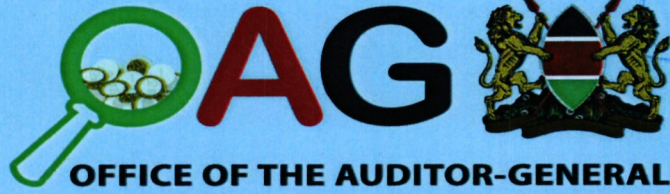


REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY PAPER NO. 1410	
DATE:	15 FEB 2023
DAY:	Wed
TABLED BY:	Deputy Majority Leader
CLERK-AT-THE-TABLE:	Fe Muniki

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



EMBAKASI EAST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021

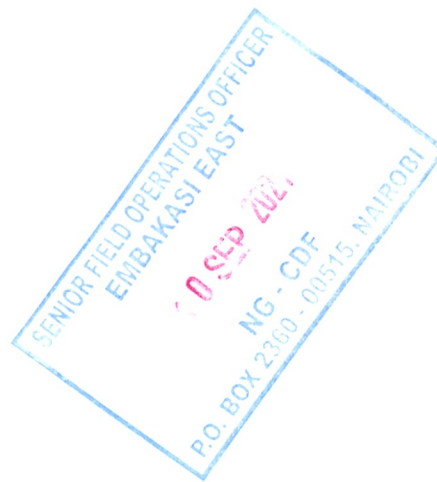
Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)



**Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

The Embakasi East Constituency NGCDF 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 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Victor ouma
2.	Sub-County Accountant	Dennis Mathenge
3.	Chairman NGCDFC	Jane Akinyi
4.	Member NGCDFC	Josephine owino

(d) Fiduciary Oversight Arrangements

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

(e) Embakasi East Constituency NGCDF Headquarters

P.O. Box 2360-00515
Greenspan mall
Along old Donholm Road
Nairobi, KENYA



*Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

(f) Embakasi East Constituency NGCDF Contacts

Telephone: (254)0707484910
E-mail: vouma@ngcdf.go.ke
Website: www.embakasi-east-ngcdf.go.ke

(g) Embakasi East Constituency NGCDF Bankers

Equity Bank A/C No 0820264117294
Donholm Branch
P.O Box 5328-20100
Nairobi Kenya

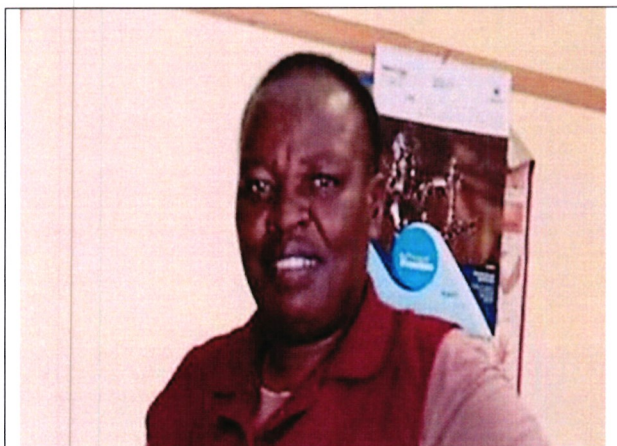
(h) Independent Auditors

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

(i) Principal Legal Adviser

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

III. NG-CDFC CHAIRPERSON'S REPORT



JANE AKINYI

NG-CDFC Chairperson

INTRODUCTION

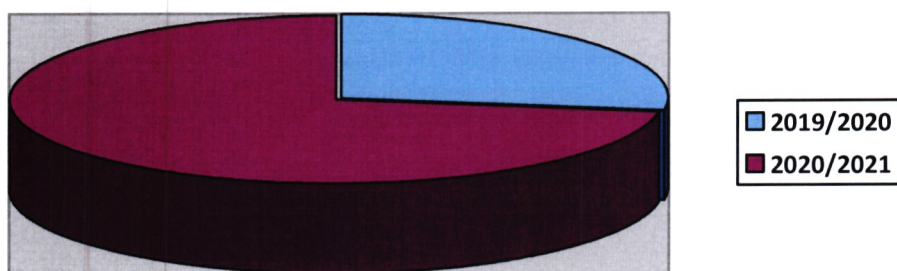
Embakasi East constituency consist of five ward namely Utawala, mihango, upper savannah, lower savannah and Embakasi ward. The people of Embakasi East are determined to participate effectively in domesticating objectives of vision the big Four in our development planning. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness, transparency, openness and accountability.

ACHIEVEMENT

During the financial year 2020/2021, Embakasi East constituency has been able to absorb more than 70% all the total allocation and also the balance of the other financial years. Construction of classrooms, security projects and helping the needy students through bursaries.

