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CLERK-AT THE-TABLE:	OF B. Inzoga

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2019**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**



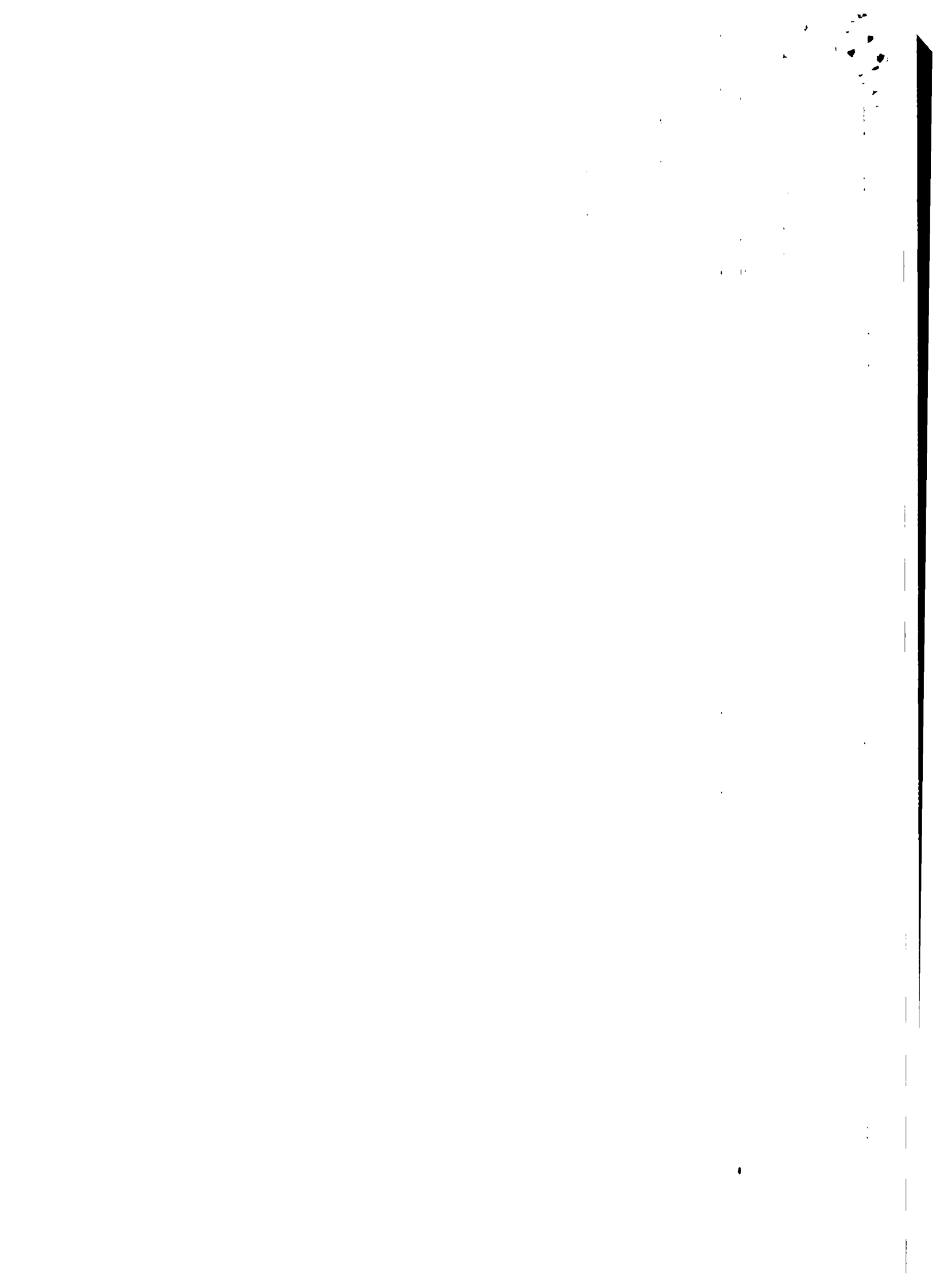
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**KINANGO CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 The National Treasury and Planning, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

To provide leadership and policy direction for effective and efficient management of the Fund

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
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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.

(b) Key Management

The NG-CDF KINANGO day-to-day management is under the following key organs:

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

(c) Fiduciary Management

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

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	A.I.E holder	Beatrice Tembe
2.	Sub-County Accountant	Franklin Munene
3.	Chairman NG-CDFC	Rashid KureraBavu

(d) Fiduciary Oversight Arrangements

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

(e) NG-CDF KINANGO Constituency Headquarters

P.O. Box 41 - 80405
Kinango NG-CDF Office Building
Kinango Town
Kwale - Samburu Road
Kinango, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

(f) NG-CDF KINANGO Constituency Contacts

Telephone: (254) 710 629 633
E-mail: cdfkinango@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NG-CDF KINANGO Constituency Bankers

KCB Bank
Kwale Branch
P.O. Box 43 - 80403
Kwale, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
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For the year ended June 30, 2019**

II.FORWARD BY THE CHAIRMAN NG-CDF COMMITTEE KINANGO

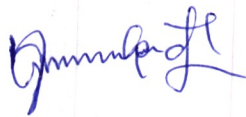
I am pleased to forward the Financial Statements and Reports for Kinango NG-CDF for the period ended 30th June 2019 as the expended Budget for the Financial Year 2018/2019. The actual receipts from the NG-CDF Board for the referred period was kshs.65,379,310 against an Annual Budget of kshs.109,040,876.00 for the FY 2018/2019. By closure of the financial year, balances due from the NG-CDF Board stood at kshs.55,040,874 The actual expenditure for the referred period was kshs.98,577,829 backed up by cashbook opening balances of kshs.41,677,356 and a cash book closing balance of kshs.8,478,837

The absorption rate is above average at 66% due to disbursements delays by the NG-CDF Board with an above average utilisation rate of approximately 65.4% per cent overall as indicated by the Appropriation analysis summary.

Notable achievements have been realised in the disbursement of funds across all sectors. The coordination role of bringing all stakeholders on board in the identification, prioritization, implementation, supervision, monitoring and usage of output has boosted the overall performance of the fund.

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.

We hope that the NG-CDF Board shall endeavour to disburse funds timely so as to enable the NG-CDF Committees utilize funds in time and also continue engaging all other stakeholders with interest in the management of NG-CDF to develop a positive thinking approach towards NG-CDF issues rather than treating the fund as a political tool that lacks professionalism in its administration, a very misleading fallacy.



Rashid KureraBavu

CHAIRMAN NG-CDF COMMITTEE KINANGO

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
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III. 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 Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the NG-CDF-KINANGO Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 2018/2019 ended on June 30th 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NG-CDF-KINANGO Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30th 2019, and of the entity's financial position as at that date. The Accounting Officer in-charge of the NGCDF-KINANGO Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NG-CDF-KINANGO Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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

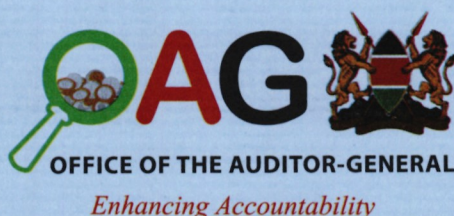
The NGCDF-KINANGO Constituency financial statements were approved and signed by the Accounting Officer on 06/01/20 2020.


FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
Fund Account Manager
Name: Beatrice Tombo
16 JAN 2020
P. O. Box 41 50405
KINANGO


DISTRICT ACCOUNTANT KINANGO
P. O. Box 41 50405
Sub-County Accountant
Name: Francis Mwangi
ICPAK Member Number:

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KINANGO CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Kinango Constituency set out on pages 6 to 41, which comprise the statement of assets and liabilities as at 30 June, 2019, statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund – Kinango Constituency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituency Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Understated Bank Balances

The statement of assets and liabilities as at 30 June, 2019 reflects Kshs.8,478,837 in respect of bank balance. The supporting bank reconciliation statement as at 30 June, 2019 reflects unpresented cheques totalling to Kshs.4,260,724 which includes stale cheques amounting to Kshs.1,515,168. However, these cheques had not been reversed in the cash book, thereby understating the cash and bank balance by the same.

Consequently, accuracy and completeness of bank balance of Kshs.8,478,837 as at 30 June, 2019 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 – Kinango Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Controls and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.162,097,542 and Kshs.107,056,666 respectively resulting to an underfunding of Kshs.55,040,876 or 34% of the budget. Similarly, the Fund spent Kshs.98,577,929 against an approved budget of Kshs.162,097,541 resulting to an under-expenditure of Kshs.63,519,712 or 39% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the residents of Kinango Constituency.

1.1 Projects Implementation Status

According to the Fund's projects implementation status report as at 30 June, 2019, the Fund had twenty eight (28) approved projects with a budget Kshs.70,388,000. Analysis of the report revealed that eight (8) projects with a budget of Kshs.19,600,000 were complete and in use, thirteen (13) projects with a budget Kshs.28,988,204 were on going and seven (7) projects with a total budget of Kshs.21,800,000 for the year under review had not been implemented.

Non-implementation or delayed implementation of development projects negatively affected goods and service delivery to the residence of Kinango Constituency and the intended purpose of the projects was not realized/achieved.

1.2 Projects Inspection

Audit inspection of five (5) projects with a total allocation of Kshs.13,600,000 in the month of December, 2019 revealed the following state of affairs. Eight (8) classes in 4 primary schools were complete but had not been handed over while four (4) bedsitters at a petrol station were also complete but not yet handed over.

The observations indicates that there was delay in handing over projects to Kinango citizens and use of projects before official hand over.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing 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

Unrefunded Bank Balances for Closed Projects

Annex 5 to the financial statements reflects bank balances in fifty-six (56) project Management committees' bank accounts totalling Kshs.17,537,667. The Annex includes balances for nine (9) closed projects totalling Kshs.522,322 and which had not been refunded to the Fund's main account.

This is contrary to Section 12 (8) of National Government Constituencies Development Fund Act, 2015 which states that "all unutilized funds of the Project Management Committee shall be returned to the constituency account".

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 governance were not effective.

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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 its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or cease operations.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 Fund's 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 Fund's financial statements and audit of compliance, I consider internal control in order to give an assurance on the

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

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

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

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

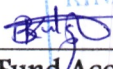
06 October, 2021


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2019

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF Board	1	65,379,310	86,810,345
Proceeds from sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		65,379,310	86,810,345
PAYMENTS			
Compensation of employees	4	2,258,669	1,619,012
Use of goods and services	5	8,511,680	10,013,406
Transfers to Other Government Entities	6	48,800,000	9,551,422
Other grants and transfers	7	38,692,500	25,648,000
Acquisition of Assets	8	314,980	0
Other Payments	9	-	0
TOTAL PAYMENTS		98,577,829	46,831,840
SURPLUS/(DEFICIT)		(33,198,519)	39,978,505

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-KINANGO Constituency financial statements were approved on 06.01.2020 and signed by:


FUND ACCOUNT MANAGER
KINANGO CONSTITUENCY
06 JAN 2019
Fund Account Manager
Name: Beatrice K. Tembe


Sub-County Accountant
DISTRICT ACCOUNTANT
Name: MARKUS MUKAMA
ICPAK Member Number:
Date:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
KINANGO CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2019

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10	8,478,837	41,677,356
Cash Balances (Cash in hand)		0	0
Total Cash and Cash Equivalents		8,478,837	41,677,356
Outstanding Imprests	11	0	0
TOTAL FINANCIAL ASSETS		<u>8,478,837</u>	<u>41,677,356</u>
FINANCIAL LIABILITIES		0	0
NET FINANCIAL ASSETS		8,478,837	41,677,356
REPRESENTED BY			
Fund Balance B/fwd 1st July...	13	41,677,356	1,602,838
Surplus/(Deficit) for the year		(33,198,519)	39,978,505
Outstanding Imprest	11	-	-
Prior Year Adjustments	14	0	96,013
NET FINANCIAL POSITION		<u>8,478,837</u>	<u>41,677,356</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-KINANGO Constituency financial statements were approved on 06.01.2020 and signed by:

[Signature]
Fund Account Manager
Name: Beatrice K. Tembe
 P. O. Box 41-80405
 KINANGO

[Signature]
Sub-County Accountant
Name: FRANKLIN
ICPAK Member Number:

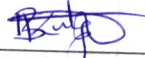
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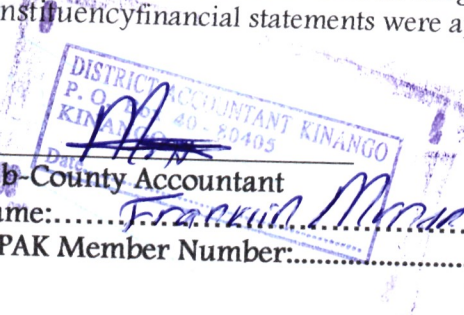
Reports and Financial Statements
For the year ended June 30, 2019

VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2019

		2018 - 2019	2017 - 2018
		Kshs	Kshs
Receipts for operating income			
Transfers from NG-CDF Board	1	65,379,310	86,810,345
		65,379,310	86,810,345
Payments for operating expenses			
Compensation of Employees	4	2,258,669	1,619,012
Use of goods and services	5	8,511,680	10,013,406
Transfers to Other Government Entities	6	48,800,000	9,551,422
Other grants and transfers	7	38,692,500	25,648,000
Other Payments	9	-	
		98,262,849	46,831,840
Adjustment during the year		0	96,013
Net cash flow from operating activities		(32,883,539)	40,074,518
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	0	0
Acquisition of Assets	8	314,980	0
Net cash flows from Investing Activities		(314,980)	0
NET INCREASE IN CASH AND CASH EQUIVALENT		(33,198,519)	40,074,518
Cash and cash equivalent at BEGINNING of the year	13	41,677,356	1,602,838
Cash and cash equivalent at END of the year		<u>8,478,837</u>	<u>41,677,356</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF-KINANGO Constituency financial statements were approved on 06.01.2020 and signed by:


Fund Account Manager
Name: Beatrix K. Tembe


Sub-County Accountant
Name: Franklin M. Munda
ICPAK Member Number:

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – KINANGO CONSTITUENCY
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VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED JUNE 2019

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	B	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from CDF Board	109,040,876	53,056,666	162,097,542	107,056,666	55,040,876	66.0%
TOTAL RECEIPTS	109,040,876	53,056,666	162,097,542	107,056,666	55,040,876	66.0%
PAYMENTS						
Compensation of Employees	2,232,453	142,946	2,375,399	2,258,669	116,730	95.1%
Use of goods and services	7,581,226	950,726	8,531,952	8,511,680	20,272	99.8%
Transfers to Other Government Units	56,500,000	30,874,322	87,374,322	48,800,000	38,574,322	55.9%
Other grants and transfers	39,927,196	14,203,165	54,130,361	38,692,500	15,437,861	71.5%
Acquisition of Assets	2,800,000	6,585,507	9,385,507	314,980	9,070,527	3.4%
Other Payments	0	300,000	300,000	-	300,000	0.0%
TOTAL	109,040,876	53,056,667	162,097,541	98,577,829	63,519,712	60.8%

- (a) The station was NOT in a position to generate any income during the financial period under review
 (b) Overall utilization rate was well above average as a result of improved operations
 (c) All sectors across the board performed above average though below the optimal 100 per centum mark occasioned by persistent delayed funds disbursement by the NG-CDF Board
 (d) The difference between the Original budget totals and the Final budget totals originates from the balances brought forward from the previous financial years.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – KINANGO CONSTITUENCY
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VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget
	2018/2019 Kshs	Kshs	2018/2019 Kshs	comparable basis Kshs	utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	2,232,452.53	142,946.00	2,375,398.53	2,258,669.00	116,729.53
1.2 Committee Expenses	2,700,000.00	214,759.00	2,914,759.00	2,913,877.00	882.00
1.3 Use of goods and services	1,610,000.00	386,056.00	1,996,056.00	1,978,803.00	23,273.00
2.0 Monitoring and evaluation					
2.1 Capacity building	1,071,226.27	208,649.00	1,279,875.27	1,278,500.00	1,375.27
2.2 Committee Expenses	2,200,000.00	141,262.00	2,341,262.00	2,340,500.00	762.00
3.0 Emergency	5,738,993.45	1,487,931.00	7,226,924.45	4,005,500.00	3,221,424.45
MIRIKA GENERAL SUPPLIES				800,000.00	-
Sembe Primary School				250,000.00	-
Emergency				300,000.00	-
Emergency				300,000.00	-
TARU PRIMARY				900,000.00	-
TSUNZA SEC SCH				100,000.00	-
Enchanning Mombasa Ltd				54,990.00	-
VAT				3,510.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – KINANGO CONSTITUENCY

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Mwakijembe pry						400,000.00	
Madosco Enterprises						300,000.00	
Security Sensitization						300,000.00	-
Security Sensitization						165,000.00	-
Security Sensitization						132,000.00	-
4.0 Bursary and Social Security							
4.2 Secondary Schools	13,500,000.00	1,537,207.00	15,037,207.00			15,036,000.00	1,207.00
4.3 Tertiary Institutions	13,000,000.00	1,000.00	13,001,000.00			13,001,000.00	-
5.0 Sports	1,700,000.00	1,500,000.00	3,200,000.00			1,500,000.00	1,700,000.00
6.0 Environment							
Nyango Primary School	100,000.00	-	100,000.00			-	100,000.00
Mwangani Primary School	100,000.00	-	100,000.00			-	100,000.00
Bumani Primary School	100,000.00	-	100,000.00			-	100,000.00
Lutsangani Primary School	100,000.00	-	100,000.00			-	100,000.00
Ndavaya Primary School	100,000.00	-	100,000.00			-	100,000.00
Sembe Primary School	100,000.00	-	100,000.00			-	100,000.00
Bandi Primary School	100,000.00	-	100,000.00			-	100,000.00
Mafufuni Primary School	100,000.00	-	100,000.00			-	100,000.00
Mwangea Primary School	100,000.00	-	100,000.00			-	100,000.00

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Kumbulu Primary School	100,000.00	-	100,000.00	-	100,000.00
Gangani Primary School	100,000.00	-	100,000.00	-	100,000.00
Makuluni Primary School	100,000.00	-	100,000.00	-	100,000.00
Muungano Primary School	100,000.00	-	100,000.00	-	100,000.00
Mgalani Primary School	100,000.00	-	100,000.00	-	100,000.00
Vinyunduni Primary School	100,000.00	-	100,000.00	-	100,000.00
7.0 Primary Schools Projects (List all the Projects)					
Tumaini Primary School	3,600,000.00	-	3,600,000.00	3,600,000.00	-
Mbandi Primary School	4,000,000.00	-	4,000,000.00	-	4,000,000.00
Nyango Primary School	2,600,000.00	-	2,600,000.00	2,600,000.00	-
Nzovuni Primary School	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Fuleye Primary School	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Vinyunduni Primary School	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Mabanda Primary School	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Ndavaya Primary School	2,600,000.00	-	2,600,000.00	-	2,600,000.00
Mlola Primary School	2,600,000.00	-	2,600,000.00	2,600,000.00	-
Vitsakaviri Primary School		-		-	

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	2,600,000.00		2,600,000.00		2,600,000.00		2,600,000.00
Mafufuni Primary School	2,600,000.00	-	2,600,000.00	2,600,000.00		2,600,000.00	-
Majengo Primary School	2,600,000.00	-	2,600,000.00	2,600,000.00		2,600,000.00	-
Makuluni Primary School	2,600,000.00	-	2,600,000.00	-			2,600,000.00
Lutsangani Primary School	2,400,000.00	-	2,400,000.00	-			2,400,000.00
Yapha Primary School	2,000,000.00	-	2,000,000.00	2,000,000.00		2,000,000.00	-
Kinango Primary School	1,000,000.00	-	1,000,000.00	1,000,000.00		1,000,000.00	-
Dumbule Primary School	500,000.00	-	500,000.00	-			500,000.00
St. Joseph Primary School		3,900,000.00	3,900,000.00	3,900,000.00		3,900,000.00	-
Kumbulu Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Mwandimu Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Maji ya Chumvi Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Kaza Moyo Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Gandini Central Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Dumbule Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
AIC Gangani Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Mwache Primary School		2,000,000.00	2,000,000.00	2,000,000.00		2,000,000.00	-
Muungano Primary School							-

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Bang'a Chiefs Office	1,122,050.82	5,000,000.00	5,000,000.00	5,000,000.00	-	1,122,050.82
Makamini Chiefs Office	1,122,050.82	-	1,122,050.82	-	-	1,122,050.82
Gandini Chiefs Office	1,122,050.82	-	1,122,050.82	-	-	1,122,050.82
Mtaa Chiefs Office	1,122,050.81	-	1,122,050.81	-	-	1,122,050.81
11.0 Acquisition of assets						
11.1 Motor Vehicles	2,800,000.00	6,755,000.00	9,555,000.00	-	-	9,555,000.00
11.2 Refurbishment of NG-CDF office	-	385,507.00	385,507.00	314,980.00	-	70,527.00
11.4 Purchase of computers	-	-	-	-	-	-
12.0 Others						
12.1 Strategic Plan	-	300,000.00	300,000.00	150,000.00	-	150,000.00
Constituency Innovation Hub						
Total	109,040,875.52	53,056,667.00	162,097,542.52	98,577,829.00		63,519,712.00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
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IX. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the NGCDF-KINANGO Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of receipts

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

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. (Check if this policy is applicable to entity)

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 entity.

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 entity or by the beneficiary.

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SIGNIFICANT ACCOUNTING POLICIES(Continued)

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 2019, 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 Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

A fixed asset register is maintained by each public entity 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 Entity 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 Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

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SIGNIFICANT ACCOUNTING POLICIES(Continued)

7. Accounts Receivable

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

This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. 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 Entity 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. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) 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 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized 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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
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SIGNIFICANT ACCOUNTING POLICIES(Continued)

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 2019.

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.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
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X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT AGENCIES

Description	2018-2019	2017-2018
	Kshs	Kshs
NGCDF Board		
AIE NO. B005352	8,000,000.00	5,500,000.00
AIE NO. B030031	3,379,310.35	37,905,172.00
AIE NO. B030074	10,000,000.00	43,405,172.80
AIE NO. B030446	12,000,000.00	
AIE NO. B000691	8,000,000.00	
AIE NO. A699133	11,000,000.00	
	13,000,000.00	
TOTAL	65,379,310.35	86,810,345.00

2. PROCEEDS FROM SALE OF ASSETS

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of Office and General Equipment	-	-
TOTAL	-	-

3. OTHER RECEIPTS

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Sale of Tender Documents	-	-
Other Receipts Not Classified Elsewhere (specify)	-	-
TOTAL	-	-

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X. NOTES TO THE FINANCIAL STATEMENTS (..... Continued)

4. COMPENSATION OF EMPLOYEES

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	2,258,669	1,619,012
Employer contribution to NSSF		
Gratuity-contractual employees		
TOTAL	2,258,669	1,619,012

5. USE OF GOODS AND SERVICES

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Training expenses	1,278,500	640,000
Hospitality supplies and services		
Committee Expenses	2,340,500	4,815,000
Office and general supplies and services	2,913,877	
Fuel, oil & lubricants		
Other operating expenses		
Bank service commission and charges	1,978,803	858,406
Routine maintenance - vehicles and other transport equipment		
Routine maintenance- other assets		
Preparation of 5 Year Strategic Plan		3,700,000
TOTAL	8,511,680	10,013,406

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Transfers to Primary schools	40,800,000	9,551,422
Transfers to Secondary schools	8,000,000	
Transfers to Tertiary institutions		
TOTAL	48,800,000	9,551,422

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	15,036,000	9,999,000
Bursary -Tertiary	13,001,000	11,999,000
Security	5,000,000	
Sports	1,500,000	
Emergency Projects	4,005,500	3,650,000
Preparation of 5 Year Strategic Plan	150,000	
TOTAL	38,692,500	25,648,000

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X. NOTES TO THE FINANCIAL STATEMENTS (..... Continued)

8. ACQUISITION OF ASSETS

Description	2018 - 2019	2017 - 2018
Non Financial Assets	Kshs	Kshs
Refurbishment of Buildings	314,980	0
Purchase of Vehicles	0	0
Purchase of Computers, Printers and other IT Equipment	0	0
TOTAL	314,980	0

9. OTHER PAYMENTS

Description	2018 - 2019	2017 - 2018
	Kshs	Kshs
		0
TOTAL	0	0

10A. CASH BOOK BANK BALANCES

Name of Bank, Account No. & currency	Account Number	2018 - 2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
<i>KCB Bank, Kinango NG-CDF Account</i>	<i>A/C no.1108631142</i>	8,478,837	41,677,356

10B. CASH BOOK BALANCES BROUGHT FORWARD

10B: CASH IN HAND)		2018 - 2019	2017 - 2018
		Kshs (30/6/2017)	Kshs (30/6/2016)
Location 1	Kinango Sub-county Treasury	-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
TOTAL		-	-

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X. NOTES TO THE FINANCIAL STATEMENTS (..... Continued)

11. OUTSTANDING IMPRESTS

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2019)</i>
	Date imprest taken	Kshs	Kshs	Kshs
		0	-	0
TOTAL				-

12A. RETENTION

12A. Retention			
Supplier/Contractor	PV No.	2018 - 2019	2017 - 2018
TOTAL			

12B. GRATUITY OUTSTANDING

12B. Gratuity Outstanding			
Supplier/Contractor	PV No.	2018 - 2019	2017 - 2018
		130,749	202,408
TOTAL		130,749	202,408

