involving the public to ensures their concerns are considered throughout the decision process, particularly in the development of decision criteria, options and preferred solutions that are workable, efficient and sustainable .

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

Public Awareness and Sensitization Exercise Provide

- A menu of options for including individuals and organizational actors in identifying development priorities and selecting NGCDF projects.
- Ensuring implementation of NGCDF funded projects are transparent and known to everybody within the community.
- Increase accountability hence ensure local citizens gain skills and confidence to carryout social audits as means to enhanced accountability in management of other devolved funds apart from NGCDF at constituency and other levels within the constituency.
- Increase public participation at all stages of project cycle funded under NGCDF kitty

- Identify control and report any irregularities witnessed during NGCDF project implementation cycle
- Measure the impact of the projects funded by NGCDF
- Enable people to exercise their rights by instilling democratic culture through enhanced social accountability and transparency among state and non state actors.
- Promote awareness creation on constitution and devolved governance system in Kenya

Covid-19 Mitigation Measures

Taking into consideration the current Corona Virus epidemic, in line with the Governments directive on reducing the chances of being infected or spreading COVID-19, the office resolved in aiding by taking the following precautionary measures.

- Through Kenya Ports Authority distributed 2,000 bottles of 500mls alcoholic sanitizers to the community free of charge.
- The office purchased 120 hand wash pots and basins that were distributed to the Government offices within the constituency
- Through The National Youth Service the office distributed 4,000 facial masks
- Printing of brochures disseminating information regarding Corona Virus protection measures

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LAMU EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

V. STATEMENT OF ENTITY 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 Fund shall prepare financial statements in respect of that fund. 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.

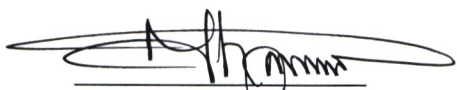
The Accounting Officer in charge of the NGCD Lamu East Constituency is responsible for the preparation and presentation of the fund's financial statements, which give a true and fair view of the state of affairs of the fund for and as at the end of the financial year (period) ended on June 30, 2020. 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 fund; (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 fund; (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 Lamu East Constituency accepts responsibility for the fund'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 NGCDF Lamu East Constituency financial statements give a true and fair view of the state of the fund's transactions during the financial year ended June 30, 2020, and of the fund's financial position as at that date. The Accounting Officer in-charge of the NGCDF Lamu East Constituency further confirms the completeness of the accounting records maintained for NGCDF Lamu East Constituency, which have been relied upon in the preparation of the fund's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in-charge of the NGCDF Lamu East Constituency confirms that the fund has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the fund'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 fund'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

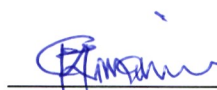
The NGCDF Lamu East Constituency financial statements were approved and signed by the Accounting Officer on 15 September 2020



Fund Account Manager

Name: CPA Kumbatha Josef

ICPAK Member Number: 24271



Sub-County Accountant

Name: CPA Kimani Geoffrey

ICPAK Member Number: 22173

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAMU EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Lamu East Constituency set out on pages 24 to 40, which comprise the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Lamu East Constituency as at 30 June, 2020 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 National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Unacknowledged Grants and Transfers

The statement of receipts and payments reflects Kshs.66,167,757 in respect of other grants and transfers. As disclosed in Note 5 to the financial statements, the expenditure includes Kshs.23,457,427 and Kshs.16,441,516 dispersed to secondary schools and tertiary institutions respectively as bursaries to needy students. Review of the expenditure and other supporting documents revealed that bursary disbursements amounting to Kshs.13,671,022 were not acknowledged with official receipts or acknowledgment letters from the institutions they were disbursed to, making it difficult to confirm whether the intended needy students benefited from the bursary disbursements.

Further, disbursements amounting to Kshs.2,700,000 made to Lamu East Constituency Bursary Fund Committee to facilitate purchase of school uniforms for needy students were not supported with the list of beneficiaries.

In the circumstances, the accuracy and validity of expenditure amounting to Kshs.16,371,022 on other grants and transfers during the year under review could not be confirmed.

2.0 Use of Goods and Services

2.1 Unsupported Committee & Other Committee Expenses

Note 3 to the financial statements reflect expenditure on use of goods and services amounting to Kshs.9,363,652. The expenditure includes Kshs.2,431,800 and Kshs.1,600,000 in respect of committee expenses and other committee allowances respectively. Examination of payment vouchers and other supporting documents for the amount revealed payments totalling to Kshs.1,800,000 which were not supported with temporary work tickets for the hired motor vehicles during a monitoring and evaluation exercise, and public participation forums.

Consequently, the validity of expenditure amounting to Kshs.1,800,000 during the year under review 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 – Lamu East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final expenditure budget and actual on comparable basis totalling to Kshs.197,099,462 and Kshs.129,516,492 respectively, resulting in underperformance amounting to Kshs.67,582,970 or 34% of the budget.

The under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Lamu East Constituency.

