

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	06 AUG 2024 TUE 6/8/2024
TABLED BY:	Deputy Majority Whip
CLERK-AT THE-TABLE:	Benson Inzofu

OF THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – LAMU EAST CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2023

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LAMU EAST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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



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I. Acronyms and Abbreviations

Provide a list of all applicable acronyms and abbreviation e.g.

NG-CDF- National Government Constituency Development Fund
NG-CDFB- National Government Constituency Development Fund Board
NG-CDFC- National Government Constituency Development Committee
PFM- Public Finance Management
IPSAS- International Public Sector Accounting Standards.
PMC- Project Management Committee
FY- Financial Year
ARMC- Audit and Risk Management Committee
OSHA- Occupational Safety and Health Act
COC- Constituency Oversight Committee
KNBS- Kenya National Bureau of Statistics

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 Lamu East Constituency NGCDF day-to-day management is under the following key organs:

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

Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	George Juma Onesmus
2.	Sub-County Accountant	Peter W. Vucko
3.	Chairman NGCDFC	Bwanadi Mohamed Shee
4.	Member NGCDFC	Esha Ali Mwalimu

(c) Fiduciary Oversight Arrangements

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

(d) Lamu East Constituency NGCDF Headquarters

P.O. Box 262-80500 Lamu
NG-CDF Building
Mthananga Wanda-Faza Road
Faza-Kenya

(e) Lamu East Constituency NGCDF Contacts

Telephone: (254) 721-355958
E-mail: cdflamueast@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) Lamu East Constituency NGCDF Bankers

Equity Bank (Kenya) Limited
Account Name: Lamu East National Government Constituency Development Fund
Account Number: 1590261644233
P.O.Box 262-80500
Lamu

(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



I am pleased on behalf of Lamu East NG-CDF to forward the Financial Statements and Reports for NGCDF Lamu East Constituency for the period ended 30th June 2023 as the expended Budget for the Financial Year 2022/2023.

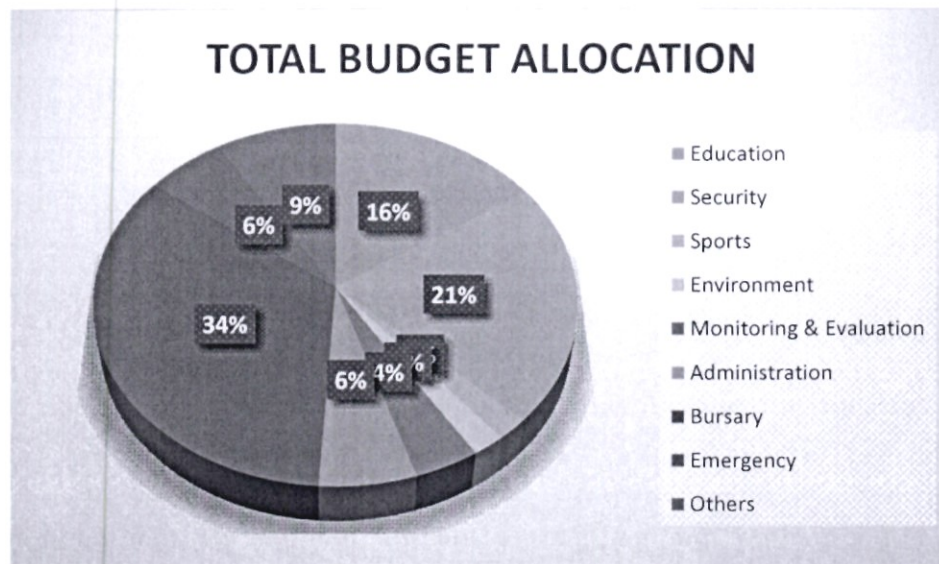
Lamu East Constituency is one of the two constituencies making up Lamu County. The Constituency has a land mass of 2,336.7 square kilometers that includes mainland and the islands, namely Patte, Ndau and Kiwayu.

Its population is 22,258 people, 11,675 being male and 10,583 being female (according to the KNBS - national population census data of 2019). Lamu East Constituency borders Garissa County to the North, Lamu West Constituency to the South West, the Indian Ocean to the East and Republic of Somalia to the North East.

The financial year 2022/2023 project proposal budget as approved and funded by the NG-CDF Board for Lamu East Constituency was kshs. 131,342,462. Out of this allocation, kshs. Kshs.75,000,000 was received from the NG-CDF Board during the financial year. A total of kshs. 75,317,732.31 was available for spending during the financial year which comprised of an opening balance of kshs. 50,508, receipts from the Board kshs.75,000,000 and kshs. 267,224.31 unutilised funds by the PMC. Thus Lamu East constituency received 57.10 per centum of the annual allocation.

Total expenditure for the period was kshs.54,440,963 which is equivalent to 41.44% of the actual final budget. The closing cashbook balance was kshs.20,876,769.31 and outstanding pending disbursements from the NGCDF Board of kshs. 56,342,462.

Budget allocations for the period have been summarized in a pie-chart as captured below



As depicted in the pie-chart, education has remained a major priority as it takes a lion's share of the entire budget totaling 49% comprising of 15% being for education infrastructure projects such as construction of classrooms, dormitories, libraries, laboratories, administration blocks, ablution blocks among others and 34% being bursaries for needy and bright students both in secondary and tertiary institutions of learning.

Coming in second as a major beneficiary of the funds allocation is security - at 21% which is understandable due to the perennial threats posed by the porous boarder shared by Kenya and her neighbour - Somalia that have seen the Al-shabaab militants continuously invading the Boni forest area of Lamu East Constituency.