13. BALANCES BROUGHT FORWARD

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
KCB Bank - Kwale branch - 1108631142	8,478,837	41,677,356
Cash in hand	0	0
Imprest	0	0
Total	8,478,837	41,677,356

14. PRIOR YEAR ADJUSTMENTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	0	96,013
Cash in hand	0	0
Total	0	96,013

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
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15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
TOTAL	-	-

15.2: PENDING STAFF PAYABLES (See Annex 2)

	2018-2019	2017 - 2018
	Kshs	Kshs
NGCDFC Staff	130,749	202,408
Others (specify)	-	-
TOTAL	130,749	202,408

15.3: UNUTILIZED FUND (See Annex 3)

	2018-2019	2017-2018
	Kshs	Kshs
Compensation of employees	116,730	18,626
Use of goods and services	20,272	346,589
Amounts due to other Government entities	38,574,322	22,624,322
Amounts due to other grants and other transfers	15,437,861	1,310,792
Acquisition of assets	9,070,527	6,200,000
Others (specify)	300,000	11,177,027
TOTAL	63,519,712	41,677,356

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15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	17,537,667	9,842,361
TOTAL	17,537,667	9,842,361

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XI. ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
				2019	2018
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
Sub-Total					
Construction of civil works					
4.					
5.					
Sub-Total					
Supply of goods					
6.					
7.					
8.					
Sub-Total					
Supply of services					
9.					
10.					
Sub-Total					
Grand Total					

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15. OTHER IMPORTANT DISCLOSURES (.....Continued)

**XII. ANNEX 2 - ANALYSIS OF
PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
Senior Management						
1.						
2.						
3.						
Sub-Total						
Middle Management						
4.						
Sub-Total						
Unionisable Employees						
7. Jane Uchi Munga	G	51,746.00	1/2/2018	0	51,746.00	
8. Henry Mwandary Thierry	J	76,452.00	1/2/2018	0	76,452.00	
9. Robert Chaka	H	1,497.53	1/3/2019	0	1,497.53	
10. Lugo Jeffa	D	1,053.46	1/3/2019	0	1,053.46	
Sub-Total		130,748.99			130,748.99	
Others (specify)						
11. Contractual Employees						
Sub-Total						
Grand Total						

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15. OTHER IMPORTANT DISCLOSURES (.....Continued)

ANNEX 3 - UNUTILIZED FUNDS

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
					2019	2018	
		a	b	c	d=a-c		
Compensation of Employees					116,729.53	18,626	
Use of goods and services					20,272.27	346,589	
Sub-Total		0			137,001.80	365,215.00	
Amounts due to other Government entities							
1. Primary Schools		27,864,488.00	0	0	27,864,488.00	22,528,308.50	
Mbandi Primary School					4,000,000.00		
Nyango Primary School					2,600,000.00		
Nzovuni Primary School					2,600,000.00		
Fuleye Primary School					2,600,000.00		
Vinyunduni Primary School					2,600,000.00		
Mabanda Primary School					2,600,000.00		
Ndavaya Primary School					2,600,000.00		
Vitsakaviri Primary School					2,600,000.00		
Makuluni Primary School					2,600,000.00		
Lutsangani Primary School					2,400,000.00		
Dumbule Primary School					500,000.00		
Kaza moyo Primary School					136,179.00		
					28,309.00		
Kumbulu Primary School						2,000,000.00	

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Mwandimu Primary School						2,000,000.00	
Maji ya Chumvi Primary School						2,000,000.00	
Kaza Moyo Primary School						2,000,000.00	
Gandini Central Primary School						2,000,000.00	
Dumbule Primary School						2,000,000.00	
AIC Gangani Primary School						2,000,000.00	
Mwache Primary School						2,000,000.00	
Muongano Primary School						2,000,000.00	
Lutsangani North Primary School						2,000,000.00	
Mulunguni Primary School						2,000,000.00	
Nyasi						528,309.00	
2. Secondary Schools		9,331,862.00	0	0		9,331,862.00	
Moyeni Girls secondary school						3,200,000.00	
Mackinnon Road Girls secondary school						3,200,000.00	
Tsunza Secondary School						2,500,000.00	
Mwakijembe Secondary School						250,000.00	
Taru Girls Secondary School						85,849.00	
Mtaa Sec School						96,013.00	
Mwakijembe Secondary School						250,000.00	
Mtaa Secondary School						96,013.00	
Sub-Total		37,196,350.00				37,196,350.00	22,874,321.50
Amounts due to other grants and other transfers							
3. Security Projects		4,488,203.27	0	0		4,488,203.27	
Bang'a Chief's Office						1,122,050.82	
Makamini Chief's Office						1,122,050.82	
Gandini Chief's Office						1,122,050.82	

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Gandini Chief's Office					1,122,050.81		
Kinango Police Station						5,000,000.00	
5. Environmental Projects	1,500,000.00	0	0	1,500,000.00	0		
6. Sports Activities	1,700,000.00	0	0	1,700,000.00	1,500,000.00		
7. Bursary & Social Programs		0	0	0.00	0.00		
8. Emergency	3,221,424.45	0	0	3,221,424.45	1,310,792.00		
Sub-Total	10,909,627.73			10,909,627.73	7,810,792.00		
9. Acquisition of Assets	9,625,527.00	0	0	9,625,527.00	6,200,000.00		
10. Others	5,650,000.00	0	0	5,650,000.00	4,677,027		
Sub-Total	15,275,527.00			15,275,527.00	10,877,027		
Grand Total	63,519,712.00			63,519,712.00	41,677,356.00		

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15. OTHER IMPORTANT DISCLOSURES (.....Continued)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cos (Kshs) 2018/19
Land	0.00	0	0	0.00
Buildings and structures	10,647,936.00	314,980.00	0	10,962,916.00
Transport equipment	0.00	0.00	0	0.00
Office equipment, furniture and fittings	470,026.00	0	0	470,026.00
ICT Equipment, Software and Other ICT Assets	1,082,623.00	0.00	0	1,082,623.00
Other Machinery and Equipment	27,700,394.00	0	0	27,700,394.00
				0.00
Heritage and cultural assets				0.00
Intangible assets				0.00
Total	39,900,979.00			40,215,959.00

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15. OTHER IMPORTANT DISCLOSURES (.....Continued)

XV. ANNEX 5 –PMC BANK BALANCES AS AT 30 JUNE 2019

PMC	BANK	ACCOUNT NUMBER	DISBURSEMENTS FY 2018/2019	AMOUNT PAID TO DATE	BALANCE 30/06/2019	BALANCE 30/06/2018
Chengoni Chief's Office	KCB - Mariakani	1156881722. 00	0		825	825
Magodzoni Primary School	KCB - Kwale	1153451182. 00	0	0	0	-898
Vigurungani Primary School	KCB - Kwale	1205174230. 00	0	0	0	0
Guro Primary School	KCB - Mariakani	1207183156. 00	0	0	450	450
Mafundani Primary School	KCB - Kwale	1207293490. 00	0	0	40	40
Kaphingo Primary School	KCB - Mariakani	1206236817. 00	0	0	1,644.50	
Kituoni Primary School	KCB - Mariakani	1183965044. 00	0	0	235	235
Kilibasi Unit for Mentally	KCB - Kwale	1178409996. 00	0	0	19,679.50	2,098,086.00
Malungoni Primary School	KCB - Kwale	1205111565. 00	0	0	725,298.00	1,580.00
Chidzaya Primary School	KCB - Kwale	1205178872. 00	0	0	619	36,245.00
Muongano Primary School	KCB - MwembeTayari	1205179216. 00	0	0	47,926.00	-1,045.50
Mtulu Primary School	KCB - Mariakani	1157473830. 00	0	0	632.5	11,949.50
Mbita Primary School	KCB - Ukunda	1156786436. 00	0	0	796.95	922.95

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Ziaradundo Primary School	KCB Kwale	-	1204342588.00	0	0	0	479.5
Karyaka Primary School	KCB Kwale	-	1164763722.00	0	0	0	356
Mbandi Primary School	KCB Kwale	-	1151739189.00	0	0	374	-660.5
Dzimanya Primary School	KCB Kwale	-	1178415619.00	0	0	3,708.05	3,708.05
Gwadu Primary School	KCB Kwale	-	1203953668.00	0	0	0	0
Nyari Primary School	KCB Mariakani	-	1205634789.00	0	0	368.5	38,694.50
MajiyaChumvi Primary School	KCB Mariakani	-	1205630899.00	0	0	98,191.50	-1,235.50
DumbulePrimary School	KCB Kwale	-	1206849495.00	0	0	918.5	164.5
Gandini South Primary School	KCB Kwale	-	1206013664.00	0	0	2,819.00	2,819.00
Wamasa Primary School	KCB Kwale	-	1206573643.00	0	0	270	270
Kinango School for the Deaf	KCB Kwale	-	1137131519.00	0	0	270	9,757.50
Nyango Primary School	KCB Kwale	-	1159081441.00	0	0	3,678.00	126,695.00
Kilibasi Primary School	KCB Mariakani	-	1210455528.00	0	0	54.5	54.5
Moyeni Secondary School	KCB Kwale	-	1124985220.00	0	0	17,532.87	
Bofu Secondary School	KCB - Mvita		1128005107.00	0	0	1,946.70	
Mwalukombe Girls Sec School	KCB Kwale	-	1135345880.00	0	0	543	1,026.00
Makamini Secondary School	KCB Kwale	-	1132977479.00	0	0	0	-1,156.75

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Mwarovesa Secondary School	KCB Kwale	- 1120495644.00	0	0	0	-149
Tsunza Secondary School	KCB MwembeTayari	- 1154843262.00	0	0	1,562.00	
Mwavumbo Secondary School	KCB Mariakani	- 1125113677.00	0	0	8,312.50	8,921.50
Kinagoni Secondary School	KCB MwembeTayari	- 3335235931.00	0	0		-1,114.65
Nzovuni Secondary School	KCB Kwale	- 1129646009.00	0	0	0	-935
Mtaa Secondary School	KCB - Mvita	1129066215.00	0	0	616	616
Mwabila Secondary School	KCB Mariakani	- 1120799996.00	0	0	7,863.50	91,338.00
Matumbi Secondary School	KCB Mariakani	- 11077898234.00	0	0	0	
Mazeras High School	KCB Mariakani	- 1126413976.00	0	0	12,385.90	13,576.90
Mwakijembe Secondary School	KCB Kwale	- 1126323403.00	0	0	6,199.75	6,199.75
Bang'a Secondary School	KCB Kwale	- 1149843888.00	0	0	1,839.50	1,509.50
Mnyenzi Secondary School	KCB Mariakani	- 1126261327.00	0	0	0	-627.45
Mackinnon Road Sec School	KCB Mariakani	- 1107818370.00	0	0	192,961.65	196,612.65
Kinango Secondary School	KCB Kwale	- 1125632984.00	0	0	119,582.10	122,443.10
Salim Mvurya Secondary School	KCB Mariakani	- 1150968303.00	0	0	340.08	35,466.08
Vigurungani Secondary School	KCB Mariakani	- 1112696687.00	0	0	0	-895
Malomani AP Post	KCB - Mvita	1178518213.00	0	0	3,872.60	-1,565.00

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Bofu AP Post	KCB Mariakani	-	1178228177. 00	0	0	146.6	
Mavirivirini Police Station	KCB Mariakani	-	11061325643 .00	0	0	1,606.35	
Bumani Primary School	KCB Kwale	-	1171555504. 00	0			1,989,354.50
Mwangani Primary School	KCB Kwale	-	1210955911. 00	0			3,051,593.10
Karyaka Primary School	KCB Kwale	-	1154763722. 00	0			2,000,654.00
St. Joseph Primary School	KCB Kwale	-	1258614030. 00	3,900,000	0	2,600,000	0
Mafufuni Primary School	KCB Mariakani	-	1258898314. 00	2,600,000	0	2,600,457	457
Mlola Primary School	KCB Mariakani	-	1258614030. 00	2,600,000	0	2,600,000	0
Tumaini Primary School	KCB Kwale	-	1257081551. 00	3,600,000	4,110	3,595,890	0
Yapha Primary School	KCB Kwale	-		2,000,000	0	2,000,000	0
Majengo Primary School	KCB Kwale	-	1154913643	2,600,000	0	2,600,188.50	0
Kinango Primary School	KCB Kwale	-	1259725243	1,000,000	0	1,000,000	0
TOTAL				18,300,000	4,110	17,537,667.60	9,842,360.73

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XVI. 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.

