

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID **REPORT**

DATE: 14 AUG 2024 WEDNESDAY

TABLED  
BY:

HON. DAWEN BAYAI MP  
DEPUTY LEADER OF THE  
MAJORITY PARTY

CLERK-AT  
THE-TABLE:

ESTHER NG'ENDO

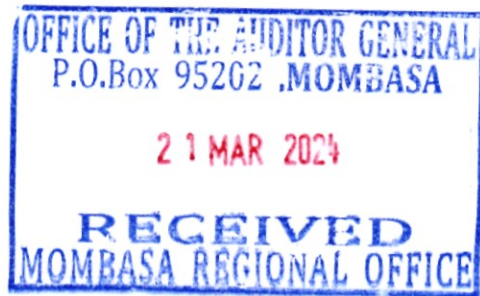
**THE AUDITOR-GENERAL**

PARLIAMENT  
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LIBRARY

ON

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

**FOR THE YEAR ENDED  
30 JUNE, 2023**



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CHANGAMWE CONSTITUENCY  
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

ANNUAL REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>th</sup> JUNE 2023

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

***Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023***

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<b>Table of Content</b>	<b>Page</b>
I. Acronyms and Glossary of terms.....	ii
II. Key Constituency Information and Management.....	iii
III. NG-CDFC Chairman’s Report .....	vii
IV. Statement Of Performance Against Predetermined Objectives for FY2022/23.....	ix
V. Statement of Governance.....	xi
VI. Environmental and Sustainability Reporting.....	xiv
VII. Statement Of Management Responsibilities .....	xviii
VIII. Report of the Independent Auditors On The NGCDF- Changamwe Constituency .....	xx
IX. Statement of Receipts and Payments for the Year Ended 30th June 2023 .....	1
X. Statement Of Assets and Liabilities As At 30th June, 2023 .....	2
XI. Statement Of Cash Flows for The Year Ended 30th June 2023 .....	3
XII. Summary Statement of Appropriation for The Year Ended 30 <sup>th</sup> June 2023.....	5
XIII. Budget Execution By Sectors And Projects For The Year Ended 30 <sup>th</sup> June 2023 .....	8
XIV. Significant Accounting Policies.....	13
XV. Notes To the Financial Statements .....	19
XVI. Annexes .....	30

I. Acronyms and glossary of terms

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC- Project Management Committee

FY-Financial Year

NGCFC – National Government Constituency Fund Committee

## II. Key Constituency Information and Management

### (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 2022. 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 Changamwe 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)

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

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**Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Abdulhakim Ali
2.	Sub-County Accountant	Justus Mboya
3.	Chairman NGCDFC	Khalid Kabanda
4.	Member NGCDFC	Patrick Okeyo

**(c) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Changamwe 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.

**(d) Changamwe Constituency NGCDF Headquarters**

P.O. Box 82742 - 80100  
Fidelity Bank Building  
Airport Road  
Mombasa, KENYA

**(e) Changamwe Constituency NGCDF Contacts**

Telephone: (254) 742636623  
E-mail: [cdchangamwe@ngcdf.go.ke](mailto:cdchangamwe@ngcdf.go.ke)  
Website: [www.changamwe.ngcdf.go.ke](http://www.changamwe.ngcdf.go.ke)

**(f) Changamwe Constituency NGCDF Bankers**

Equity Bank

Changamwe Branch

P.O. Box 92222-80102

Mombasa, KENYA

**(g) Independent Auditors**

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General

State Law Office

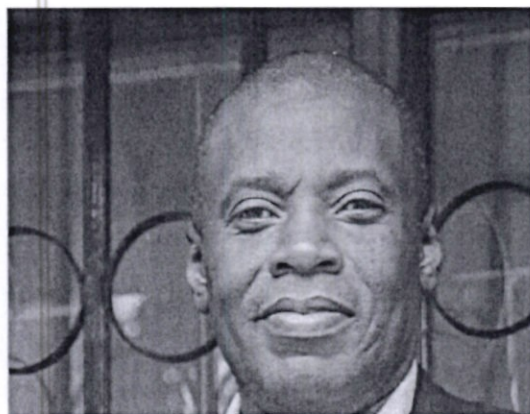
Harambee Avenue

P.O. Box 40112

City Square 00200

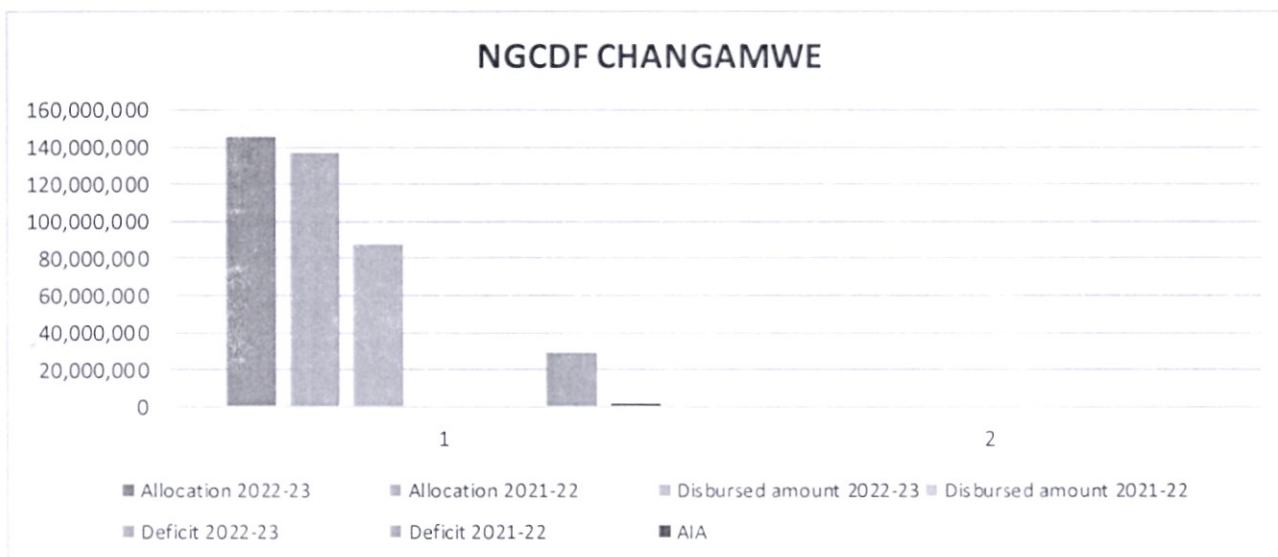
Nairobi, Kenya

### III. NG-CDFC Chairman's Report



**Chairman - Khalid Kabanda**

CHANGAMWE NGCDFC was allocated Kshs. 145,087,603 by the NG-CDF Board. Out of this amount, Kshs. 87,000,000 was disbursed to the constituency by the end of the financial year. The constituency also managed to raise Kshs. 3,000 from the sale of tender documents. The constituency was owed Kshs. 30,000,000 for financial year 2021-22 which was still waiting for approval and Kshs. 58,087,603.06 for financial year 2022-23 by the Board at the end of the financial year out of which Kshs. 2,901,752.06 was also waiting for approval. There was a budget un-utilisation of Kshs. 88,087,603.60.