Environment allocation has gone along way to conserve the environment through implementation of projects such as construction of VIP toilets to improve waste disposal, provision of rain water harvesting equipment and planting of trees in schools and public compounds.

Sports allocation has awoken talents harnessing for the youths as they engage in various sporting activities and competitions.

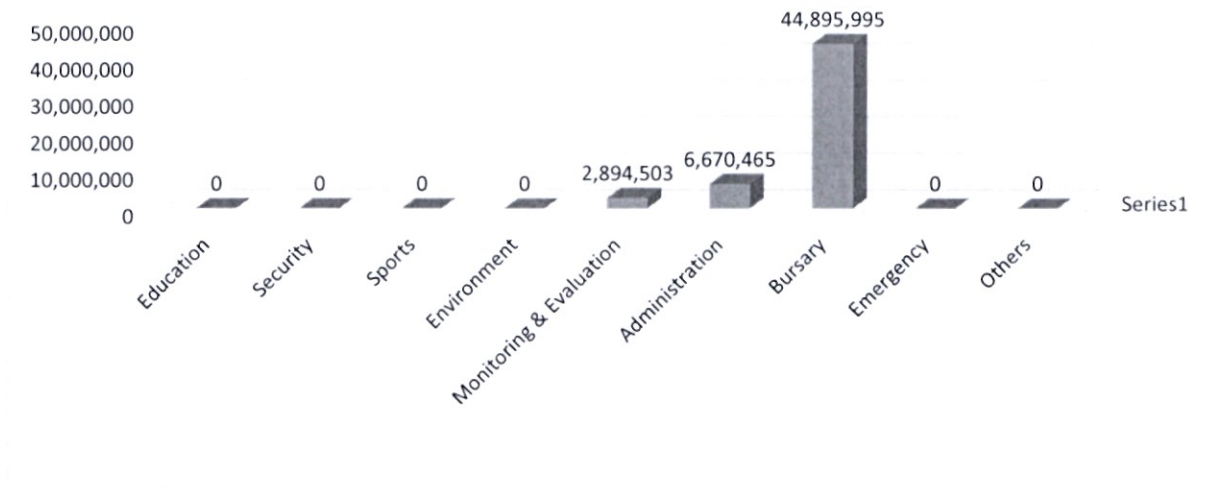
Emergency allocation has come in hand to arrest life threatening calamities mostly caused by mother nature that may not have been prior planned for as they are unforeseen in nature

Administration allocation capacitates the committee to manage the fund efficiently and effectively

2. PROJECTS OUT PUT AND LEVEL OF FUND UTILIZATION

The delay in preparation of the financial year 2022/2023 project proposal budget due to the change of NG-CDFC contributed by the last general election and delay in disbursements of funds from the NGCDF Board, the NGCDF Committee Lamu East constituency expended the annual budget below the 100% expectation, hence the 41.44% utilization. The expenditure of Kshs.54,440,963 comprised only Administration, Monitoring and Evaluation and Bursary expenditures. Education, Security, Sports and Environment projects were not implemented due to delay in disbursement of funds from the NG-CDF Board. The delay of disbursement of funds was majorly contributed by the beginning of a new parliament during the financial year which comes with a lot of logistics and procedures in formation of a new Constituency Committee. The expenditures are distributed as shown in the bar-graph below

ANNUAL EXPENDITURE



PERENIAL ISSUES

Lamu East Constituency suffers from pre-independence challenges of;

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

As a result, the fund has continuously endeavored to lead in the fight against illiteracy by supporting education 100% through infrastructure development and students' bursary sponsorship, construction of security facilities notable chief's offices and police posts in every village of the constituency and more so insecurity hot spots.

EMERGING ISSUES

- i. Climatic changes causing droughts, unpredictable rainfall and unusual rough seas
- ii. Ban on mangrove harvesting
- iii. High rural-urban migration by youth due to joblessness thus stripping the islands of much needed man-power for development

Despite a few challenges here and there, NGCDF continues to be one of the most preferred devolved funds at the grassroots by the society due to its broadened and inclusive management style and the visible tangible results that have brought hope to many villages that not so long ago were living in despair and ravaging poverty.

Forward by;

.....
 Bwanadi Mohamed Shee
 Chairman - NGCDF Lamu East Constituency

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.

Lamu East Constituency is mainly made up of Patte, Ndau, Kiwayu islands and the mainland Boni forest. Thus the main economic activity is fishing and tourism. Arable land is very limited though the population practice some crop production mainly food crops such as maize, beans, green grams and sim-sim. They also keep some livestock such as cows and donkeys.

The constituency has people of diverse culture that co-exist and participate in the development of the constituency but majority of the population is composed of the Bajuni community.

Majority of the population is poor and records high illiteracy rate and perennial food deficit. This is one of the biggest challenges that faces the population of Lamu East Constituency. In terms of infrastructural development, the constituency lags behind in poor road network, inadequate safe drinking water, schools, security infrastructure and health facilities. The non-existence of a developed road network has resulted into the usage of dhows and donkeys as the main means of transport.

Majority of the population of Lamu East Constituency derive their livelihood from fishing, subsistence agriculture and livestock keeping. The area experiences unreliable rainfall and the population has perennial shortage of food and has repeatedly to depend on the government for food relief. Thus 65 per cent of the populations are food poor, 43 per cent are hardcore poor meaning that they cannot meet the basic minimum food requirements even after spending all their income on food alone. About 60 per cent of the adult population cannot meet the minimum cost of food and non food items essential for human life hence are absolutely poor. In terms of gender, 45 percent of the poor are male and 55 percent are female. The highest poverty incidence is found in the hinterland Boni forest areas of the constituency where the Boni community live as hunters and gatherers.

