


REPUBLIC OF KENYA



*Enhancing Accountability*



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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

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

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



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

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 Lamu East Constituency day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

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

No.	Designation	Name
1.	A.I.E holder	Stephen Charo
2.	Sub-County Accountant	Geoffrey Kimani
3.	Chairman NGCDFC	Ali Kassim
4.	Member NGCDFC	Khadija Swabri

**(d) Fiduciary Oversight Arrangements**

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

**(e) NGCDF Lamu East Constituency Headquarters**

P.O. Box 262-80500  
Behind Lamu Market  
Kenyatta Avenue  
Lamu, Kenya

**(f) NGCDF Lamu East Constituency Contacts**

Telephone: (254) 721 722 246  
E-mail: [cdflamueast@ngcdf.go.ke](mailto:cdflamueast@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF Lamu East Constituency Bankers**

Equity Bank  
Lamu Branch  
Account Number 159 0261 644 233  
P.O. Box 60-80500  
Lamu, Kenya

**(h) Independent Auditors**

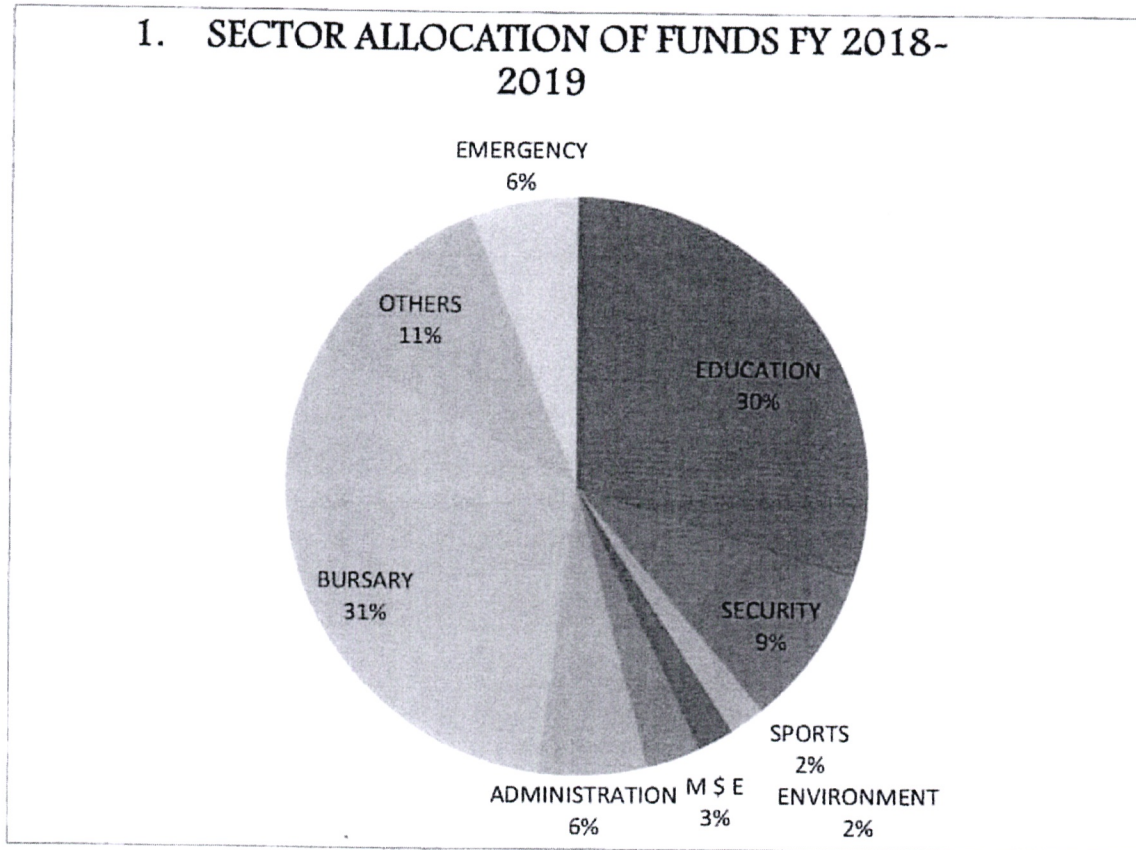
Auditor-General  
Office of the Auditor- General  
Anniversary Towers, University Way  
P.O. Box 30084  
GOP 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

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

**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

It is with great joy that we share with you the progress report for the last one year FY 2018-2019. During the year we received Kenya Shillings 120,420,186 which was distributed to all sectors for planned and budgeted activities as under:



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LAMU EAST CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