2. Project Implementation

The project implementation status report for National Government Constituency Development Fund - Lamu East Constituencies shows that the Fund had budgeted to implement twenty-seven (27) projects with a total cost of Kshs.87,354,630 comprising

one (1) emergency project, one (1) sports projects, five (5) environmental projects, four (4) primary Schools projects, four (4) secondary school projects, ten (10) Security projects and two (2) Lamu East Constituency offices. However, according to the status report, the Fund had completed one (1) secondary school project and two (2) Lamu East Constituency offices, making a total of three (3) completed projects during the year under review. The remaining twenty-four (24) projects with a total budget of Kshs.73,098,241 were ongoing as detailed below:

Project Category	Project Cost (Kshs.)	Current Status	Total No. of Projects Per Category
Emergency	7,198,241.38	On going	1
Sports	2,500,000.00	On going	1
Environment	2,500,000.00	On going	5
Education: Primary Schools	10,632,800	On going	4
Education: Secondary Schools	6,300,000	Complete	1
	10,767,200	On going	3
Security	39,500,000	On going	10
Lamu East NGCDF Office	7,956,388.76	Complete	2
Total	87,354,630.14		27

The slow implementation of the projects may have denied the constituents of Lamu East the much-desired development and negatively affected the service delivery to the constituents.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Manual Assets Register

Annex 2 to the financial statements reflects a summary of fixed assets of the Fund, valued at Kshs.20,841,943 as at 30 June, 2020. However, Management did not maintain a manual fixed asset register but instead maintained a soft copy of the same, which lacked access and data security and control features, making it prone to manipulation. This was contrary to Regulation 139(2) of the Public Finance Management (National Government) Regulations, 2015.

Further the asset register included obsolete and non-serviceable items such as laptops, photocopier machines and scanners which have been held at the Fund for long periods of time. No efforts had been made to have the items disposed-off as required by the Public Procurement and Asset Disposal Act, 2015. In addition, the land where Lamu East Constituency Fund headquarters are currently situated, had not been valued and disclosed. Similarly, ownership documents for two boats owned by the Fund were not provided for audit review.

In the circumstances, the accuracy and completeness of the summary of fixed assets balance could not be ascertained.

2. Lack of Constituency Oversight Committee

During the year under review, Management did not appoint a Constituency Oversight Committee as required in Section 53(1) of the National Government Constituencies Development Fund Act, 2015. The Act provides that there shall be a Constituency Oversight Committee for the projects undertaken under this Act. Further subsection (3) states that the Constituency Member of National Assembly shall, in consultation with the Constituency Oversight Committee at least twice in every financial year, and upon giving notice of at least fourteen days, convene public forums for purposes of; (a) mobilization and sensitization, and; (b) soliciting views, opinions and proposals from the public regarding to the fund.

In the absence of the Oversight committee, the above requirements of the law were not adhered to during the financial year under review. In the circumstances, the Fund was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 financial reporting process, reviewing the effectiveness of how the Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

- Perform such other procedures, as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 March, 2022

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LAMU EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	137,367,724	120,420,186
TOTAL RECEIPTS		137,367,724	120,420,186
PAYMENTS			
Compensation of employees	2	3,973,895	4,612,554
Use of goods and services	3	9,363,652	6,701,552
Transfers to Other Government Units	4	42,744,800	17,252,000
Other grants and transfers	5	66,167,757	38,308,214
Acquisition of Assets	6	7,266,388	1,936,000
TOTAL PAYMENTS		129,516,492	68,810,320
SURPLUS/(DEFICIT)		<u>7,851,232</u>	<u>51,609,866</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 15 September 2020 and signed by:



Fund Account Manager
Name: CPA Kumbatha Josef
ICPAK Member Number: 24271



National Sub-County Accountant
Name: CPA Kimani Geoffrey
ICPAK Member Number: 22173

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LAMU EAST CONSTITUENCY

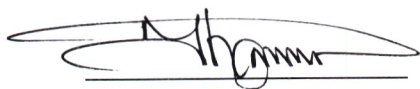
Reports and Financial Statements

For the year ended June 30, 2020

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	67,582,970	59,731,738
Total Cash and Cash Equivalents		67,582,970	59,731,738
TOTAL FINANCIAL ASSETS			
		67,582,970	59,731,738
NET FINANCIAL ASSETS			
		67,582,970	59,731,738
REPRESENTED BY			
Fund balance b/fwd	8	59,731,738	8,121,872
Surplus/(Deficit) for the year		7,851,232	51,609,866
NET FINANCIAL POSITION		67,582,970	59,731,738

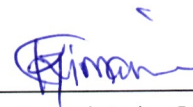
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Fund Account Manager

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ICPAK Member Number: 24271



National Sub-County Accountant

Name: CPA Kimani Geoffrey

ICPAK Member Number: 22173

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 LAMU EAST CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2020

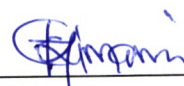
IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	137,367,724	120,420,186
Total receipts		137,367,724	120,420,186
Payments for operating expenses			
Compensation of Employees	2	3,973,895	4,612,554
Use of goods and services	3	9,363,652	6,701,552
Transfers to Other Government Units	4	42,744,800	17,252,000
Other grants and transfers	5	66,167,757	38,308,214
Total payments		122,250,104	66,874,320
Total Receipts Less Total Payments		15,807,620	53,545,866
Net cash flow from operating activities		15,807,620	53,545,866
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	7,266,388	1,936,000
Net cash flows from Investing Activities		(7,266,388)	(1,936,000)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT		7,851,232	51,609,866
Cash and cash equivalent at BEGINNING of the year	8	59,731,738	8,121,872
Cash and cash equivalent at END of the year	7	<u>67,582,970</u>	<u>59,731,738</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 15 September 2020 and signed by:



