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REPORT

OF

THE AUDITOR-GENERAL

ON

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

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

THE NATIONAL ASSEMBLY

DATE: 25 MAY 2022

WEDNESDAY

MAJORITY WHIP
Hon. Emmanuel Wangwe
A. Kadhi



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
11 MAY 2022
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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -
EMBAKASI NORTH CONSTITUENCY**

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)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

(b) Key Management

The NGCDF EMBAKASI NORTH Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	WESLEY NGENO KIBET
2.	Sub-County Accountant	PRISCAH KIPCHUMBA
3.	Chairman NGCDFC	JOSEPH MAINA
4.	Member NGCDFC	LILIAN ATIENO

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF EMBAKASI NORTH Constituency Headquarters

P.O. Box 66894,
Living goods Building,
Outering Road,
Nairobi, KENYA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI NORTH CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

(f) NGCDF EMBAKASI NORTH Constituency Contacts

Telephone: (254) 721 206070
E-mail: cdfembakasinorth@ngcdf.go.ke
Website: www.ngcdfboard.go.ke

(g) NGCDF EMBAKASI NORTH Constituency Bankers

Equity Bank Kenya Limited
Kenyatta Avenue
P.O. Box 60000
City Square 00200
Nairobi, 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 (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Annual Constituency Allocation

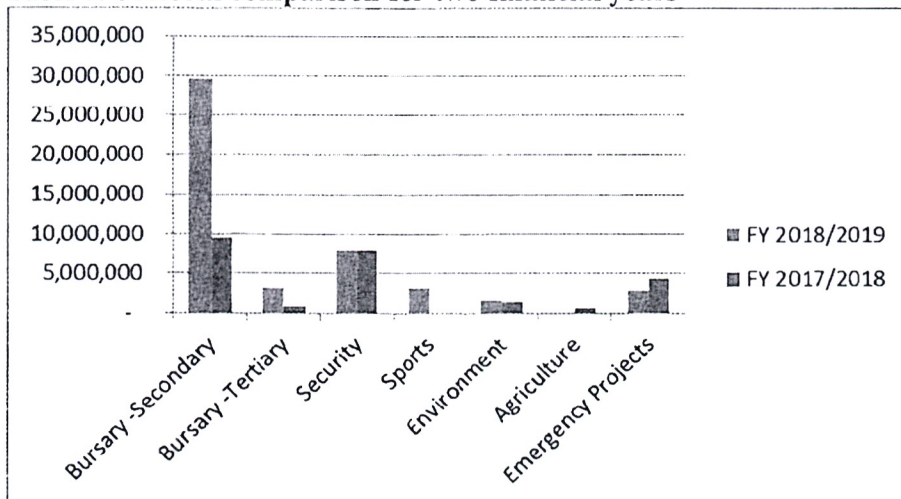
I am pleased to present the unaudited financial statements for Embakasi North Constituency for the financial year ended 30th June 2019. During the year, the Constituency was allocated a total of Kshs 109,040,875.00 as normal allocation.

On receipt of the above allocations, Embakasi North National Government Constituencies Development Fund Committee (NGCDFC) pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016, met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the Constituency. It is noteworthy that during the FY 2018/2019, we received 50% of the normal Constituency funding equivalent to Kshs 54,000,000.00 and balance of Kes 35,084,483 from financial year 2017/2018 these funds were then disbursed to earmarked projects.

Sector Prioritization

During the year, a total of Kshs 25,599,998.00 was allocated as transfers to other Government Units which consist of transfers to primary schools and secondary schools institutions for infrastructural implementation. The funding consisted of Kshs 25,599,998 set aside in normal allocation funding compared to an allocation of Kshs 30,522,819 allocated during the FY 2017/2018. The Committee also allocated Kshs 48,607,998 these were funds allocated towards other grants and transfers as compared to an allocation of Kshs 24,755,098 in the FY 2017/2018.

Table 1: Sectoral comparison for two financial years



Other allocations during the FY 2018/2019 include Kshs 7,467,016.00 towards administrative costs, monitoring and evaluation programmes and staff remunerations.

Emerging Issues

The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects eligible to be funded. Under this Act only projects falling within the functions of the National Government as outlined in the Constitution of Kenya 2010 will be funded. This effectively means that the Fund has since been concentrating primarily on education, security, sports, Social Security and environment sectors infrastructure as well as other national government residual functions. During the FY 2018/2019, the Committee undertook to expedite the disbursement of funds to earmarked projects

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

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For the year ended June 30, 2019

FORWARD BY THE CHAIRMAN NGCDF COMMITTEE (Continued...)

in accordance with the provisions of the NGCDF Act, 2015, as amended in 2016, and the requirements of the Annual Performance Contract.