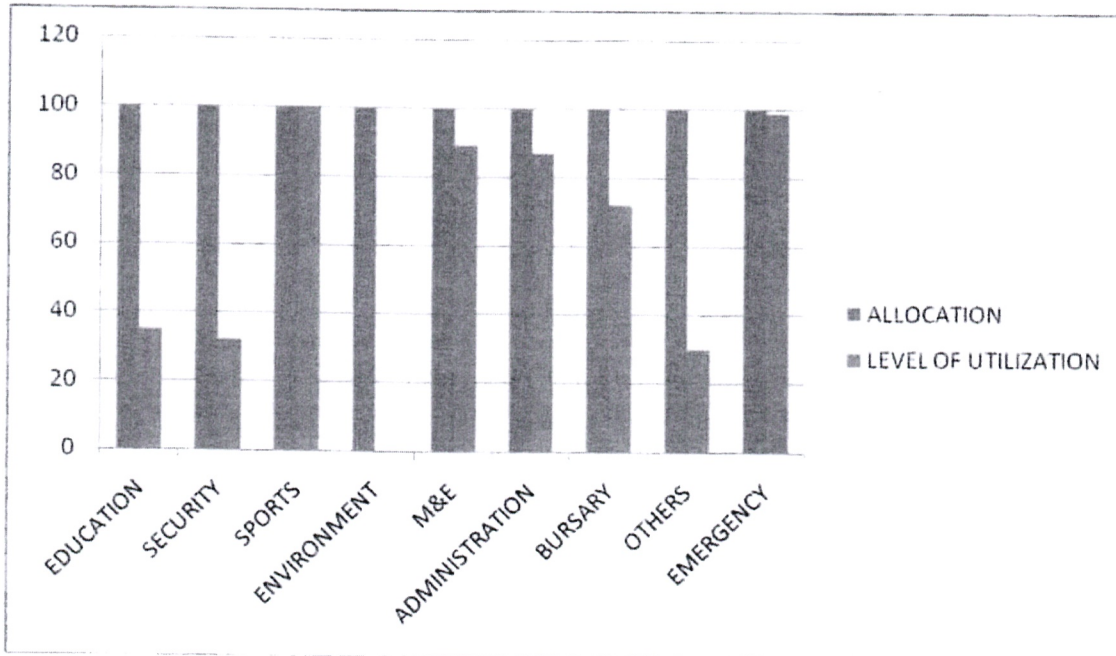
**2. PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION**

The low level of implementation was due to late disbursement of funds by the Board. The funds we received totalling to Kshs. 120,420,186 can actually be analysed as follows:

1. Supplementary budget Kshs.11,379,310.00 – received in July 2018
2. Bursary and Operational Costs Kshs. 54,000,000.00 received in February 2019
3. Projects Funds 55,040,876.00 received in June, 2019

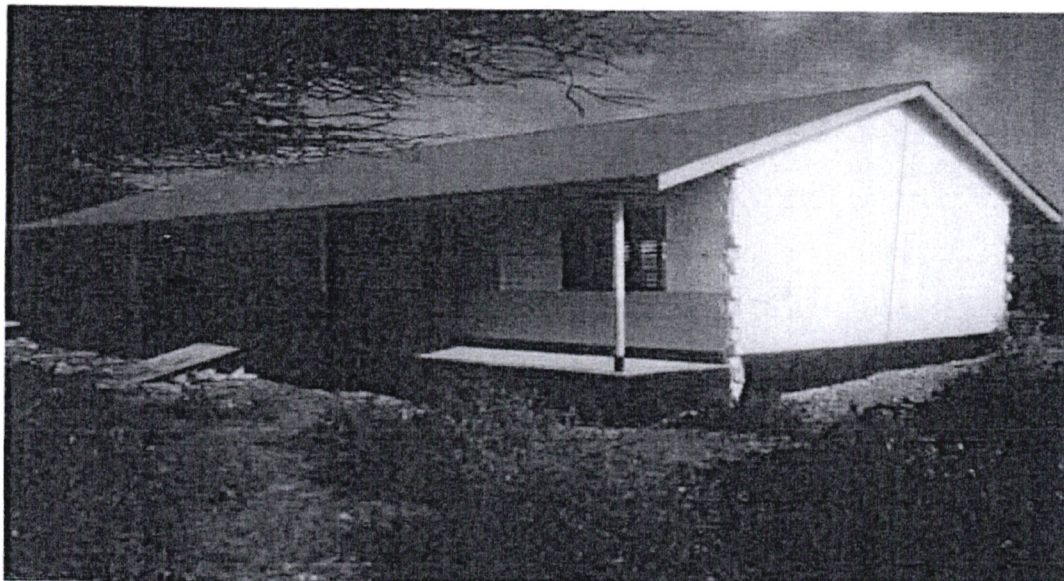
This is not an ideal situation as 50% of the budget was received at the end of the Financial Year 2018/2019. Hence the low level of project implementation as shown in the graph below

**All the funds were put into good and accountable use as per level of utilization as under:**



**MAJOR MILESTONES AND ACHIEVEMENT IN THE TWO MAJOR SECTORS OF EDUCATION AND SECURITY:**

Kizingitini Boys Primary School is an all NG-CDF Project with 8 classrooms now at 10 classrooms with Administration and 3 blocks of toilets



*1. Kizingitini Boys Primary School. Two new classrooms – FY 2018/19 Good workmanship, well labelled with PLWD ramps in an all NG-CDF primary school*

**HIGH IMPACT PROJECT OF PHOTOCOPIERS**



*2. Photocopier project for all Lamu East schools and teachers chairs  
High impact: Lamu East is composed of fragmented islands and each island got its own photocopier/s through the schools – 5 for secondary schools and 10 for primary schools with 200 teachers' chairs*