Fund Account Manager
 Name: CPA Kumbatha Josef
 ICPAK Member Number: 24271



National Sub-County Accountant
 Name: CPA Kimani Geoffrey
 ICPAK Member Number: 22173

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

LAMU EAST CONSTITUENCY

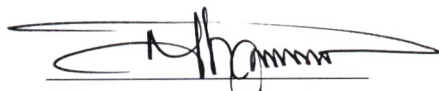
Reports and Financial Statements

For the year ended June 30, 2020

X. TRIAL BALANCE AS AT 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
CASH AND CASH EQUIVALENTS			
	Bank Balances (as per the cash book)	67,582,970	
PAYMENTS			
	Compensation of Employees	3,973,895	
	Use of Goods and Services	9,363,652	
	Transfers to Other Government Units	42,744,800	
	Other Grants and Transfers	66,167,757	
	Acquisition of Assets	7,266,388	
RECEIPTS			
	Transfers from the NGCDF Board		137,367,724
Fund Balance b/f			59,731,738
TOTAL		197,099,462	197,099,462

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Lamu East Constituency financial statements were approved on 15 September 2020 and signed by:



Fund Account Manager

Name: CPA Kumbatha Josef

ICPAK Member Number: 24271



National Sub-County Accountant

Name: CPA Kimani Geoffrey

ICPAK Member Number: 22173

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU EAST CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

XI. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	59,731,738	197,099,462	197,099,462	0	100%
TOTAL RECEIPTS	137,367,724	59,731,738	197,099,462	197,099,462	0	100%
PAYMENTS						
Compensation of Employees	4,408,800	615,464	5,024,264	3,973,895	1,050,369	79.1%
Use of goods and services	8,644,294	977,265	9,621,559	9,363,652	257,907	97.3%
Transfers to Other Government Units	27,700,000	34,048,000	61,748,000	42,744,800	19,003,200	69.2%
Other grants and transfers	89,348,242	19,413,982	108,762,224	66,167,757	42,594,467	60.8%
Acquisition of Assets	7,266,388	0	7,266,388	7,266,388	0	100%
Other Payments	0	4,677,027	4,677,027	0	4,677,027	0%
TOTALS	137,367,724	59,731,738	197,099,462	129,516,492	67,582,970	65.7%

The actual receipts from the NGCDF Board for the referred period was kshs.137,367,724.10 which represents the total Annual Project Proposal Budget for the FY 2019/2020. The actual final budget for the referred period was kshs.197,099,465 backed up by an Adjustment (cashbook opening balances) of kshs.59,731,738 Total expenditure for the period was kshs.129,516,462 which is equivalent to 65.7% of the actual final budget closing with a cashbook balance of kshs.67,582,970 representing a 34.3% of the final actual budget for the referred period. The summary clearly indicates an under-utilization across all sectors, except under Assets Acquisition and Use of Goods and Services. Under Compensation of Employees, the difference is due to gratuity reserves for employee contracts that are yet to mature while under Use of Goods and Services, and Acquisition of Assets funds were utilized optimally. Under Transfers to Other Government Units and Other grants and transfers, funds were not utilized 100% timely due to delays in funds disbursement by the NGCDF Board coupled with the bureaucracies in the procurement laws. Under Other payments, funds had remained unutilized as the NGCDF Committee was awaiting Reallocation approval by the NGCDF Board. The NGCDF Lamu East Constituency financial statements were approved on 15 September 2020 and signed by:



Fund Account Manager
 Name: CPA Kumbatha Josef
 ICPAK Member Number: 24271



Sub-County Accountant
 Name: CPA Kimani Geoffrey
 ICPAK Member Number: 22173

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XII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020		Adjustments		Final Budget 2019/2020		Actual on comparable basis 30/06/2020		Budget utilization difference	
	Kshs		Kshs		Kshs		Kshs		Kshs	
	A(2019/2020)		BAL(B/F)		C(A+B)		D		E(C-D)	
1.0 Compensation of Employees										
1.1 Employee Salaries	4,408,800		502,900		4,911,700		3,890,195		1,021,505	
1.2 NSSF	0		112,564		112,564		83,700		28,864	
Sub-total	4,408,800		615,464		5,024,264		3,973,895		1,050,369	
2.0 Use of Goods and Services										
Administration and Recurrent										
2.1 Committee Expenses	2,000,000		476,938		2,476,938		2,438,800		45,138	
2.2 Use of goods and services	1,833,264		0		1,833,264		1,832,642		622	
Monitoring and evaluation										
2.3 Capacity building	1,500,000		500,327		2,000,327		1,789,860		210,467	
2.4 Committee Expenses	1,600,000		0		1,600,000		1,600,000		0	
2.5 Use of goods and services	1,711,031		0		1,711,031		1,709,350		1,681	
Sub-total	8,644,295		977,265		9,621,560		9,363,652		257,908	
3.0 Transfers to Other Government Units										
3.1 Primary Schools										
Mkokoni Primary School	0		4,000,000		4,000,000		4000000		0	
Myabogi Primary School	0		4,000,000		4,000,000		4000000		0	
Kizingitini Girls primary school	0		4,000,000		4,000,000		4000000		0	
Ndau Primary School	0		4,000,000		4,000,000		4000000		0	
Kizingitini Boys primary school	0		1,500,000		1,500,000		1,500,000		0	
Shanga Primary School	0		48,000		48,000		0		48,000	
Kiunga Primary School School	5,755,200.00		0		5,755,200		0		5,755,200	
Kizingitini Girls Primary School	2,877,600.00		0		2,877,600		2,877,600		0	
Rasini Girls Primary School	1,000,000.00		0		1,000,000		0		1,000,000	
Faza Boys Primary School	1,000,000.00		0		1,000,000		0		1,000,000	