Achievements and Major Undertakings

During the year, the Committee disbursed a total of Kshs 29,670,000 being 5,934 beneficiaries' needy but bright students in secondary, and Kshs 3,169,998 being 317 needy but bright students in tertiary institutions. This indirect fund helps schools to directly improve major physical facilities that may not be funded by the ministry or the NG CDFC. Such infrastructure include; classrooms, administration blocks, laboratories, dormitories, toilets, lockers and chairs, desks and equipping of laboratories and libraries and other operations cost within the institutions.. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions whilst increasing retention and transition rates while equally reducing the burden of education for low income families. Another notable major project undertaken during the year is the Embakasi North is Kariobangi North Police Station, Kinyago/Dandora Police Station, Dandora Phase 1 & II & IV Chiefs Offices Constructions of Offices. Above mentioned

Security projects have greatly reduced insecurity in greater Embakasi Suburbs and more specifically in Dandora areas. Provided below is the current status of the Best projects.

Constructions of Kariobangi North Police Station offices project situated in Kariobangi North ward;



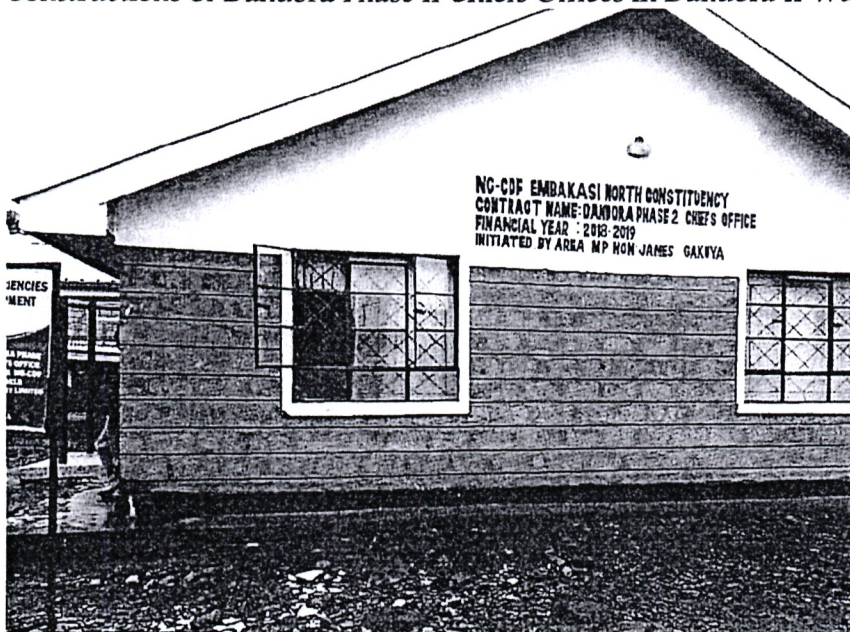
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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FORWARD BY THE CHAIRMAN NGCDF COMMITTEE (Continued...)

Constructions of Kinyago/Dandora Police Station offices project situated in Dandora I ward;



Constructions of Dandora Phase II Chiefs Offices in Dandora II Ward as shown below;



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI NORTH CONSTITUENCY

Reports and Financial Statements

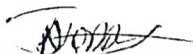
For the year ended June 30, 2019

FORWARD BY THE CHAIRMAN NGCDF COMMITTEE (Continued...)

Challenges

Despite the above impressive performance and plans, the Committee has noted various challenges in project implementation and management during the FY 2018/2019. These encompass, inadequate record keeping by project management committees, failure by some project management committees to comply with the public procurement procedures and regulations as well as delayed submission of the required returns for funds disbursed. Another notable challenge is the limited numbers of technical officers needed to provide the requisite technical advice in project implementation and management. To mitigate the above, the committee during the year 2018/2019 scaled up its capacity building programmes for NGCDF Committee, Project Management Committees and staff on various aspects of NGCDF projects management. These programmes contributed to minimizing the challenges and improving overall performance by Project Management Committees. The NG-CDFC plans to continue with the capacity building as well as monitoring and evaluation programmes during the FY 2019/2020.

I wish to sincerely thank the NG CDF Board NGCDF Committee, NG-CDFC staff, Project Management Committees, Embakasi North Constituents and other stakeholders for the cooperation and support that saw the achievement of the above milestones. Going forward, the Committee envisions even performing better and attaining better assessments in its performance targets for FY 2019/2020.



JOSEPH MAINA MWIHAKI
CHAIRMAN NG -CDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

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 the Public Sector Accounting Standards Board of Kenya from time to time.

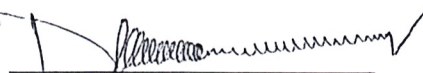
The Accounting Officer in charge of the NGCDF-EMBAKASI NORTH Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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 NGCDF-EMBAKASI NORTH 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 *Embakasi North* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-EMBAKASI NORTH Constituency further confirms the completeness of the accounting records maintained for the *Embakasi North*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

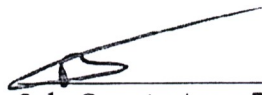
The Accounting Officer in charge of the NGCDF-EMBAKASI NORTH Constituency confirms that the entity has complied fully with applicable Government Regulations, and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly 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-EMBAKASI NORTH Constituency financial statements were approved and signed by the Accounting Officer on 2019 2019.