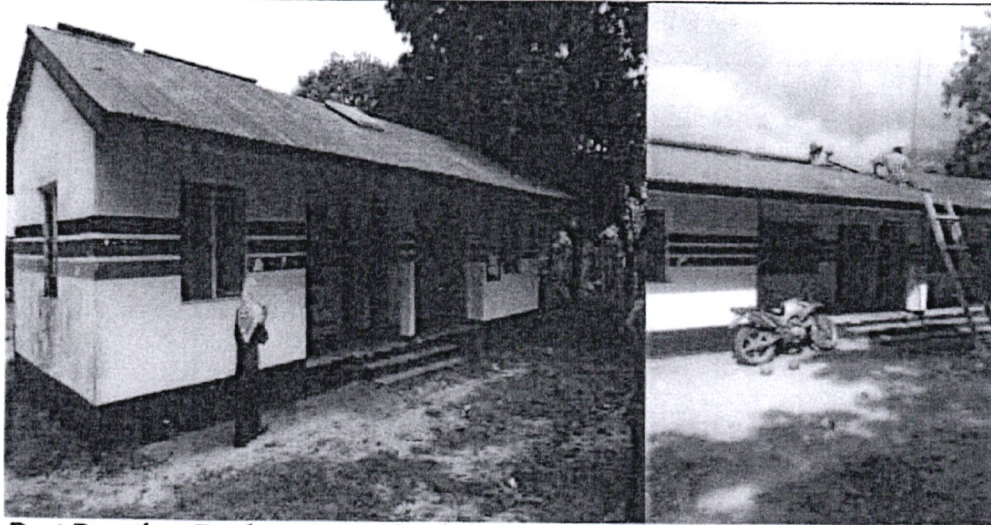
*NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)*

*LAMU EAST CONSTITUENCY*

**Reports and Financial Statements**

**For the year ended June 30, 2019**

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*Best Practice: Replacement of Asbestos roof with galvanized colour iron sheets at Faza Deputy County Commissioner's offices*

*This is the Headquarters of Lamu East District*

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

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**PERENIAL ISSUES**

**Lamu East suffers from pre-independence challenges of**

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

**EMERGING ISSUES**

- iv) Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- v) Ban on dawn to dusk fishing
- vi) Ban on mangrove harvesting
- vii) Crack down on drug trafficking
- viii) Rural – urban migration many youth do not want to live on the islands
- ix) Over dependence on bursary due reduced fishing activities and ban on mangrove

**HIGH IMPACT PROJECT: PHOTOCOPIER**

Photocopier project has made Lamu East teachers, students and parents sigh with relief. It used to take a two days to just get a photocopy. Now every island boasts of a photocopier

**BEST PRACTICE PROJECT: HANDING OVER OF DEVOLVED PROJECTS**

v) We completed a long stalled project of Mbwajumwali Dispensary and handed it over to the County Government of Lamu along with the Ndau Dispensary and Ndau Water Desalination Plant. Handing Over of all completed projects including; Pate Girls Secondary School and all security projects.

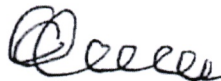
**BIGGEST CHALLENGE**

Dealing with the community on compliance matters is viewed with suspicion as Project Management Committee members would like to be independent. That is the only thing they carry with them during capacity building. Enforcement of all procedural matters is viewed with hostility as micromanaging them and is politicised as working with political rivals.

**LESSONS LEARNT**

- Continuous Capacity Building of the NG-CDFC family including PMC and line ministry
- We need to establish a District Headquarters for Lamu East
- Train both NG-CDFC and staff as well as enlighten the general public
- Some challenges require National Intervention and County Government like the road network, water and electricity
- Most people depend on bursary only to educate their children
- Funds are scarce and disbursements will always be late hence good prior planning of activities to actualize great impact and output

Sign



**CHAIRMAN NGCDF COMMITTEE**

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**

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

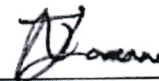
The Accounting Officer in charge of the NGCDF- Lamu East Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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- Lamu East Constituency financial statements were approved and signed by the Accounting Officer on 16/9/ 2019.



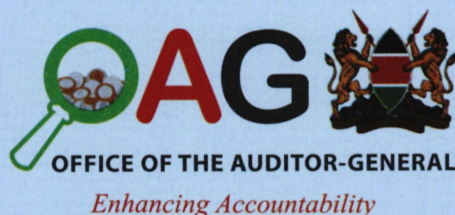
**Fund Account Manager**  
**Name: Stephen Charo**



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

# REPUBLIC OF KENYA

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NAIROBI

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

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lamu East Constituency set out on pages 10 to 38, which comprise the statement of financial assets as at 30 June, 2019 and the statement of receipts and payments, statement of cash flows 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Lamu East Constituency as at 30 June, 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. Unsupported Bursary Payments

Included in the other grants and other payments balance of Kshs.38,308,214 under Note 7 to the financial statements is an amount of Kshs.25,540,214 for bursaries paid to secondary schools and tertiary institutions of Kshs.19,082,714 and Kshs.6,457,500 respectively. However, a review of the expenditure and other supporting documents revealed that there were no minutes of the bursary committee meetings to confirm details of how the bursaries were awarded. Further, a review of the expenditure revealed that an amount of Kshs.15,517,213 disbursed to various institutions had not been acknowledged through the official receipts or acknowledgement letters from the beneficiary institutions.

Consequently, the validity of the expenditure of Kshs.25,540,214 as at 30 June, 2019 on bursaries could not be confirmed.

## **2. Presentation of Financial Statements**

The statement of financial assets as at 30 June, 2019 reflects total financial assets of Kshs.59,731,738 and nil total financial liabilities. However, the statement incorrectly reflects a net liabilities position at the bottom of Kshs.59,731,738 instead of a net financial position in accordance with the guidelines issued by the Public Sector Accounting Standards Board. Further, the date (as at) of the statement of financial assets was not indicated.