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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Sub-Total	10,632,800	17,548,000	28,180,800	20,377,600	7,803,200
3.2 Secondary Schools					
Faza Secondary School	0	2,000,000	2,000,000	2000000	0
Pate Secondary School-Staff house	0	2,500,000	2,500,000	1500000	1,000,000
Pate Secondary School	0	5,000,000	5,000,000	4,800,000	200,000
Mbwajumwali Secondary School	0	7,000,000	7,000,000	7,000,000	0
Siyu Secondary School	6,300,000.00	0	6,300,000	6,300,000	0
Faza Secondary School	6,000,000.00	0	6,000,000		6,000,000
Kiunga Secondary School	4,000,000.00	0	4,000,000		4,000,000
Pate Secondary School	767,200.00	0	767,200	767,200	0
Sub-Total	17,067,200	16,500,000	33,567,200	22,367,200	11,200,000
Total	27,700,000	34,048,000	61,748,000	42,744,800	19,003,200
4.0 Other Grants and Transfers					
4.1 Emergency	7,198,241	70,925	7,269,166		
Somee Construction Ltd	0	0	0	1,496,199	0
Sham Karim Construction Ltd	0.00	0	0	1,489,614	0
Barani Supplies Ltd	0.00	0	0	993,076	0
Ndau Primary School	0.00	0	0	2,900,000	0
Motor Boat	0.00	0	0	70,925	0
Fund Account Manager	0.00	0	0	319,000	0
Sub-Total	7,198,241	70,925	7,269,166	7,268,814	352
4.2 Bursary and Social Security					
Bursary Secondary Schools	20,650,000	4,981,723	25,631,723	23,457,427	2,174,296
Bursary Tertiary Schools	17,000,000	4,831,334	21,831,334	16,441,516	5,389,818
Sub-Total	37,650,000	9,813,057	47,463,057	39,898,943	7,564,114
4.3 Sports					
Lamu East Constituency Sports Committee	2,500,000	0	2,500,000	2,500,000	0
Sub-Total	2,500,000	0	2,500,000	2,500,000	0

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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
4.4 Environment					
Environment - Pate Girls Sec Sch	0	2,000,000	2,000,000	2000000	0
Myabogi Primary School	500,000.00	0	500,000	500000	0
Kizingitini Girls Primary School	500,000.00	0	500,000	500000	0
Ndau Primary School	500,000.00	0	500,000	500000	0
Mkokoni Primary School	500,000.00	0	500,000	500000	0
Kiangwe AP Post	500,000.00	0	500,000	500000	0
Sub-Total	2,500,000	2000000	4,500,000	4500000	0
4.5 Security Projects					
Tchundwa AP Post	0	2,500,000	2,500,000	2500000	0
Faza ACC Administration Office	0	2,500,000	2,500,000	2500000	0
Kiangwe Police Fence	0	2,500,000	2,500,000	2500000	0
Police Posts Electrification	0	30,000	30,000		30,000
Lamu East Sub County Headquarters at Faza	12,000,000.00	0	12,000,000		12,000,000
Kizingitini Police Station	10,000,000.00	0	10,000,000		10,000,000
Kizingitini Divisional Offices	3,000,000.00	0	3,000,000		3,000,000
Kiangwe Administration Police Post fence	2,000,000.00	0	2,000,000	2,000,000	0
Tchundwa Administration PolicePost	1,000,000.00	0	1,000,000	1,000,000	0
Faza Deputy County Commissioner's Dias	1,500,000.00	0	1,500,000	1,500,000	0
Mbwajumwali Chiefs office	2,500,000.00	0	2,500,000		2,500,000
Tchundwa Chiefs office	2,500,000.00	0	2,500,000		2,500,000
Kiwayuu Chiefs office	2,500,000.00	0	2,500,000		2,500,000
Ndau Chiefs office	2,500,000.00	0	2,500,000		2,500,000
Sub-Total	39,500,000	7,530,000	47,030,000	12,000,000	35,030,000
Total	89,348,241	19,413,982	108,762,223	66,167,757	42,594,466
5.0 Acquisition of Assets					
Refurbishment of Buildings	1,956,388	0	1,956,388	1,956,388	0
Purchase of Office Motor vehicle	5,310,000	0	5,310,000	6,000,000	0

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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Sub-Total	7,266,388	0	7,266,388	7,266,388	0
6.0 Other Payments					
Constituency Innovation Hub (CIH)	0	4,677,027	4,677,027	0	4,677,027
Sub-Total		4,677,027	4,677,027	0	4,677,027
GRAND TOTAL	137,367,724	59,731,738	197,099,462	129,516,492	67,582,970

NB: This statement is a disclosure statement indicating the utilization in the same format at the fund's budgets which are programme based.
This document is completed to enable consolidation by the National Treasury

XIII. 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 Imprest and salary advances and b) payable that include deposits and retention.