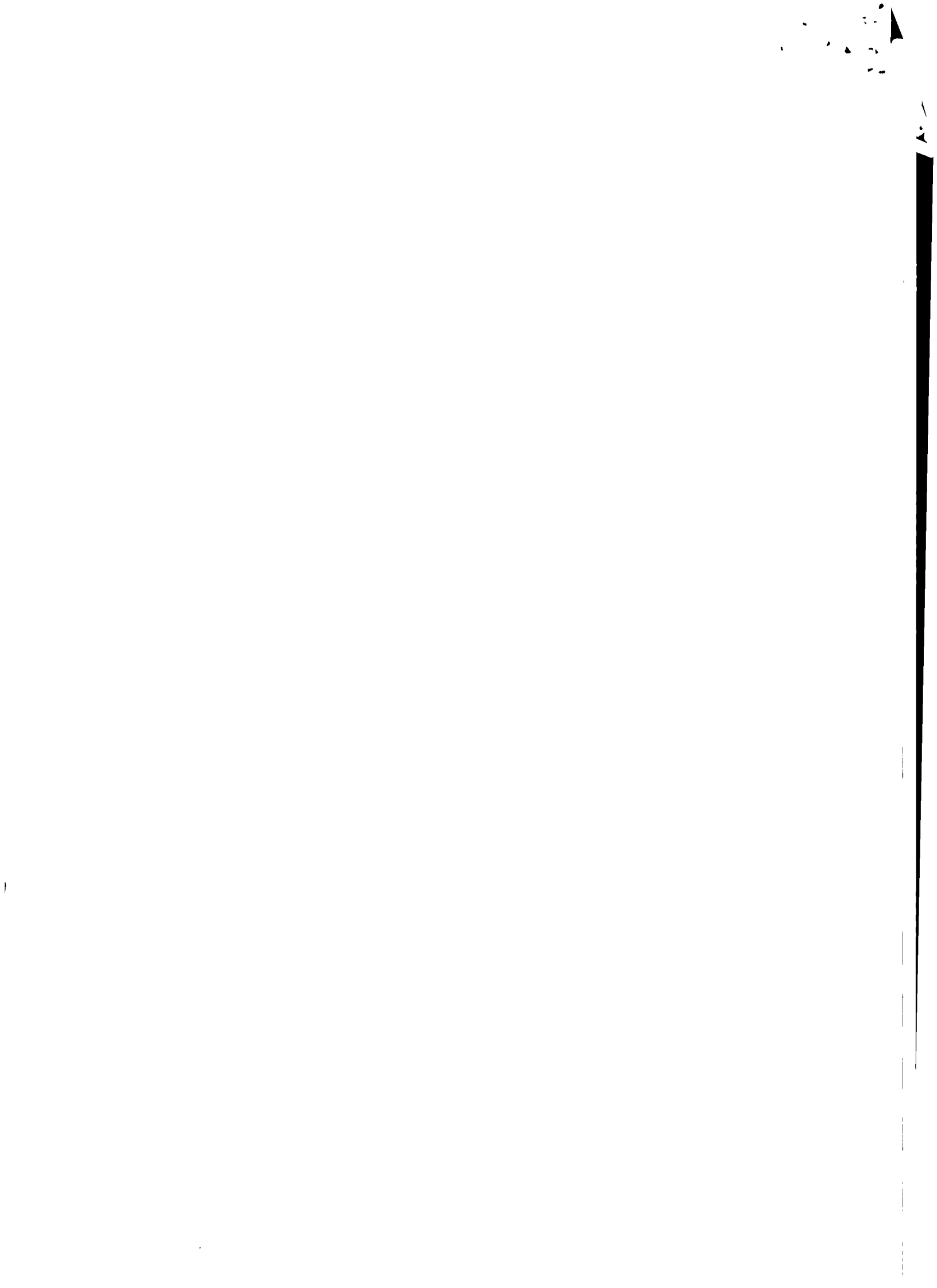
Reference No. on the external audit Report (Paragraph)	Issue / Observations from Auditor (Basis for a Qualified Opinion)	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (The date issue expected to be resolved)
1.0 Bank Balances	The statement of assets and liabilities as at 30 June 2018 reflects Kshs. 41,667,356 in respect of bank balance. The bank balance as at 30 June 2018 reflects unrepresented cheques amounting to Kshs. 2,388,838. However audit verifications revealed that included in the unrepresented cheques of Kshs. 2,388,838 were eighteen (18) stale cheques totalling Kshs. 157,036. The cheques had not been reversed in the cashbook as at the time of the audit, in March 2019. In addition, the bank reconciliation statement reflected unrecorded payment of Kshs. 2,000 in the bank statements which related to bank charges. It was not clearly explained why the cashbook had not been updated with the bank charges.	The payment was recorded and the cashbook updated with the same.	SCA	Resolved	June 2019
2. Budgetary Controls and Performance	During the year under review, NG-CDF Kinango Constituency had a revenue of budget of Kshs.	The NG-CDF Board is working on the timely disbursement of the funds	FAM	Resolved	June 2019

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Reference No. on the external audit Report (Paragraph)	Issue / Observations from Auditor (Basis for a Qualified Opinion)	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (The date issue expected to be resolved)
2.1 Revenue Budget Analysis	<p>99,792,493 against actual receipts of Kshs. 86,810,345 or 87% resulting to an under disbursement of the budget of 12,982,148 or 13% from the NG-CDF Board.</p> <p>The fund received the last instalment of Kshs. 43,405,172 on 28/06/2018 which is contrary to budget mechanism of releasing funds on quarterly basis. Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Kinango Constituency contrary to the values and principles of public services as provided for under Article 232 (1 - c) of the constitution which requires responsive, prompt, effective, impartial and equitable provision of services.</p>	to the constituency level.			
2.2 Expenditure Budget Analysis	<p>According to the NG-CDF Board's appropriation, Kinango constituency had a final budget of Kshs. 99,792,493 where Kshs. 66,824,730 being 69% of the total budget was allocated to projects being; transfers to other government units of Kshs. 33,615,938 and other grants and transfers of Kshs. 35,208,792.</p>	<p>The approved budget for the year under audit was kshs. 99,792,493.00</p> <ul style="list-style-type: none"> - Total expenditure - kshs. 46,831,840.00 translating to 44.2% budget utilization. - Budget under-utilization - kshs.54,802,302.00 translating to 53% budget under-utilization 	NG-CDF Committee	Resolved	June 2019

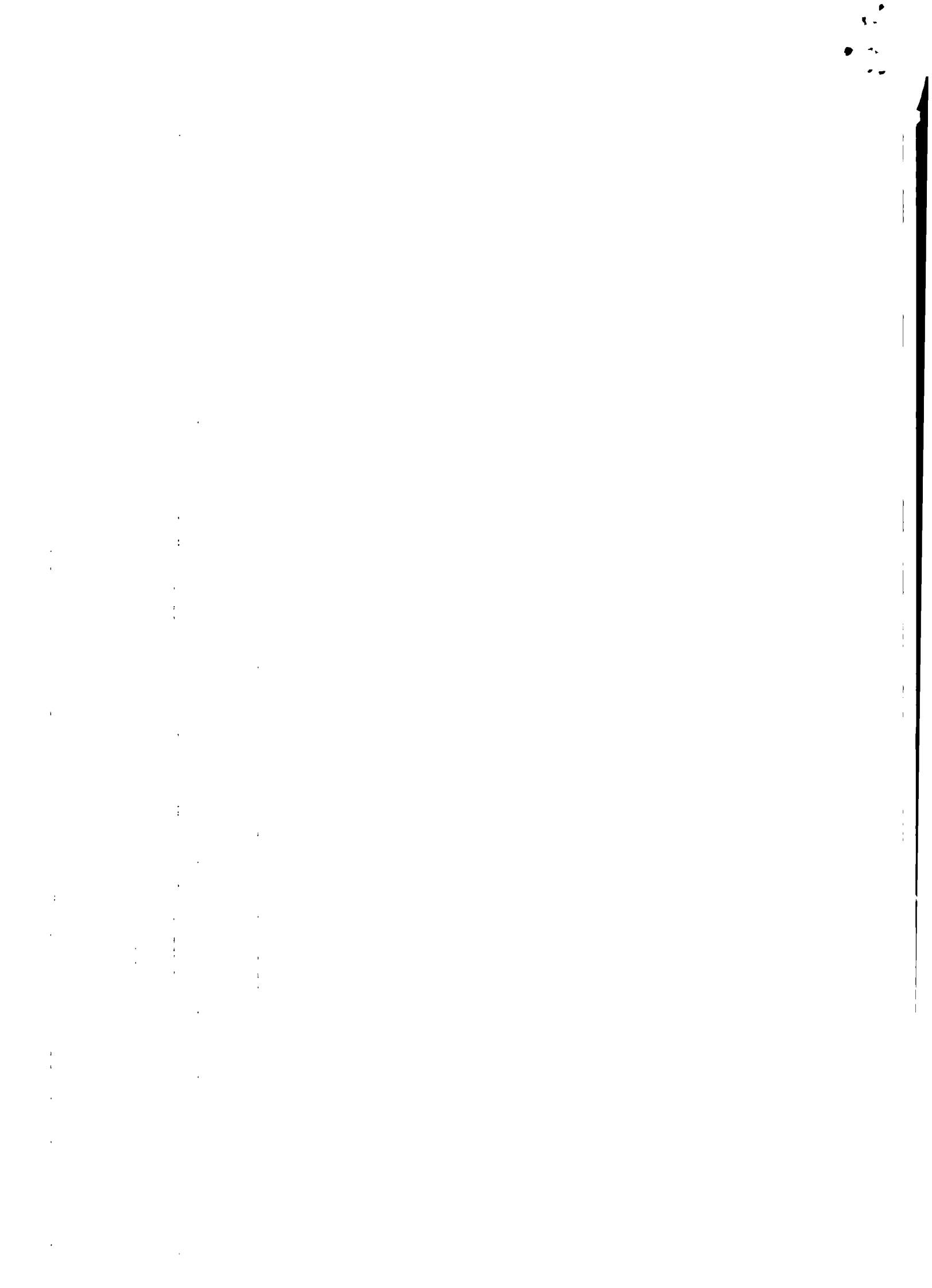
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Reference No. on the external audit Report (Paragraph)	Issue / Observations from Auditor (Basis for a Qualified Opinion)	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (The date issue expected to be resolved)
	<p>The overall budget of the year under review was Kshs. 99,792,493 against actual total expenditure of Kshs. 46,831,840 resulting to under absorption of Kshs. 52,960,654 or 53% .</p> <p>The Fund had a total under-expenditure of Kshs. 52,960,654 representing 53% of the budget. this implies that public funds were lying idle at the expense of other deserving areas. although the management has attributed the situation to delays in receiving funds from the NG -CDF Board, this may affect delivery of goods and services to the residents of Kinango Constituency contrary to values and principles of public service as provided for under article 232 (1-c) of the constitution which requires responsive, prompt, effective, impartial and equitable provision of services</p>	<p>As per the Summary statement of Appropriation in the amended Financial Statements, overall utilization rate fell below average due to delays in receipts of funds from the NG-CDF Board occasioned by the prolonged political turmoil.</p>			
2.3 Project Implementation Status	<p>According to the Project Implementation Status Report as at 30 June 2018, the following eighteen (18) projects with a total budget of Kshs. 40,928,449 werenot implemented during the period under review. Although eight (8) of the projects</p>	<p>The projects could not be implemented at that time due to the delayed disbursement of the funds by the Board.</p>	FAM	Resolved	June 2019



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Reference No. on the external audit Report (Paragraph)	Issue / Observations from Auditor (Basis for a Qualified Opinion)	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (The date issue expected to be resolved)
	had been implemented at the time of the audit, (January.2019), delayed implementation of other projects denies residents intended benefits. In addition, non-implementation of development projects affects goods and service delivery to the public and the intended purpose of the projects may not be realised.				
	Audit inspection of three (3) projects with a total allocation of Kshs.7,051,422 during the month of February 2019 indicated the following state of affairs of the following specific Projects: Bumani Primary School, Construction of 2no. classroom @ Kshs. 2,000,000. Observation Piers not constructed. Details of expenditure on provisional sum of Kshs. 250,000 not availed Mwangani Primary School, Construction of 3no. classroom @ 3,051,422 Observation Types of windows installed vary with approved bill of quantities Roofing sheets vary with approved bill of quantities	2no. classrooms were constructed at Bumani Primary school at a cost of kshs.2,000,000.00 The expenditure of provisional sum was availed and in the project file. - 3no. classrooms were constructed at Mwangani Primary school at a cost of kshs.3,051,422.00 The FMC through a minuted resolution requested for the change of the windows whereas the roofing sheets were as per the engineers approval. The expenditure of provisional sum was availed and in the project file 2no. classrooms were constructed at Karyaka	FAM	Resolved	June 2019
2.4 Project Inspection					



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Reference No. on the external audit Report (Paragraph)	Issue / Observations from Auditor (Basis for a Qualified Opinion)	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (The date issue expected to be resolved)
	<p>Details of expenditure on provisional sum of Kshs. 250,000 not availed</p> <p>Karyaka Primary School, Construction of 2no. classrooms @ 2,000,000</p> <p>Observation Piers not constructed Details of expenditure on provisional sum of Kshs. 250,000 not availed</p>	<p>Primary school at a cost of kshs.2,000,000.00 The expenditure of provisional sum was availed and in the project file</p>			

NB: Please note that there will be need to develop regulations to enable the registration of the corporate trustees.