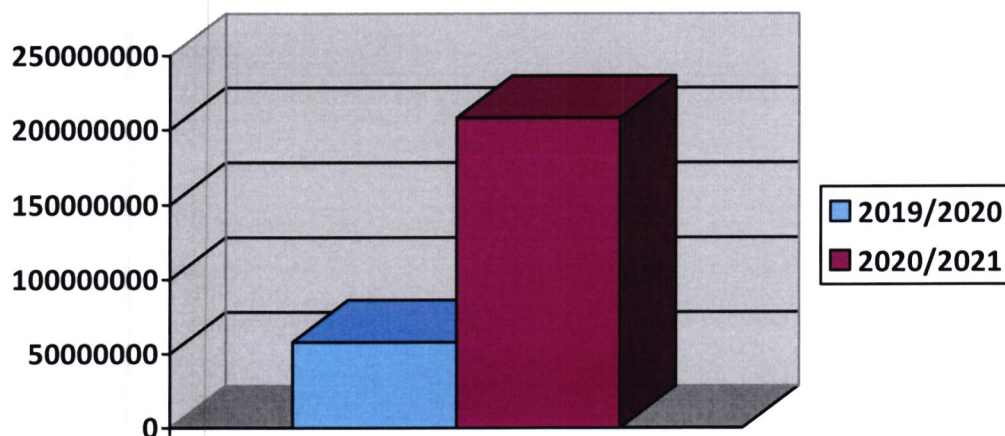
Financial year budget

In the financial year 2020/2021 the NG-CDF Embakasi East was allocated Ksh. 137,367,724 in which the office has since only got Ksh. **68,000,000.00**. the utilization was effectively done giving priority to Projects which is at 100% utilization.



KEY

2019/2020 – 68,000,000
2020/2021 – 108,000,000



KEY

2019/2020 – 58,000,000
2020/2021 – 208,000,000

EMERGING ISSUES

There is a dire need by the community for some projects which are devolved. Embakasi East NG-CDFC would like to support the community with a well-equipped dispensary but this function fall under county government. With the emerging of the covid-19 pandemic the constituency really requires one. Insecurity has also affected the constituent thus there is need for more police stations.

EMBAKASI EAST NG-CDFC MILESTONE

Embakasi East NGCDFC has gone a milestone in enhancing education sector by providing safe and secure learning environment. Some of the projects that Embakasi East undertook during this financial year include but not limited to;



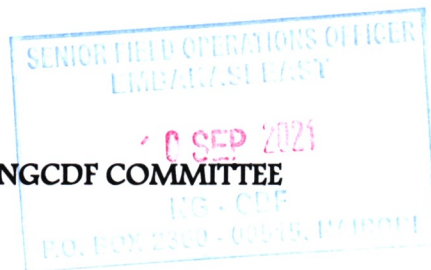
Mihango sec school bus-2020/2021



UTAWALA SECONDARY SCHOOL WATER TOWER

Signature

CHAIRMAN NGCDF COMMITTEE



IV STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of *Embakasi East Constituency 2018-2022* plan are to: *(Enumerate all the objectives of the constituency as per the Strategic Plan)*

- a) To improve education/school infrastructure and facilities
- b) To Increase support of the needy students
- c) To enhance youth skill development
- d) To equip youth with working skills
- e) To enhance area security
- f) To enhance environmental protection
- g) To improve the condition of roads in the constituency
- h) To improve human working capacity
- i) To improve resource mobilization

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	-number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels	In FY 20/21 -we increased number of classrooms in 5 public schools and a new sec school- Donholm sec school - Bursary beneficiaries at all levels were as per the attached schedules
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	Number of renovated chiefs' offices increased from 1 to 2. 2 high masts added in the constituency
Environment	Improve access to	Equip schools	Water tower constructed at	Water tower

	clean water and a more sustainable and conserved environment through natural resources conservation initiatives	with water towers	utawala secondary school	constructed at utawala secondary school fy 2020/2021
Sports	Empower and develop youth and special groups	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme increased from 12 to 37
Emergency	Improve the mechanism used in handling disasters	Reduce loss of live and properties	Number of staircases and rumps put in place.	5 rumps built in 5 public schools in the constituency.

V. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Embakasi East NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as water conservation in public school which has helped in availability of clean water like Utawala sec school water tower.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with

intention of identifying, nurturing talent and encouraging physical fitness among the constituents, the constituency supports 37 teams across the constituency

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- *Report on the frequency of how often NG-CDF supported students carry out environmental conservation activities e.g. planting trees once in an academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.*

3. Employee welfare

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

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

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

Embakasi East NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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

VI. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Embakasi East shall prepare financial statements in respect of Embakasi East NG-CDF. 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 East Constituency is responsible for the preparation and presentation of the Embakasi East constituency financial statements, which give a true and fair view of the state of affairs of Embakasi East NG-CDF for and as at the end of the financial year (period) ended on June 30, 2021. 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 Embakasi East NG-CDF; (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 Embakasi East NG-CDF; (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 East Constituency accepts responsibility for Embakasi East NG-CDF financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of Embakasi East NG-CDF transactions during the financial year ended June 30, 2021, and of Embakasi East NG-CDF financial position as at that date. The Accounting Officer charge of the NGCDF- Embakasi East Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of Embakasi East NG-CDF financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The NGCDF- Embakasi East Constituency financial statements were approved and signed by the Accounting Officer on 10/09/ 2021.