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 Fund

The financial statements are for the NGCDF Lamu East Constituency. The financial statements encompass the reporting fund 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 fund for all the years presented.

a) Recognition of Receipts

The fund recognizes all receipts from the various sources when the event occurs and the related cash has actually been received by the fund.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving fund.

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SIGNIFICANT ACCOUNTING POLICIES

External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient fund or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

A fixed asset register is maintained by each public fund 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 fund 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 fund 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

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year.

7. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized 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 and retention held on behalf of third parties have been recognized on an accrual basis (as accounts payable). 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. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. 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 recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the fund at the end of the 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. UN-utilized Fund

UN-utilized 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 and deposits, which are 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 June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the UN-utilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

SIGNIFICANT ACCOUNTING POLICIES

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

Material prior period errors shall be 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

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
FY 2019/2020	AIE NO	Kshs	Kshs
Receipts from NGCDF Board			
DEP 07/2019/2020/143	B 041103	4,000,000	
DEP 07/2019/2020/345	B 041310	20,000,000	
DEP 07/2019/2020/581	B 047729	7,000,000	
RTGS		9,000,000	
DEP 07/2019/2020/1019	B 049350	19,000,000	
DEP 07/2019/2020/789	B 047952	9,000,000	
DEP 07/2019/2020/1322	B 096761	69,367,724.10	
	A 896999		11,379,310
	B 030087		10,000,000
	B 030474		20,000,000
	B 006421		6,000,000
	A 724454		11,000,000
	B 042786		7,000,000
	B 047593		55,040,876
TOTAL		137,367,724.10	120,420,186

2. COMPENSATION OF EMPLOYEES

Description	Notes	2019-2020	2018-2019
		Kshs	Kshs
Basic wages of temporary employees		2,777,195	2,068,307
Basic wages of Casual Labour		1,113,000	1,040,000
Personal allowances paid as part of salary			726,400
Pension and other social security contributions (Gratuity)			642,411
Employer Contributions Compulsory - NSSF		83,700	135,436
Total		3,973,895	4,612,554

NB: Included in Basic Wages of Temporary Employees are personal statutory deductions such as NHIF, PAYE and NSSF (Employee's contribution)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	2,431,800	2,240,700
Other Committee Expenses	1,600,000	0
Utilities, supplies and services	748,210	86,000
Office Rent	0	420,000
Communication, supplies and services	27,000	55,030
Domestic travel and subsistence	30,000	692,000
Printing, advertising and information supplies & services	220,850	495,150
Training expenses	1,606,000	0
Hospitality supplies and services	85,150	265,220
Specialized materials and services	517,600	40,300
Office and general supplies and services	1,315,042	651,765
Fuel, Oil & Lubricants	13,710	497,200
Other operating expenses	471,022	844,282
Motor vehicle insurance costs	218,978	
Electricity	16,000	0
Routine maintenance – vehicles and other transport equipment	23,300	95,850
Bank service commission and charges	26,990	20,970
Routine maintenance – other assets	0	292,935
Water & Sewerage charges	12,000	4,150
Total	9,363,652	6,701,552

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	20,377,600	7,952,000
Transfers to secondary schools	22,367,200	9,300,000
TOTAL	42,744,800	17,252,000

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5. OTHER GRANTS AND TRANSFERS

Description	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	23,457,427	19,082,714
Bursary – tertiary institutions	16,441,516	6,457,500
Security projects	12,000,000	4,470,000
Roads and Bridges	0	2,000,000
Sports projects	2,500,000	0
Environment projects	4,500,000	0
Emergency projects	7,268,814	6,298,000
Total	66,167,757	38,308,214

6. ACQUISITION OF ASSETS

Description	2019-2020	2018-2019
	Kshs	Kshs
Refurbishment of Buildings	1,956,388.00	1,048,624
Purchase of Vehicles and Other Transport Equipment	5,310,000	0
Purchase of Office Furniture and General Equipment	0	401,376
Purchase of ICT Equipment, Software and Other ICT Assets	0	486,000
Total	7,266,388	1,936,000

7. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Equity Bank, Lamu Branch, Lamu East NGCDF Account No. A/C NO 159 0261 644 233</i>	67,582,970	59,731,738
Total	67,582,970	59,731,738

8. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs (1/7/2019)	Kshs (1/7/2018)
Bank accounts	59,731,738	8,121,872
Total	59,731,738	8,121,872

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9. OTHER IMPORTANT DISCLOSURES