Lack of sufficient and reliable sources of potable water supply and sanitation services in Lamu East Constituency have greatly contributed to the high poverty levels inherent of the area. Provision of readily available potable water supply and improved sanitation will impact positively on the livelihoods of the communities by availing adequate time for engagement in farming and other economic activities, eradication of water borne related diseases, improved food security and better health care services.

The Constituency has endeavoured to come up with strategic objectives and related programmes and projects that have been formulated to better the livelihoods of the constituents as envisaged in the five year strategic plan (2023-2027). This is a commitment by the Lamu East NGCDF Committee to initiate projects for a period of five years that is expected to transform the livelihoods of the constituents for the better.

The vision statement is "To be a leader in promoting citizen's driven socio-economic programmes for sustainable development".

The strategic objectives include:

- i) To improve the quality of the socio-economic well-being of the marginalized and vulnerable local communities.
- ii) To contribute in enhancing infrastructure improvement.
- iii) To promote conservation and management of the environment.
- iv) To contribute in reducing unemployment among the youth in the constituency
- v) To develop and sustain institutional capacity of Lamu East Constituency NGCDF Committee

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:

The key development objectives of NGCDF Lamu East Constituency's 2023-2027 plan are to:

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrollment in primary schools and improved transition to secondary schools and tertiary institutions	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	In the FY 2022/2023 we increased and renovated classrooms, furnished learning facilities, sanitation blocks, Multipurpose halls, Administration offices, etc in both primary and secondary schools, just to name but a few; - Kiunga Primary School supply of furniture - Kizingitini Girls primary school - new classrooms and renovation of dilapidated structures, - Shanga, Rasini Girls, Myabogi primary schools - renovation of classrooms - Faza Boys Primary School supply of furniture - Faza secondary school renovation of science laboratory - Siyu secondary school supply of furniture - Mbwajumwali secondary school multipurpose hall - Kizingitini secondary school renovation of classrooms

Lamu East 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 sponsored with tuition fees totaling kshs.45,000,000
Security	To have all government security agencies within the constituency provided with administration offices and secured working environment	Heightened security within the constituency that guarantees safe working environment and peaceful co-existence of communities and improved service delivery to the citizens	Number of police posts constructed and furnished Number of chiefs offices constructed and furnished	In the FY 2022/2023 the following infrastructures were implemented:- -Lamu East Sub-county Head Quarters at Faza - Lamu East Sub-county Police Head Quarters at Kizingitini Police Station - Chief Offices at Kiunga, Siyu, Patte, together with furniture of chief offices at Ndau, Kiwayu, Kizingitini - AP Post at Ndau, Kiangwe etc
Environment	Rehabilitation and Conservation of environment	Restoration of nature and protecting nature from degradation and pollution	Number of tree seedlings planted, gabions constructed, water harvesting facilities initiated and pit-latrines constructed	In the FY 2022/2023, funded: -Pit latrines at Kiangwe Police post, -Pit latrines at Tchundwa Primary School, -Pit latrines at Mbwajumwali Primary School, - Planted trees at Mtangawanda Primary School, Patte Girls secondary school, Mbwajumwali secondary school and Siyu secondary school
Sports	Promotion of Sports and Sporting activities	Harnessing of youth talents and promotion of peaceful coexistence of communities through social welfare activities such as ball games, boat racing and donkey competitions	Number of teams participated in sponsored sporting events Infrastructures constructed in institutions that providing sporting space Sporting gear and equipment procured for sporting teams	In the FY 2022/2023, we organized constituency sports tournament that provided a platform to harness and identify sporting talents, offered entertainment and peace building opportunity for all the communities in the constituency

V. Statement of Governance

(i) National Government Constituency Development Committee (NG-CDFC)

The National Government Constituency Development Fund at the national level is managed by the National Government Constituencies Development Fund Board (NG-CDF Board), at the constituency level is managed by the National Government Constituency Development Fund Committee (NG-CDFC) while at the community level is managed by the Project Management Committee (PMC). The oversight role to the fund is conducted by the Constituency Oversight Committee (COC).

a) Membership of National Government Constituency Development Fund Committee (NG-CDFC)

Section 43. (1), (2), (3) and (4) of the National Government Constituency Development Fund (NG-CDF) Act state that:

(1) There is established a National Government Constituency Development Fund Committee for every constituency

(2) Each Constituency Committee shall comprise:

- (a) the national government official responsible for coordination of national government functions;
- (b) two men each nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment;
- (c) two women nominated in accordance with subsection (3), one of whom shall be a youth at the date of appointment;
- (d) one persons with disability nominated by a registered group representing persons with disabilities in the constituency in accordance with subsection (3);
- (e) two persons nominated by the constituency office established under Regulations made pursuant to the Parliamentary Service Act;
- (f) the officer of the Board seconded to the Constituency Committee by the Board who shall be an *ex officio* member without a vote.
- (g) one member co-opted by the Board in accordance with Regulations made by the Board;

(3) The seven persons referred to in subsection (2)(b), (c), (d) and (e) shall be selected in such manner and shall have such qualifications as the Board may, by regulations, prescribe.