- c) *Amend sec. 27(1) of the Retirement Benefits Act to include corporate trustee;*
- d) *Amend sec. 28 of the Retirement Benefits Act to include corporate trustee*
- e) *Amend sec. 29 of the Retirement Benefits Act to include corporate trustee*
- f) *Amend sec. 30 of the Retirement Benefits Act to include corporate trustee*
- g) *Amend sec. 31 of the Retirement Benefits Act to include corporate trustee*

ii) Amendment to the retirement benefits regulations;

Amend Retirement Benefits (Forms and Fees) Regulations to provide for application form, certificate for registration and fees payable.

Recommendation

The Authority recommends introduction of a requirement to have corporate trustee register with the Authority. The new requirement seeks to improve accountability and transparency in the management of retirement benefits schemes.

10. Conflict of Interest

Issue

The Authority has witnessed instances where related parties act as an administrator, corporate trustee, fund manager, custodian, etc. of the same retirement benefit scheme. This may cause conflict of interest in service provision to the scheme. In order

to mitigate the risks that may arise from the conflict of interest, there is need to allocate functions to non-related parties.

Proposal

The Authority proposes to amend the following Regulations and insert new provisions in the manner proposed below;

- a) Regulation 9 of the Individual Regulations be amended by inserting the following paragraph immediately after paragraph (4)-
(4A), "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."
- b) Regulation 8 of the Occupational Regulations be amended by inserting the following paragraph immediately after paragraph (4)-
(4A), "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."
- d) Amend Regulation 13 of the Umbrella Regulations by inserting a new paragraph immediately after paragraph (p) as
13(2)- "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."

Recommendation

The Authority proposes that Trust Corporations not be allowed to appoint related service providers so as to enhance the principles of good governance and eliminate conflict of interest thus enhancing transparency and accountability for each service provider.

11. Powers of the Authority

Issue

The Authority under the Retirement Benefits Act does not have powers to extend deadline for submission of audited accounts of a scheme even during extraordinary circumstances.

Proposal

The Authority proposes to amend Sec. 34 of the Retirement Benefits Act to empower the Authority to extend the timeline for submission of audited accounts during extraordinary times e.g. during pandemics, when there is no auditor general in office or any other justifiable cause. Amend Sec. 34 as follows;

The Authority may on the application of a trustee extend the time specified in subsection (4) for a period not exceeding ninety (90) days. Penalty shall not be paid for the period extended.

Recommendation

The proposal seeks to empower the Authority to grant time extensions for compliance where the Act requires a submission within a specified time but such extension not to exceed ninety (90) days.

12. Preparation of Investment Policy Statements by a Registered Practicing Member of ICIFA

Issue

The current retirement benefits regulations provide that a scheme shall before preparation or revision of investment policy statement obtain and consider the written advice from a registered Chartered Financial Analyst, actuary, investment advisor or fund manager registered under the Capital Markets Act (Cap. 485A) or manager under the Act.

The investment and financial analysts licenced under the Investment and Financial Analysts Act have not been recognised in the Retirement Benefits Act and regulations. The Institute of certified financial and investment analysis (ICIFA) is mandated to amongst other promote standards of professional competence and ethical practice amongst members. In addition, the ICIFA Act No. 13 of 2015 allows its members to give professional advice to pension schemes when they are developing the investment policy statement.

Proposal

The Authority proposes to amend the following regulations:

- i) Regulation 30(4) of the Individual Regulations to recognize ICIFA members
- ii) Regulation 37(4) of the Occupational Regulations to recognize ICIFA members
- iii) Regulation 44(4) of the Umbrella Regulations to recognize ICIFA members

Recommendation

This will ensure that persons who prepare investment policies are investment professional in accordance with the Investment and Financial Analysts Act. No. 13 of 2015 which will in turn enhance accountability of the development of the investment policies.

13. Collection of Scheme Debt

Issue

The issue of Unremitted Contributions owed by employers to their pension schemes has continued to worsen in recent years with the unremitted amount rising to over Ksh 35 billion of which 98 per cent is held by quasi-government institutions. Sec. 53B of the Retirement Benefits Act empowers the Authority to recover unremitted contributions, interest accrued and penalties owed to a scheme.

The procedure to recover is not clearly defined in the section other than instituting summary proceedings which may take long to arrive at judgement. Therefore, there is need to clearly state whether the Authority can use an agent to collect funds owed to a scheme.

Proposal

The Authority proposes to insert a proviso under Section 53B of the Retirement Benefits Act to empower the Authority to appoint any person, bank or institution to be an agent of the Authority for the purposes of collection and recovery of a debt owed to a scheme.

Recommendation

The Authority to be given powers to appoint agents to recover debts. The process is expected to take shorter time where the Authority may use an agent like Kenya Revenue Authority to recover the scheme pending debt.

The proposal seeks to protect the interest of members and safeguard the shilling value of their contributions to a scheme.

14. Tenant Purchase Schemes

Issue

The Retirement Benefits (Mortgage Loans) Regulations, 2009, allows RBA to approve a tenant purchase arrangement in which a member can assign up to 60% of their accrued benefits as security for a tenant purchase facility. The Retirement Benefits Mortgage loans (Amendment) Regulations, 2020, allow for the utilisation of accrued benefits to purchase a house from any institution. Stakeholders have requested for the possibility of schemes developing houses and offering them for sale to members under a tenant purchase arrangement.

Proposal

The Authority proposes to amend the Retirement Benefits (Mortgage Loans) Regulations to allow members to utilize up to 40% or KES 7 million accrued benefits to purchase a house offered for sale on a tenant purchase basis by their scheme.

Recommendation

Allowing schemes to provide houses on a tenant purchase arrangement will provide a ready market for houses developed by schemes and also relieve members of the costs associated with buying a house under mortgage arrangement. This also supports the "big four" agenda on affordable housing.

15. Amendment to Mortgage Regulations**Issue**

Regulation 15(4) "*A member who is paid a pension by the scheme, or who has taken early retirement, or has attained retirement age shall not be eligible to utilise a portion of the member's retirement benefits to purchase a residential house*" and Regulation 15(6) "*For the purpose of determining the accrued benefits of a member who has retired before attaining retirement age, the funds applied to the purchase of a residential house under these Regulations*" of the Retirement Benefits (Mortgage Loans) Amendment Regulations, 2020, contradict each other. Regulation 15(4) provides that a member who has taken early retirement is ineligible for the mortgage scheme, whereas Regulation 15(6) implies that "a member who has retired" is eligible. The intention of Regulation 15(6) however is to provide for a member who has left employment before attaining early retirement age.

Proposal

The Authority proposes to delete the opening phrase for regulation 15(6) of the Mortgage Loan Regulations and substitute with a new opening phrase to read as follows:

“For the purpose of determining the accrued benefits of a member who leaves employment before attaining retirement age, but after having utilized a portion of his retirement benefits to purchase a residential house, the funds applied to the purchase of a residential house under these Regulations shall –”

Recommendation

This Regulations be cleaned up through the proposal which will correct inherent contradictions in the regulations as it is currently.

16. Taxation on Purchase of House Regulations**Issue**

The Retirement Benefits (Mortgage Loans) Amendments Regulation, 2020 introduced Regulation 21 which in its entirety provides for the operationalisation of Section 38 (1) (1A) of the Act. However, there is no clarity or any express provision for the treatment of the portion of benefits available to the members as withdrawals in relationship to its taxation thereof.

The current challenges in accessing the facility include taxation of benefits before transfer to the developers of houses or a financial institution, stamp duty and legal fees.

The taxation of the funds erodes the value for money and may not be enough to purchase a house under the affordable housing. It should be noted that applicants will be required to meet the cost of legal fees under the arrangements.

Proposal

The Authority proposes that:

- a. The Income Tax Act be amended to provide that funds transferred from the scheme to a housing provider to purchase a house be tax exempt; and,
- b. The stamp duty on the house be waived.

Recommendation

The Authority proposes to exempt transfers for schemes for members to purchase houses exempt from Tax which will make house ownership by members of retirement benefits schemes a reality and fully utilise the facility while supporting the Government Big 4 Agenda on Affordable Housing. Under affordable housing, the stamp duty has been waived.

17. Retirement Annuity/Pension Payment**Issue**

The tax exempt retirement annuities/ pension received by a resident individual from a registered fund or the National Social Security Fund in a year of income has remained the same for many years despite erosion of pension benefits by inflation.

The Income Tax Act provides that the first KES 25,000 per month or KES 300,000 per annum is tax free and any excess is subject to tax. This does not adequately cushion retirees from inflationary pressures and has not been reviewed for over 10 years.

Proposal

The Authority proposes to amend Section 8(4) of the Income Tax Act to increase the tax-exempt amount from the current Kes300,000 to KES 456,000 annually. This is equivalent to an increase from KES 25,000 to KES 38,000 monthly.

Recommendation

The proposal seeks to cushion retirees from inflationary pressure and allow more disposable income to them. The increase in disposal income is in line with the recent tax relief for low-income earners during the initial COVID-19 period, which has been reviewed from Kes13,944 to Kes24,000 and has not been reversed since. However, for this category of workers, the review has been progressing from the initial KES 11,000 to KES 13,944 and to the current KES 24,000. There is need also to apply the same relief to low-income pension earners.

18. Taxation of Post-Retirement Medical Funds**Issue**

The Income Tax Act 5(4)(b) provides for tax exemption on medical benefits by the employer. The PRMF Guideline no. 7 provides for access of benefits in form of medical benefits only by the defined medical cover provider. It follows that this is an accumulation stage aimed at providing a direct medical benefit to members. The monies are invested alongside pension funds hence having the dual impact of stimulating the economy while lifting the burden of healthcare for senior citizens from the state towards attaining Universal Health Care.

Proposal

It is proposed that;

- i. Contributions to a Post-Retirement Medical Fund to be exempted from tax.
- ii. Investment income to a Post-Retirement Medical Fund to be exempted from tax
- iii. Transfer from a PRMF to a medical provider be tax exempt.

Recommendation

The Income Tax Act to provide for exemption of the contributions to PRMF from tax which will enhance accrual of enough funds to be used in old age for medical cover. In addition, transfer from a registered PRMF to a medical provider be tax exempt. This will promote the uptake of the product given that it is still at its nascent stage.

19. Review of Tax-Exempt Limit On Lump-sum Pension Benefits Issue**Issue**

Tax exemptions on pension benefits reduce the tax burden for employees and subsequently increase employee's pension savings. The current tax-exempt limit for pension benefits is Kes600,000 (that is capped at Kes60,000 per year of service for a maximum of 10 years. The capping has been in place for 15 years and requires review to keep in line with economic changes.

Proposal

The Authority proposes the removal of the capping of 10 years and leave it open so that the term of service becomes a factor in tax free amount. Removal of the cap will take care of all members of retirement benefits schemes including those who are on contractual terms.

Recommendation

The cap of 10 years on accrual of tax relief on lump sums be removed to provide equity in retirement benefits sector and encourage long term saving. The longer members save the higher the tax-free amount they get and vice versa.

A REPORT ON PUBLIC PARTICIPATION FORA HELD FROM 22ND FEBRUARY – 5TH MARCH 2021

Introduction

The Retirement Benefits Authority invited the general public to provide views on the proposed retirement benefits legislative changes in accordance with the Statutory Instruments Act No. 23 of 2013. The table below shows the venue and attendance.