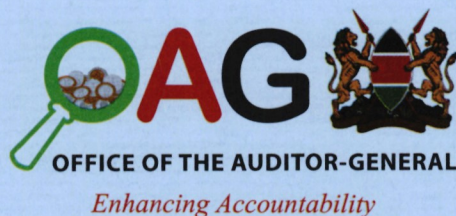

Fund Account Manager
Name: Wesley Kibet Ngeno




THE NATIONAL
Sub-County Accountant
Name: Priscah Chepchumba
ICPAK Member Number: 15993

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI NORTH 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 - Embakasi North Constituency set out on pages 9 to 40, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flow and the 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Embakasi North 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Presentation and Disclosure of the Financial Statements

A summary of the prior year audit issues has been provided under the progress on follow up of auditor recommendations section. However, Management has not indicated whether the issues had been resolved or not, the focal person to resolve the issues and the time frame within which the issues were expected to be resolved.

In addition, the statement of assets and liabilities reflects total assets of Kshs.35,707,798 represented by an equivalent fund balance. However, the fund balance is erroneously described as net liabilities.

Consequently, the financial reporting guidelines prescribed by the Public Sector Accounting Standards Board have not been observed.

2. Unreconciled Unutilized Funds Balances

The summary statement of appropriation - recurrent and development combined reflects a total budget under-utilization of Kshs.106,865,678 which differs with the unutilized funds balance of Kshs.108,948,675 reflected under Note 15.3 to the financial statements and Annex 3 by Kshs.2,082,997. The difference has not been reconciled.

In the circumstances, the accuracy of the unutilized funds balance could not be confirmed.

3. Cash and Cash Equivalents

The bank reconciliation statement for June, 2019 reflected unpresented cheques amounting to Kshs.2,095,134 out of which Kshs.615,917 were stale. The stale cheques had not been reversed in the cash book as at 30 June, 2019.

Consequently, the accuracy of the cash and cash equivalents balance of Kshs.35,707,798 could not be confirmed.

4.0 Unsupported Expenditure

4.1 Unsupported Expenditure on Other Grants and Transfers

The statement of receipts and payments reflects other grants and transfers balance of Kshs.47,371,504 which as disclosed at Note 7 to the financial statements, included Kshs.2,150,000 relating to emergency projects. However, payment vouchers and relevant supporting documents for the expenditure were not provided contrary to Regulation 104(1) of the Public Finance Management (County Governments) Regulations, 2015.

Further, the balance included Kshs.32,303,504 being bursaries disbursed to tertiary institutions and secondary schools. However, the bursary applications register maintained to show the names of applicants and their identification details, location of domicile, schools and colleges as well as acknowledgements of receipt were not provided for audit.

In the circumstances, the accuracy and validity of the reported payments for other grants and transfers could not be confirmed.

4.2 Unsupported Monitoring and Evaluation Expenses

The statement of budget execution by programmes and sub programmes reflects an expenditure of Kshs.2,160,507 for monitoring and evaluation. However, this amount included Kshs.526,500 which was not supported with relevant documents such as payment vouchers, list of the projects visited and monitoring and evaluation reports for the projects visited.

Further, the statement reflects an expenditure of Kshs.1,700,000 on capacity building of which payments totaling Kshs.1,115,000 were not supported with date and location where capacity building took place, team building program and attendance register. In addition, the payments included an amount of Kshs.96,000 paid as sitting allowances but for which minutes of the meetings held were not provided for audit.

In the circumstances, it was not possible to ascertain whether the expenditure was lawful, authorized, effective, efficient, economical and transparent.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.187,304,597 and Kshs.116,146,717 respectively resulting to an under-funding of Kshs.71,157,880 or 38% of the budget. Similarly, the Fund expended Kshs.80,438,919 against an approved budget of Kshs.187,304,597 resulting to an under-expenditure of Kshs.106,865,678 or 57% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the constituents.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Progress of Implementation of Projects

Audit inspection of projects implemented by the Fund revealed the following anomalies:

1.1 Construction of Four Storied Classrooms at Ushirika Primary School

Contract documents including the project proposal from the Project Management Committee, budgets, bills of quantities, work plans, progress reports and site meeting

minutes for the construction of four (4) storied classrooms at Ushirika Primary School works awarded at a contract sum of Kshs.7,968,202 were not provided for audit.

Further, the contractor was paid Kshs.3,788,708 or 48% of the contract amount for unspecified certificate of works completed.

In addition, the contract was to be implemented within the six (6) months period commencing on 30 November, 2018 and ending on 30 May, 2019. However, audit inspection undertaken on 22 January, 2020 revealed that the project was not labeled as required by Regulation 15(1)(f) of the National Government Constituencies Development Fund Regulations, 2016.

1.2 Renovation of Classrooms at Tom Mboya Primary School

Examination of contract documents revealed that the Fund awarded the contract for the renovation of twenty-seven (27) classrooms at Tom Mboya Primary School at a contract sum of Kshs.20,001,416 for a contract period of thirteen (13) months commencing on 1 February, 2017 and to be completed on 1 February, 2018. However, the contractor was paid Kshs.17,848,480 or 89% of the contract sum for unspecified certificate of works completed. Further, the contract documents including bills of quantities, work plans, progress reports and site meeting minutes were not provided for audit.

In addition, audit Inspection undertaken on 22 January, 2020 revealed that, the ceiling was falling off and the corridor floor was not repaired, the roof was leaking and the workmanship on walls finishing was poor.