Akinyi

**Chairman NGCDF Committee
Name: Jane Akinyi**

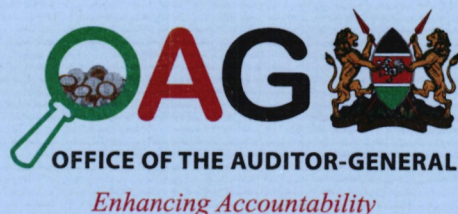
Victor Ouma

**Fund Account Manager
Name: Victor Ouma**



REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI EAST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi East Constituency set out on pages 1 to 26, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the summary statement

Report of the Auditor-General on National Government Constituencies Development Fund - Embakasi East Constituency for the year ended 30 June, 2021

of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Embakasi East Constituency as at 30 June, 2021, 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 National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Unsupported Payment of Committee Allowances

The statement of receipts and payments reflects use of goods and services expenditure totalling to Kshs.11,481,143 which includes committee allowances amounting to Kshs.2,779,000 as disclosed in Note 5 to the financial statements. However, payments amounting to Kshs.541,000 were not supported with the attendance registers, minutes of the meetings and list of beneficiaries.

In the circumstances, the accuracy and completeness of committee allowances amounting to Kshs.541,000 could not be confirmed.

2. Unreconciled Cash and Cash Equivalents

The statement of assets and liabilities reflects bank balances of Kshs.10,658,943 as disclosed in Note 10A to the financial statements. Review of the bank reconciliation statement reflects payments in cash book not recorded in bank statement totalling to Kshs.6,239,142 out of which an amount of Kshs.737,178 related to stale cheques that dated back to November, 2017. Further, the stale cheques also included statutory deductions that had not been remitted to the Kenya Revenue Authority (KRA) and the National Hospital Insurance Fund (NHIF) amounting to Kshs.440,719 and Kshs.4,400, respectively. The Management did not explain why the stale cheques had not been reversed in the cashbook as at 30 June, 2021.

In addition, the bank reconciliation statement for the month of June, 2021 revealed long outstanding payments in the bank statement not yet recorded in cash book totaling to Kshs.721,112 which relates to a forgery that was carried in the financial year 2016/2017. Other than reporting the forgery to the Directorate of Criminal Investigations (DCI) vide OB. Number 26/25/4/2017, no evidence was provided on measures the Management has taken to have the matter concluded.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.10,658,943 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies

Development Fund - Embakasi 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

1. Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis totalling to Kshs.299,627,850 and Kshs.218,911,292 respectively, resulting to an underfunding amounting to Kshs.80,716,558 or 27% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.299,627,850 and Kshs.208,252,349 respectively, resulting to an under expenditure of Kshs.91,375,501 or 30% of the budget.

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

2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues.

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. Non-Compliance with Bursary Application and Awarding Guideline

The statement of receipts and payments reflects other grants and transfers amount of Kshs.92,120,016 which includes bursaries to secondary schools and tertiary institutions totalling to Kshs.66,509,759 as disclosed in Note 7 to the financial statements. However, review of bursary records provided revealed that there was no Education Bursary, Mock Examinations and Continuous Assessment Tests Committee in place to invite, analyze applications and make appropriate recommendations to the NG-CDF Committee.

Further, the application forms used were outdated and did not conform to the prescribed template and had not been vetted. In addition, the awarded amounts to the successful applicants were not indicated on the forms. This is contrary to circular CDFB/CEO/BOARD CIRCULARS VOL II (021) dated 16 June, 2020.

In the circumstances, Management was in breach of the guidelines.

2. Failure to Report on Emergency Utilization

The statement of receipts and payments reflects other grants and transfers totalling to Kshs.92,120,016 which includes emergency expenditure totalling to Kshs.6,401,792 as disclosed in Note 7 to the financial statements. However, Management did not provide documentary evidence indicating that the emergency expenditure was reported to the Board using the prescribed format. This is contrary to Regulation 20(2) of the National Government Constituencies Development Fund Regulations, 2016 which provides that the utilization of emergency reserve shall be reported to the Board within 30 days of the occurrence of emergency in the format prescribed by the Board.

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

3. Irregularities in Transfers to Other Government Units

The statement of receipts and payments reflects transfers to Government entities totalling to Kshs.99,927,550 as disclosed in Note 6 to the financial statements, which includes transfers to primary and secondary schools of Kshs.42,512,769 and Kshs.57,414,781 respectively. Review of the records provided, and physical verification carried out in the Month of May, 2022 revealed instances of non-compliance with relevant authorities as enumerated below;

3.1 Construction of Toilet Block and School Laboratory at Mihango Secondary School

The Constituency disbursed amounts of Kshs.4,400,000 and Kshs.5,669,010 to Mihango Secondary School for construction of a toilet block and a school laboratory respectively. However, Management did not provide appointment letters of the Project Management Committee (PMC) Members, approval minutes on opening of PMC bank account and appointment of its signatories, procurement documents and project implementation progress report for audit verification. Further, review of the project file for the construction of the toilet block revealed that PMC allowances amounting to Kshs.70,000 were paid without signed attendance registers and minutes. This is contrary to Regulation 15(2) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented.

3.2 Renovation of Classrooms at Edelvale Primary School

The Constituency disbursed a total of Kshs.7,000,000 to Edelvale Primary School for reroofing of 12 classrooms. However, the tender evaluation minutes, contract agreement, invoices and engineer completion certificates were not provided for audit review. This is contrary to Regulation 15(1b) of the of the National Government Constituencies

Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented. In addition, physical verification carried out on 1 April, 2022 revealed that reroofing of the 12 classrooms had been completed but rain water goods for five (5) classrooms were not done.