TOWN	VENUE	DATE	NO. OF PARTICIPANTS
Nairobi	Sarova Panaric Hotel (Stakeholders)	19 th February 2021	54
Nairobi	Sarova Panafric Hotel	22 nd and 23 rd February, 2021	160
Mombasa	PridelInn Paradise Beach Resort	25 th and 26 th February, 2021	71
Machakos	Machakos University	25 th and 26 th February, 2021	85
Eldoret	Eka Hotel	25 th and 26 th February, 2021	133
Kisumu	Vic Hotel	1 st and 2 nd March, 2021	142
Kericho	Taidy's Restaurant Limited	1 st and 2 nd March, 2021	93
Nyeri	The White Rhino Hotel	1 st and 2 nd March, 2021	108
Nakuru	Eagle Palace Hotel	4 th and 5 th March, 2021	153
Meru	West Wind Hotel	4 and 5 th March, 2021	57
Kakamega	Kakamega Golf Hotel	4 th and 5 th March 2021	139
TOTAL NUMBER OF PARTICIPANTS			1195

Annexure

PROPOSED PROPOSALS FOR BUDGET MEMORANDUM 2021 - 2022

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
I.	<p>REGULATION OF POST-RETIREMENT MEDICAL FUNDS ESTABLISHED OUTSIDE RETIREMENT BENEFIT SCHEMES</p> <p>The amendment of regulations 14 and 19 of the Occupational Retirement Benefit Schemes (ORBS) regulations in 2016 through a legal notice 101 to require schemes to introduce provisions to allow members to make additional voluntary contributions in respect of funding of a medical fund to accessed at retirement or transfer a portion of retirement benefits to medical - cover provider where a member has been unable to build a post-retirement medical fund from additional contributions. The individual and umbrella regulations have subsequently been amended to provide the same to its members.</p> <p>However, the amendment excludes the post-retirement medical funds established under irrevocable trust by employers and service providers outside a retirement benefits scheme. These post-retirement medical funds are popularly known as "Stand-Alone Post-Retirement Medical Funds (SPRMF's)". The funds SPRMFs and UPRMFs therefore remain unregulated. These poses an exposure to members' funds.</p>	<p>PROPOSALS/ POLICY CHANGES</p> <p>There is need to amend the RB Act to allow the Authority formulate regulations for registration and regulation of stand-alone and umbrella post-retirement medical funds.</p> <p>The funds can be established under irrevocable trust or written law for operations of PRM cover.</p> <p>The proposal is to insert the new provisions in the manner proposed below:</p> <ol style="list-style-type: none"> i. Definition of the retirement benefits scheme to include <i>post-retirement medical fund</i>. ii. Definition of post-retirement medical fund <p>RATIONALE</p> <p>There is therefore need to bring these funds under the ambit of regulations in order to enhance confidence in the sector and ensure retirees are covered in retirement.</p> <p>This proposal will enable RBA oversee the contributions and management of the fund whereas the payments will be overseen by IRA.</p>	<p>Nairobi</p> <p>PRMF regulations are not well anchored in the retirement benefits act hence definition of RB would have to be amended. However, there were concerns that Stand-alone PRMF schemes have been operating with no regulations. There is need for clarity on the accumulation and access of benefits on retirement (RBA to regulate the accumulation and management whereas IRA will be responsible for the pay-out phase). Rwanda and Singapore have similar models which might be worth benchmarking with if the regulation were to be accepted.</p> <p>Kisumu</p> <p>Members indicated that PRMFs as different schemes have varied structures some might prefer to retain the funds and administer the payment of medical benefits. Regulations for Stand-alone PRMF need to be comprehensive enough to clarify issues of funding of the scheme, costs, administration etc. Participants welcomed the idea and indicated that it was long overdue.</p> <p>Kakamega</p> <p>There is need to have an arrangement with insurance providers i.e NHIF for preferential rates during the pay-out phase.</p> <p>Mombasa</p> <p>Members appreciated the importance of medical insurance during retirement. They proposed that RBA mediate an enhanced medical insurance cover with NHIF.</p> <p>In addition, they said that the Authority should ensure that the process to buy insurance cover is smooth, without delay.</p> <p>Also, members requested the medical insurance cover all ailment, consultations, tests, as well cover purchase of drugs required for treatment. They cited situations where insurance firms only allow purchase of generic drugs, which don't work if the ailment is advanced.</p> <p>They also sought clarity on whether the insurance will cover all members of the family, or it is only the member.</p> <p>They urged the Authority to be vigilant even after accumulation stage so that members don't feel neglected. RBA should take interest in members' interests even after they buy insurance.</p> <p>Nyeri</p> <p>They stressed the need to separate post-retirement medical funds from pension funds.</p> <p>They wanted to know ways they could save for medical insurance even though they are retired. Members sought clarity on the role of post-retirement medical funds and the government Universal Healthcare.</p> <p>Meru</p> <p>Some wanted to know whether the medical insurance would require a member to choose designated hospitals.</p> <p>Machakos</p> <p>Proposal supported by all members with no comments</p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
			<p>Nakuru Proposal supported by all members with no comments</p> <p>Kericho Proposal supported by all members with no comments</p> <p>Eldoret Members observed that there was need to provide a distinction between a post-retirement medical fund and NHIF since there are some monies deducted from their pension and remitted to NHIF – case in point is Telposta scheme.</p>
<p>2.</p> <p>i. The main objective of saving for retirement is to accumulate savings to be used in retirement. However, the current regulations allow members of retirement benefits schemes to partially access the benefits before reaching retirement age when they exit the scheme by changing jobs or leaving employment to access 50% employers' and 100% employees' contributions accumulated benefits in a defined contribution scheme, while in a defined benefit scheme, a member accesses 50% of the accrued benefits.</p> <p>ii. Harmonize provisions on the preservation rule on employer contributions in the Umbrella Regulations and the Occupational Regulations;</p> <p>Regulation 28(1) of the Umbrella Regulations states:</p> <p><i>(1) Where a member leaves employment but before attaining the specified early retirement age—</i> <i>(a) that a member shall, upon request in writing to the trustees, be entitled to payment of all the member's contribution to the scheme;</i></p> <p>A plain reading of the two provisions means that if a member leaves service before the specified early retirement age in an occupational scheme; they are allowed to access 50% employer contributions while a member leaving service in an Umbrella Scheme under the same circumstances is disallowed. This was mainly because Legal Notice No. 88 of 2019 that was carrying the same clause as the one in the umbrella Regulations was annulled.</p>	<p>PROPOSAL</p> <p>The proposal is to amend the umbrella, occupational and individual retirement benefits regulations to provide that: -</p> <ul style="list-style-type: none"> - In Occupational and umbrella schemes, a member be allowed to access 50% of accrued benefits and interest. - In Individual schemes, a member be allowed to access 50% of accrued benefits where an employer is contributing or 100% where it is only the member contributing <p>RATIONALE</p> <p>The NSSF Act Sec. 36 and Public Service Superannuation Act Sec. 26 have set direction on the issue of preservation of retirement benefits. There is need for a member to have adequate benefits in retirement.</p>	<p>Nairobi This proposal received support from members of the public. It was however proposed that the change may require a change in trust deed and hence thus the authority could develop standard template for the same.</p> <p>Kisumu Members argued that the proposal denied members, especially those who lose jobs through retrenchment or dismissal, an opportunity to access all their benefits so as to start an income generating venture.</p> <p>Kakamega Supported with no comments</p> <p>Mombasa Members overwhelmingly supported preservation of retirement benefits.</p> <p>Nyeri Members observed that the proposal would lead to those accessing their benefits receiving lower benefits. But they supported the proposal because it ensures a member has more benefits at retirement.</p> <p>They said being allowed to access benefits when one changes job makes some first spend the money instead of looking for another employment.</p> <p>In addition, they requested that at retirement it be made mandatory to receive all benefits as lumpsum.</p> <p>Members wanted to know those who work on contract basis are helped save for their retirement.</p> <p>MERU Members said it was a good proposal.</p> <p>Machakos All members agreed with the proposal with a suggestion that the benefits accessed should include interest accrued.</p> <p>Nakuru</p>	