1.3 Proposed Construction of Six Classrooms Storey Block at Dandora Girls Secondary School

The Fund awarded the contract for the proposed construction of six (6) classrooms storey block at Dandora Girls Secondary School at a contract sum of Kshs.12,228,574. However, contract documents such as the project proposal from Project Management Committee, budgets, bills of quantities, work plans, progress reports and site meeting minutes were not provided for audit. Further, the contractor was paid Kshs.6,301,254 or 52% of the contract sum for unspecified certificate of works completed. In addition, audit inspection undertaken on 22 January, 2020 revealed that the floor had cracks and the project was not labeled.

In the circumstance, it was not possible to confirm that value for money was obtained from the expenditure on the projects as required under Section 149(2)(m) of the Public Finance Management Act, 2012.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the ability of National Government Constituencies Development Fund - Embakasi North Constituency to sustain services, disclosing and as applicable matters related to sustainability of services and using the going concern 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 Fund monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 going concern basis of accounting and, based on the audit evidence obtained, whether a material


uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion.

My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease sustaining 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

15 October, 2021

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018 - 2019	2017 - 2018
		Kshs	Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	89,084,483	84,353,447
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	1,500,000	-
TOTAL RECEIPTS		90,584,483	84,353,447
PAYMENTS			
Compensation of employees	4	2,126,909	1,115,964
Use of goods and services	5	5,340,507	5,513,046
Transfers to Other Government Units	6	25,599,999	30,522,819
Other grants and transfers	7	47,371,504	24,755,098
Acquisition of Assets	8	-	60,000
Other Payments	9	-	-
TOTAL PAYMENTS		80,438,919	61,966,926
SURPLUS/DEFICIT		10,145,565	22,386,521

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 30/09 2019 and signed by:



Fund Account Manager
Name: Wesley Kibet Ng'eno

**THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI**



Sub-County Accountant
Name: Priscah Chepchumba
ICPAK Member Number: 15993

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

EMBAKASI NORTH CONSTITUENCY


Reports and Financial Statements

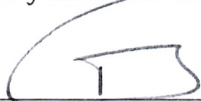
For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	35,707,798	25,562,233
Cash Balances (cash at hand)	10B	-	-
Total cash and cash Equivalent			
Accounts payable - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		35,707,798	25,562,233
FINANCIAL LIABILITIES			
Retention	12	-	-
NET FINANCIAL ASSETS		35,707,798	25,562,233
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	25,562,233	3,175,715
Surplus/Defict for the year		10,145,565	22,386,521
Prior year adjustments	14	-	-
NET LIABILITIES		35,707,798	25,562,233

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 30/09/2019 and signed by:


Fund Account Manager
Name: Wesley Kibet Ngeno

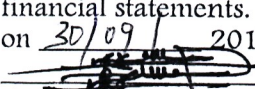

Sub-County Accountant
Name: Priscah Chepchumba
ICPAK Member Number: 15993
**THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI**

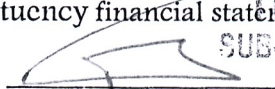
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
EMBAKASI NORTH CONSTITUENCY**

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

VI. STATEMENT OF CASHFLOW			
Receipts for operating income		2018 - 2019	2017 - 2018
Transfers from CDF Board	1	89,084,483	84,353,447
Other Receipts	3	1,500,000	
		90,584,483	84,353,447
Payments for operating expenses			
Compensation of Employees	4	2,126,909	1,115,964
Use of goods and services	5	5,340,507	5,513,046
Transfers to Other Government Units	6	25,599,999	30,522,819
Other grants and transfers	7	47,371,504	24,755,098
Other Payments	9	-	-
		80,438,919	61,906,926
Adjusted for:			
Adjustments during the year	14	-	-
Net cash flow from operating activities		10,145,565	22,446,521
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	60,000
Net cash flows from Investing Activities		-	(60,000)
NET INCREASE IN CASH AND CASH EQUIVALENT		10,145,565	22,386,521
Cash and cash equivalent at BEGINNING of the year	13	25,562,233	3,175,715
Cash and cash equivalent at END of the year		35,707,798	25,562,233

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-EMBAKASI NORTH Constituency financial statements were approved on 30/09/2019 and signed by:


Fund Account Manager
Name: Wesley Kibet Ng'eno


Sub-County Accountant
Name: Priscah Chepchumba
ICPAK Member Number: 15993

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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						
Proceeds from Sale of Assets	109,040,875.52	78,263,721.40	187,304,596.92	114,646,716.61	72,657,880.31	61%
Other Receipts			-	-	-	
TOTAL RECEIPTS	109,040,875.52	78,263,721.40	187,304,596.92	116,146,716.61	(1,500,000.00)	62%
PAYMENTS						
Compensation of Employees	1,900,000.00	2,127,442.00	4,027,442.00	2,126,909.00	1,900,533.00	53%
Use of goods and services	7,501,882.00	1,810,837.00	9,312,719.00	5,340,507.00	3,972,212.00	57%
Transfers to Other Government Units	48,800,000.00	28,793,965.50	77,593,965.50	25,599,998.50	51,993,967.00	33%
Other grants and transfers	50,838,993.45	45,531,476.90	96,370,470.35	47,371,504.00	48,998,966.35	49%
TOTAL	109,040,875.45	78,263,721.40	187,304,596.85	80,438,918.50	106,865,678.35	43%

- The reason why the Compensation of employees was above average was due to the fact that staff salaries were never reviewed within the year.
- Use of good and services dismally performed due to minimum activities within the year due to several transfers of the office bearers and changes in the committee composition.
- Transfers to other government units performed poorly due to several conditional approvals in our annual budget due to some insufficient information to warrant approvals.
- Other grants and transfers, was below 50 % due to limited funds disbursed from the board and several changes in the management structure.