The NG-CDFC disbursed the funds to various PMCs upon receipt of the various AIEs and also undertook bursary disbursement in order to improve retention levels of needy students in various institutions of learning.

A key achievement that has been realised is the completion of implementation of our one of our landmark project Changamwe Secondary School Swimming Pool which had faced major challenge during the heavy rain season of flooding. NG-CDFC members and PMCs have also been trained on the management of projects and correct tendering procedures embraced across the board. There still exist technical and bureaucracy issues influencing the implementation of NG-CDF Projects. There have been delays in disbursement of funds from Board level to constituency level. However, we have seen improvement where the Board disbursed the full amount owed immediately after the end of the financial year.

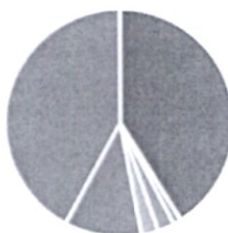
**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

Main challenge in the Constituency remains the availability of both Public and Private land with rightful ownership documents. There has also been a challenge from the Boards delay in approving reallocations submitted by management.

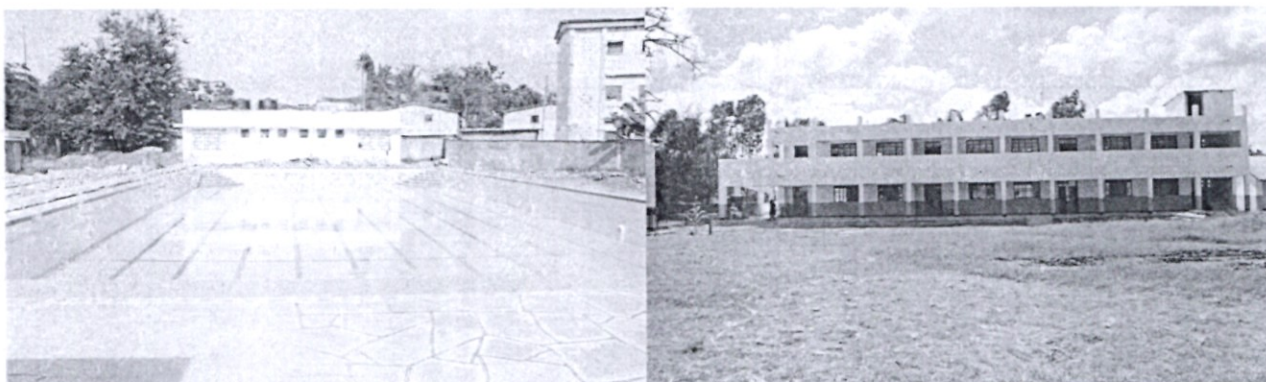
The NG-CDFC is however grateful that the constituency has undertaken many projects from previous financial years which had delayed but we are hopeful that funds shall be disbursed by the NG-CDF Board in a timely manner to enable timely implementation of projects.

We hope that we shall perform better in the next financial year.

**Sector allocation**

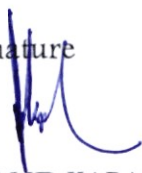


■ Education ■ Security ■ Sports ■ Environment ■ Others ■ Bursary/Social security



*Changamwe Secondary Swimming pool & Changamwe Girls Sec. School Classrooms*

Signature



**KHALID KABANDA  
CHAIRMAN NGCDF COMMITTEE**

**IV. Statement Of Performance Against Predetermined Objectives for FY2022/23**

**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 *Changamwe Constituency 2019-2024* plan are to:

- a) To improve school performance in national examinations through improving the environment in which learning takes place
- b) To increase youth and women participation in development
- c) To improve infrastructure within the constituency through building of classrooms, and resource centers
- d) To build capacity of the community to implement development projects
- e) To improve sport facilities in public institutions
- f) To build capacity of the community on Environmental issues in public institutions
- g) To build ICT infrastructure like i-hub in each ward for incubation of business ideas in public libraries and Resource centers

**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:

S	Objective	Outcome	Indicator	Performance
Education	<i>To have all children of school going age attending school</i>	<i>Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions</i>	<i>number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels</i>	<i>In FY 2022/23 -we increased number of classrooms, laboratories and desks from 48 to 56 in the following schools/institutions, Gome, Kipevu, Kwahola, Mikadini, Changamwe Girls and Ahmed Shahame.</i>

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

				- Bursary beneficiaries at all levels were as per the attached schedules
Security	Improve the infrastructure of the National Government Administration Equip and facilitate the National Police service	Increased number of citizens getting services in the chiefs offices Increased officers deployed in the national administration	Number of physical infrastructures built for chiefs in the constituency	In f/y 2022/23 we supplied furniture and office equipment for Portreitz Chief's, Chaani Police station and built a perimeter wall for Airport Chiefs' office
Sports	To enhance talents of the youths in the constituency through infrastructure improvement and tournaments and shows	Increased number of youths participating in sporting activities and talent search shows	Number of sports tournaments and talent shows held	In f/y 2022/23 we held tournaments for football, basketball, boxing, volleyball. We also held a talent search show for upcoming artists
Emergency	Utilization of emergency funds to mitigate disasters	Utilization of emergency funds to mitigate disasters	Number of projects done in the constituency	In f/y 2022/23 we constructed septic tank for St. Charles Lwanga secondary which was facing closure due to poor sanitation. We built perimeter wall for Portreitz Integrated Secondary School whose wall had collapsed after heavy rains
Others (Youth resource centre)	To empower youths in the constituency through innovation	Increased number of youths participating in innovation activities	Number of hubs facilitated	In f/y 2022/23 we purchased equipment for a studio which ahs been fully funded by NGCDF. The studio also has been connected with internet. More than 10 artists have been able to produce songs

## V. Statement of Governance

The NGCDFC members as per the regulations are appointed by a selection panel consisting of a chairperson appointed by the deputy county commissioner, two persons of either gender appointed by constituency office manager and the fund account manager. The selection panel invites applications from interested members of the public for appointment to the committee. The fund manager also writes to registered groups representing persons with disability requesting for nomination of one person with disability to sit in the NGCDFC. The selection panel considers the applications and select four suitable persons taking into account age, gender, special interest groups and regional balance. The constituency office manager via a formal written communication names two nominees to the NGCDFC one being of either gender and who shall not include the persons who sat in the selection panel during the selection process.