3.3 Construction of Three (3) Classrooms at Maua Primary School

The Constituency disbursed a total of Kshs.4,500,000 to Maua Primary School for construction of three (3) classrooms. However, the project contract agreement, local purchase order, invoices, progress reports and engineer completion certificates were not provided for audit. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented. Further, physical verification carried out on 1 April, 2022 established that the project was ongoing and at approximately 40% completion rate with the foundation and walling finalized and the construction works at lintel level.

3.4 Renovation of Classrooms at Embakasi Primary School

The Constituency disbursed a total of Kshs.13,702,264 to Embakasi Primary School for renovation of classrooms. Review of records provided revealed that the contract was awarded to a local contractor at a contract sum of Kshs.13,018,080. However, the contract was varied upwards by Kshs.650,000 within one month from the date of signing the contract contrary to Section 139(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that no contract price shall be varied upwards within twelve months from the date of the signing of the contract.

Further, the Accounting Officer approval of the variation in line with Section 139(1) the Public Procurement and Assets Disposals Act, 2015 which provides that an amendment or a variation to a contract resulting from a procurement proceeding is effective only if it has been approved in writing by the respective tender awarding authority within a procuring entity was not provided for audit verification. In addition, physical verification carried out on the project on 1 April, 2022 revealed that rain water goods were not done for the five (5) classrooms.

3.5 Donholm Secondary School-Construction of Tuition Block

The Constituency disbursed a total of Kshs.30,713,620 to Donholm Secondary School for construction of a tuition block. Review of records provided revealed that the contract was awarded to a local contractor at a contract sum of Kshs.40,249,703. However, the appointment letters for the Tender Opening Committee, Tender Evaluation Committee and Project Progress Reports were not provided for audit. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the Project Management Committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented.

In addition, physical verification carried out on 1 April, 2022 revealed that the construction of the new tuition block phase 1 was still ongoing and the ground floor was not complete. The construction was at slab level and only walling had been done which is approximately 40%. The contractor had been paid the first payment of Kshs.14,747,611.80.

Consequently, Management was in breach of the law and value for money was not realized from works not done and incomplete projects.

4. Construction of Utawala Chief's Camp on Private Land

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.92,120,016 which, as disclosed in Note 7 to the financial statements, includes transfers to security projects amounting to Kshs.8,700,000 for construction of Utawala Chiefs Camp. However, the Bill of Quantities, site meeting and instructions minutes and works progress reports were not provided for audit. This is contrary to Regulation 15(1b) of the of the National Government Constituencies Development Fund Regulations, 2016 which provides that the project management committee shall maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented.

Further, review of documents provided revealed that the Chiefs Camp had been constructed on private land contrary to the provisions of NG-CDF Guidelines on Land Ownership for CDF Related Projects, 2010 which provides that CDF projects should be erected on public land and where no public land is available or where a need has been identified to expand public land, the CDFC should initiate the process of procurement of land from alternative sources and obtain the title in the name of the public institution which is to benefit from the project, or in the name of the constituency. In addition, physical inspection carried out in the month of April, 2022 revealed that the construction was 85% complete.

Consequently, Management was in breach of the law and value for money was not realized from works not done and incomplete projects.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weak Internal Controls in Preparation of the Cash Book

Review of the cash book provided for audit revealed that it was not checked, balanced at the end of the day or approved by senior officials. In addition, payment vouchers posted in the cash book did not have detailed description of the payee, the nature of payments and payment voucher numbers were not posted or recorded in their respective columns and only cheque numbers were entered.

In the circumstances, accuracy and completeness of records maintained by the Fund could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Constituency policies and procedures may deteriorate.

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gatirungu, CBS
AUDITOR-GENERAL

Nairobi

29 July, 2022

**Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021
VIII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2020 - 2021	2019 - 2020
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	180,281,121	68,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	45,000	-
TOTAL RECEIPTS		180,326,121	68,000,000
PAYMENTS			
Compensation of employees	4	4,723,640	1,912,500
Use of goods and services	5	11,481,143	8,099,084
Transfers to Other Government Units	6	99,927,550	7,350,000
Other grants and transfers	7	92,120,016	40,141,647
Acquisition of Assets	8	-	697,430
Other Payments	9	-	-
TOTAL PAYMENTS		208,252,349	58,200,661
SURPLUS/DEFICIT		(27,926,228)	9,799,339

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Embakasi East Constituency financial statements were approved on 10/09/2021 and signed by:

Victor Ouma

**Fund Account Manager
Name: Victor Ouma**

Dennis Mathenge

**National Sub-County
Accountant
Name: Dennis Mathenge
ICPAK M/No: 14373**

Jane Akinyi

**Chairman NG-CDF Committee
Name: Jane Akinyi**



*Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

IX. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	10,658,943	38,585,171
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		10,658,943	38,585,171
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		10,658,943	38,585,171
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		10,658,943	38,585,171
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	38,585,171	28,785,832
Prior year adjustments	14	-	-
Surplus/Defict for the year		(27,926,228)	9,799,339
NET FINANCIAL POSITION		10,658,943	38,585,171

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Embakasi East Constituency financial statements were approved on 10/09 2021 and signed by:



Fund Account Manager
Name: Victor Ouma



**National Sub-County
Accountant**
Name: Dennis Mathenge
ICPAK M/No: 14373



Chairman NG-CDF Committee

Name: Jane Akinyi




**Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**


X. STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	180,281,121	68,000,000
Other Receipts	3	45,000	-
		180,326,121	68,000,000
Payments for operating activities			
Compensation of Employees	4	4,723,640	1,912,500
Use of goods and services	5	11,481,143	8,099,084
Transfers to Other Government Units	6	99,927,550	7,350,000
Other grants and transfers	7	92,120,016	40,141,647
Other Payments	9	-	-
		208,252,349	57,503,231
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		(27,926,228)	10,496,769
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	(697,430)
Net cash flows from Investing Activities		-	(697,430)
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(27,926,228)	9,799,339
Cash and cash equivalent at BEGINNING of the year	10	38,585,170	28,785,832
Cash and cash equivalent at END of the year		10,658,943	38,585,170


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Embakasi East Constituency financial statements were approved on 10/09/2021 2021 and signed by:



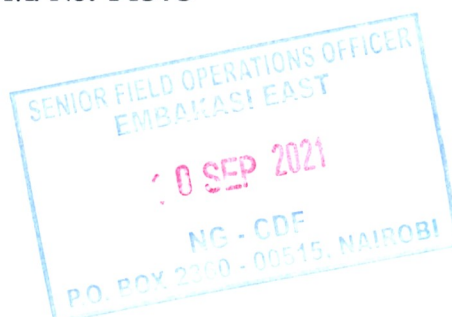
Fund Account Manager
Name: Victor Ouma



National Sub-County Accountant
Name: Dennis Mathenge
ICPAK M/No: 14373



Chairman NG-CDF Committee
Name: Jane Akinyi



XI. SUMMARY STATEMENT OF APPROPRIATION

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		Opening Balance (C/Bk) and AIA				
Transfers from NG-CDF Board	137,088,879	123,908,800	299,582,850	218,866,292	80,716,558	73.1%
Proceeds from Sale of Assets						
Other Receipts	-	-	45,000	45,000	-	0.0%
TOTAL RECEIPTS	137,088,879	123,908,800	299,627,850	218,911,292	80,716,558	73.1%
PAYMENTS						
Compensation of Employees	2,748,100	-	4,910,360	4,723,640	186,720	96.2%
Use of goods and services	9,589,899	609,536	11,728,566	11,481,143	247,423	97.9%
Transfers to Other Government Units	55,394,010	111,251,045	166,645,055	99,927,550	66,717,505	60.0%
Other grants and transfers	69,356,870	11,950,649	116,246,299	92,120,016	24,126,283	79.2%
Acquisition of Assets	-	52,570	52,570	-	52,570	0.0%
Other Payments	-	-	-	-	-	0.0%
Funds pending approval	-	-	45,000	-	45,000	0.0%
TOTAL	137,088,879	123,863,800	299,627,850	208,252,349	91,375,501	69.5%

- i. There was no acquisition of asset this financial year
- ii. Delay in funds disbursement thus resulting to late and slow implementation of the budget
- iii. Bursary disbursement for 2019/2020 was delayed and affected by close of schools due to the pandemic

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	91,375,501
Less undisbursed funds receivable from the Board as at 30th June 2021	80,716,558
Add Accounts payable	10,658,942
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/21	10,658,942

The NGCDF-Embakasi East Constituency financial statements were approved on 10/09/2021 and signed by:

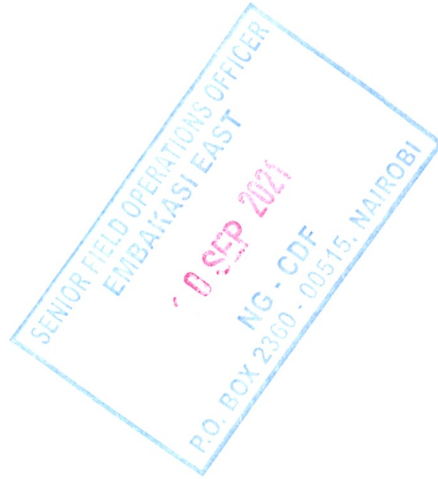
[Signature]

Fund Account Manager
Name: Victor Ouma

National Sub-County Accountant
Name: Dennis Mathenge
ICPAK M/No: 14373

[Signature]

Chairman NG-CDF Committee
Name: Jane Akinyi



XII. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2020/2021			2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	2,748,100	2,162,260	-	4,910,360	4,723,640	186,720	96
1.2 Committee allowances	1,245,540	4,488	-	1,250,029	1,250,000	29	100
1.3 Use of goods and services	4,231,693	31,693	-	4,263,385	4,250,000	13,385	100
Total	8,225,333	2,198,441	-	10,423,774	10,223,640	200,134	98
2.0 Monitoring and evaluation							
2.1 Capacity building	2,000,000	1,450,000	-	3,450,000	3,450,000	-	100
2.2 Committee allowances	908,356	780	-	909,136	909,000	136	100
2.3 Use of goods and services	1,204,310	42,170	609,536	1,856,016	1,622,143	233,873	87
Total	4,112,666	1,492,950	609,536	6,215,152	5,981,143	234,009	96
3.0 Emergency	-	-	-	-	-	-	-
3.1 Primary Schools	-	-	-	-	-	-	-
3.2 Secondary schools	-	-	-	-	-	-	-
3.3 Tertiary institutions	-	-	-	-	-	-	-
3.4 Security projects	-	-	-	-	-	-	-
3.5 Unutilised	7,192,207	-	1,252,983	8,445,190	6,401,792	2,043,398	76
Total	7,192,207	-	1,252,983	8,445,190	6,401,792	2,043,398	76
4.0 Bursary and Social Security							
4.1 Secondary Schools	22,981,108	24,689,608	3,000,000	50,670,716	35,505,000	15,165,716	70
4.2 Tertiary Institutions	20,000,000	10,249,172	1,625,503	31,874,675	31,004,759	869,916	97
4.3 Social Security	5,000,000.00		-	5,000,000	-	5,000,000	-
4.4 Special Needs	-	-	-	-	-	-	-
Total	47,981,108	34,938,780	4,625,503	87,545,391	66,509,759	21,035,632	76

XIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-Embakasi 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.