The NGCDF EMBAKASI NORTH Constituency financial statements were approved on

30/09

2019 and signed by

Fund Account Manager
Name: Wesley Kibet Ng'eno

Sub-County Accountant
Name: Priscah Chepchumba
ICPAK Member Number: 15993

THE NATIONAL
SUB-COUNTY ACCOUNTANT
KASARANI

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

VIII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 2018/2019	Budget utilization difference 2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration					
Employees' Salaries	1,824,000	2,127,442	3,951,442	2,126,909	1,824,533
NHIF	44,000		44,000		44,000
NSSF	32,000		32,000		32,000
Goods and Services	2,800,000	1,810,837	4,610,837	1,700,000	2,910,837
Committee Expenses	1,480,000		1,480,000	1,480,000	-
Sub-Total	6,180,000	3,938,279	10,118,279	5,306,909	4,811,370
2.0 Monitoring and Evaluation					
Goods and Services	521,882	-	521,882	-	521,882
Committee Expenses	1,000,000		1,000,000	460,507	539,493
Capacity Building of NG-CDFs/PMCs	1,700,000		1,700,000	1,700,000	-
Sub-Total	3,221,882	-	3,221,882	2,160,507	1,061,375
3.0 Emergency					
Emergency	5,738,993	4,500,062	10,239,055	2,150,000	8,089,055
Sub-Total	5,738,993	4,500,062	10,239,055	2,150,000	8,089,055
4.0 Bursary and Social Security Programme					
Bursary Secondary Schools	18,000,000	14,832,051	32,832,051	29,233,504	3,598,547
Bursary Tertiary Schools	9,500,000	5,000,000	14,500,000	3,070,000	11,430,000
Sub-Total	27,500,000	9,832,051	47,332,051	32,303,504	15,028,547
5.0 Sports					
Constituency Sports Tournament	2,100,000	1,736,207	3,836,207	3,188,400	647,807

NATION 11. GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

6.0 Environment	2,100,000	1,736,207	3,836,207	3,188,400	647,807				
Tom mboya primary school tree planting	116,668	1,736,207	1,852,875	1,729,600	123,275				
James gichuru pri school	116,668		116,668	-	116,668				
Marura pri School	116,666		116,666	-	116,666				
Kariobangi North Primary School	116,668		116,668	-	116,668				
Ushirika Primary School	116,666		116,666	-	116,666				
Dandora Primary School	116,668		116,668	-	116,668				
Dandora girls Sec School	116,666		116,666	-	116,666				
Kariobangi North Girls Sec school	116,666		116,666	-	116,666				
Our lady of Fatima Sec Sch	116,668		116,668	-	116,668				
Ushirika Sec School	116,666		116,666	-	116,666				
Dandora Police Station	116,666		116,666	-	116,666				
Canaan AP line	116,666		116,666	-	116,666				
Kariobangi North Police Station	116,666		116,666	-	116,666				
Kariobangi Chiefs Office	116,666		116,666	-	116,666				
Dandora 1 Chiefs Office	116,666		116,666	-	116,666				
Dandora 2 Chiefs Office	116,666		116,666	-	116,666				
Dandora DO Office	116,666		116,666	-	116,666				
Dandora Sec School	116,668		116,668	-	116,668				
Sub-Total	2,100,000	1,736,207	3,836,207	1,729,600	2,106,607				
7.0 Primary School Projects									
Ushirika primary school	8,000,000		8,000,000	8,000,000	-				
Wangu primary school	9,200,000	300,000	9,500,000	300,000	9,200,000				
James gichuru pri school	8,000,000		8,000,000		8,000,000				
Ronald ngala primary school	8,000,000	300,000	8,300,000	300,000	8,000,000				
Kariobangi north pri school	15,000,000	2,100,000	17,100,000	2,100,000	15,000,000				
Tom mboya primary school		1,193,966		1,	-				