A member of the NGCDFC may be removed from office on the following grounds,

1. Lack on integrity
2. Gross misconduct
3. Embezzlement of public funds
4. Bringing the committee into disrepute through unbecoming personal public conduct
5. Promoting unethical practises
6. Causing disharmony within the committee

A decision to remove the member shall be made through a resolution of at least five members of the NGCDFC and the member shall be given a fair hearing before the resolution

### Roles of the NGCDFC

1. Build the capacity of project management committees and sensitize the Community on the operations of the Fund;
2. Consider all project proposals from all wards in the Constituency and any other projects which a Constituency Committee considers beneficial to the Constituency;
3. Ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act;
4. Ensure that project proposals submitted to the Board include detailed budget proposals, procurement plans and work plans; in approving a project and before submitting the project to the Board for consideration, satisfy itself and make a declaration to the effect that

- such project (works and services) fall within the functions of the National Government under the Constitution;
5. Consult with relevant government departments to ensure that cost estimates for projects are realistic; in considering joint projects, ensure that the participating constituencies enter into negotiations for effective implementation of such projects; subject to the provisions of the Act and these Regulations,
  6. Enter into a memorandum of understanding with collaborating partners, detailing all aspects of funding and implementation, before respective constituencies approve such a project for joint funding;
  7. Rank projects proposals in order of priority while ensuring that on-going projects take precedence;
  8. Ensure that all projects receive adequate funding and are completed within three years;
  9. Where a project involves purchase of a parcel of land or a building, ensure that the ownership thereof is duly verified and ownership documents authenticated with relevant government agencies;
  10. Ensure that projects proposed for funding fulfil the requirements provided in the Act and relevant circulars issued by the Board;
  11. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board;
  12. Ensure that project reports are prepared and submitted to the Board;
  13. Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects;
  14. Ensure that the principles of public finance as provided for under Chapter Twelve of the Constitution and the Public Finance Management legislation are observed in the management of the Fund;
  15. Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act;
  16. Collaborate with the officer of the Board seconded to the Constituency in the management of the Fund, including the keeping of proper records and maintenance of books of account in accordance with section 38(b) of the Act;
  17. Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act;
  18. Submit to the Board the report stipulated in section 5(5) of the Act, which report shall contain a list of all the new projects commenced during the financial year and their completion status; and a list of all projects approved, funded and commenced during previous financial years, and their completion status;
  19. Enter into performance contracting with the Board on an annual basis;
  20. In exercising its discretion under section 32 of the Act, be guided by the principles of governance enshrined in Article 10 of the Constitution;
  21. Receive returns from project management committees in accordance with regulation 15;
  22. Maintain a database of project management committees and reports from the respective committees;
  23. Ensure that the reports referred to in paragraph are received before funding is released for each phase of the project being implemented;
  24. Record the names of all the signatories of the accounts of a project management committee as communicated to a Constituency Committee by the project management committee upon assumption of office
  25. Receive and address all complaints concerning the implementation of projects and collectively respond to audit queries concerning the Fund at the Constituency level;

***Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023***

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26. Ensure that the committee does not enter into commitments for which funding has not been allocated
27. Ensure projects are labelled in accordance with the guidelines issued by the Board

The NGCDFC are trained yearly on the NGCDF operations, procurement and financial management. NGCDFC held 22 sittings during the financial year.

Changamwe NGCDFC has a policy of conflict of interest where members are required to disclose their interest in agendas of their meetings beforehand.

## VI. Environmental and Sustainability Reporting

Changamwe 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 Changamwe NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** Changamwe 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 tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

- 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.

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 22/23 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

## **2. Environmental performance**

- *Changamwe NGCDF has supported the community in soil conservation through construction of gabions to prevent soil erosion.*
- *Sensitization of youth/ community on the impact of drugs during all our functions especially sports tournaments and ward forums*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*

## **3. Employee welfare**

We invest in providing the best working environment for our employees. Changamwe 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. Changamwe 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-

Changamwe 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 interest

#### 5. Community Engagements-

Changamwe NGCDF has endeavoured 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.

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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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.

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



.....  
Abdulhakim Ali

Fund Account Manager.

## **VII. 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 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- Changamwe 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, 2023. 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-Changamwe 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 *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Changamwe Constituency further confirms the completeness of the accounting records maintained for the *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 Changamwe Constituency confirms that the *constituency* 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

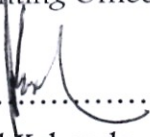
*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*


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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- Changamwe Constituency financial statements were approved and signed by the Accounting Officer on 14/3 /2024.

  
.....  
Khalid Kabanda  
Chairman – NGCDF Committee

  
.....  
Abdulhakim Ali  
Fund Account Manager

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - CHANGAMWE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023**

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### **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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 control, 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 – Changamwe Constituency as set out on pages 1 to 44, which comprise the statement of financial assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and summary statement 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Changamwe Constituency as at 30 June, 2023, and its financial performance and 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 (Amended 2022).

### **Basis for Qualified Opinion**

#### **Unconfirmed Cash and Cash Equivalents**

The statement of assets and liabilities as disclosed in Note 12A to the financial statements reflects cash and cash equivalents balance of Kshs.18,675,853 comprising of amounts held in the Fund's bank account. However, the balance did not include an amount totalling Kshs.6,231,438 that have been held in eight (8) Project Management Committee bank accounts for more than one (1) year and which has not been returned to the fund's main account.

In the circumstance, the accuracy and completeness of cash and cash equivalents balance of Kshs.18,675,853 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 - Changamwe 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 opinion.

#### **Emphasis of matter**

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

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.202,662,472 and Kshs.114,740,175 respectively resulting to an under-funding of Kshs.87,922,297, or 43% of the budget. Similarly, the Fund spent Kshs.96,064,322 against actual receipts of Kshs.114,740,175 resulting to an under-utilization of Kshs.18,675,853 or 16% of actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My report is not modified in respect of this matter.

## **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**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised in the Report on Lawfulness and Effectiveness in Use of Public Resources. Although Management has indicated that some of the issues have been resolved, no evidence was provided to support the stated position. Further, no satisfactory explanation was provided for the delay in resolving the issues.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(26) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing 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**

#### **Delay in Project Completion**

The statement of receipts and payments as disclosed in Note 9 to the financial statements reflects acquisition of assets amount of Kshs.8,089,595, which relates to expenditure under a contract for building NGCDF offices. The contract was awarded on 28 February, 2023 for a sum of Kshs.36,851,360 and for a 24-weeks duration and was thus expected to be completed in August, 2023.

However, on 18 October, 2023, the contractor requested for a project extension period of six (6) months for which the Project Management Committee approved an extension of three months on 27 October, 2023 and a new project completion date was set for 30 January, 2024.

Project verification done on 7 March, 2024 revealed that the project was approximately 85% complete and painting works costing Kshs.1,098,900, installation of tiles amounting to Kshs.2,392,050 and doors costing Kshs.1,348,195, water fittings and piping for toilets and kitchen sinks amounting to Kshs.2,784,176 had not been done and the contractor was not on site. No explanation was provided for non-completion of the office as per the contract.

Further, the performance security for the project from a commercial bank expired on 16 March, 2024 and hence the project had no security in case the contract is not fully or well executed. In addition, the Fund continue to pay rent of Kshs.600,000 per annum.