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

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

Proceeds from Sale of Assets

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

Other receipts

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

*Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

Unutilized Funds from PMCs

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

*Embakasi East Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

7. Accounts Receivable

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

8. Accounts Payable

For the purposes of these financial statements, Deposits (gratuity and retentions) held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the entity at the end of the financial year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 1st June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021

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14. Errors

Material prior period errors are corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

GFS CODES					
	1 TRANSFERS FROM OTHER GOVERNMENT AGENCIES				
	Description			2020 - 2021	2019 - 2020
1330407	Normal Allocation			Kshs	Kshs
		1	AIE NO B047397		4,000,000
		2	AIE NO B047772		16,000,000
		3	AIE NO B104193		10,000,000
		4	AIE NO B104270		25,000,000
		5	AIE NO B096550		13,000,000
		1	AIE NO B124742	5,000,000	
		2	AIE NO B104968	52,888,258	
		3	AIE NO B124921	8,500,000	
		4	AIE NO B119776	12,000,000	
		5	AIE NO B128067	6,900,000	
		6	AIE NO B128378	6,000,000	
		7	AIE NO B132122	6,000,000	
		8	AIE NO B126085	8,000,000	
		9	AIE NO B138790	12,000,000	
		10	AIE NO B126375	11,000,000	
		11	AIE NO B140521	13,000,000	
		12	AIE NO B105172	38,992,863	
1330408	Conditional Grants		AIE NO...		
1330409	Receipt from other Constituency				
	TOTAL			180,281,121	68,000,000
3510000	2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS				
	Description			2020 - 2021	2019 - 2020
				Kshs	Kshs
3510202	Receipts from the Sale of Buildings			-	-
3510601	Receipts from the Sale of Vehicles and Transport Equipment			-	-
3510801	Receipts from the Sale Plant Machinery and Equipment			-	-
3510803	Receipts from the Sale of Office and General Equipment			-	-
	TOTAL			-	-
1400000	3 OTHER RECEIPTS				

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	Description	2020 - 2021	2019 - 2020
		Kshs	Kshs
1410107	Interest Received		-
1410405	Rents		-
1420601	Receipts Sale of Tender Documents	45,000	-
	Hire of plant/equipment/facilities	-	-
	Unutilized funds from PMCs	-	-
1450207	Other Receipts Not Classified Elsewhere (specify)	-	-
	TOTAL	45,000	-
2110000	4 COMPENSATION OF EMPLOYEES		
	Description	2020 - 2021	2019 - 2020
		Kshs	Kshs
2110201	NG-CDFC Basic staff salaries	2,673,400	1,890,500
	Personal allowances paid as part of salary	-	-
2110301	House allowance	-	-
2110314	Transport allowance	-	-
2110320	Leave allowance	-	-
2710120	Gratuity-contractual employees	2,019,240	-
2120101	Employer Contributions Compulsory national social security schemes	31,000	22,000
	TOTAL	4,723,640	1,912,500
2200000	5 USE OF GOODS AND SERVICES		
	Description	2020 - 2021	2019 - 2020
		Kshs	Kshs
2210100	Utilities, supplies and services	160,000	706,000
2210101	Electricity	38,559	33,377
2210102	Water & sewerage charges	10,000	-
2210104	Office rent	1,069,426	1,100,227
2210200	Communication, supplies and services	88,000	48,000
2210300	Domestic travel and subsistence	100,000	20,000
2210500	Printing, advertising and information supplies & services	506,107	20,000
2210600	Rentals of produced assets	-	-
2210700	Training expenses	3,054,824	-
2210800	Hospitality supplies and services	-	-
2210802	Other committee expenses	1,956,000	2,371,000

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0809	Committee allowance		2,779,000	2,344,000	
2210900	Insurance costs		-	-	
2211000	Specialised materials and services		-	400,000	
2211100	Office and general supplies and services		1,623,107	1,056,480	
2211200	Fuel , oil & lubricants		-	-	
2211300	Other operating expenses		-	-	
2211301	Bank service commission and charges		96,120	-	
2211310	Other Operating Expenses		-	-	
2211313	Security operations		-	-	
2220100	Routine maintenance - vehicles and other transport equipment		-	-	
2220200	Routine maintenance- other assets		-	-	
	TOTAL		11,481,143	8,099,084	
2630200	6 TRANSFER TO OTHER GOVERNMENT ENTITIES				
	Description		2020 - 2021	2019 - 2020	
			Kshs	Kshs	
2630204	Transfers to Primary Schools		42,512,769	7,350,000	
2630205	Transfers to Secondary Schools		57,414,781	-	
2630206	Transfers to Tertiary Institutions		-	-	
	TOTAL		99,927,550	7,350,000	
2640000	7 OTHER GRANTS AND OTHER PAYMENTS				
	Description		2020 - 2021	2019 - 2020	
			Kshs	Kshs	
2640101	Bursary - Secondary (see attached list)		35,505,000	890,000	
2640102	Bursary -Tertiary (see attached list)		31,004,759	8,230,000	
2640104	Bursary- Special Schools			-	
2640105	Mocks & CAT (see attached list)			-	
	Social Security programmes (NHIF)			-	
2640507	Security Projects (see attached list)		8,700,000	18,399,621	
2640509	Sports Projects (see attached list)		4,122,600	1,794,526	
2640510	Environment Projects (see attached list)		6,385,865	2,177,500	
2640200	Emergency Projects (see attached list)		6,401,792	8,650,000	
	TOTAL		92,120,016	40,141,647	
3100000	8 ACQUISITION OF ASSETS				
	Non Financial Assets		2020 - 2021	2019 - 2020	