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

Dandora Primary school		3,100,000		3,100,000		(3,100,000)
Marura pri school		900,000		900,000		(900,000)
Sub-Total	48,200,000	17,893,966	66,093,966	14,700,000		51,393,966
8.0 Secondary School Projects						
Kariobangi north girls sec school	600,000	100,000	700,000	100,000		600,000
Dandora girls sec school		9,300,000		9,300,000		
Ushirika sec school		1,500,000		1,500,000		
Sub-Total	600,000	10,900,000	11,500,000	10,900,000		600,000
9.0 Tertiary institutions projects						
						-
						-
10.0 Security Projects						
Kariobangi Police Station	6,500,000	26,950	6,526,950			6,526,950
Kwa mbao AP Line	500,000		500,000			500,000
Canaan AP line	2,000,000		2,000,000			2,000,000
Dandora Phase 3 DO Office	2,500,000					
Sharp corner AP Line	1,900,000					
Kariobangi North Area Chiefs office		1,000,000	1,000,000		1,000,000	-
Dandora 1 Chiefs Office		3,000,000			3,000,000	
Dandora 2 Chiefs Office		3,000,000			3,000,000	
Dandora 4/5 Chiefs Office		1,000,000			1,000,000	
Kinyago Police Station		9,700,000				
Sub-Total	13,400,000	7,726,950	31,126,950	8,000,000		9,026,950
GRAND TOTAL	109,040,875	78,263,721	187,304,597	80,438,920		92,765,677

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-EMBAKASI NORTH 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.

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.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 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.

SIGNIFICANT ACCOUNTING POLICIES

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 Equity Bank Limited at the end of the financial year.

7. Accounts Receivable

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

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. . Embakasi North NG CDFC did not have any outstanding obligation or third party deposit in its books as at 30th June, 2019.

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 Fund

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

SIGNIFICANT ACCOUNTING POLICIES

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 01st July 2018 to 30th June 2019 as required by Law, 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.

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. Embakasi North NG CDFC did not have any error requiring the statements of the opening balances for the period under review.

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 (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

X. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2018 - 2019	2017 - 2018
Normal Allocation		Kshs	Kshs
11-Nov-18	B005336	35,084,483	
10-Jan-19	B30172	10,000,000	
19-Feb-19	B006319	8,000,000	
25-Feb-19	B030377	12,000,000	
2-Apr-19	A699037	11,000,000	
3-May-19	B042882	13,000,000	
	AIE NO.A855792		5,500,000
	AIE NO.A892551		40,948,270
	AIE NOA892941		20,000,000
	AIE NOA896796		17,905,170
TOTAL		89,084,483	84,353,440

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from the Sale of Vehicles and Transport Equipment	0	0
Receipts from sale of office and general equipment	0	00
Total	0	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2018-2019 Kshs	2017-2018 Kshs
Receipts from Sale of tender documents	00	00
Other Receipts Not Classified Elsewhere	1,500,000	00
Total	1,500,000	00

4. COMPENSATION OF EMPLOYEES

Description	2018-2019 Kshs	2017 - 2018 Kshs
Basic wages of contractual employees	1,679,800	1,115,964
Basic wages of casual labour		-
Personal allowances paid as part of salary		-
House allowance		-
Transport allowance		-
Leave allowance		-
Other personnel payments		-
Employer contribution to NSSF	10,200	-
Gratuity-contractual employees	436,909	-
TOTAL	2,126,909	1,115,964

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Utilities, supplies and services	0	-
Electricity	0	-
Water & sewerage charges	0	-
Office rent	800,000	1,500,000
Communication, supplies and services		53,000
Domestic travel and subsistence		115,000
Printing, advertising and information supplies & services		-
Training expenses	1,873,507	1,999,500
Hospitality supplies and services		766,856
Other committee expenses		-
Committee allowance	1,767,000.00	1,064,000
Office and general supplies and services	900,000	6,000
Other operating expenses	0	8,690
Bank service commission and charges	0	
Security operations	0	-
Routine maintenance- other assets	0	-
TOTAL	5,340,507	5,513,046

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
EMBAKASI NORTH CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017 -	2017 -
	2018	2018
	Kshs	Kshs
Transfers to Primary schools	14,700,000	26,113,793
Transfers to Secondary schools	10,899,998	4,409,026
TOTAL	25,599,998	30,522,819

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	29,233,504	9,400,000
Bursary -Tertiary	3,070,000	899,000
Bursary-Special schools	-	-
Mocks & CAT	-	-
Security	8,000,000	7,977,239
Sports	3,188,400	-
Environment	1,729,600	1,500,000
Agriculture	-	586,859
Emergency Projects	2,150,000	4,392,000
TOTAL	47,371,504	24,755,098

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8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>		2018-2019	2017-2018
		Kshs	Kshs
Purchase of other office equipment		-	60,000
TOTAL		-	60,000

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	00	00
ICT Hub	00	00
	00	00

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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	208-2019	2017 201
		Kshs (30/6/2019)	
<i>EQUITY BANK LTD; KENYATTA AVENUE NAIROBI</i>	<i>A/C no.1300261118717</i>	35,707,798	25,562,233

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11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	00	00	00
<i>Total</i>				

12A. RETENTION

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 3	00	00
	00	00
Total	00	00

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018-2019 Kshs	2017 - 2018 Kshs
1. Priscillah Mlongo Mwangolo	130,200	
2. Veronicah Mui	148,800	
3. Maureen Mugo	119,040	
4. Nellus Njeri	100,440	
	498,480	-

Staff gratuity for one year which will be paid after the contract expiry.