In the circumstances, value for money on the expenditure of Kshs.8,089,595 on the project could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with international Public Sector Accounting Standards (Cash Basis) and for such internal controls 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 controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements describes 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 the 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 transaction 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error of 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 controls 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 controls, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks or 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 Management.
- Conclude on the appropriateness of 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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



FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 May, 2024

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**IX. Statement of Receipts and Payments for the Year Ended 30th June 2023**


	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Receipts</b>			
Transfers From NGCDF Board	1	87,000,000	153,777,758
Proceeds From Sale of Assets	2		
Other Receipts	3	168,306	18,903,182
<b>Total Receipts</b>		<b>87,168,306</b>	<b>172,680,940</b>
<b>Payments</b>			
Compensation Of Employees	4	531,5685	5,811,603
Committee expenses	5	3,133,600	5,253,540
Use Of Goods and Services	6	3,137,777	5,677,589
Transfers To Other Government Units	7	22,169,166	61,822,774
Other Grants and Transfers	8	53,410,000	99,066,180
Acquisition Of Assets	9	8,089,595	
Oversight Committee Expenses	10	308,500	
Other Payments	11	500,000	
Funds pending approval			
<b>Total Payments</b>		<b>96,064,322</b>	<b>177,631,686</b>
<b>Surplus/ (Deficit)</b>		<b>(8,896,016)</b>	<b>(4,950,746)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by the NGCDFC on 14/3/ 2024 and signed by:

  
Fund Account Manager

  
National Sub-County  
Accountant

  
Chairman NG-CDF  
Committee

Name: Abdulhakim Ali

Name: Justus Mboya  
ICPAK M/No: 19820

Name: Khalid Kabanda

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**X. Statement Of Assets and Liabilities As At 30th June, 2023**

	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash And Cash Equivalents</b>			
Bank Balances (As Per the Cash Book)	12A	18,675,853	27,571,869
Cash Balances (Cash at Hand)	12B		
<b>Total Cash and Cash Equivalents</b>		<b>18,675,853</b>	<b>27,571,869</b>
<b>Accounts Receivable</b>			
Outstanding Imprests	13		
<b>Total Financial Assets</b>		<b>18,675,853</b>	<b>27,571,869</b>
<b>Financial Liabilities</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	14A		
Gratuity	14B		
<b>Total Financial Liabilities</b>			
<b>Net Financial Assets</b>		<b>18,675,853</b>	<b>27,571,869</b>
<b>Represented By</b>			
Fund Balance B/Fwd	15	27,571,869	32,522,614
Prior Year Adjustments	16		
Surplus/Deficit for The Year		(8,896,016)	(4,950,746)
<b>Net Financial Position</b>		<b>18,675,853</b>	<b>27,571.869</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 14/3/ 2024 and signed by:



Fund Account Manager

Name: Abdulhakim Ali



National Sub-County  
Accountant

Name: Justus Mboya  
ICPAK M/No: 19820



Chairman NG-CDF  
Committee

Name: Khalid Kabanda

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**XI. Statement Of Cash Flows for The Year Ended 30th June 2023**

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Receipts From Operating Activities</b>			
Transfers From NGCDF Board	1	87,000,000	153,777,758
Other Receipts	3	168,306	18,903,182
<b>Total Receipts</b>		<b>87,168,306</b>	<b>172,680,940</b>
<b>Payments</b>			
Compensation Of Employees	4	5,315,685	5,811,603
Committee Expenses	5	3,133,600	5,253,540
Use Of Goods and Services	6	3,137,777	5,677,589
Transfers To Other Government Units	7	22,169,166	61,822,774
Other Grants and Transfers	8	53,410,000	99,066,180
Oversight Committee Expenses	10	308,500	
Other Payments	11	500,000	
<b>Total Payments</b>		<b>87,974,727</b>	<b>177,631,686</b>
<b>Total Receipts Less Total Payments</b>			
Adjusted For:			
Prior Year Adjustments	16		
Decrease/(Increase) In Accounts Receivable	17		
Increase/(Decrease) In Accounts Payable	18		
<b>Net Cash Flow from Operating Activities</b>		<b>(806,421)</b>	<b>(4,950,746)</b>
<b>Cashflow From Investing Activities</b>			
Proceeds From Sale of Assets	2		
Acquisition Of Assets	9	(8,089,595)	
<b>Net Cash Flows from Investing Activities</b>		<b>(8,089,595)</b>	
<b>Net Increase In Cash And Cash Equivalent</b>		<b>(8,896,016)</b>	<b>(4,950,746)</b>
Cash & Cash Equivalent At Start Of The Year	12	27,571,869	32,522,614
Cash & Cash Equivalent At End Of The Year	12	18,675,853	27,571,869

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

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The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 14/3/ 2024 and signed by:



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Fund Account Manager

Name: Abdulhakim Ali



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National Sub-County  
Accountant

Name: Justus Mboya  
ICPAK M/No: 19820



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Chairman NG-CDF  
Committee

Name: Khalid Kabanda

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XII. Summary Statement of Appropriation for The Year Ended 30<sup>th</sup> June 2023

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	A	b		c=a+b	D	e=c-d	f=d/c %
	2022-23	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2022-23	2022-23		
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	145,087,603	27,571,869	30,000,000	202,659,472	114,571,869	88,087,603	
Proceeds From Sale of Assets							0.0%
Other Receipts		3000		3000	168,306	165,306	
Totals	145,087,603	27,574,869	30,000,000	202,662,472	114,740,175	87,922,297	56.6%
Payments							
Compensation Of Employees	4,347,831	3,013,732		7,361,563	5,315,685	2,045,878	72.2%
Committee Expenses	3,713,400	780,747		4,494,147	3,133,600	1,360,547	69.7%
Use Of Goods and Services	4,996,653	818,856		5,815,509	3,137,777	2,677,732	53.9%
Transfers To Other Government Units	51,830,984	10,338,182		62,169,166	22,169,166	40,000,000	35.7%
Other Grants and Transfers	65,520,355	12,138,805		77,659,160	53,410,000	24,249,160	68.8%
Acquisition of Assets	12,727,504			12,727,504	8,089,595	4,637,909	63.6%
Oversight Committee Expenses	1,450,876			1,450,876	308,500	1,142,376	21.3%
Other Payments	500,000	18,200		518,200	500,000	18,200	96.5%
Funds Pending Approval**		466,347	30,000,000	30,466,347		30,466,347	0%
Totals	145,087,603	27,574,869	30,000,000	202,662,472	96,064,322	106,598,150	47.4%

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*Explanatory Notes.*

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

*a) Funds pending approval are sums not yet approved by the board for utilisation and include approved allocations and/or AIA not yet allocated for specific projects.*

*b) Compensation of employee at 72.2% the utilization are funds set aside for payment of staff gratuity when their contract expire and also the were delay of funds from the board*

*-committee expenses.this was the result of untimely disbursement of funds and AIE from the board*

*-use of goods and service at 52.9% there was delay of fund transfer from the board. First disbursement was done January 2023 and half of the allocation was transferred after the closure of the financial year.*

*-Transfers to the government units at 35.7%, the board transferred funds after the closure of the financial year.*

*-Other grants and transfers 68.8%, delayed of transfer of funds from the board which was transferred after the closure of the financial year.*

*-Acquisition of assets 63.6%, this was the result of untimely disbursement of funds and AIE from the board*

*Oversight committee expenses 21.3% this was due to untimely disbursement of funds and AIE from the board and late formation of Oversight Committee*

*(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.*

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
Description	Amount
Budget utilisation difference totals	106,598,150
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2023	87,922,297
	18,675,853
Increase/(decrease) Accounts payable	0
(Decrease)/Increase Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the 30 <sup>th</sup> June 2023	18,675,853

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

The Constituency financial statements were approved by NG CDFC on 14/3/2024 and signed by:



Fund Account Manager

Name: Abdulhakim Ali



National Sub-County Accountant

Name: Justus Mboya  
ICPAK M/No: 19820



Chairman NG-CDF Committee

Name: Khalid Kabanda

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XIII. Budget Execution By Sectors And Projects For The Year Ended 30<sup>th</sup> June 2023