9.1 UNUTILIZED FUND (See Annex 1)

Description	2019-2020	2018-2019
	Kshs	Kshs
1. Compensation of Employees	1,050,370	615,464
2. Use of Goods and Services	257,906	977,265
3. Transfer to Other Government Units	19,002,950	34,048,000
4. Other Grants and Transfers	42,594,717	19,413,982
6. Other Payments	4,677,027	4,677,027
Total	67,582,970	59,731,738

9.2 PMC Account balances (See Annex 3)

Description	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances	7,606,400	800,370
Total	7,606,400	800,370

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ANNEX 1 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balances	Outstanding Balances	Comments
		2019/2020	2018/2019	
		Kshs	Kshs	
1.0 Compensation of Employees				
1.1 Employee Salaries		1,021,505	502,900	
1.2 NSSF		28,864	112,564	
Sub-total		1,050,369	615,464	
2.0 Use of Goods and Services				
Administration and Recurrent				
2.1 Committee Expenses		38,138	476,938	
2.2 Use of goods and services		98,412	0	
Monitoring and evaluation				
2.3 Capacity building		327	500,327	
2.4 Use of goods and services		121,031	0	
Sub-total		257,908	977,265	
3.0 Transfers to Other Government Units				
3.1 Primary Schools				
Mkokoni Primary School		0	4,000,000	
Myabogi Primary School		0	4,000,000	
Kizingitini Girls primary school		0	4,000,000	
Ndau Primary School		0	4,000,000	
Kizingitini Boys primary school		0	1,500,000	
Shanga Primary School		48,000	48,000	
Kiunga Primary School School		5,755,200	0	
Rasini Girls Primary School		1,000,000	0	
Faza Boys Primary School		1,000,000	0	

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Name	Brief Transaction Description	Outstanding Balances 2019/2020	Outstanding Balances 2018/2019	Comments
Sub-Total		7,803,200	17,548,000	
3.2 Secondary Schools				
Faza Secondary School		0	2,000,000	
Pate Secondary School-Staff house		1,000,000	2,500,000	
Pate Secondary School		200,000	5,000,000	
Mbwajumwali Secondary School		0	7,000,000	
Faza Secondary School		6,000,000	0	
Kiunga Secondary School		4,000,000	0	
Sub-Total		11,200,000	16,500,000	
Total		19,003,200	34,048,000	
4.0 Other Grants and Transfers				
4.1 Emergency			70,925	
Someo Construction Ltd		5,772,967	0	
Sham Karim Construction Ltd		4,283,353	0	
Barani Supplies Ltd		3,290,277	0	
Ndau Primary School		390,277	0	
Motor Boat		319,352	0	
Fund Account Manager		352	0	
Sub-Total		352	70,925	
4.2 Bursary and Social Security				
Bursary Secondary Schools		2,174,296	4,981,723	
Bursary Tertiary Schools		5,389,818	4,831,334	
Sub-Total		7,564,114	9,813,057	
4.3 Environment				
Environment - Pate Girls Sec Sch		0	2,000,000	
Sub-Total		0	2000000	
4.4 Security Projects				

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Name	Brief Transaction Description	Outstanding Balances 2019/2020	Outstanding Balances 2018/2019	Comments
Tchundwa AP Post		0	2,500,000	
Faza ACC Administration Office		0	2,500,000	
Kiangwe Police Fence		0	2,500,000	
Police Posts Electrification		30,000	30,000	
Lamu East Sub County Headquarters at Faza		12,000,000	0	
Kizingitini Police Station		10,000,000	0	
Kizingitini Divisional Offices		3,000,000	0	
Mbwajumwali Chiefs office		2,500,000	0	
Tchundwa Chiefs office		2,500,000	0	
Kiwayuu Chiefs office		2,500,000	0	
Ndau Chiefs office		2,500,000	0	
Sub-Total		35,030,000	7,530,000	
Total		42,594,466	19,413,982	
5.0 Other Payments				
Constituency Innovation Hub (CIH)		4,677,027	4,677,027	
Sub-Total		4,677,027	4,677,027	
GRAND TOTAL		67,582,970	59,731,738	

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Annex 2: SUMMARY OF ASSET REGISTER

Asset Class	Historical Cost B/f/wd 2018-2019 Kshs	Additions during the Year Kshs	Disposals during the Year Kshs	Historical Cost C/fwd 2019-2020 Kshs
Land	0	0	0	0
Buildings and structures	7,848,624	1,956,388	0	9,805,012
Transport equipment	3,809,430	5,310,000	0	9,119,430
Office equipment, furniture and fittings	1,057,655	0	0	1,057,655
ICT Equipment, Software and Other ICT Assets	797,160	0	0	797,160
Other Machinery and Equipment	62,686	0	0	62,686
Total	13,575,555	7,266,388	0	20,841,943