In addition, the financial statements did not provide space for insertion of the report of the Auditor General, contrary to the requirements of the templates issued by the Public Sector Accounting Standards Board. No explanation was provided for this anomaly.

Consequently, the financial statements presented do not comply with the reporting format as prescribed by the Public Sector Accounting Standards Board.

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

### **Key Audit Matters**

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

### **Other Matter**

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

During the year under review, the Fund had an approved budget of Kshs.128,542,059 comprising of Kshs.109,040,876 for financial year 2018/2019 and Kshs.19,501,184 being funds brought forward from financial year 2017/2018. The actual expenditure by the Fund in the year under review was Kshs.68,810,319 resulting to an under expenditure of Kshs.59,731,740 or an absorption rate of 54% of the total approved budget.

In the circumstances, failure to utilize the budget fully may have hampered service delivery to the constituents of Lamu East Constituency.

## **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 the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## Basis for Conclusion

### Delayed Project Implementation

The project implementation status report made available for audit review indicated that a total of Kshs.99,227,198 was allocated to twenty-four (24) projects, out of which eight (8) projects amounting to Kshs.21,114,760 were complete, five (5) with a cost of Kshs.42,064,437 were ongoing while eleven (11) amounting to Kshs.36,048,000 had not started as analyzed below:

Name of the Project	Activity	Project Cost (Kshs.)	Status
Pate Secondary School	Construction to completion of matron house	2,500,000	On going
Pate Secondary School	Phase II completion of upper floor	6,000,000	On going
Mtangawanda AP Post	Construction to completion of a galvanized chain-link fence	3,000,000	On going
Bursary Tertiary Schools	Payment of bursary to needy student	10,000,000	On going
Bursary Secondary Schools	Payment of bursary to needy student	20,564,437	On going
Tchundwa AP Post	Construction to completion of a new administration block	2,500,000	Not started
Shanga Primary School	Reroofing of 10 no. classrooms	1,548,000	Not started
Ndau Primary School	Construction to completion of an Administration block and furnishing	4,000,000	Not started
Myabogi Primary School	Construction to completion of an Administration block and furnishing	4,000,000	Not started
Mkokoni Primary School	Construction to completion of an Administration block and furnishing	4,000,000	Not started
Mbwajumwali Secondary School	Construction to completion of twin laboratory	7,000,000	Not started
Kizingitini Girls Primary School	Construction to completion of an Administration block and furnishing	4,000,000	Not started
Kiangwe Police Fence	Construction to completion of a galvanized chain-link fence	2,500,000	Not started

<b>Name of the Project</b>	<b>Activity</b>	<b>Project Cost (Kshs.)</b>	<b>Status</b>
Faza Secondary School	Completion of school library, painting, putting ceiling and furniture	2,000,000	Not started
Faza Assistant County Commissioner	Construction to completion of an Administration Block	2,500,000	Not started
Environment	Construction of 12 door toilets 4 for girls, 2 for female teachers and 4 bathrooms at Pate Secondary school	2,000,000	Not started
<b>Total</b>		<b>78,112,437</b>	

In view of the foregoing, the constituents did not get the expected services from a total of sixteen (16) projects worth Kshs.78,112,437 which were either incomplete or not started as at 30 June, 2019.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### Basis for Conclusion

#### 1. Lack of Constituency Oversight Committee

During the year under review the Fund had no Constituency Oversight Committee in place, contrary to Section 54(1) of the National Government Constituencies Development Fund Act, 2015 which requires that constituency oversight committees to be appointed for every National Government Constituency Development Fund.

In the circumstances, the Fund was in breach of law.

## **2. Weak Controls for Cash and Bank**

A review of the effectiveness of the internal controls for cash and bank established that stale cheques were not immediately written back and the cash book was not updated at the time of preparation of bank reconciliations as required by Section 90(3) of the Public Finance Management (National Government) Regulations, 2015.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 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**


**01 October, 2021**

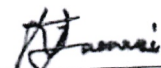
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LAMU EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**IV. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
<b>RECEIPTS</b>			
Transfers from CDF board	1	120,420,186	86,810,344
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
<b>TOTAL RECEIPTS</b>		<b>120,420,186</b>	<b>86,810,344</b>
<b>PAYMENTS</b>			
Compensation of employees	4	4,612,554	1,633,573
Use of goods and services	5	6,701,552	7,667,575
Transfers to Other Government Units	6	17,252,000	26,095,390
Other grants and transfers	7	38,308,214	41,549,172
Acquisition of Assets	8	1,936,000	1,922,960
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>68,810,319</b>	<b>78,868,670</b>
<b>SURPLUS/DEFICIT</b>		<b>51,609,866</b>	<b>7,941,674</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Lamu East Constituency financial statements were approved on 16/9/ 2019 and signed by:

  
 Fund Account Manager  
 Name: Stephen Charo

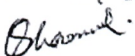
  
 Sub-County Accountant  
 Name: Geoffrey Kimani  
 ICPAK Member Number: 22173

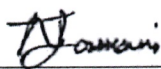
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LAMU EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**V. STATEMENT OF FINANCIAL ASSETS**

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	59,731,738	8,121,872
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>59,731,738</b>	<b>8,121,872</b>
<b>Current Receivables</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>59,731,738</b>	<b>8,121,872</b>
<b>FINANCIAL LIABILITES</b>			
<b>Accounts Payable</b>			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
<b>NET FINANCIAL ASSETS</b>		<b>59,731,738</b>	<b>8,121,872</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	8,121,872	180,199
Surplus/Defict for the year		51,609,866	7,941,673
Prior year adjustments	14	-	-
<b>NET LIABILITIES</b>		<b>59,731,738</b>	<b>8,121,872</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Lamu East Constituency financial statements were approved on 16/9/2019 and signed by:

  
**Fund Account Manager**  
**Name: Stephen Charo**

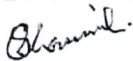
  
**Sub-County Accountant**  
**Name: Geoffrey Kimani**  
**ICPAK Member Number:22173**

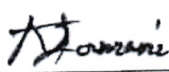
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LAMU EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**VI. STATEMENT OF CASH FLOWS**

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Transfers from NG-CDF Board	1	120,420,186	86,810,344
Other Receipts	3	-	-
<b>Total Receipts</b>		<b>120,420,186</b>	<b>86,810,344</b>
<b>Payments</b>			
Compensation of Employees	4	4,612,554	1,633,573
Use of goods and services	5	6,701,552	7,667,575
Transfers to Other Government Units	6	17,252,000	26,095,390
Other grants and transfers	7	38,308,214	41,549,172
Other Payments	9	-	-
<b>Total Payments</b>		<b>66,874,319</b>	<b>76,945,710</b>
<b>Total Receipts Less Total Payments</b>		<b>53,545,866</b>	<b>9,864,634</b>
<b>Adjusted for:</b>			
Outstanding Imprest	11		
Retention	12A		
Gratuity Payable	12B		
Prior Year adjustment	14		
<b>Net Adjustments</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>		<b>53,545,866</b>	<b>9,864,634</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(1,936,000)	(1,922,960)
<b>Net cash flows from Investing Activities</b>		<b>(1,936,000)</b>	<b>(1,922,960)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>51,609,866</b>	<b>7,941,673</b>
Cash and cash equivalent at BEGINNING of the year	13	8,121,872	180,199
Cash and cash equivalent at END of the year		59,731,738	8,121,872

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Lamu East Constituency financial statements were approved on 16/9/ 2019 and signed by:

  
**Fund Account Manager**  
**Stephen Charo**

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

**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 %
<b>RECEIPTS</b>						
Transfers from CDF Board	109,040,876	19,501,183	128,542,059	120,420,186	-	93.7.0%
Proceeds from Sale of Assets			-		-	
Other Receipts		-	-	-	-	
<b>TOTAL RECEIPTS</b>	<b>109,040,876</b>	<b>19,501,183</b>	<b>128,542,059</b>	<b>120,420,186</b>		<b>100.0%</b>
<b>PAYMENTS</b>						
Compensation of Employees	4,408,800	1,168,101	5,576,901	4,612,554	964,347	82.7%
Use of goods and services	5,404,878	1,899,031	7,303,909	6,701,552	602,357	91.8%
Transfers to Other Government Units	57,500,000	5,800,000	63,300,000	17,252,000	46,048,000	27.3%
Other grants and transfers	40,303,430	5,444,792	45,748,222	38,308,214	7,440,008	83.7%
Acquisition of Assets	1,423,768	512,232	1,936,000	1,936,000	-	100.0%
Other Payments	-	4,677,027	4,677,027		4,677,027	
<b>TOTAL</b>	<b>109,040,876</b>	<b>19,501,183</b>	<b>128,542,059</b>	<b>68,810,319</b>	<b>59,731,740</b>	<b>53.5%</b>

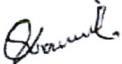
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

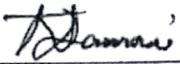
- (a) Our overall performance at 54% was affected by late disbursement of funds which came in at the end of the Financial Year in June, 2019
- (b) Compensation of employees was affected by overstated gratuity calculate at gross salaries but payment made at basic salaries
- (c) Transfers to Other Government Units was affected by late disbursement of funds which came in at the end of Financial Year in June, 2019
- (d) Other grants and transfers was affected by late disbursement of funds for Security Projects, Second tranche of Bursary and Environment projects which came in at the end of the Financial Year in June, 2019

*i. Adjustments figure is calculated as under:*

Details	Kshs
Supplementary budget	11,379,311
Cashbook balance	8,121,872
<b>TOTAL</b>	<b>19,501,183</b>
<b>Truncated bal</b>	<b>19,501,183</b>

The NGCDF-Lamu East Constituency financial statements were approved on 16/9/ 2019 and signed by:

  
 Fund Account Manager  
 Name: Stephen Charo

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

III. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019	2018/2019	2018/2019
	Kshs	Kshs	Kshs	Kshs	Kshs
	A (2019)	B(BF)	C(A+B)	D	E(C-D)
<b>1.0 Administration</b>					
Employees' Salaries	4,000,000	1,102,101	5,102,101	4,769,350	332,751
Goods and Services	873,620	365,057	1,238,677	1,238,677	-
NSSF	208,000	42,000	250,000	135,436	114,564
NHIF	200,800	24,000	224,800	56,650	168,150
Committee Expenses	1,260,032	240,000	1,500,032	1,023,094	476,938
<b>Sub-Total</b>	<b>6,542,452</b>	<b>1,773,158</b>	<b>8,315,610</b>	<b>7,223,207</b>	<b>1,092,403</b>
<b>2.0 Monitoring and Evaluation</b>					-
Goods and Services	873,620	200,000	1,073,620	1,073,620	-
Committee Expenses	1,097,606	120,000	1,217,606	1,217,606	-
NG-CDFC/PMC Capacity Building	1,300,000	1,000,000	2,300,000	1,799,673	500,327
<b>Sub-Total</b>	<b>3,271,226</b>	<b>1,320,000</b>	<b>4,591,226</b>	<b>4,090,899</b>	<b>500,327</b>
<b>3.0 Emergency</b>					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