(4) The names of the persons selected under subsection (3) shall be submitted by the Board to the National Assembly for approval before appointment and gazettelement by the Board.

b) Appointment of National Government Constituency Development Fund Committee (NG-CDFC)

Regulation 6(1) requires that for one person to serve as a member of the NG-CDF, he or she must be:

- a) a citizen of Kenya
- b) Ordinary resident and a voter of the constituency
- c) Able to read, write and communicate in Kiswahili and English
- d) Meet the requirement of Chapter six of the Constitution of Kenya
- e) Is able to participate in activities of a constituency committee

c) Eligibility criteria for appointment as a member of the National Government Constituency Development Fund Committee (NG-CDFC)

As per provisions of Section 43(3) of the NG-CDF Act 2015, the seven persons referred to in subsection (2) (b), (c), (d) and (e) shall be selected in the manner prescribed in the Regulations.

In this regard, Regulations 5 and 6 of the NG-CDF Regulations 2016 provide for the eligibility criteria and procedures for nomination of five members of the NG-CDF Committee as outlined in Section 43 (2) paragraphs (b), (c), and (d) of the principal Act through a Selection Panel (Regulation 5(4) composed of:

- i) One person nominated by the National Government Official incharge of sub-county, or a designated representative who shall chair the Panel;
- ii) The Officer of the Board seconded to the Constituency who shall be the secretary to the Selection Panel; and
- iii) Two persons, one of either gender, nominated by the Constituency Office(established under regulation made pursuant to the Parliamentary Service Act)

d) Procedures for appointment of members of the National Government Constituency Development Fund Committee(NG-CDFC)

The selection of members is done by a selection panel and shall proceed as follows:

- i. In case of a Person Living with Disability, the Fund Account Manager shall write to a registered group representing persons with disabilities in the Constituency requesting for nomination of one person with disability to sit in the NG-CDF Committee. The nominating organisation shall be required to provide specific description of the kind of disability to enable the Board and NG-CDF Committee to plan for necessary support o facilitate full participation of the nominee in various activities of the Fund.
- ii. Invite applications from interested and qualified members of the public for appointment to the Constituency Committee . The invitation shall be widely publicised to reach all parts of the Constituency.
- iii. The Selection Panel shall consider the applications and select four suitable persons taking into account age, gender, special interest groups and regional balance.
- iv. Obtain from the Constituency Office Manager via a formal written communication names of two nominees to the NG-CDF Committee, one being of either gender.
For avoidance of doubt, the nominee under this paragraph shall not include persons who sat in the selection panel at any point of the current selection process.
- v. Submit the list of seven nominees (four recommended by the Selection Panel, one nominated by registered group representing persons with disabilities I the constituency and two nominated by the Constituency office) to the Board within seven days of the selection process.
- vi. Ensure the original report of the Selection Panel duly signed by all members of the Panel, original letter from the Constituency Office Manager forwarding two nominees to the NG-CDF Committee one being of either gender, original letter and copies of minutes of the meeting of the body nominating person with disability to NG-CDF Committee, copies of National Identity Cards of all the nominees(certified as true copy of original by Fund Account Manager), the long listing and shortlisting criteria, and three colour passport-size photographs of each of the respective nominees (Stamped and signed at the back by the Fund Account Manager) are attached to the list submitted to the Board.

e) Term of office of National Government Constituency Development Fund Committee(NG-CDFC)

Section 43(8) of the National Government Constituency Development Fund Act states that:

The term of office of the members of the Constituency Committee shall be two years and shall be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act, or as may be approved by the Board.

f) Number of meetings for National Government Constituency Development Fund Committee(NG-CDFC)

Section 43(11) states that: The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

During the financial year 2022-2023 Lamu East NG-CDF held 20 meetings

g) Vacancy of National Government Constituency Committee(NG-CDFC) Member

Section 43(10) states that: Whenever a vacancy occurs in the Constituency Committee by reason of resignation, incapacitation or demise of a member the vacancy shall be filled from the same category of persons where the vacancy has occurred within a period of thirty days.

Section 43(13) states that: A member of the Constituency Committee may be removed from office on any one or more of the following grounds-

- (a) lack of integrity;
- (b) gross misconduct;
- (c) embezzlement of public funds;
- (d) bringing the committee into disrepute through unbecoming personal public conduct;
- (e) promoting unethical practises;
- (f) causing disharmony within the committee;
- (g) physical or mental infirmity.

Section 43(14) states that: A decision to remove a member under subsection (13) shall be made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made

Section 43(15) states that: A vacancy arising as a result of the removal of a member under subsection (13) shall be filled in the manner set out in subsection (10) and minutes of the meeting shall indicate the fact of the removal or appointment of a member.

(ii) Constituency Oversight Committee (COC)

Section 53(1), (2), (3), (4) and (5) of the National Government Constituency Development Fund Act states that:

(1) There is established a Constituency Oversight Committee for projects undertaken under this Act.

(2) The Constituency Oversight Committee shall be comprised of the constituency member of the National Assembly and not more than four other members, appointed by the Member of National Assembly for the constituency in consultation with other stakeholders.

(3) The constituency Member of National Assembly shall, in consultation with the Constituency Oversight Committee at least twice in every financial year ,and upon giving notice of at least fourteen days, convene public forums for purposes of-

- (a) mobilizing and sensitizing the respective target groups on any matter related to the Fund; and
- (b) soliciting views, opinions and proposals from the public in regard to the Fund and presenting the views and opinions to the National Assembly;

(4) The public may in the public forums above -

- (a) make recommendations to the Constituency Committee for the better implementation of projects undertaken under the Act;
- (b) witness the commissioning of projects and issuance of cheques and other

disbursements by the Constituency Committee; and
(c) express their views on the implementation of the Fund;
(5) A member of the Constituency Oversight Committee may attend meetings of the Constituency Committee or its sub-committees, to ensure fair distribution of the fund.