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			Kshs	Kshs	
3110102	Purchase of Buildings		-	-	
3110202	Construction of Buildings		-	-	
3110302	Refurbishment of Buildings		-	-	
3110701	Purchase of Vehicles Vehicles and Other Transport Equipment		-	-	
3110704	Purchase of Bicycles & Motorcycles		-	-	
3110801	Overhaul of Vehicles and Other Transport Equipment		-	-	
	Purchase of Household Furniture and Institutional Equipment				
	Purchase of office furniture and and General Equipment		-	697,430	
	Purchase of computers ,printers and other IT equipments		-	-	
	Purchase of ICT Equipment, Software and Other ICT Assets		-	-	
	Purchase of Specialized Plant, Equipment and Machinery		-	-	
	Rehabilitation and Renovation of Plant, Machinery and Equip.		-	-	
	Acquisition of Land		-	-	
	Acquisition of Intangible Assets				
	TOTAL		-	697,430	
	9 Other Payments				
2211310	Strategic Plan		-	-	
2211311	ICT Hubs		-	-	
	TOTAL		-	-	
	10A: Bank Balances (cash book bank balance)				
	Name of Bank, Account No. & currency	Account Number	2020 - 2021	2019 - 2020	
			Kshs (30/6/2021)	Kshs (30/6/2020)	
	<i>EQUITY BANK, Donholm Branch</i>	<i>A/C no</i>	10,658,943	38,585,171	
	others		-	-	
			-	-	
	TOTAL		10,658,943	38,585,171	
	10B: CASH IN HAND)				
			2020 - 2021	2019 - 2020	

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			Kshs (30/6/2021)	Kshs (30/6/2020)	
	Location 1		-	-	
	Location 2		-	-	
	Location 3		-	-	
	Other receipts (specify)		-	-	
	TOTAL		-	-	
	<i>[Provide cash count certificates for each]</i>				
11: OUTSTANDING IMPRESTS					
	<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2020)</i>
		<i>Date imprest taken</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
				-	-
	TOTAL		-	-	-
					-
12A Retention					
			2020-2021	2019-2020	
			KShs	KShs	
	Retention as at 1st July (A)		-	-	
	Retention held during the year (B)		-	-	
	Retention paid during the Year (C)		-	-	
	Closing Retention as at 30th June D= A+B-C		-	-	
12 B Gratuity					
			2020-2021	2019-2020	
			KShs	KShs	
	Gratuity as at 1 st July (A)		-	0	
	Gratuity held during the year (B)		-	-	
	Gratuity paid during the Year (C)		-	-	
	Closing Gratuity as at 30 th June D= A+B-C		-	-	
13 BALANCES BROUGHT FORWARD					
			2020- 2021	2019- 2020	
			Kshs (1/7/2020)	Kshs (1/7/2019)	
	Bank accounts		38,585,171	28,785,832	
	Cash in hand				
	Imprest				
	TOTAL		38,585,171	28,785,832	

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[Provide short appropriate explanations as necessary]					
14. PRIOR YEAR ADJUSTMENTS					
			Balance b/f FY 2019/2020 as per Audited Financial statements	Adjusments	Adjusted Balance** b/f FY 2019/2020
Description of the error			Kshs	Kshs	Kshs
Bank accounts balances			-		-
Cash in hand			-	-	-
Accounts Payable			-	-	-
Receivables			-	-	-
Others (specify)			-	-	-
Total			-	-	-
**The adjusted balances are not carried down on the face of the financial statement					
(Entity to provide disclosure on the adjusted amounts)					
Clarification note included					
15. CHANGES IN ACCOUNTS RECEIVABLE - OUTSTANDING IMPREST					
			2020- 2021	2019- 2020	
			Kshs	Kshs	
Outstanding Imprest as at 1st July (A)			-	-	
Imprest issued during the year (B)			-	-	
Imprest surrendered during the Year (C)			-	-	
Net changes in accounts receivables (D=A+B-C)			-	-	
16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION					
			2020- 2021	2019- 2020	
			Kshs	Kshs	
Deposits and Retention as a t 1st July 2019 (A)			-	-	
Deposits and Retention held during the year (B)			-	-	
Deposits and Retention paid during the year ©			-	-	
Closing accounts payable at 30th June (D=A+B-C)			-	-	
17. OTHER IMPORTANT DISCLOSURES					
17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)					
			2020- 2021	2019- 2020	