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ASSET REGISTER

Asset Name/ Description	Asset category	Serial Number	Acquisition Date	Purchase Cost (Ksh)
LAND & BUILDINGS				
NG-CDF OFFICE	Land and building		2,012	5,000,000
NG-CDF OFFICE	Electrification		2,018	1,800,000
NG-CDF OFFICE	Furniture & Fittings		2,019	1,048,624
NG-CDF OFFICE	Balances B/Fwd			7,848,624
NG-CDF OFFICE	Renovations		2,020	1,956,388
	Balances C/Fwd			9,805,012
TRANSPORT EQUIPMENTS				
Speed Boat(23 ft Length Fibre Glass Boat with Staring 6.0ft Width Layer Body Thickness,0.6Metre Depth)	Boat	CAFS23 030802039 688-L-1021252	2,006	1,809,430
YAMAHA 85 HORSE Power	Boat	85AET 688	2,015	2,000,000
	Balances B/Fwd			3,809,430
Toyota Hiace Mimibus	Motor vehicle	GKB 620V	2,020	5,310,000
	Balances C/Fwd			9,119,430
FURNITURES & FITTINGS				
Steel Filing cabinet-2PCS	Cabinets		2,006	27,586
Steel Filing Cabinet-2PCS	Cabinets		2,011	30,000
Steel Filing Cabinet-2PCS	Cabinets		2,018	64,960
Steel Filing Cabinet-2PCS	Cabinets		2,018	80,000
3 Seater metallic chairs 2No	Chairs		2,014	300,000
10 Banguet chairs	Chairs		2,018	60,000
Black executive chairs 9No & high-back 1No	Chairs		2,014	120,000
Black Leather chairs 12no	Chairs		2,006	58,593

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Executive Chair with arms	Chairs			2,006	41,79.3
Computer Table-5PCS	Table			2,006	49,500
Conference Table	Table			2,007	25,000
Office Table	Table			2,007	21,000
Office Table	Table			2,019	48,720
Office Secretarial Table	Table			2,019	55,680
Ceiling fan	Fan			2,014	3,500
Stand Fan 1PC	Fan			2,006	2,600
Standing fan	Fan			2,014	17,000
Ceiling fan	Fan			2,019	9,744
Notice board 2No	Notice board			2,014	2,500
Notice Board 2PCS	Notice board			2,006	2,500
Stapler	Stapler		Kangaroo DS45		486
Stapler	Stapler		Kangaroo Vertika 45		486
Panasonic Telephone Head	Telephone		51CFC928623	2,006	1,600
Tender box	Tender box				6,500
APC 650 VA UPS	UPS			2,007	9,800
PC Nobel Hot &Cold Dispenser Model :NWD 1581R	Water dispenser			2,006	14,600
Water tank-100ltrs	Water tank			2,014	2,200
Sony Video Camera	Camera		377,916	2,006	42,200
Casio Calculator	Calculator				900
Sub-total					1,057,655
ICT & OFFICE EQUIPMENTS					
Desktop computer 2no.	Computer			2,014	60,000
Laptop Hp 14" Led Screen	Computer		5CD715295J	2,018	122,960
Laptop Hp Probook	Computer		64,706	2,018	32,480

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Laptop Hp Notebook	Computer	151,723,156	2,018	107,880
Laptop Lenovo Ideapad	Computer	MO PF9X57C25135	2,018	93,960
Sumsang TV 48"	Television		2,019	82,600
AZAM TV Decoder	Television		2,019	16,240
Laptop	Computer	CB14152630		34,790
Laptop	Computer	00194-904-051-742		34,790
Monitor	Computer	D07M001		17,352
Monitor	Computer	CZCOO69709		17,352
Photocopy Machine	Copier			22,990
Inverter	Inverter	3B104X28544		680
Paper Punch	Paper punch	Kangaroo 540		480
Paper Punch	Paper punch	Kangaroo 800	2,018	5,996
Cannon Printer	Printer	LYJAQ63930		23,850
	Printer	HPLAZERJET PRO MFP 125	2,018	17,800
Printer HP M1132MFP 2No	Printer	M1132	2,014	40,000
Colour laser jet Pro 3 in One	Printer	MFP M176N	2,018	64,960
Sub-total				797,160
OTHER MACHINERY				
Office generator			2,018	62,686

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ANNEX 3 – PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/2020	Bank Balance 2018/2019
SPORTS	EQUITY	1590276053826	547,262.00	48,462.00
NG-CDF OFFICE		1590277308313	10,408.50	720,650.00
MKOKONI PRIMARY SCHOOL		1590279288884	7,211.00	0.00
MYABOGI PRIMARY SCHOOL		1590279046908	7,356.80	0.00
KIZINGITINI GIRLS PRIMARY SCHOOL		1590278989477	2,740,471.00	0.00
KIZINGITINI BOYS PRIMARY SCHOOL		1590278641290	10,181.00	9,880.00
NDAU PRIMARY SCHOOL		1590278997012	402,218.00	0.00
FAZA ASSISTANT COUNTY COMM		1590279371557	3,094,993.00	0.00
PATE SECONDARY SCHOOL		1590269212713	219,139.50	18,304.30
FAZA SECONDARY SCHOOL		1590279213978	3,861.00	0.00
SIYU SECONDARY SCHOOL		1590264441085	453.72	1,633.72
MBWAJUMWALI SECONDARY SCHOOL		1590277458581	60,249.00	170.00
TCHUNDWA AP POST		1590277313571	268,659.00	530.00
KIANGWE AP POST		1590279046404	233,196.00	0.00
MKOKONI AP POST		1590272652542	740.00	740.00
Total			7,606,400.52	800,370.02