(iii) Project Management Committee (PMC)

Regulation 15(1) states that there shall be appointed a project management committee for each project in a Constituency in accordance with section 36 of the Act which shall:

- a) Implement projects in consultation with the relevant department of government
- b) Maintain proper records of all minutes, accounting documents and other records in relation to projects being implemented
- c) Open and maintain an independent bank account for each project
- d) Prepare returns and file them with a Constituency Committee on a timely basis
- e) Account for funds to a Constituency Committee and;
- f) Prepare returns and file them with a Constituency Committee

Regulation 15(2) states that Project Management Committee shall prepare and submit hand over reports to a Constituency Committee

VI. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Lamu East NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security

activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.

c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as 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 financial year 2022/2023 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

Environment Policy and Action Plan

Protection of the environment in which we live and operate is part of Lamu East NGCDF initiatives

Care for the environment is one of our key responsibilities and an important aspect in the way in which we carry out our operations.

Our Environmental Policy

In this policy statement Lamu East NGCDF commits to:

- i) Comply with all relevant environmental legislation, regulations and approved codes of practice
- ii) Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- iii) Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- iv) Managing and disposing of all wastage in a responsible manner;
- v) Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- vi) Regularly communicating our environmental performance to our employees and other significant stakeholders
- vii) Developing our management processes to ensure that environmental factors are considered during planning and implementation
- viii) Monitoring and continuously improving our environmental performance.
- ix) Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

Our Environmental Action Plan

Lamu East NGCDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts. These four areas together with our approach and targets for each are shown below:

Impact Area	Approach
Capacity Building	<ul style="list-style-type: none"> • Promote environmental awareness by sensitizing the Lamu East NG-CDFC, NG-CDFC staff and FMCs on good conservation practices • To encourage, through regular communication to Lamu East NG-CDFC, staff, and other stakeholders changes in individual behaviour to reduce usage
Conservation of Energy and Resources	<ul style="list-style-type: none"> • To maximize use of available technologies to remove the need to use paper • To encourage our clients to engage with us using electronic means where possible • To maximize on rain water harvesting • To make energy efficiency a key factor in the selection of any new energy device being purchased • To invest in available energy saving technologies and devices within our existing premises
Environmental Protection and Conservation	<ul style="list-style-type: none"> • To promote use of volt guards to control power surges • We have constructed culverts and gabions to prevent soil erosion • To encourage tree planting in the constituency to improve the forest cover. • To promote purchase and installation of fire extinguishers to aid in extinguishing and controlling fires
Pollution Control and Waste Management	<ul style="list-style-type: none"> • To ensure that all paper waste is recycled • To ensure segregation of waste • To ensure proper human waste disposal through construction of pit latrines, septic and soak pit tanks

3. Employee welfare

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

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

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of

movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

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

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

Lamu East 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.

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.

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

29/08/2024


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

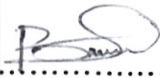
The Accounting Officer in charge of the NGCDF Lamu East Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been

*Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Lamu East Constituency financial statements were approved and signed by the Accounting Officer on 24/03/ 2024.


.....

Name: Bwanadi Mohamed Shee
Chairman – NGCDF Committee


.....
Name: George Juma Onesimus
Fund Account Manager

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lamu East Constituency set out on pages 1 to 42, which comprise of the statement of 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Lamu East Constituency as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the 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

1. Unsupported Payments on Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers of Kshs.44,725,995 as disclosed in Note 8 to the financial statements. The amount relates to bursary disbursements to various Secondary Schools, Colleges and Universities. However, these payments were not supported with minutes of the Bursary Vetting Committee that identified and selected the beneficiaries. In addition, included in the payments is Kshs.18,900,000 that was not supported with acknowledgement receipts.

In the circumstances, the accuracy, completeness and regularity of the payments in respect of bursary disbursements totalling Kshs.44,725,995 could not be confirmed.

2. Lack of Ownership, Valuation and Existence of Fixed Assets

As disclosed in Annex 4 of the financial statements, the Fund had assets valued at Kshs.20,841,953 as at 30 June, 2023. Included in the summary of assets register is the historical costs of the Fund's buildings valued at Kshs.9,805,012. However, Management did not disclose the cost of the land where the Fund's offices are constructed and had also not obtained ownership documents for the parcel of land.

In the circumstances, the ownership, valuation and existence of the Fund's assets 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 - Lamu East Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget of Kshs.131,418,763 and actual receipts amount on comparable basis of Kshs.75,076,301, resulting to a shortfall of Kshs.56,342,462 or 43% of the budget. Similarly, the Fund spent Kshs.54,440,963 against actual receipts of Kshs.75,076,301, resulting to an under-utilization of Kshs.20,635,338. The under-funding and under-utilization affected implementation of the planned activities and may have impacted negatively on service delivery to the public.

My opinion 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

The audit of the previous year highlighted several issues under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Management report on the progress made in resolving the issues, indicate that issues relating to the financial statements had not been resolved as at 30 June, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Unfunded and Unimplemented Projects

Included in the approved estimates are nine (9) projects worth Kshs.66,786,000 that were not implemented by the National Constituencies Development Fund due to delayed approvals and disbursement of funds contrary to Section 40 of the National Government Constituencies Development Fund Act, 2015 which states that the Board shall ensure that the list of projects forwarded to it by each constituency is, upon approval, funded in accordance with the Act.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

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 maintaining effective 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 control, risk management and governance.