Emergency	5,738,993	629,931	6,368,925		6,368,925
Mbwajumwali AP Post				568,000	(568,000)
Mbwajumwali AP post- March 19	-	-	-	1,230,000	(1,230,000)
Disease Outbreak in schools	-	-	-	400,000	(400,000)
Kiwayuu Primary schl- March 19	-	-	-	2,100,000	(2,100,000)
Kiwayuu Chandani feeder schl- March 19	-	-	-	2,000,000	(2,000,000)
<b>Sub-Total</b>	<b>5,738,993</b>	<b>629,931</b>	<b>6,368,925</b>	<b>6,298,000</b>	<b>70,925</b>
<b>4.0 Bursary and Social Security Programme</b>					
Bursary Secondary Schools	20,564,437	3,500,000	24,064,437	19,082,714	4,981,723
Bursary Tertiary Schools	10,000,000	1,288,834	11,288,834	6,457,500	4,831,334
Bursary Special Schools	-	-	-	-	-
Social Security Programmes -NHIF	-	-	-	-	-
Bursaries					-
<b>Sub-Total</b>	<b>30,564,437</b>	<b>4,788,834</b>	<b>35,353,271</b>	<b>25,540,214</b>	<b>9,813,058</b>
<b>5.0 Sports</b>					
Lamu East sports project- March 19	2,000,000	-	2,000,000	2,000,000	-
<b>Sub-Total</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>-</b>
<b>6.0 Environment</b>					
Environment - Pate Girls Sec Sch	2,000,000	-	2,000,000	-	2,000,000
<b>Sub-Total</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>
<b>7.0 Primary School Projects</b>					
Lamu east school furniture					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU EAST CONSTITUENCY

Reports and Financial Statements

Year ended June 30, 2019

Mbwajumwali Primary School	513,200	-	513,200	513,200	-
Tchundwa Primary School	513,200	-	513,200	513,200	-
Mtangawanda Primary School	303,200	-	303,200	303,200	-
Pate Primary School	303,200	-	303,200	303,200	-
Rasini Girls Primary School	303,200	-	303,200	303,200	-
Faza Boys Primary School	303,200	-	303,200	303,200	-
Siyu Primary School	303,200	-	303,200	303,200	-
Kizingitini Girls Primary School	303,200	-	303,200	303,200	-
Kizingitini Boys Primary School	303,200	-	303,200	303,200	-
Ndau Primary School	303,200	-	303,200	303,200	-
Mkokoni Primary School	4,000,000	-	4,000,000	-	4,000,000
Myabogi Primary School	4,000,000	-	4,000,000	-	4,000,000
Kizingitini Girls primary school	4,000,000	-	4,000,000	-	4,000,000
Ndau Primary School	4,000,000	-	4,000,000	-	4,000,000
Mtangawanda Primary School	1,500,000	-	1,500,000	1,500,000	-
Kizingitini Boys primary school	3,000,000	-	3,000,000	1,500,000	1,500,000
Shanga Primary School	1,548,000	-	1,548,000	1,500,000	48,000
<b>Sub-Total</b>	<b>25,500,000</b>	<b>-</b>	<b>25,500,000</b>	<b>7,952,000</b>	<b>17,548,000</b>
<b>8.0 Secondary School Projects</b>		<b>-</b>			
Faza Secondary School	2,000,000	-	2,000,000	-	2,000,000
Pate Secondary School-Staff house	2,500,000	-	2,500,000	-	2,500,000
Pate Secondary School	6,000,000	-	6,000,000	1,000,000	5,000,000
Mbwajumwali Secondary School	7,000,000	5,800,000	12,800,000	5,800,000	7,000,000
Secondary Schools Photocopiers project	2,500,000	-	2,500,000	2,500,000	-
<b>Sub-Total</b>	<b>20,000,000</b>	<b>5,800,000</b>	<b>25,800,000</b>	<b>9,300,000</b>	<b>16,500,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU EAST CONSTITUENCY**  
**Reports and Financial Statements**  
**for the year ended June 30, 2019**

tertiary institutions projects					
<b>10.0 Security Projects</b>					
Tchundwa AP Post	2,500,000	-	2,500,000	-	2,500,000
Mtangawanda AP Post	3,000,000	-	3,000,000	3,000,000	-
Faza Assistant County Commissioner Administration office	2,500,000	-	2,500,000	-	2,500,000
Kiangwe Police Fence	2,500,000	-	2,500,000	-	2,500,000
Police Posts Electrification	1,500,000		1,500,000	1,470,000	30,000
	<b>12,000,000</b>	<b>-</b>	<b>12,000,000</b>	<b>4,470,000</b>	<b>7,530,000</b>
<b>11.0 Acquisitions of Assets</b>					
Purchase of General NG-CDF Office equipments	1,423,767	512,233	1,936,000	1,936,000	-
<b>Sub-Total</b>	<b>1,423,767</b>	<b>512,233</b>	<b>1,936,000</b>	<b>1,936,000</b>	<b>-</b>
<b>12.0 Others</b>					
ICT Hub		4,677,027	4,677,027	-	4,677,027
<b>Sub-Total</b>		<b>4,677,027</b>	<b>4,677,027</b>	<b>-</b>	<b>4,677,027</b>
<b>GRAND TOTAL</b>	<b>109,040,876</b>	<b>19,501,183</b>	<b>128,542,059</b>	<b>68,810,319</b>	<b>59,731,740</b>

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

### **3. Reporting Currency**

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

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

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

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

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

##### **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.

**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 30<sup>th</sup> June 2018, 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.