13. BALANCES BROUGHT FORWARD

	2018-2019 Kshs (1/7/2018)	2017 - 2018 Kshs (1/7/2017)
Bank accounts	25,562,233	3,175,715
Cash in hand		-
Imprest		-
TOTAL	25,562,233	3,175,715

14. PRIOR YEAR ADJUSTMENTS

	2018-2019 Kshs	2017-2018 Kshs
Bank accounts	00	00
Imprest	00	00
Total	00	00

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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	0	0
Supply of services	0	0
	<u>00</u>	<u>00</u>

15.2: PENDING STAFF PAYABLES

	2018-2019	2017-2018
	Kshs	Kshs
1. Priscillah Mlongo Mwangolo	130,200	130,200
2. Veronicah Mui	148,800	148,800
3. Maureen Mugo	119,040	100,440
4. Nellus Njeri	100,440	38,750
	498,480	418,190

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,900,533	2,127,442
Use of goods and services	3,972,212	1,810,837
Amounts due to other Government entities (see attached list)	54,932,430	31,732,428
Amounts due to other grants and other transfers (see attached list)	48,143,500	44,676,011
Others (<i>specify</i>)		
	<u>108,948,675</u>	<u>80,346,719</u>

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15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)		
	10,595,460.95	35,548,391
	10,595,460.95	35,548,391

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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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
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
	Sub-Total					
Middle Management						
4.						
5.						
6.						
	Sub-Total					
Unionisable Employees						
7.						
8.						
9.						
	Sub-Total					
Others (specify)						
10.						
11.						
12.						
	Sub-Total					
	Grand Total					

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2018/19	Outstanding Balance 2017/18	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Kariabangi North girls secondary school	Purchase of school bus	600,000		
Wangu primary school	Construction of classrooms	9,200,000		
James gichuru primary school	Construction of classrooms	8,000,000		
Ronald ngala primary school	Construction of classrooms	8,000,000		
Kariobangi north primary school	Construction of perimeter wall	15,000,000		
Tom mboya primary school	Construction of perimeter wall & flood lights	14,132,429		
Sub-Total		60,805,174		
Amounts due to other grants and other transfers				
	emergency	8,089,055		
	environment	2,106,607		
	sports	647,807		
Kariobangi police station	Perimeter wall	6,526,950		
Kwa mbao AP line	Renovation of staff quarters	500,000		
Canaan AP line	Perimeter wall	2,000,000		
Dandora 3 DO office	Perimeter	2,500,000		

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land				
Buildings and structures				
Transport equipment				
Office equipment, furniture and fittings	663,565	0	0	665,325
ICT Equipment, Software and Other ICT Assets	604,000	0	0	604,000
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
Total	1,267,565	00	00	1,269,325

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ANNEX 4 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
Dandora Girls secondary school PMC	equity	0320272078524	3,513,703.20	35,548,391
Tom mboya primary school PMC	equity	0320264695245	2,669,863.75	
Dandora 1 chiefs office ngcdf	equity	0320278451937	2,124,825	
Dandora 4/5 chiefs office PMC	equity	0320278622458	288,666	
Dandora 2 chiefs office ng-cdf	equity	0320278509122	1,451,654.65	
Kariobangi north chies office ngcdf	equity	0320278499841	835	
Ronald ngala pri school ngcdf	equity	0320278520099	545,913.50	
Total			10,595,460.95	35,548,391