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,347,831	3,013,732		7,361,563	5,315,685	2,045,878
1.2 Committee allowances	1,128,000	756,780		1,884,780	1,153,000	731,780
1.3 Use of goods and services	3,229,425	327,053		3,556,478	2,417,777	1,138,701
Sub-total	8,705,256	4,097,565		12,802,821	8,886,462	3,916,359
2.0 Monitoring and evaluation						
2.1 Capacity building	1,667,228	421,803		2,089,031	720,000	1,369,031
2.2 Committee allowances	2,585,400	23,965		2,609,365	1,980,600	628,765
2.3 Use of goods and services	100,000	70,000		170,000		170,000
Sub-total	4,352,628	515,768		4,868,396	2,700,600	2,167,796
3.0 Emergency	1736190					
3.1 Primary Schools						
3.2 Secondary schools	3,900,000			3,900,000	3,900,000	
3.3 Tertiary institutions	2,000,000			2,000,000	2,000,000	
3.4 Security projects						
3.5 Unutilized	1,736,190	1,942,208		3,678,398		3,678,398
Sub-total	7,636,190	1,942,208		9,578,398	5,900,000	3,678,398
4.0 Bursary and Social Security						

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.1 Primary Schools						
4.2 Secondary Schools	2,5780,661	600,000		26,380,661	26,380,500	161
4.3 Tertiary Institutions	15,000,000	1,608,599		16,608,599	14,043,500	2,565,099
4.4 Social security	9000000	1988000		10,988,000	4,786,000	6,202,000
4.5 Special needs	1000000			1,000,000	1,000,000	
<b>Sub-total</b>	<b>50,780,661</b>	<b>4,196,599</b>		<b>54,977,260</b>	<b>46,210,000</b>	<b>8,767,260</b>
5.0 Sports	2,901,752			2,901,752		2,901,752
5.1						
5.2						
5.3						
<b>Sub-total</b>	<b>2,901,752</b>			<b>2,901,752</b>		<b>2,901,752</b>
6.0 Environment	2,901,752			2,901,752		2,901,752
6.1						
6.2						
6.3						
<b>Sub-total</b>	<b>2,901,752</b>			<b>2,901,752</b>		<b>2,901,752</b>
7.0 Primary Schools Projects (List all the Projects)						
7.1 Kwahola Primary	950,000			950,000	950,000	
7.2 Airport Primary	9,000,000			9,000,000		9,000,000
7.3 Gome Primary	11,000,000			11,000,000		11,000,000

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.4 Kipevu Primary	11,000,000			11,000,000		11,000,000
7.5 Mikadini Primary	560,000			560,000	560,000	
7.6 Kwahola Primary	560,000			560,000	560,000	
7.7 Gome Primary	1,000,000			1,000,000		1,000,000
7.8 Kipevu Primary	1,000,000			1,000,000		1,000,000
<b>Sub-total</b>	<b>35,070,000</b>			<b>35,070,000</b>	<b>2,070,000</b>	<b>33,000,000</b>
<b>8.0 Secondary Schools Projects (List all the Projects)</b>						
8.1 Changamwe Secondary	2,328,634			2,328,634	1,328,634	1,000,000
8.2 Bomu Secondary	6,693,250			6,693,250	6,693,250	
8.3 Changamwe Girls	739,100			739,100	739,100	
8.4 Changamwe Girls	1,000,000			1,000,000	1,000,000	
8.5 Changamwe Secondary		10,338,182		10,338,182	10,338,182	
<b>Sub-total</b>	<b>10,760,984</b>	<b>10,338,182</b>		<b>21,099,166</b>	<b>20,099,166</b>	<b>1,000,000</b>
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>						
9.1 Ahmed Shahame	6,000,000			6,000,000		6,000,000
9.2						
9.3						
<b>Sub-total</b>	<b>6,000,000</b>			<b>6,000,000</b>		<b>6,000,000</b>
<b>10.0 Security Projects</b>						
10.1 Airport Office	500,000			500,000	500,000	
10.2 Chaani Police Station	40,000			400,000	400,000	
10.3 Portreitz Chiefs Office	400,000			400,000	400,000	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
10.4 Bomu police Post		6,000,000				
<b>Sub-total</b>	<b>1,300,000</b>	<b>6,000,000</b>		<b>7,300,000</b>	<b>1,300,000</b>	<b>6,000,000</b>
11.0 Acquisition of assets						
11.1 NGCDF Office						
11.2 NGCDF Office	11,713,429			11,713,429	8,089,595	3,623,834
11.3 NGCDF Office	1,014,075			1,014,075		1,014,073
11.4						
11.5						
<b>Sub-total</b>	<b>12,727,504</b>			<b>12,727,504</b>	<b>8,089,595</b>	<b>4,637,909</b>
12.0 Oversight Committee Expenses (itemize)						
12.1 Capacity Building	600,876			600,876		600,876
12.2 Allowances	700,000			700,000	308,500	391,500
12.3 Hire of transport	50,000			50,000		50,000
12.4 Fuel and Lubricant	100,000			100,000		100,000
<b>Sub-total</b>	<b>1,450,876</b>			<b>1,450,876</b>	<b>308,500</b>	<b>1,142,376</b>
13.0 Others						
13.1 Resource Centre	500000			500,000	500,000	
13.2 Strategic Plan		18,200		18200		18200
13.2						
<b>Sub-total</b>	<b>500000</b>	<b>18,200</b>		<b>518,200</b>	<b>500,000</b>	<b>18,200</b>
14.0 Unallocated fund						

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization Difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
14.1 Unapproved projects			30,000,000	30,000,000		30,000,000
14.2 AIA		466,345		466,347		466,347
14.3 PMC Savings						
Sub-total			30,000,000	30,466,347		30,466,347
Total	145,087,603	27,574,869	30,000,000	202,662,472	96,064,322	106,598,150

(NB: This statement is a disclosure statement indicating the utilisation in the same format as the entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury

**IV. 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-Changamwe 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.

*Significant Accounting Policies continued*

**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.

*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.

*Significant Accounting Policies continued*

**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.

*Significant Accounting Policies continued*

**6. Cash and Cash Eequivalent.**

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.

*Significant Accounting Policies continued*

**7. Accounts Receivable**

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

**8. Accounts Payable**

For the purposes of these financial statements, Deposits (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.

***Significant Accounting Policies continued***

**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 8 June, 2022 for the period 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023 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.

*Significant Accounting Policies Continued*

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2023.