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			Kshs	Kshs
	Construction of buildings		-	-
	Construction of civil works		-	-
	Supply of goods		-	-
	Supply of services		-	-
	TOTAL		-	-
17.2: PENDING STAFF PAYABLES (See Annex 2)				
			2020- 2021	2019- 2020
			Kshs	Kshs
	NGCDF Staff		-	619,380
	Others -STAFF GRTUITY		-	-
			-	619,380
17.3: UNUTILISED FUNDS (See Annex 3)				
			2020- 2021	2019- 2020
			Kshs	Kshs
	Compensation of employees		186,720	2,162,260
	Use of goods and services		247,423	1,529,131
	Amounts due to other Government entities (see attached list)		66,717,505	111,204,472
	Amounts due to other grants and other transfers (see attached list)		24,126,283	42,868,510
	Acquisition of assets		52,570	52,570
	Others –ICT Hubs		-	4,677,027
	Funds pending approval		45,000	
			91,375,501	162,493,971
17.4: PMC ACCOUNT BALANCES (See Annex 5)				
			2020- 2021	2019- 2020
			Kshs	Kshs
	PMC account balances (see attached list)		54,842,582	4,850,614.00
			54,842,582	4,850,614.00

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount a	Date Contracted b	Amount Paid To-Date c	Outstanding Balance 2020 d=a-c	Comments
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 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	697,430	-	-	697,430
ICT Equipment, Software and Other ICT Assets	273,000.00	-	-	273,000.00
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	2,340,479.30	-	-	2,340,479.30
Intangible assets	-	-	-	-
Total	3,310,909	-	-	3,310,909

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance	
			2020/21	2019/20
Embakasi DCI Police Post	Equity	0820279829224	1,229,797	3,370,172
Embakasi East Primary School Desks Pmc	Equity	0820279644399	299	15,769
Edelvele Primary Upper - 20 Doors	Equity	0820277346618	499	1,958
Edelvele Primary Lower - 20 Doors	Equity	0820277346573	-	1,958
Edelvale Pmc Cbo	Equity	0820264712409	-	82,644
Maua Primary School Project	Equity	1790278928152	2,081,634	474,389
Mihango Primary School Project	Equity	0820278988469	1,446	903,727
Mihango Sec School Laboratory Pmc	Equity	0820280981064	5,699,010	
Embakasi Primary School-Pmc	Equity	0820280199450	714,883	
Edelvale Pny Re-Roofing 12 Classes Pmc	Equity	0820280987080	7,000,000	
Embakasi Garrison Pmc	Equity	0820280850644	1,350	
Utawala Secondary School Bus Pmc	Equity	0820280560592	2,999,430	
Mihango Secondary School Bus Pmc	Equity	0820280208850	615	
Donholm Sec School Tuition Block Pmc	Equity	0820280998871	30,713,620	
Mihango Sec School Toilet Block Pmc	Equity	0820280981088	4,400,000	
Total			54,842,582	4,850,614

AS
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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 and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/EMBAKASI EAST-NG-CDF/2019-2020/ (2)	Failure to submit bank reconciliation to National Treasury and the Auditor General.	The management will ensure that bank reconciliation are submitted to the County Treasury and Auditor General every 10 th of the subsequent month	RESOLVED	RESOLVED
OAG/EMBAKASI EAST-NG-CDF/2019-2020/ (2)	Omission of PMC Bank Accounts	The correct PMC Balances were handed over to the auditor general	RESOLVED	RESOLVED
OAG/EMBAKASI EAST-NG-CDF/2019-2020/ (2)	The financial statements for the year ended 30 June 2020 reflects cash and cash equivalents balance of Kshs.38, 585,171. However, the supported June 2020 bank reconciliation shows long outstanding payments in bank statement not yet recorded in cash book totaling kshs 721,112 which relates to forgery that was carried in the financial year 2016/2017	The difference of kshs 678,000 was due to the amount lost due to a forgery committed by one of the staff members. The constituency has filed the case with the CID department against the forgery of the aforesaid amount and given OBNumber26/25/4/2017,Kshs 5,170 was the bank charges which were charged to clear the above cheques of kshs 678,000,Unpaid Cheque Commission Kshs 37,942 was charges incurred to clear bursary cheques, they have been posted in the cash book as an expenditure for financial year 2020/2021.	PENDING	PENDING
OAG/EMBAKASI EAST-NG-CDF/2019-2020/ (2)	Examination of June 2020 bank reconciliation statement revealed payments in cashbook not recorded in bank statement amounting to kshs 3,276,933.35 out of which kshs 2,746,530 are stale cheques relating to bursary issued. The unrepresented bursary cheques may indicate that bursaries were issued to	Unrepresented cheques- kshs 2,746,530- the bursaries were issued from September 2019 to January 2020, the cheques were stale due to the following reasons:- Many bursary cheques were un-presented to the bank due to the beneficiaries giving wrong information, failure to present the cheques to the bank in due time and the beneficiary losing	RESOLVED	RESOLVED

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>non-deserving persons.</p> <p>No explanation has been provided for failure to reverse stale cheques in the cashbook which have the effect of understating the cash and cash equivalent balance.</p>	<p>the cheque.</p> <p>The country went on a lockdown on March 2020 and most of the unrepresented cheques went stale.</p> <p>The stale cheques in the financial year 2019/2020 were reversed in the cash book in the financial year 2020/2021.</p>		

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