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put date when you expect the issue to be resolved)
	<p>1. Unsupported Emergency Expenditure – Ksh 4,392,000</p> <p>The financial statements show that under other grants and transfer the NG –CDF spent Kshs. 4,392,000 on emergency projects. However, no payment vouchers and related documents were availed to support the expenditure; therefore it was not possible to confirm that the money was used for intended purposes</p>	<p>It is true that there were no payment vouchers for the emergency projects by the end of financial year 2017/2018, the surrenders for the same funds was done on 06/07/2018 hence making it an audit issue to the following financial year that is 2018/2019.</p> <p>Find the attached copies of payment vouchers.</p>			
	<p>2. Cash and cash equivalents-25,562,234</p> <p>Examination of statement of assets reflects kshs 25,562,234 against cashbook balance which differs from bank certificate balance of kshs 30,147,786.30resulting</p>	<p>The kshs.4,585,552 is as a result of payments in cashbook not yet recorded in bank statement, the receipts in bank not recorded in cashbook, and payments in bank not yet recorded in cashbook.</p> <p>The stale cheques</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put date when you expect the issue to be resolved)
	<p>an unexplained or unreconciled difference of kshs 4,585,552</p> <p>Further, bank reconciliation statement reflects kshs.3,100,553.04 against unrepresented cheques which include kshs. 1,199,874 in respect of stale cheques. No reasons have been given for failure to reverse stale cheques.</p> <p>In addition bank reconciliation statement reflects a receipt for kshs 1,505,000 in the bank not recorded in cashbook for which no explanation has been given.</p> <p>In the circumstances, the accuracy of kshs 25,562,234 reflected against cash and cash equivalents could not be ascertained.</p>	<p>amounting to kshs.1,199,874 were under the process of replacement and as per the time of audit some cheques had been replaced and reversed to the cashbook.</p> <p>The receipts in bank statements amounting to kshs.1.505,000 is as a result of a reversed cheque of ksh. 1,500,000 which was paid to the wrong account of ushirirka secondary school pmc hence reversed to embakasi north ngcdf account. The amount is recorded to the cashbook receipts dated july 2018 which later was paid to the right contractor. The kshs.5,000.0 is as result of a bounced cheque hence recorded as receipts by the bank.</p> <p>Find the attached cashbook copy.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time: (Put date when you expect the issue to be resolved)
	<p>During the year under review, embakasi north ngcdf had an approved budget of kshs.142,313,645 which includes adjustments of kshs.53,503,300 against actual expenditure of kshs.61,966,926 or 44% during the year, resulting in under expenditure of kshs.80,346,719 or 55% of the total budget. In this regard the under expenditure implies that planned activities were not executed and thus resulting in lack of effectiveness in service delivery to the constituents.</p> <p>Further, records show that kshs.25,000,000 was initially budgeted for rehabilitation of tom mboya playing ground, however, kshs.20,000,000 was later reallocated by cdf</p>	<p>It is true there were under expenditure of funds during the financial year, this was due to late disbursement of funds from the ngcdf board and the procurement procedures which were underway. Annex 3 copies of aies received during the financial year. Tom mboya playing ground could not have been implemented because the county government of Nairobi took over the project hence leading reallocation to change of the activity to tom mboya primary school renovation and a perimeter wall.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	board in respect of renovation of tom mboya primary school and the balance of kshs.5,000,000 was for construction of a perimeter wall. No reasons have been given for failure to incur the money on the intended purpose as at 30/06/2018.				
	Examination of expenditure records in respect of other grants and transfers revealed that kshs.586, 858.78 was paid for agriculture/marketing projects which were not among the projects approved by cdf board in the project code-list contrary to sec 31 of ngcdf act 2015.	It is true that the agriculture/market shades were not in the financial year project code list thus the projects were carried forward from the previous year 2015/2016 which were implemented during the financial year 2017/2018 hence leading to expenditure of unbudgeted funds In 2017/2018			
	During the year under review, embakasi north ngcdf awarded and executed projects valued at kshs.6, 864,477	It is true some projects were not implemented using PMCs, this is because during the time of project			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	without project management committee (PMC) contrary to section 36(1) and section 57 of ngcdf act 2015.	implementations there were a few PMCs created in embakasi north ngcdf. According to sec 57 of ngcdf act 2015 the PMCs have been created and active.			
	Examination of records show that a contractor among other two others submitted bids for construction of an administration block and two classrooms at a tender sum of ksh.13, 872,962, however, the contract was revised upward and awarded to the same contractor at kshs.15, 691,490 resulting in excess payment of kshs.1, 818,528 which was not approved by the board contrary to section 139 (1)(a) of the public procurement and disposal act (2015) Audit has further revealed that the	Ushirika secondary school administration block and two classrooms were done in phases and the contract commenced on April 2015 the. Since the project is in phases, the contract period cannot be determined. All the vouchers are available. There Ng-cdf committee approved for additional funds to complete the project.			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>contractor was paid kshs.1, 021,450 in respect of electrical work which was not initially included in the bill of quantities without a variation order. Although the form was signed on 30th april 2015, other documents that forms the contract have not been signed, therefore, it is not possible to evaluate and determine the actual commencement of the contract and the contract period, therefore, it is not possible to determine when the contract was concluded. In addition, the fund manager did not avail any payment voucher for audit contrary to sec 9 (1)(e)(i) of the public audit act (2015).</p>				
	<p>Examination of tender records in respect of contract no SCWO/EMB-</p>	<p>The contract was awarded competitively and three bidders were</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame: (Put date when you expect the issue to be resolved)
	<p>N/CDF/1/2016-17 for construction of 240 meter perimeter wall reveals that the contract was not awarded competitively at kshs. 3,978,900 on 24th april 2017 contrary to article 227 (1) of the constitution (2010). Audit has further revealed unsatisfactory matters as follows:-</p> <p>1.1 The works were to commence immediately and was scheduled to run for a period of 12 weeks (3months) instead it extended to over a year. No recommendation or approval by an evaluation committee as well as certificate from the tenderer for justification of extension of contract period was availed</p>	<p>evaluated and the winning company was awarded as per the public procurement act. The delay of commencement of work was due to late disbursement of funds from the board and issues between the contractor and the community which were later solved. About the cracked wall, there are no cracks but a double column which leads to a space to separate each ten (10) columns. This is to avoid collapse of the walls incase one side is affected. It is true the wall is not plastered and the management has given orders for the work to be completed and</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time (Period) to resolve
	<p>contrary to section 139(2)(a).</p> <p>1.2 The amount paid to the contractor was kshs.4, 999,980 that exceeded the contract sum by kshs.1021080 or 26%. This variation was not tendered for separately contrary to section 139(6) of public procurement and assets disposal act, 2015.</p> <p>1.3 Examination of confidential business questionnaire and curriculum vitae attached, indicate that the proprietor of the company was registered on 8th September 2003.</p> <p>1.4 An audit inspection undertaken on 27th</p>	<p>since the retention is not yet released, in case contractor fails to redo, management will use the retention to complete the plaster.</p> <p>The columns are 3-4 meters are the measurements given by the engineer to make the wall firm.</p>			