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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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No on the External Audit Report	Issue/ Observations from Auditor	Management Comments	Focal point person to resolve the issue (Name and designation)	Status: Resolved/ Not Resolved	Time frame: (Date when the issue is expected to be resolved)
1.0	Basis for Qualified Opinion REPORT ON THE FINANCIAL STATEMENTS				
1.1	Other Grants and Other Payments Included in the other grants and other payments balance of Kshs.38,308,214 under note 7 to the financial statements is an amount of Kshs.25,540,214 for bursaries paid to secondary schools and tertiary institutions at Kshs.19,082,714 and Kshs.6,457,500 respectively. However, a review of the expenditure and other supporting documents revealed that there were no minutes of the bursary committee meetings to confirm details of how the bursaries were awarded. Further, a review of the expenditure revealed that an amount of Kshs.15,517,213 disbursed to various institutions had not been acknowledged through official receipts or acknowledged letters from the beneficiary institutions. Consequently, the probity of the	Minutes of the Lamu East Constituency Bursary Fund Committee availed to the Auditors for verification of vetting of bursary applicants and subsequent approval of beneficiaries. Cheques had been dispatched to respective learning institutions through Postal Corporation - Lamu office and receipts had not yet been surrendered to the office. Respective acknowledgments now available for verification	Fund Account Manager	Resolved Copies of respective referenced documents attached	June 2020

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	expenditure of Kshs.25,540,214 as at 30 June 2019 on bursaries could not be confirmed.				
2.0	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES Conclusion As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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.			Resolved Funds expected to be received on time and relevant technical government departments ready to cooperate with the Project Management Committee in timely implementation of projects	June 2020
2.1	Basis for Conclusion Budgetary Control and Performance During the year under review, the Fund had an approved budget of Kshs.128,542,059 comprising of Kshs.109,040,876 for financial year 2018/2019 and Kshs.19,501,184 being funds brought forward from financial year 2017/2018. The actual expenditure by the Fund in the year under review was Kshs.68,810,319 representing an absorption rate of 54% of the total approved budget. The analysis reflects a budget of Kshs.128,542,059 and actual expenditure of Kshs.68,810,319	The delay in utilization of funds was caused by late receipts from the NGCDF Board coupled with bureaucratic tendering procedures that slowed down funds utilization and projects implementation	Fund Account Manager, NGCDF Committee and Technical Offices		

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	<p>resulting to an under expenditure of Kshs.59,731,740. In the circumstances, failure to utilize the budget fully may have hampered service delivery to the constituents of Lamu East.</p>				
2.2	<p>Project Implementation The project implementation status report made available for audit review indicated that a total of Kshs.99,227,198 was allocated to twenty-four (24) projects, out of which eight (8) projects amounting to Kshs.21,114,760 were complete, five (5) were ongoing with a cost of Kshs.42,064,438 while eleven (11) amounting to Kshs.36,048,000 were not started as analyzed In view of the foregoing, the constituents did not get the expected services from a total of twelve (12) projects worth Kshs.78,112,438 which were either incomplete or not started as at 30 June 2019.</p>	<p>The delay in project implementation was caused by late receipts from the NGCDF Board coupled with bureaucratic tendering procedures that slowed down funds disbursement and utilization</p>	<p>Fund Account Manager, NGCDF Committee and Technical government departments</p>	<p>Resolved Funds expected to be received on time and relevant technical government departments ready to cooperate with the Project Management Committee in timely implementation of projects</p>	<p>June 2020</p>
3.0	<p>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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I</p>				

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	<p>confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.</p> <p>Basis for Conclusion Constituency Oversight Committee During the year under review the Fund had no Constituency Oversight Committee in place, contrary to Section 54(1) of the National Government Constituencies Development Fund Act, 2015 which requires that constituency oversight committees to be appointed for every National Government Constituency Development Fund. In the circumstances, the Fund was in breach of law.</p>	<p>Appointment of membership into Constituency Oversight Committee in the process as the relevant appointing authority is at an advanced stage vetting proposed candidates for the office</p>	<p>Area Member of National Assembly Representing Lamu East Constituency</p>	<p>To be resolved</p>	<p>June 2020</p>
<p>3.1</p>	<p>Bank Balances A review of the effectiveness of the internal controls for cash and bank established that stale cheques were not immediately written back and the cashbook were not updated at the time of preparation of bank reconciliations as required by Section 90(3) of the Public Finance Management (National Government) Regulations, 2015</p>	<p>Stale cheques have since been cancelled and cashbook updated. Bank reconciliation also prepared to reconcile bank balances with cashbook balances</p>	<p>Lamu East Sub-county Treasury Accountant</p>	<p>Resolved</p>	<p>June 2020</p>
<p>3.2</p>					

The final verdict of the Financial Statements and Reports for the Financial Year 2019/2020 for NGCDF Lamu East Constituency is to be debated by the National Assembly Select Committee on National Government Constituencies Development Fund in accordance with the laws governing public finance management in the Republic of Kenya.