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the 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 of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

17 May, 2024

*Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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IX. Statement of Receipts and Payments for the Year Ended 30th June 2023

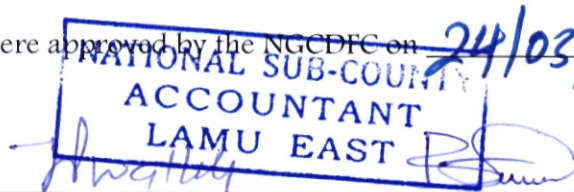
	Note	2022/2023	2021/2022
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	75,000,000	163,277,758
Proceeds From Sale of Assets	2	00	00
Other Receipts	3	25,793	00
Total Receipts		75,025,793	163,277,758
Payments			
Compensation Of Employees	4	2,500,690	4,700,700
Committee expenses	5	1,811,900	4,761,000
Use Of Goods and Services	6	5,402,378	3,334,546
Transfers To Other Government Units	7	00	62,900,000
Other Grants and Transfers	8	44,725,995	90,152,209
Acquisition Of Assets	9	00	00
Oversight Committee Expenses	10	00	00
Other Payments	11	00	00
Total Payments		54,440,963	165,848,455
Surplus/ (Deficit)		20,584,830	(2,570,697)

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 24/03/2024 and signed by



Fund Account Manager
Name: George Juma Onesmus



National Sub-County Accountant
Name: Peter W. Vucko
ICPAK M/No: 15918

Chairman NG-CDF Committee
Name: Bwanadi Mohamed Shee

Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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X. Statement Of Assets and Liabilities As At 30th June, 2023

	Note	2022/2023	2021/2022
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	12A	20,876,769	50,508
Cash Balances (Cash at Hand)	12B	00	00
Total Cash and Cash Equivalents		20,876,769	50,508
Accounts Receivable			
Outstanding Imprests	13	00	00
Total Financial Assets		20,876,769	50,508
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	14A	00	00
PMC- Lamu West		(241,431)	
Gratuity	14B	00	00
Total Financial Liabilities		241,431	00
Net Financial Assets		20,635,338	50,508
Represented By			
Fund Balance B/Fwd	15	50,508	2,621,205
Prior Year Adjustments	16	00	00
Surplus/Deficit for The Year		20,584,830	(2,570,697)
Net Financial Position		20,635,338	50,508

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 NGCDF on 24/03/2024 and signed by:

Fund Account Manager

Name: George Juma Onesmus

National Sub-County
Accountant

Name: Peter W. Vucko

ICPAK M/No: 15918

Chairman NG-CDF
Committee

Name: Bwanadi Mohamed
Shee

*Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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Statement of Cash Flows for The Year Ended 30th June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	75,000,000	163,277,758
Other Receipts	3	25,793	00
Total Receipts		75,025,793	163,277,758
Payments			
Compensation Of Employees	4	2,500,690	4,700,700
Committee Expenses	5	1,811,900	4,761,000
Use Of Goods and Services	6	5,402,378	3,334,546
Transfers To Other Government Units	7	00	62,900,000
Other Grants and Transfers	8	44,725,995	90,152,209
Oversight Committee Expenses	10	00	00
Other Payments	11	00	00
Total Payments		54,440,963	165,848,455
Total Receipts Less Total Payments		20,584,830	(2,570,697)
Adjusted For:			
Prior Year Adjustments	16	00	00
Decrease/(Increase) In Accounts Receivable	17	00	00
Increase/(Decrease) In Accounts Payable	18	241,431	00
Net Cash Flow from Operating Activities		20,826,261	(2,570,697)
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	00	00
Acquisition Of Assets	9	(00)	(00)
Net Cash Flows from Investing Activities		00	00
Net Increase In Cash And Cash Equivalent		20,826,261	(2,570,6970
Cash & Cash Equivalent At Start Of The Year	12	50,508	2,621,205
Cash & Cash Equivalent At End Of The Year		20,876,769	50,508

*Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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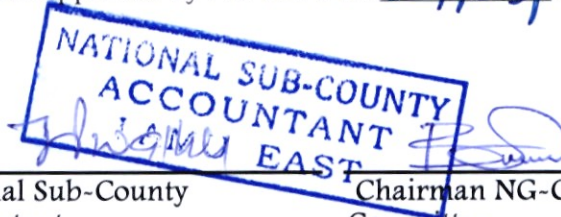
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 24/03/ 2024 and signed by:



Fund Account Manager
Lamu

Name: George Juma Onesmus



National Sub-County
Accountant

Name: Peter W. Vucko

ICPAK M/No: 15918

Chairman NG-CDF
Committee

Name: Bwanadi Mohamed
Shee

*Lamu East Constituency
National Government Constituencies Development Fund (NGCDF)
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XI. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
		a	b				
	2022/2023	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2022/2023	2022/2023		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts							
Transfers From NGCDF Board	131,342,462	50,508	00	131,392,970	75,050,508	56,342,462	57.1%
Proceeds From Sale of Assets	00	00	00	00	00	00	00%
Other Receipts	00	25,793	00	25,793	25,793	00	100%
Totals	131,342,462	76,301	00	131,418,763	75,076,301	56,342,462	57.1%
Payments							
Compensation Of Employees	3,869,612	50,497	00	3,920,109	2,500,600	1,462,619	63.8%
Committee Expenses	2,516,000	00	00	2,516,000	1,811,900	704,100	72.0%
Use Of Goods and Services	5,434,660	11	00	5,434,671	5,402,378	32,293	99.4%
Transfers To Other Government Units	1,000,00	00	00	1,000,000	00	1,000,000	00%
Other Grants and Transfers	55,836,190	00	00	55,836,190	44,725,995	11,110,195	80.1%
Acquisition of Assets	500,000	00	00	500,000	00	500,000	00%
Oversight Committee Expenses	1,300,000	00	00	1,300,000	00	1,300,000	00%
Other Payments	28,600,000	00	00	28,600,000	00	28,600,000	00%
Funds Pending Approval/Unallocated	32,286,000	25,793	00	32,311,763	00	32,311,793	00%
Totals	131,342,462	76,301	00	131,418,763	54,440,963	76,977,800	41.9%

Explanatory Notes.