**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 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 1<sup>st</sup> July 2018 to 30<sup>th</sup> 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 30<sup>th</sup> June 2018.

### 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.

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2018-2019	2017 - 2018
		Kshs	Kshs
Normal Allocation	A896999	11,379,310	
	B030087	10,000,000	
	B030474	20,000,000	
	B006421	6,000,000	
	A724454	11,000,000	
	B042786	7,000,000	
	B047593	55,040,876	
	A855898		5,500,000
	A892777		37,905,172
	A896806		21,000,000
	A896912		22,405,172
Conditional grants	AIE NO...		-
Receipt from other Constituency			-
<b>TOTAL</b>		<b>120,420,186</b>	<b>86,810,344</b>

**2. PROCEEDS FROM SALE OF ASSETS**

	2018-2019	2017-2018
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
<b>Total</b>		

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents		
Other Receipts Not Classified Elsewhere		
<b>Total</b>	-	-

4. COMPENSATION OF EMPLOYEES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Basic wages of contractual employees	2,011,657	1,031,518
Basic wages of casual labour	1,040,000	541,000
<b>Personal allowances paid as part of salary</b>	726,400	
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Other personnel payments - NHIF	56,650	-
Employer contribution to NSSF	135,436	61,055
Gratuity-Paid	642,411	-
Gratuity-Accrued	-	-
<b>TOTAL</b>	<b>4,612,554</b>	<b>1,633,573</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
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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	86,000	205,575
Electricity	-	-
Water & sewerage charges	4,150	-
Office rent	420,000	-
Communication, supplies and services	55,030	60,000
Domestic travel and subsistence	692,000	420,000
Printing, advertising and information supplies & services	495,150	300,000
Rentals of produced assets	-	420,000
Training expenses	-	632,000
Hospitality supplies and services	265,220	9,400
Other committee expenses	-	-
Committee allowance	2,240,700	1,080,000
Insurance costs	-	-
Specialised materials and services	40,300	3,500,000
Office and general supplies and services	651,765	468,600
Fuel , oil & lubricants	497,200	-
Other operating expenses	844,282	572,000
Bank service commission and charges	20,970	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	95,850	-
Routine maintenance- other assets	292,935	-
Strategic Plan	-	-
<b>TOTAL</b>	<b>6,701,552</b>	<b>7,667,575</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
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For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Transfers to Primary schools	7,952,000	14,300,000
Transfers to Secondary schools	9,300,000	11,795,390
Transfers to Tertiary institutions	-	-
TIVET		
<b>TOTAL</b>	<b>17,252,000</b>	<b>26,095,390</b>

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2018-2019	2017 - 2018
	Kshs	Kshs
Bursary -Secondary	19,082,714	14,123,000
Bursary -Tertiary	6,457,500	7,621,000
Bursary-Special schools	-	-
Mocks & CAT	-	4,000,000
Security	4,470,000	8,000,000
Sports	2,000,000	1,605,172
Environment	-	1,700,000
Emergency Projects	6,298,000	4,500,000
<b>TOTAL</b>	<b>38,308,214</b>	<b>41,549,172</b>

8. ACQUISITION OF ASSETS

<b>Non Financial Assets</b>	<b>2018-2019</b>	<b>2017 - 2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	1,048,624	1,800,000
Purchase of Vehicles	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles	-	-
Purchase of office furniture and fittings	401,376	-
Purchase of computers ,printers and other IT equipments	486,000	122,960
Purchase of photocopier	-	-
Purchase of other office equipments	-	-
Purchase of soft ware	-	-
Acquisition of Land	-	-
<b>TOTAL</b>	<b>1,936,000</b>	<b>1,922,960</b>

9. OTHER PAYMENTS

	<b>2018-2019</b>	<b>2017 - 2018</b>
ICT HUB	-	-
specify	-	-
specify	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	Account Number	2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Equity Bank, Lamu</i>	<i>A/C no.1590261644233</i>	59,731,738	8,121,872
<b>10B: CASH IN HAND)</b>			
		2018-2019	2017 - 2018
		Kshs (30/6/2019)	Kshs (30/6/2018)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts		-	-
<b>TOTAL</b>		-	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LAMU  
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For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<i>Name of Officer or Institution</i>				
<b>Total</b>				-

12A. RETENTION

	2018 - 2019 Kshs	2017-2018 Kshs
Supplier 1		
Supplier 2		
Supplier 3		
<b>Total</b>	-	-

12 B. STAFF GRATUITY OUTSTANDING

	2018 - 2019 Kshs	2017-2018 Kshs
Name 1		
Name 2		
Name 3		
<b>Total</b>	-	-

**13. BALANCES BROUGHT FORWARD**

	2018-2019 Kshs	2017-2018 Kshs
Bank accounts		
Cash in hand		8,121,872
Imprest		
<b>Total</b>	<u>-</u>	<u>8,121,872</u>