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
			<p>Members sort clarification on whether the 50% could be left with the previous employer or transferred to their new scheme. This was clarified on the floor and they were in full support of the proposal.</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members. They recognized that preservation was key to ensure adequacy of benefits.</p>
3.	<p>EXTENSION OF TIMELINE FOR SUBMISSION OF ACTUARIAL REPORT Regulation 31 of occupational regulations require defined benefits schemes to be valued by an actuary at least once every three years and a copy of the valuation report be submitted to the authority within five months from the financial year end of a scheme.</p> <p>Given complexity of actuarial valuation and the process needed for the trustee and the sponsor to complete the valuation, the five-month period provided has proven to be inadequate to submit a quality and accurate report based on recent audited accounts.</p>	<p>PROPOSAL The authority proposes to amend regulation 31 of Retirement Benefits (Occupational) regulations to extend the submission period from 5 months to 6 months after the scheme financial year end.</p> <p>RATIONALE The six months' period will accord actuaries sufficient time to undertake quality work and the scheme to submit a valuation report to the authority.</p>	<p><u>Nairobi</u> This proposal was supported though there was a proposal to increase the timeline to 9 months since the process is a bit complex.</p> <p><u>Kisumu</u> Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> Members supported the proposal.</p> <p><u>Nyeri</u> Members agreed with the proposal.</p> <p><u>Meru</u> All members supported the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Members felt that extension of merely one (1) month was very short. They preferred that the period be extended by three more months.</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p>
4.	<p>Clarity under Section 18(3) of the Occupational Regulations. Section 18(3) provides: (3) <i>The scheme rules shall provide that a member of the scheme shall not be permitted to withdraw from membership or withdraw his</i></p>	<p>PROPOSAL The authority proposes that; (i) Regulation 18(3) (a) of retirement benefits (Occupational) regulations be deleted</p>	<p><u>Nairobi</u> This proposal was supported by members of the public. In addition, they suggested that withdrawal should equally not be allowed for a member leaving employment but still being a member of the scheme that adhere to same trust deed and rules.</p> <p><u>Kisumu</u></p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
	<p><u>benefits from the scheme whilst he remains an employee of the sponsor unless—</u> <u>(a) he becomes a member of another scheme established for the benefit of employees of that sponsor; or</u> <u>(b) he attains the retirement age provided for in the scheme rules.</u></p> <p>The plain reading of this regulation specifically part (a); it seems to imply that a member who is changing scheme courtesy of the sponsor establishing a new one (like for instance changing from DB to DC) can be allowed to withdraw their membership or benefits while still in service of the same Sponsor.</p> <p>Clarity under Regulation 27(a) of retirement benefits (Umbrella) regulations.</p> <p><u>27. A member of the scheme shall not be permitted to withdraw from membership or withdraw his benefits from the scheme whilst he remains an employee of the employer unless he –</u></p> <p><u>(a) becomes a member of another scheme established for the benefit of employees of that employer.</u></p>	<p>(ii) Regulation 27(a) of retirement benefits (Umbrella) regulations also be deleted.</p> <p>RATIONALE Since there is no vacuum when the Sponsor is changing schemes (to mean there is no time the member is not in a scheme when the Sponsor is transferring). Therefore, this proposal addresses some of the contentious issues that arise when a scheme closes and another is registered with a different name.</p>	<p>Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members supported the proposal.</p> <p><u>Nyeri</u> All members supported the proposal</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> <u>Nakuru</u> Proposal supported by all members with no comments</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p>
5.	<p>Clarity under Regulation 27 (c) of the Umbrella Regulations. Regulation 27 (c) of the Umbrella Regulations provides; -</p> <p><u>A member of the scheme shall not be permitted to withdraw from membership or withdraw his benefits from the scheme whilst he remains an employee of the employer unless he—</u></p> <p><u>(c) has need related to personal aptitude for which the trustees have given approval and obtained prior written consent of the Authority.</u></p> <p>Part (c) of the Regulation is very confusing. It has never been clear what is personal aptitude and who determines what it includes. The same leeway is also not given to members under the Occupational Regulations.</p>	<p>PROPOSAL The authority proposes to delete Regulation 27(c) of the Umbrella Regulations</p> <p>RATIONALE The retirement benefits arrangement in Kenya do not provide for personal aptitude which is a leakage in the accumulation of retirement benefits. Personal aptitude can be catered for under other arrangements like SACCOS, Chamas etc.</p>	<p><u>Nairobi</u> The deletion as proposed received support from members of the public. it was however noted that the clause may disadvantage the youth and those in informal sector.</p> <p><u>Kisumu</u> Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> Members agreed with the proposal.</p> <p><u>Nyeri</u> All members supported the proposal.</p> <p><u>Meru</u> All members agreed with the proposal</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Proposal supported by all members with no comments</p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
			<p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p>
6.	<p>DEEDS OF ADHERENCE BY EMPLOYERS PARTICIPATING IN UMBRELLA SCHEMES AND INDIVIDUAL PENSION PLANS (IPPS)</p> <p>Currently, there is no requirement for Umbrella Schemes and IPPs to submit to the authority deed of adherence when they subscribe to an existing scheme.</p>	<p>PROPOSAL</p> <ol style="list-style-type: none"> 1. The Retirement Benefits (Umbrella) Regulations be amended to require umbrella schemes to submit deeds of adherence by participating employers to the Authority. 2. Amend the Individual Retirement Benefits Regulations as follows; <ol style="list-style-type: none"> i. Regulation 2 of the Individual Regulations be amended by inserting the following new definition in proper alphabetical sequence; - <p>“deed of adherence” means an instrument in writing between an employer, the trustees and the sponsor in which the employer irrevocably undertakes and binds itself to the trusts of the scheme upon which the sponsor and the trustees in reliance thereto have without other conditions admitted the employer to join and participate in the provision of retirement benefits to its employees on the terms expressed in the scheme rules;</p> <ol style="list-style-type: none"> ii. Regulation 7 of the Individual Regulations be amended by inserting the following paragraph immediately after paragraph (f)- <p>Provided that where an employer is contributing for the employees, they shall execute a deed of adherence and submit to the authority.</p> <p>RATIONALE</p> <p>In order to monitor and enforce remittance of contributions and safeguard the interests of members in umbrella and individual retirement benefits schemes, it is important for the schemes to submit deed of adherence for participating employers. This will assist in collation of data and statistics of</p>	<p><u>Nairobi</u> This proposal received support with no comments</p> <p><u>Kisumu</u> Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members agreed with the proposal.</p> <p><u>Nyeri</u> All members agreed with the proposal.</p> <p><u>Meru</u> All members supported the proposal.</p> <p><u>Machakos</u></p> <p><u>Nakuru</u> All members supported the proposal.</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
7.	<p>WINDING UP OF SCHEMES</p> <p>There is no time limit for voluntary winding up of a retirement benefits schemes and in some cases, the liquidation process may take long.</p>	<p>PROPOSAL</p> <p>Retirement benefits authority (minimum funding level and winding up) regulations be amended to incorporate the voluntary winding up period for three years and any further extension be approved by the authority.</p> <p>RATIONALE</p> <p>There is need to prescribe a period of three years within which the liquidation exercise shall be completed and any further extension be approved by the authority.</p>	<p><u>Nairobi</u></p> <p>The proposal was supported with a comment on capping of the extension of time to avoid perpetual extensions. It was also noted that the cost of winding equally needs to be capped to avoid it being used as a cash cow.</p> <p><u>Kisumu</u></p> <p>Supported with no comments</p> <p><u>Kakamega</u></p> <p>This proposal would amount to inefficiency in certain schemes and bring in corruption as it allows discretion by the CEO.</p> <p><u>Mombasa</u></p> <p>All supported the proposal.</p> <p><u>Nyeri</u></p> <p>They all agreed with the proposal.</p> <p><u>Meru</u></p> <p>All members agreed with the proposal.</p> <p><u>Machakos</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Nakuru</u></p> <p>All members agreed with the proposal.</p> <p><u>Kericho</u></p> <p>Extension of the time and the period of extension supported</p> <p><u>Eldoret</u></p> <p>Members pointed out that there was need to consider providing a timeline for extension and also capture consequences for non-completion of the winding up on time.</p> <p><u>Nairobi</u></p> <p>The proposal was supported. It was suggested that clarity be made to sponsors of public sector schemes that contributions made by them for the employee is a property of the member.</p> <p><u>Kisumu</u></p> <p>Supported with no comments</p> <p><u>Kakamega</u></p> <p>Supported with no comments</p> <p><u>Mombasa</u></p> <p>All members supported the proposal.</p> <p><u>Nyeri</u></p> <p>All members supported the proposal.</p>
8.	<p>Clarity and harmonization of Regulation 7 (j) and 17 of individual retirement benefits regulations on payment of retirement of a disabled member and vesting formula.</p> <p>The heading at 17 is reading "retirement of a disabled member" while the paragraph is on vesting formula.</p> <p>Regulation 7 (j) provides for vesting of benefits of one year for employer's contributions and immediate for a member contribution.</p> <p>17(a) provides for vesting of benefits of one year for employer's contributions</p>	<p>PROPOSAL</p> <p>The authority proposes that vesting periods in regulation 7(j) and 17(a) be amended to immediate.</p> <p>The heading on regulation 17 of individual retirement benefits scheme be amended to read "vesting formula"</p> <p>RATIONALE</p> <p>Harmonize vesting period on access of employer benefits in occupational, umbrella and IPP arrangements to immediate.</p>	<p><u>Nairobi</u></p> <p>The proposal was supported. It was suggested that clarity be made to sponsors of public sector schemes that contributions made by them for the employee is a property of the member.</p> <p><u>Kisumu</u></p> <p>Supported with no comments</p> <p><u>Kakamega</u></p> <p>Supported with no comments</p> <p><u>Mombasa</u></p> <p>All members supported the proposal.</p> <p><u>Nyeri</u></p> <p>All members supported the proposal.</p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
	<p>The vesting period for contributions in a registered retirement benefits scheme is immediate hence the need to harmonize the two clauses.</p>		<p><u>Meru</u> All members supported the proposal.</p> <p><u>Machakos</u></p> <p><u>Nakuru</u> Supported – correction of Header Terminology needs to be looked into – Disable member vs. members with disability.</p> <p><u>Kericho</u></p> <p><u>Eldoret</u> Supported -header</p> <p>17 (a)- supported</p>
9.	<p>REGISTRATION OF CORPORATE TRUSTEE/STRICTER REQUIREMENTS ON WHO CAN ACT AS CORPORATE TRUSTEE</p> <p>The Act provides for the definition of a trust corporation and the requirement to have capital of not less than 10 million. The corporate trustee provides essential trustee services to individual retirement benefit schemes and income drawdown as required by retirement benefits legislation</p> <p>However, the corporate trustees have no registration requirement by the authority despite the role they play in the management of retirement benefits schemes.</p>	<p>PROPOSAL</p> <p>Amendment to the retirement benefits act.</p> <p>The authority proposes to introduce requirement for corporate trustees to be registered and file returns under the retirement benefits act as follows;</p> <ol style="list-style-type: none"> i. Amend sec. 23(1) of the retirement benefits act to include corporate trustee ii. Introduce a new Sec. 26A under the retirement benefits act on requirements of corporate trustee for registration; iii. Amend sec. 27(1) of the retirement benefits act to include corporate trustee; iv. Amend sec. 28 of the retirement benefits act to include corporate trustee v. Amend sec. 29 of the retirement benefits act to include corporate trustee vi. Amend sec. 30 of the retirement benefits act to include corporate trustee vii. Amend sec. 31 of the retirement benefits act to include corporate trustee <p>Amendment to the retirement benefits regulations;</p> <p>Amend Retirement Benefits (Forms and Fees) Regulations to provide for application form, certificate for registration and Fees payable</p> <p>RATIONALE</p>	<p><u>Nairobi</u> This proposal was supported by a majority who argued that corporate trustees brings professionalism in the management of schemes. Conversely, there were also strong sentiments from a section of members of the public who argued that corporate trustees were appointed by sponsors to serve their interest. They also suggested that that the board of the corporate trustee should have at least two persons who meet the fit and proper criteria for an individual trustee. In addition, the members pointed out that the cost charged by corporate trustees should be relooked and their performance reviewed before renewal.</p> <p><u>Kisumu</u> Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members agreed with the proposal.</p> <p><u>Nyeri</u> Members supported the proposal saying it will protect members' savings. Support. In addition, they requested RBA to continuously educate pension scheme members on their rights.</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Members Supported the need to register corporate Trustees need to be registered</p> <p><u>Kericho</u></p>

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		<p>It is important to register corporate trustee to bring in accountability and transparency in the management of retirement benefits schemes.</p>	<p>Proposal supported by all members with no comments</p> <p><u>Eldoret</u></p> <p>Proposal supported by all members with no comments</p>
10.	<p>CONFLICT OF INTEREST</p> <p>In order to mitigate against related parties acting as administrator or corporate trustee;</p>	<p>PROPOSAL</p> <p>The authority proposes to amend the following Regulations and insert new provisions in the manner proposed below;</p> <p>a) Regulation 9 of the Individual Regulations be amended by inserting the following paragraph immediately after paragraph (4)-</p> <p>(4A), "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."</p> <p>b) Regulation 8 of the Occupational Regulations be amended by inserting the following paragraph immediately after paragraph (4)-</p> <p>(4A), "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."</p> <p>d) amend regulation 13 of the Umbrella Regulations by inserting a new paragraph immediately after paragraph (p) as</p> <p>13(2)- "A trust corporation shall not appoint an administrator, fund manager, custodian or approved issuer who is related to the trust corporation by way of ownership, directorship or employment."</p> <p>RATIONALE</p> <p>The proposal seeks to enhance the principles of good governance and eliminate conflict of interest thus enhancing transparency and accountability for each service provider.</p>	<p><u>Nairobi</u></p> <p>The proposal was supported with additional suggestion to develop a supplement to the good governance guidelines to give clarity on the same and guide on compliance including threshold on application.</p> <p><u>Kisumu</u></p> <p>Supported with no comments</p> <p><u>Kakamega</u></p> <p>Supported with no comments</p> <p><u>Mombasa</u></p> <p>All members supported the proposal.</p> <p><u>Nyeri</u></p> <p>All members supported the proposal.</p> <p><u>Meru</u></p> <p></p> <p><u>Machakos</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Nakuru</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Kericho</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Eldoret</u></p> <p>Proposal supported by all members with no comments</p>

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11.	<p>POWERS OF THE AUTHORITY</p> <p>The chief executive officer under the Retirement Benefits Act does not have powers to extend the submission of audited accounts of a scheme even during extraordinary circumstances.</p>	<p>PROPOSAL</p> <p>The authority proposes to amend Sec. 34 of the retirement benefits act to empower the chief executive officer to extend the timeline of submission of audited accounts during extraordinary times as follows;</p> <p><u>The Chief Executive Officer may on the application of a trustee extend or further extend the time specified in subsection (4) for a period not exceeding three months.</u></p> <p>RATIONALE</p> <p>The proposal seeks to empower the chief executive to grant time extensions for compliance where the Act requires a submission within a specified time.</p>	<p><u>Nairobi</u></p> <p>The proposal was supported though there were suggestions to limit a further extension of the timeline.</p> <p><u>Kisumu</u></p> <p>Proposal opposed by a majority of members citing that it might encourage laxity among schemes who might intentionally delay in submitting audited accounts. It was also argued that the session of the law that the proposal seeks to amend has served well didn't require to be disturbed as the reasons given for amendment were transient. There was also need to expound on the phrase "good cause" as used in the proposal.</p> <p><u>Kakamega</u></p> <p>Supported with no comments</p> <p><u>Mombasa</u></p> <p>All members agreed with the proposal.</p> <p><u>Nyeri</u></p> <p>All members supported the proposal. But they said it should not be open ended. In addition, they requested the Authority to make the process tight such that those who could file on time don't try to take advantage of the window.</p> <p><u>Meru</u></p> <p>All members supported the proposal. But they said that extension should not be open ended. It should have a limit.</p> <p><u>Machakos</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Nakuru</u></p> <p>Some members pointed out that the issue was in total conflict with the Public Audit Act and that an extension may give room for mischievous practices by trustees.</p> <p><u>Kericho</u></p> <p>Proposal supported by all members with no comments</p> <p><u>Eldoret</u></p> <p>Members requested us to Consider the time limit of extension</p>
12.	<p>TAXATION ON PURCHASE OF HOUSE REGULATIONS</p> <p>The Retirement Benefits (Mortgage Loans) Amendments Regulation, 2020 introduced Regulation 21 which in its entirety provides for the operationalisation of section 38 (1) (IA) of the Act, however there is no clarity or any express provision for the treatment of the portion of benefits available to the members as withdrawals in relationship to its taxation thereof.</p>	<p>PROPOSAL</p> <p>The Authority proposes that:</p> <p>i. The Income Tax Act be amended to provide that funds transferred from the scheme to a housing provider to purchase a house be tax exempt; and,</p>	<p><u>Nairobi</u></p> <p>The proposal was supported by members though it was noted that it may be discriminatory to those who don't access benefits through mortgage scheme.</p> <p><u>Kisumu</u></p> <p>Supported with no comments</p> <p><u>Kakamega</u></p>

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		<p>ii. The stamp duty on the house be waived.</p> <p>RATIONALE The amendment will make house ownership by members of retirement benefits schemes a reality and fully utilize the opportunity. The current challenges in accessing the facility include taxation of benefits before transfer to the developers of houses or a financial institution, stamp duty and legal fees. The taxation of the funds erodes the value for money and may not be enough to purchase a house under the affordable housing. It should be noted that applicants will be required to me the cost of legal fees under the arrangements.</p>	<p>Supported with no comments</p> <p><u>Mombasa</u> All members supported the proposal. They said the proposal would encourage members to buy a house because the money from the scheme would not be taxed. In addition, they asked the Authority to look at possibility of exempting retirees from paying capital gain when they wish to sell their house to relocate to rural homes.</p> <p><u>Nyeri</u> All members agreed with the proposal.</p> <p><u>Meru</u> All members supported the proposal. They termed it a good proposal together with tax exemption on post-retirement medical funds.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Proposal supported by all members with no comments</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Members were not comfortable with the idea of taxing of benefits.</p>
13.	<p>RETIREMENT ANNUITY/PENSION PAYMENT The total retirement annuities/pension received by a resident individual from a registered fund or the National Social Security Fund in a year of income should be exempted from tax</p> <p>The Income Tax Act provides that the first KES 25,000 per month or KES 300,000 per annum is tax free and any excess is subject to tax. This does not adequately cushion retirees from inflationary pressures and has not been reviewed for over 10 years.</p>	<p>PROPOSAL The authority proposes to amend Sec. 8(4) of the income Tax Act to increase the amount from the current KES 300,000 to KES 456,000 annually or increase from KES 25,000 to 38,000 monthly.</p> <p>RATIONALE The proposal seeks to cushion retirees from inflationary pressure and allow more disposable income to them. The increase in disposal income is in line with the recent tax relief for low-income earners has been reviewed from KES 13,999 to KES 24,000. There is need also to apply the same relief to low-income pension earners.</p>	<p><u>Nairobi</u> The proposal received support from participants though they suggested that the increase should be proportionate to that of personal relief at 72% to KES 42,000. The participants also suggested that RBA to seek alliances more than boardroom discussions to try strike a middle ground with regards to taxation matters of retirement benefits.</p> <p><u>Kisumu</u> The figure needs to be adjusted maybe to KES 50,000</p> <p><u>Kakamega</u></p> <p><u>Mombasa</u> All members supported the proposal agreeing that the monthly pension tax exempt amount of Sh25,000 a month has remained unchanged for many years.</p> <p><u>Nyeri</u> All members supported the proposal.</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p>