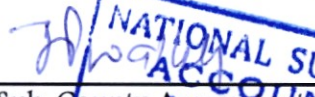
- (a) The receipts is comprised of the opening balance, the receipts from the NG-CDF Board in the financial year
- (b) Equity Bank (k) Ltd erroneously transfer Kshs. 241,431 Ungu Primary School, a project of NG-CDF Lamu West Constituency
- (c) The under-utilization/expenditure in the financial year was contributed by delay in disbursement of funds from the NG-CDF Board and approval compliance requirement set by the Board prior to approval of projects to assist in making preapproval due diligence.
- (d) 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.
- (e) Other receipts of Kshs. 25,793 relate to various PMC bank account closure as listed in the schedules attached.

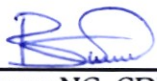
The changes between the original and final budget are as a result of reallocations within the budget

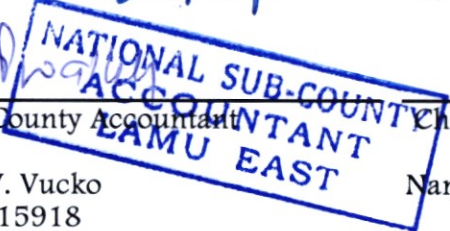
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	76,977,800
Less undisbursed funds receivable from the Board as at 30 th June 2023	56,342,462
	20,635,338
Increase/ (decrease) Accounts payable	241,431
(Decrease)/Increase Accounts Receivable	(00)
Add/Less Prior Year Adjustments	00
Cash and Cash Equivalents at the end of the 30 th June 2023	20,876,769

The Constituency financial statements were approved by NG CDFC on 24/03 2024 and signed by:


 Fund Account Manager.....
 P O. Box 262 80500
 Lamu
 NG CDF LAMU EAST


 National Sub-County Accountant
 Name: Peter W. Vucko
 ICPAK M/No: 15918


 Chairman NG-CDF Committee
 Name: Bwanadi Mohamed Shee



XII. Budget Execution By Sectors And Projects For The Year Ended 30th 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	3,869,612	50,497	00	3,920,109	2,500,690	1,462,619
1.2 Committee allowances	1,200,000	00	00	1,200,000	1,153,000	47,000
1.3 Use of goods and services	2,810,660	11	00	2,810,671	2,502,082	308,589
Sub-total	7,880,272	50,508	00	7,930,780	6,155,772	1,775,008
2.0 Monitoring and evaluation						
2.1 Capacity building	1,050,000	00	00	1,050,000	960,000	90,000
2.2 Committee allowances	1,316,000	00	00	1,316,000	1,172,000	143,700
2.3 Use of goods and services	1,574,000	00	00	1,574,000	1,426,869	147,104
Sub-total	3,940,000	00	00	3,940,000	3,559,196	380,804
3.0 Emergency						
3.1 Primary Schools	00	00	00	00	00	00
3.2 Secondary schools	00	00	00	00	00	00
3.3 Tertiary institutions	00	00	00	00	00	00
3.4 Security projects	00	00	00	00	00	00
3.5 Unutilised	7,636,190	00	00	7,636,190	00	7,636,190
Sub-total	7,636,190	00	00	7,636,190	00	7,636,190

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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			
4.0 Bursary and Social Security						
4.1 Primary Schools	30,000,000	00	00	30,000,000	29,144,995	855,005
4.2 Secondary Schools	15,000,000	00	00	15,000,000	15,581,000	(581,000)
4.3 Tertiary Institutions	00	00	00	00	00	00
4.4 Universities	00	00	00	00	00	00
4.5 Social Security	00	00	00	00	00	00
Sub-total	45,000,000	00	00	45,000,000	44,875,995	274,005
5.0 Sports						
5.1 Constituency Sports Tournament	2,188,150	00	00	2,188,150	00	2,188,150
5.2 Regional Sports Tournament	411,850	00	00	411,850	00	411,850
5.3	00	00	00	00	00	00
Sub-total	2,600,000	00	00	2,600,000	00	2,600,000
6.0 Environment						
6.1	00	00	00	00	00	00
Sub-total	00	00	00	00	00	00
7.0 Primary Schools Projects						
7.1 Tchundwa Primary School	1,000,000	00	00	1,000,000	00	1,000,000
Sub-total	1,000,000	00	00	1,000,000	00	1,000,000
8.0 Secondary Schools Projects						
8.1	00	00	00	00	00	00

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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			
Sub-total	00	00	00	00	00	00
9.0 Tertiary institutions Projects						
9.1	00	00	00	00	00	00
Sub-total	00	00	00	00	00	00
10.0 Security Projects						
10.1 Laptops	600,000	00	00	600,000	00	600,000
Sub-total	600,000	00	00	600,000	00	600,000
11.0 Acquisition of assets						
11.1 NG-CDF Motorcycle	500,000	00	00	00	00	00
Sub-total	500,000	00	00	00	00	00
12.0 Oversight Committee Expenses (itemize)						
12.1 COC Members allowances	324,000	00	00	324,000	00	324,000
12.2 Other COC expenses	976,000	00	00	976,000	00	976,000
	00	00	00	00	00	00
Sub-total	1,300,000	00	00	1,300,000	00	1,300,000
13.0 Others						
10.1 Lamu East Sub County Huduma Centre	24,600,000	00	00	24,600,000	00	24,600,000
13.1 NG-CDF Strategic Plan	4,000,000	00	00	4,000,000	00	4,000,000
Sub-total	28,600,000	00	00	28,600,000	00	28,600,000