**14. PRIOR YEAR ADJUSTMENTS**

	2018- 2019 Kshs	2017-2018 Kshs
Bank accounts		
Cash in hand		
Imprest		
<b>Total</b>	<u>-</u>	<u>-</u>

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	-	-
	<u>-</u>	<u>-</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
NGCDFC Staff	-	-
Others ( <i>specify</i> )	-	-
	<u>-</u>	<u>-</u>

15.3: UNUTILIZED FUND (See Annex 3)

	2018-2019	2017 - 2018
	Kshs	Kshs
Compensation of employees	964,347	1,168,101
Use of goods and services	602,357	1,899,031
Amounts due to other Government entities	46,048,000	5,800,000
Amounts due to other grants and other transfers	7,440,007	5,444,792
Acquisition of assets	-	512,232
Others ( <i>specify</i> )	4,677,027	4,677,027
	<u>59,731,738</u>	<u>19,501,183</u>

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
PMC	Kshs	Kshs
	1,005,367.60	86,372.30
PMC Account Balances (see attached list)		
	1,005,367.60	86,372.30

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	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
11.					
12.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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	
<b>Senior Management</b>						
1.						
2.						
3.						
Sub-Total						
<b>Middle Management</b>						
4.						
5.						
6.						
Sub-Total						
<b>Unionisable Employees</b>						
7.						
8.						
9.						
Sub-Total						
<b>Others (specify)</b>						
10.						
11.						
12.						
Sub-Total						
<b>Grand Total</b>						

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - LAMU EAST CONSTITUENCY**  
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**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2018/19	2017/18	
Compensation of employees		964,347	1,168,101	
Use of goods & services		602,357	1,925,057	
Amounts due to other Government entities		46,048,000	6,368,966	
<b>Sub-Total</b>		<b>47,614,704</b>	<b>9,462,124</b>	
Amounts due to other grants and other transfers		7,440,008	4,875,826	
<b>Sub-Total</b>		<b>7,440,007</b>	<b>4,875,826</b>	
Acquisition of assets			486,207	
Others ( <i>specify</i> )		4,677,027	4,677,027	
<b>Sub-Total</b>		<b>12,117,034</b>	<b>5,163,234</b>	
<b>Grand Total</b>		<b>59,731,738</b>	<b>19,501,183</b>	

**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 Cost (Kshs) 2018/19
Land	-	-	-	-
Buildings and structures	6,800,000	1,048,624	-	7,848,624
Transport equipment	3,809,430	-	-	3,809,430
Office equipment, furniture and fittings	656,279	401,376	-	1,057,655
ICT Equipment, Software and Other ICT Assets	311,160	486,000	-	797,160
Other Machinery and Equipment	62,686	-	-	62,686
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>11,639,555</b>	<b>1,936,000</b>		<b>13,575,555</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - LAMU

EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019 (Kshs)

ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2018

PMC	Bank	Account number	Bank Balance 2018/19	Bank Balance 2017/18
SPORTS	EQUITY	1590276053826	48,462.00	491.00
ENVIRONMENT		1590277308396	890.00	890.00
STRATEGIC PLAN		1590277344704	890.00	890.00
NG-CDF OFFICE		1590277308313	720,650.00	49,560.00
LAMU EAST PRIMARY SCHOOLS FURNITURE		1590278640704	51,760.00	-
LAMU EAST PHOTOCOPIERS MACHINE AND EQUIPMENT		1590278641389	49,520.00	-
LAMU EAST SECONDARY SCHOOLS FURNITURE		1590276053635	-	890.00
KIZINGITINI BOYS PRIMARY SCHOOL		1590278641290	9,880.00	-
SIYU PRIMARY SCHOOL		1590272702449	198.80	198.80
PATE SECONDARY SCHOOL		1590269212713	18,304.30	25,965.00
KIWAYUU PRIMARY SCHOOL		1590276052882	2,090.00	450.00
MBWAJUMWALI AP POST KIANGWE PRIMARY SCHOOL		1590272686538	49,540.00	1,230.00
		1590276053145	890.00	890.00
SHANGA PRIMARY SCHOOL		1590261529441	202.50	202.50
MTANGAWANDA PRIMARY SCHOOL		1590277335980	50,650.00	890.00
MBWAJUMWALI SECONDARY SCHOOL		1590277458581	170.00	-
TCHUNDWA AP POST		1590277313571	530.00	3,085.00
MKOKONI AP POST		1590272652542	740.00	740.00
<b>Total</b>			<b>1,005,367.60</b>	<b>86,372.30</b>

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)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Two cheques were incorrectly reversed resulting in a misstatement of bank balance by Kshs. 96,714	These were payments for outstanding statutory deductions for previous years which we reversed and paid salaries and subsequently cleared with the statutory agencies	District Accountant	Resolved Journalized the transaction back into the cashbook	Feb 2019
2.	Out of bursary of Kshs. 21,744,000 paid none acknowledgement by institution amounted to Kshs. 15,297,400	The process of bursary payment is personal and emotive. Our innovative application forms are in triplicate with one copy for the applicant. All cheques are photocopied and all cheques are recorded in a dispatch register	FAM NG-CDFC	Resolved Contracted courier services of Postal Corporation of Kenya	Apr 2019
3.	No Oversight Committee	This is not in NG-CDFC mandate	Area MP National Assembly	Not resolved	
4.	Out of a budget of 98,369,854.00 underutilization of Kshs. 19,501,183	This included an amount of Kshs. 11,379,310 for supplementary budget received after year end	NASC NG-CDF Board	Not resolved	



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