**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.

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**XV. Notes To the Financial Statements**

**1. Transfers from NGCDF Board**

Description	2022-2023	2021-2022
NGCDF Board	Kshs	Kshs
AIE NO B140857		34,000,000
AIE NO B105422		44,000,000
AIE NO105742		24,000,000
AIE NO 132466		5,000,000
AIE NO 128781		12,000,000
AIE NO154382		12,000,000
AIE NO154277		10,088,879
AIE NO155930		12,688,879
AIE NO B185030	7,000,000	
AIE NO B185574	15,000,000	
AIE NO B185532	6,000,000	
AIE NO B206312	12,000,000	
AIE NO B185860	5,000,000	
AIE NO B205701	12,000,000	
AIE NO B207780	15,000,000	
AIE NO B205540	15,000,000	
<b>TOTAL</b>	<b>87,000,000</b>	<b>153,777,758</b>

**2. Proceeds From Sale of Assets**

	2022-2023	2021-2022
	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	-	-
Others (specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

3. Other Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents	3,000	65,000
Hire of plant/equipment/facilities		
Unutilized funds from PMC	165,306.04	18,838,182
Total	168,306.04	18,903,182

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

*Notes To the Financial Statements (Continued)*

**4. Compensation Of Employees**

Description	2022-2023	2021-2022
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,623,610	3,170,832
Personal allowances paid as part of salary		
House Allowance	632,190	746,880
Transport Allowance	234,000	342,000
Leave allowance	156,000	228,000
Gratuity to contractual employees	1,566,204	1,197,531
Employer Contributions Compulsory national social security schemes	103,680	126,360
<b>Total</b>	<b>5,315,685</b>	<b>5,811,603</b>

**5. Committee Expenses**

	2022-2023	2021-2022
	Kshs	Kshs
Sitting allowance	1,153,000	1,451,240
Other committee expenses	1,980,600	3,802,300
<b>Total</b>	<b>3,133,600</b>	<b>5,253,540</b>

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

6. Use of Goods and services

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Utilities, supplies and services	34,540	35,188
Communication, supplies and services	110,290	116,389
Domestic travel and subsistence	84,600	310,930
Printing, advertising and information supplies & services	10,250	28,000
Rentals of produced assets	272,934	720,100
Training expenses	720,000	2,198,400
Hospitality supplies and services	25,390	62,716
Insurance costs	190,480	238,509
Specialised materials and services	23,200	
Office rent	500,000	850,000
Office and general supplies and services	380,365	415,107
Fuel, oil & lubricants	498,300	35,0000
Legal fees	100,000	
Cooking gas	8,400	
Maintenance office furniture and equipment	20,500	
Advertising awareness and publicity	15,000	
Electricity	18,322	39,200
Other operating expenses		
Bank Charges	7956	35,282
Security operations		
Routine maintenance - vehicles and other transport equipment	105,450	233,268
Routine maintenance- other assets	11,800	44,500
<b>Total</b>	<b>3,137,777.00</b>	<b>5,677,589</b>

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**Notes To The Financial Statements (Continued)**

**7. Transfer To Other Government Units**

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	2,070,000	33,094,967
Transfers To Secondary Schools (See Attached List)	20,099,166	27,390,600
Transfers To Tertiary Institutions (See Attached List)		1,337,207
<b>Total</b>	<b>22,169,166</b>	<b>61,822,774</b>

**8. Other Grants and Other transfers**

	2022-2023	2021-2022
	Kshs	Kshs
Bursary – secondary schools (see attached list)	26,380,500	54,732,500
Bursary – tertiary institutions (see attached list)	14,043,500	25,657,500
Bursary – special schools (see attached list)	1,000,000	896,200
Mock & CAT (see attached list)		
Social Security programmes (NHIF)	4,786,000	7012,000
Security projects (see attached list)	1,300,000	1,920,200
Sports projects (see attached list)		3,597,780
Environment projects (see attached list)		
Emergency projects (see attached list)	5,900,000	5,250,000
Roads projects (see attached list)		
<b>Total</b>	<b>53,410,000</b>	<b>99,066,180</b>

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**Notes To the Financial Statements (Continued)**

**9. Acquisition Of Assets**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings	8,089,595	
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment		
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and renovation of plant, machinery and equipment		
Acquisition of Land		
Acquisition Intangible Assets		
<b>Total</b>	<b>8,089,595</b>	<b>0</b>

**10. Oversight Committee Expenses**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
COC Members allowance	308,500	
Other COC expenses		
<b>Total</b>	<b>308,500</b>	

**11. Other Payments**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Strategic plan		
ICT Hub		
Changamwe Youth Resource Centre	500,000	
<b>Total</b>	<b>500,000</b>	

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**12. Cash Book Bank Balance**

Name Of Bank, Account No. & Currency	2022-2023	2021-2022
	Kshs	Kshs
<b>12A: Bank Accounts (Cash Book Bank Balance)</b>		
<i>Equity bank A/C No 120026040478, Branch, Changamwe (main account)</i>	18,675,853	27,571,869
<i>Name of Bank, account No. (Deposits account)</i>		
<b>Total</b>	<b>18,675,853</b>	<b>27,571,869</b>
<b>12 B: Cash on Hand</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>Specify</i> )	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>[Provide Cash Count Certificates for Each]</i>	<i>-</i>	<i>-</i>

**13. 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</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<i>Name of Officer</i>	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*[Include an annex if the list is longer than 1 page.]*

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

*Notes to the Financial Statement Continued*

14. Retention and Gratuity

14 A. Retention	2022-2023	2021-2022
	KShs	KShs
Retention as at 1 <sup>st</sup> July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 <sup>th</sup> June D= A+B-C	-	-

14 B. Gratuity	2022-2023	2021-2022
	KShs	KShs
Gratuity as at 1 <sup>st</sup> July (A)	-	-
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 <sup>th</sup> June D= A+B-C	-	-

15. Fund Balance B/F

	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	27,571,869	32,522,614
Cash in hand		
Imprest		
<b>Total</b>	<b>27,571,869</b>	<b>325,22614</b>
Less		
Payables: - Retention	-	-
Payables – Gratuity	-	-
Fund Balance Brought Forward	-	-

*[Provide short appropriate explanations as necessary]*

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**16. Prior Year Adjustments**

	Balance b/f as per Audited Financial statements	Adjustments	Adjusted Balance** BF
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
<b>Total</b>	-	-	-

\*\* The adjusted balances are not carried down on the face of the financial statement.  
(Entity to provide disclosure on the adjusted amounts)

**17. Changes In Accounts Receivable – Outstanding Imprests**

	2022-2023	2021-2022
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-
Net changes in accounts Receivables D – A	-	-

**18. Changes In Accounts Payable – Deposits and Retentions**

	2022-2023	2021-2022
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
closing account payables D= A+B-C	-	-
Net changes in accounts payables D-A	-	-

**Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023**

**Notes To the Financial Statements (Continued)**

**19. Other Important Disclosures**

**19.1: Pending Accounts Payable (See Annex 1)**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	100,000	-
<b>Total</b>	<b>100,000</b>	<b>-</b>

**19.2: Pending Staff Payables (See Annex 2)**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
NGCDFC Staff	-	-
Others ( <i>gratuity</i> )	-	1,566,204
<b>Total</b>	<b>-</b>	<b>1,566,204</b>

**19.3: Unutilized Fund (See Annex 3)**

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
Compensation of employees	2,045,878	3,013,732
Committee expense	1,360,547	780,747
Use of goods and services	2,677,732	818,856
Amounts due to other Government entities (see attached list)	40,000,000	10,338,183
Amounts due to other grants and other transfers (see attached list)	24,249,160	12,138,805
Acquisition of assets	4,637,909	-
Oversight Committee Expenses	1,142,376	-
Other Payments (specify)	18,200	18,200
Funds pending approval	30,466,347	30,463,347
<b>Total</b>	<b>106,598,150</b>	<b>57,571,870</b>

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

18.4: PMC account balances (See Annex 5)