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14.	<p>PREPARATION OF INVESTMENT POLICY STATEMENTS BY A REGISTERED PRACTISING MEMBER OF ICIFA</p> <p>The current retirement benefits regulations provide that a scheme shall before preparation or revision of investment policy statement obtain and consider the written advice from a registered Chartered Financial Analyst, actuary, investment advisor or fund manager registered under the Capital Markets Act (Cap. 485A) or manager under the Act.</p> <p>The investment and financial analyst licenced under the investment and financial analysts Act have not been recognised in the retirement benefits act and regulations.</p>	<p>PROPOSAL</p> <p>The authority proposes to amend the following regulations:</p> <ol style="list-style-type: none"> i) Regulation 30(4) of the Individual Regulations to recognize ICIFA members ii) Regulation 37(4) of the Occupational Regulations to recognize ICIFA members iii) Regulation 44(4) of the Umbrella Regulations to recognize ICIFA members <p>RATIONALE</p> <p>This will ensure that persons who prepare investment policies are investment professional in accordance with the investment and Financial Analyst Act. No. 13 of 2015 which will in turn enhance accountability of the development of the investment policies. The institute has in place disciplinary mechanisms in the event of professional misconduct by its members.</p>	<p><u>Nakuru</u> Members expressed the need to exempt pension payment from taxes having been taxed during their working life.</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p> <p><u>Nairobi</u> Proposal was supported with no comments</p> <p><u>Kisumu</u> Supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members supported the proposal.</p> <p><u>Nyeri</u> All members supported the proposal.</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> The Authority should undertake mandatory vetting all investment and financial analysts working in this sector</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Members wanted to know whether ICIFA was a professional body and the value it would add in terms of professionalism.</p>
15.	<p>TAXATION OF POST-RETIREMENT MEDICAL FUNDS</p> <p>The income tax Act 5(a)(b) provides for tax exemption on medical benefits by the employer. The PRMF Guideline no 7 provides for access of benefits in form of medical benefits only by the defined medical cover provider. It follows that this is an accumulation stage aimed at providing a direct medical benefit to members. The</p>	<p>PROPOSAL</p> <p>It is proposed that</p> <ol style="list-style-type: none"> i. Contributions to a Post-Retirement Medical Fund to be exempted from tax. ii. Investment income to a Post-Retirement Medical Fund to be exempted from tax 	<p><u>Nairobi</u> The proposal received support from participants. They however suggested that the authority should consider tax exemption for transfer from a PRMF to another. In addition, it was suggested that members be allowed to make lump sum deposits to PRMF so as to enjoy the benefits thereof.</p> <p><u>Kisumu</u></p>

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	<p>monies are invested alongside pension funds hence having the dual impact of stimulating the economy while lifting the burden of healthcare for senior citizens from the state towards attaining Universal Health Care.</p>	<p>iii. Transfer from a PRMF to a medical provider be tax exempt.</p> <p>RATIONALE Exemption of the contribution from tax will enhance accrual of enough funds to be used in old age for medical cover. Transfer from a registered PRMF to a medical provider be tax exempt.</p>	<p>Proposal was supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members agreed with the proposal.</p> <p><u>Nyeri</u> All members supported the proposal.</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Supported</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p> <p><u>Eldoret</u> Proposal supported by all members with no comments</p>
16.	<p>REVIEW OF TAX-EXEMPT LIMIT ON LUMP SUM PENSION BENEFITS Tax exemptions on pension benefits reduce the tax burden for employees and subsequently increase employee's pension savings. The current tax-exempt limit for pension benefits is Kshs. 600,000 (that is capped at Kshs. 60,000/- per year of service for a maximum of ten years. The capping was introduced in 2005 which translates to over 15 years.</p>	<p>PROPOSAL The Authority proposes the removal of the capping of 10 years and leave it open so that term of service becomes a factor in tax free amount. Removal of the cap will take care of all members of retirement benefits schemes including those who are on contractual terms.</p> <p>RATIONALE The change will provide equity in retirement benefits sector. The longer members save the higher the tax-free amount the get and vice versa</p>	<p><u>Nairobi</u> Proposal was supported with no comments</p> <p><u>Kisumu</u> Proposal was supported with no comments</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members agreed with the proposal.</p> <p><u>Nyeri</u> All members supported the proposal.</p> <p><u>Meru</u> All members supported the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Members wanted to know why we interested in the number of years and not the amount. This was clarified in the meeting and they fully supported the proposal.</p> <p><u>Kericho</u> Proposal supported by all members with no comments</p>

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17.	<p>COLLECTION OF SCHEME DEBT</p> <p>Sec. 53B of the retirement benefits act empowers the authority to recover unremitted contributions, interest accrued and penalties owed to a scheme.</p> <p>The procedure to recover is not clearly defined in the section other than instituting summary proceedings which may take long to arrive at judgement. There is therefore need to clearly state whether the authority can use an agent to collect funds owed to a scheme.</p>	<p>PROPOSAL</p> <p>The authority proposes to insert a clause under the section to empower the Chief executive officer to appoint any person, bank or institution to be an agent of the authority for the purposes of collection and recovery of a debt owed to a scheme.</p> <p>RATIONALE</p> <p>The proposal seeks to interest of members and safeguard the value of their contributions to a scheme.</p> <p>The process is expected to take shorter time where the authority may use an agent like Kenya Revenue Authority to recover the scheme pending debt.</p>	<p><u>Eldoret</u> Some members wanted to know how the 60000 was arrived at.</p> <p><u>Nairobi</u> <u>Kisumu</u> The agents to be used need to be clearly defined <u>Kakamega</u> Supported with no comments <u>Mombasa</u> All members agreed with the proposal. They called on the Authority to carefully select the agent so as to ensure there is no conflict of interest. They proposed RBA set up a criterion to weed out inappropriate agents.</p> <p><u>Nyeri</u> All members agreed with the proposal. But they sought clarity on who will meet the cost of the debt collecting agent</p> <p><u>Meru</u> All members agreed with the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> There is need to qualify the person in terms of qualifications and competencies and Provide procedures for the appointment of debt recovery. There is also need to have a multi –agency approach to recovers debts owed to members through schemes. There is need to rope in Unclaimed Assets Authority, Ethics and Anti- Corruption Commission and Assets Recovery Authority. There is also need to consider Alternative Dispute Resolution (ADR) to fast track the process of recovery</p> <p><u>Kericho</u> Members wanted to know the safeguards in place to ensure that the agent doesn't embezzle the funds</p> <p><u>Eldoret</u> Members were in agreement that the CEO should not appoint just any person – it should a professional – we need to qualify the person. There were concerns on what would happen if the assets are not available? There was a proposal of using banks to recover in order to hasten the process of paying members. The proposal is theoretical especially if it's a government institution. The proposal is good but for government institutions it may be difficult.</p>

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18.	<p>Tenant Purchase Schemes</p> <p>The RB (Mortgage Loans) Regulations, 2009 allows RBA to approve a tenant purchase arrangement in which a member can assign up to 60% of their accrued benefits as security for a tenant purchase facility. The RB Mortgage loans (Amendment) Regulations, 2020 allow for the utilization of accrued benefits to purchase a house from any institution. Stakeholders have requested for the possibility of schemes developing houses and offering them for sale to members under a tenant purchase arrangement.</p>	<p>The Authority proposes to amend the RB (Mortgage Loans) Regulations to allow members to utilize up to 40%/7m accrued benefits to purchase a house offered for sale on a tenant-purchase basis by their scheme.</p>	<p><u>Nairobi</u> Proposal was supported with comments on need to structure TPS to take cognisance of years left to retirement.</p> <p><u>Kisumu</u> TPS should be extended to include other institutions offering TPS other than the scheme only.</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members agreed with the proposal saying it was timely.</p> <p><u>Nyeri</u> All members agreed with the proposal.</p> <p><u>Meru</u> All members supported the proposal.</p> <p><u>Machakos</u> Proposal supported by all members with no comments</p> <p><u>Nakuru</u> Members wanted to know why RBA was not allowing members to buy a car if a member has already built or purchased a house. The proposals should consider the reality on the ground. The proposals seem academic. There was a proposals that the houses should be standardized and comply with the building regulations.</p> <p><u>Kericho</u> Proposal be amended to allow members to purchase houses under TPS in their schemes.</p> <p><u>Eldoret</u> Good proposal but has some gaps – there is need for regulation stating the interest rate. The regulations should be very clear.</p>
19.	<p>Amendment to Mortgage regulations</p> <p>Regulations 15(4) and 15(6) of the RB (Mortgage Loans) Amendment Regulations, 2020 contradict each other. R.15(4) provides that a member who has taken early retirement is ineligible for the mortgage scheme, whereas r.15(6) implies that "a member who has retired" is eligible. The intention of r.15(6) however is to provide for a member who has left employment before attaining early retirement age.</p>	<p>The proposes to amend r. 15(6) of the Mortgage Loan Regulations to substitute the phrase "a member who has retired" with "a member who has left employment."</p>	<p><u>Nairobi</u> Proposal was supported with no comments</p> <p><u>Kisumu</u> The whole r. 15(6) should be reviewed to delete the phrase "a member who has left employment....". The proposal as it is not clear since it gives consideration on determining the benefits after first access. Also, there is need to accommodate everyone including those who had accessed their benefits before.</p> <p><u>Kakamega</u> Supported with no comments</p> <p><u>Mombasa</u> All members supported the proposal.</p> <p><u>Nyeri</u> All members supported the proposal.</p>

S/NO	ISSUE	PROPOSAL/RATIONALE	PUBLIC PARTICIPATION COMMENTS
			<u>Meru</u> All members agreed with the proposal. <u>Machakos</u> Proposal supported by all members with no comments <u>Nakuru</u> Proposal supported by all members with no comments <u>Kericho</u> Proposal supported by all members with no comments <u>Eldoret</u> Proposal supported by all members with no comments



REPUBLIC OF KENYA
TWELFTH PARLIAMENT (FIFTH SESSION)
THE NATIONAL ASSEMBLY

NA. L&P. 2021/LOM (072)

November 9, 2021

PAPERS LAID

Hon. Speaker, I beg to lay the following **Papers** on the Table of the House today,
Tuesday, November 9, 2021 (Afternoon Sitting): -

- i) Legal Notice No. 163 of 2021 relating to the **Retirement Benefits (Individual retirement benefits schemes) (Amendment) Regulations, 2021;** ✓
- ii) Legal Notice No. 164 of 2021 relating to the **Retirement Benefits (Occupational Retirement Benefits Schemes (Amendment) Regulations, 2021;** ✓
- iii) Legal Notice No. 165 of 2021 relating to the **Retirement Benefits (Umbrella Retirement Benefits Schemes (Amendment) Regulations, 2021;** ✓
- iv) Legal Notice No. 212 of 2021 relating to the **Partnerships (Limited Partnerships) Regulations, 2021;** ✓
- v) Reports of the Auditor-General and Financial Statements in respect of the following Institutions for the year ended 30th June, 2019 and the certificates therein: -
- a) Laikipia University;
 - b) Coast Development Authority; ✓
 - c) Karumo Technical Training Institute; ✓
 - d) Water Resources Authority; ✓
 - e) Kenya Institute of Supplies Management; ✓
- vi) The Consolidated National Government Investment Report for the Financial Year 2020/2021; and
- vii) Reports of the Auditor-General and Financial Statements of NG-CDF in respect of the following Constituencies for the year ended 30th June, 2019 and the certificates therein: -
- a) Changamwe ✓
 - b) Mavoko ✓
 - c) Kilome ✓
 - d) Buuri ✓
 - e) Kinango ✓
 - f) Runyenjes ✓
 - g) Taveta ✓
 - h) North Hoor ✓
 - i) Ndia ✓
 - j) Jomvu ✓
 - k) Moyale ✓
 - l) Gem ✓
 - m) Bondo ✓
 - n) Kisumu Central ✓
 - o) Rongo ✓
 - p) Nyaribari Masaba ✓

(THE LEADER OF THE MAJORITY PARTY)