	<i>2022-2023</i>	<i>2021-2022</i>
	Kshs	Kshs
PMC account balances (see attached list)	44,290,895	106,433,610
Total	44,290,895	106,433,610

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XVI. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Comments
	a	B	C	d=a-c	
Construction of buildings	-	-	-	-	-
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-
Sub-Total	-	-	-	-	-
Construction of civil works	-	-	-	-	-
4.	-	-	-	-	-
5.	-	-	-	-	-
6.	-	-	-	-	-
Sub-Total	-	-	-	-	-
Supply of goods	-	-	-	-	-
7.	-	-	-	-	-
8.	-	-	-	-	-
9.	-	-	-	-	-
Sub-Total	-	-	-	-	-
Supply of services	-	-	-	-	-
10. Office rent	600,000	1/7/22	500,000	100,000	-
Sub-Total	-	-	-	-	-
Grand Total	-	-	-	-	-

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 <sup>th</sup> June 20xx	Comments
NG-CDFC Staff	-	-	-	-
1.	-	-	-	-
2.	-	-	-	-
3.	-	-	-	-
Sub-Total	-	-	-	-
Grand Total	-	-	-	-

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
Compensation of employees		2,045,878	3,137,732	
Use of goods & services		4,038,279	1,599,603	
Amounts due to other Government entities		40,000,000	10,338,183	
Airport Primary School		9,000,000		
Gome Primary School		11,000,000		
Kipevu Primary School		11,000,000		
Gome Primary School		1,000,000		
Kipevu Primary School		1,000,000		
Changamwe Secondary School		1,000,000		
Ahmed Shahame Mwidani TTI		6,000,000		
<b>Sub-Total</b>		<b>46,084,157</b>	<b>15,075,518</b>	
Amounts due to other grants and other transfers		24,249,162	12,138,805	
Bomu Police Post		6,000,000		
Emergency		3,678,398		
Bursary Tertiary		2,565,099		
Bursary Secondary		161		
Social Security		6,202,000		
Sports		2,901,752		
Environment		2,901,752		

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Name	Brief Transaction Description	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
Sub-Total		24,249,162	12,138,805	
Acquisition of assets		4,637,909		
Oversight Committee Expenses (itemize)		1,142,376		
Others ( <i>strategic plan</i> )		18,200	18,200	
Sub-Total		5,798,485	18,200	
Funds pending approval		30,466,347	30,463,347	
Grand Total		106,598,150	57,571,870	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2021-2022	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land				
Buildings and structures	25,637,931	8,089,595		33,727,526
Transport equipment	5,196,240			5,196,240
Office equipment, furniture and fittings	556,148			556,148
ICT Equipment, Software and Other ICT Assets	1,425,791			1,425,791
Other Machinery and Equipment	135,000			135,000
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>32,951,110</b>	<b>8,089,595</b>		<b>41,040,705</b>

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

**Annex 5 –PMC Bank Balances As At 30<sup>th</sup> June 2023**

PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
CHANGAMWE NG-CDF SPORTS	Equity	1200270982125	350,183.55	3,002,263.55
MIKADINI PRIMARY	Equity	1200266908696	1,728,263.43	3,345,294.03
KWAHOLA PRIMARY SCHOOL	Equity	1200266821577	2,948,830.90	9,689,734.40
ST LWANGA PRIMARY SCHOOL	Equity	1200266876167	13,406.00	138,766.00
BOMU PRIMARY SCHOOL CDF PROJECT	Equity	1200262576094	84,188.27	1,527,920.27
CHANGAMWE PRIMARY SCHOOL	Equity	1200299363474	102,619.75	410,844.75
MWIJABU PRIMARY	Equity	1200262553498	143,912.45	483,649.65
PORITREITZ PRIMARY SCHOOL	Equity	1200262544690	249,780.00	249,780.00
UMOJA PRIMARY SCHOOL	Equity	1200299367342	162,307.53	1,771,489.53
CHAANI SECONDARY SCHOOL	Equity	1200262741593	2,580.00	2,580.00
ENVIRONMENT PROJECT	Equity	1200273294142	214,323.80	2,955,543.80
CHAANI POLICE POST	Equity	1200273215909	33,044.00	33,044.00
MAGONGO PRIMARY SCHOOL	Equity	1200266849982	303,254.80	1,547,904.05
KIPEVU PRIMARY SCHOOL	Equity	1200299291539	426,068.04	643,328.04
CHAANI PRIMARY SCHOOL	Equity	1200262600306	12,387.10	250,897.10
GOME PRIMARY SCHOOL	Equity	1200269370984	208,007.38	338,855.38
ST. CHARLES LWANGA SECONDARY SCHOOL CDF PROJECT AC.	Equity	1200262754244	5,428,133.60	5,631,456.60
MAGONGO PRIMARY SCHOOL	Equity	1200262562058	546.43	156,463.93
CHANGAMWE NG-CDF OFFICE PROJECT	Equity	1200277786196	9,973,391.50	25,477,094.50
AIRPORT CHIEF'S OFFICE PROJECT	Equity	1200278570840	513,204.25	13,204.25
CHANGAMWE POLICE STATION	Equity	1200272845755	937.00	937.50
KIPEVU CHIEF'S OFFICE	Equity	1200273112273	586.50	242,266.50
MWIJABU SECONDARY SCHOOL	Equity	1200260621108	24,682.47	24,682.47
CHANGAMWE SECONDARY SCHOOL	Equity	1200298187384	5,786,319.58	12,078,105.18
BOMU SECONDARY SCHOOL	Equity	1200278643958	5,700,204.32	5,700,204.32
AS MWIDANI PMC ACCOUNT	Equity	1200278983143	7,028,210.50	5,066,210.50

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

PMC	Bank	Account number	Bank Balance 2022-2023	Bank Balance 2021-2022
AIRPORT SECONDARY SCHOOL	Equity	1200279674341	272,015.40	6,288,905.90
CHANGAMWE GIRLS SECONDARY SCHOOL	Equity	1200279524780	1,640,120.70	6,601,582.30
CHANGAMWE YOUTH RESOURCE CENTRE	Equity	1200280166324	512,779.60	328,759.60
PORTREITZ CHIEF'S OFFICE	Equity	1200280805051	400,060.50	432,392.00
PORTREITZ INTEGRATED SECONDARY SCHOOL	Equity	1200282121792	242.00	5,833,237.85
MWINGO PRIMARY SCHOOL	Equity	1200279071660	5,506,297.85	5,833,237.85
BOMU SECONDARY SCHOOL	Cooperative	01141619355800	24,540.00	24,540.00
AIRPORT SECONDARY SCHOOL	Cooperative	1141619394700	195,670.00	195,670.00
PORTREITZ SCHOOL FOR THE PHYSICALLY HANDICAPPED	Equity	1200266876422	-	1,827.90
PORTREITZ DISTRICT HOSPITAL	Equity	1200262183698	-	463.00
CHANGAMWE CHIEF'S OFFICE	Equity	1200272803837	-	1,030.00
CHANGAMWE NGCDF FOOTBRIDGE PROJECT	Equity	1200271580382	-	39,055.00
SECONDARY SCHOOL DESKS PROJECT	Equity	1200277748003	-	42,500.00
SCHOOL DESK PROJECT	Equity	1200270613448	-	782.50
KAGERA, CHANGAMWE, HODI AND KALAHARI PROJECT	Equity	1200274229592	-	19,821.00
FLOODLIGHTS NGCDF PROJECT	Equity	1200276627996	-	220.00
HODI, KAGERA, KIPEVU MATANGINI	Equity	12000279674341	-	327.50
EMERGENCY COVID	Equity	1200279958824	-	247.50
AIRPORT PRIMARY SCHOOL CDF PROJECT	Cooperative	01141619394600	-	900.00
SUB COUNTY HEADQUARTERS	Equity	1200280805051	-	5,590.00
Total			44,290,895	106,433,610.20

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

**Annex 6: 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)
	Receipt in bank statement not recorded in cashbook of 31,500	This include cash deposit 29,000 from sale of tender had not yet been added and bursary cheque of 2500 which was debited then credited	Resolved	
	stale cheque bank reconciliation statements reflect stale cheque ksh 185,361 that has not been written back to cashbook	The stale cheques were reversed and issued to new beneficiary on January 2019	Resolved	
	bank reconciliation statements reflect banks charges of 76,600 that were treated as reconciling item instead of being expensed in the year	The bank charges have been approved and discharged on account	Resolved	
	<b>non payment for the construction of dining hall</b> , physical verification of the project in march 2023 confirmed the dining hall was complete and in use. However, the completion certificate was not provided for audit	The project is complete and in use. The certificate of practical completion was issued on 23 <sup>rd</sup> june 2022. The last payment has not yet been done because the company representatives went to court after a disagreement amongst themselves. The management received an order from the court restraining us from releasing monies owed to the company	Unresolved	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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>review, further, the records indicated that the last certificate no. 6 of kshs. 2,674, 872 was issued on 23<sup>rd</sup> june 2022, but the contractor had not been paid outstanding amount of kshs. 3,927,384 by march 2023, that includes total retention monies of kshs. 1,252,512. This was despite the fact that the total contract sum of kshs. 12,745,120 had been transferred to the project management committee account on 2<sup>nd</sup> july 2020. No explanation was provided for the non payment.</p>	<p>until the hearing of their applications. The matter is still pending at the court.</p>		
	<p><b>Failure to deduct retention monies</b> The statement of receipts and payments and note 6 to the financial statements reflects transfers to other government units of ksh. 61,822,774. Included in the balance is an amount of ksh. 1,450,000 for the</p>	<p>The request for quotation was for kitchen equipment works which was majorly supply of equipment. Works done was for the kitchen hood which was delivered as ready made with minimal installation works. All other items were supplied as per the specifications hence no retention was deducted. The supplier issued an invoice to request for payment. The management deducted the 2% VAT</p>	<p>Response sent to auditor generals' office on 3<sup>rd</sup> October 2023 to be resolved.</p>	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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)
	proposed kitchen works at St. Charles Iwanga secondary school whose contract was awarded on 26 <sup>th</sup> July 2022 at a contract sum of ksh. 1,450,000. The payment was made on 7 <sup>th</sup> September 2022 however the management did not explain why retention money was not deducted before payment to the contractor.	withholding tax as required which was paid using the contractor's pin number. This is to enable KRA follow up with the supplier on the remaining tax amount. The PMC decided to replace some items due to the large number of students at the school and made the request for site instruction to replace the cooker and chaste freexer with a large jiko, larger sufuria and installation of 2 number dhobie sinks.		
	<b>Abandoned project</b> The statement of receipts and payments and note 6 to the financial statements reflects transfers to other government units of kshs. 61,822,774 out of which an amount of ksh. 33,094,967 was in respect to transfers to primary schools. Included in the balance of ksh. 10,000,240 that was transferred to Kwahola primary school	The management wrote a letter to the contractor on the delay and the contractor replied that she experienced problems and requested for an extension of the contract period. The management through the PMC held a meeting with the contractor to resolve the issue. The management also wrote to the contractor a warning letter. The project is now complete. Find attached the request letter for extension of contract period, the PMC minutes and the management letter to contractor and the certificate of practical completion.	Response sent to auditor general's office on 3 <sup>rd</sup> October 2023 to be resolved.	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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>for the proposed construction of 4 classrooms and ramp upto the first floor. The tender was advertised in the public portal on 24<sup>th</sup> march 2022, opened on 1<sup>st</sup> april 2022 and awarded on 11<sup>th</sup> may 2022. The project was to take 8 weeks from 11<sup>th</sup> may 2022 to 30<sup>th</sup> june 2022. However, as at 16<sup>th</sup> march 2023 the project was not complete, the contractor was not on site and no evidence was provided to indicate that management cautioned for delayed implementation of the project.</p>			

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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><b>Unutilized funds</b> The statement of receipts and payments and note 3 to the financial statements reflects other receipts amounting to ksh. 18,903,182 which include an amount of of ksh. 18,838,182 on returned unutilized funds from project management committees {PMCs}. Records provided for review indicated that kshs. 13,339,583 of the funds were from airport primary school pmc account that were transferred in the financial yeard 2013/2024 and 2015/2026 of ksh. 10,339,583 and ksh. 3,000,000 respectively, sll totalling ksh. 13,339,583. However, management did not explain why the amounts remained idle in the PMC account for over 5 years before being returned to the main account. This was in contravention of</p>	<p><b>Airport Primary School Kshs.13,338,182</b> The funds allocated was for construction of a new primary school in Airport ward which has no existing public schools. The funds were allocated after land was identified to be purchased. The owner of the land later started dilly dallying before purchase was made and then raised the price. The management tried to look for an alternative land without success and hence made the decision to reallocate the funds. The project was reallocated vide Board resolution of NGCDFBOARD/CHANGAMWE/VOL2.46 and BOARD/CHANGAMWE/VOL2/47 to Changamwe Primary School Kshs.3,000,000 and Changamwe Secondary School Kshs.10,339,582.94 respectively hence the transfer of the funds back to the main account for disbursement to the new project. The new projects were completed and are in use.</p>	<p>Response sent to auditor generals' office on 3<sup>rd</sup> October 2023 to be resolved.</p>	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe : <i>(Put a date when you expect the issue to be resolved)</i>
	section 12{8} of the national government constituencies development fund act, 2015 which requires			

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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)
	that all unutilized funds of the project management committee shall be returned to the constituency account.			
	<p><b>Non payment of taxes</b> The statement of receipts and payments and note 6 to the financial statements reflects transfers to other government units of ksh. 61,8222,774. Included in the balance is an amount of ksh. 1,470,000. For the purchase of 40 double decker metallic beds, 50 medium density mattresses a white boards, installation of 6 soft boards, 50 lab stools and electricity connection to grid at Portreitz secondary school. However the payment was not supported with a tax invoice.</p>	<p>The supplier issued an invoice to request for payment. The management deducted the 2% VAT withholding tax as required which was paid using the contractors pin number. This is to enable KRA follow up with supplier on the remaining tax amount. The contractor also paid his dues to KRA which he also submitted the copies of payment slip. There is no issue of non-payment of tax.</p>	<p>Response sent to auditor generals' office on 3<sup>rd</sup> October 2023 to be resolved.</p>	

*Changamwe Constituency National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2023*

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)

Abdulahkim ali



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Name

Fund Account Manager.