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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			
Funds pending approval:						
14.1 Captain Ruweida Boys Boarding Sec Sch	19,500,000	00	00	19,500,000	00	19,500,000
14.2 NG-CDF Lamu East Speed boat	7,186,000	00	00	7,186,000	00	7,186,000
14.3 Environment Projects	2,600,000	00	00	2,600,000	00	2,600,000
14.4 NG-CDF Office	3,000,000	00	00	3,000,000	00	3,000,000
Sub-total	32,286,000	00	00	32,286,000	00	32,286,000
PMC Savings	00	25,793	00	25,793	00	25,793
Total	131,342,462	76,301	00	131,418,763	54,440,963	76,977,800

XIII. Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

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 Equivalent.

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 30th June 2022 for the period 1st July 2022 to 30th 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 30th 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.

XIV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022/2023	2021/2022
NGCDF Board	Kshs	Kshs
A.I.E No. B185143	7,000,000.00	
A.I.E No. B185545	6,000,000.00	
A.I.E No. B185679	15,000,000.00	
A.I.E No. B206179	5,000,000.00	
A.I.E No. B206444	12,000,000.00	
A.I.E No. B205954	12,000,000.00	
A.I.E No. B207551	18,000,000.00	
AIE NO. B140976		26,188,879
AIE NO. B105393		45,000,000
AIE NO. B105608		23,000,000
AIE NO. B105978		10,000,000
AIE NO. B128587		16,000,000
AIE NO. B128899		26,000,000
AIE NO. B154096		5,088,879
AIE NO. B895013		12,000,000
TOTAL	75,000,000	163,277,758

2. Proceeds From Sale of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Receipts from sale of Buildings	00	00
Receipts from the Sale of Vehicles and Transport Equipment	00	00
Receipts from sale of office and general equipment	00	00
Receipts from the Sale Plant Machinery and Equipment	00	00
Others (specify)	00	00
Total	00	00

3. Other Receipts

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from sale of tender documents	00	00
Unutilized funds from PMCs	25,793	00
Hire of plant/equipment/facilities	00	00
Other Receipts Not Classified Elsewhere	00	00
Total	25,793	00

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NG-CDFC Basic staff salaries	937,795	4,149,576
Personal allowances paid as part of salary	00	00
House Allowance	143,375	00
Transport Allowance	238,000	00
Leave allowance	00	00
Hardship Allowance	170,000	
Gratuity to contractual employees	957,520	462,000
Employer Contributions Compulsory national social security schemes	54,000	89,124
Total	2,500,690	4,700,700

5. Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Sitting allowance	1,683,900	1,824,600
Other committee expenses	128,000	2,936,400
Total	1,811,900	4,761,000

Note:

6. Use of Goods and services

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Utilities, supplies and services	30,000	0
Communication, supplies and services	00	24,720
Domestic travel and subsistence	761,265	993,100
Printing, advertising and information supplies & services	250,000	529,272
Rentals of produced assets	420,000	0
Training expenses	1,730,200	399,500
Hire of training facilities and equipment	691,200	00
Hospitality supplies and services	150,000	99,450
Insurance costs	00	00
Specialised materials and services	00	108,608
Office and general supplies and services	1,074,813	407,946
Fuel , oil & lubricants	00	164,930
Other operating expenses	258,000	112,360
Bank Charges	00	38,160
Courier and postal services	36,900	00
Travel costs	00	00
Security operations	00	00
Routine maintenance - vehicles and other transport equipment	00	173,500
Routine maintenance- other assets	00	283,000
	00	00
Total	5,402,378	3,334,546

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)	00	41,400,000
Transfers To Secondary Schools (See Attached List)	00	9,500,000
Transfers To Tertiary Institutions (See Attached List)	00	12,000,000
Total	00	62,900,000

8. Other Grants and Other transfers

	2022/2023	2021/2022
	Kshs	Kshs
Bursary – secondary schools (see attached list)	29,144,995	24,000,000
Bursary – tertiary institutions (see attached list)	15,581,000	23,000,000
Bursary – special schools (see attached list)	00	00
Mock & CAT (see attached list)	00	00
Social Security programmes (NHIF)	00	00
Security projects (see attached list)	00	28,600,000
Sports projects (see attached list)	00	2,730,000
Environment projects (see attached list)	00	4,630,000
Emergency projects (see attached list)	00	7,192,209
Roads projects (see attached list)	00	00
Total	44,725,995	90,152,209

Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Purchase of Buildings	00	00
Construction of Buildings	00	00
Refurbishment of Buildings	00	00
Purchase of Vehicles and Other Transport Equipment	00	00
Purchase of Household Furniture and Institutional Equipment	00	00
Purchase of Office Furniture and General Equipment	00	00
Purchase of ICT Equipment, Software and Other ICT Assets	00	00
Purchase of Specialized Plant, Equipment and Machinery	00	00
Rehabilitation and renovation of plant, machinery and equipment	00	00
Acquisition of Land	00	00
Acquisition Intangible Assets	00	00
Total	00	00

10. Oversight Committee Expenses

	2022-2023	2021/2022
	Kshs	Kshs
COC Members allowances	00	00
Other COC expenses	00	00
	00	00

11. Other Payments

	2022-2023	2021/2022
	Kshs	Kshs
Strategic plan	00	00
ICT Hub	00	00
	00	00

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12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022/2023	2021/2022
	Kshs	Kshs
12A: Bank Accounts (Cash Book Bank Balance)		
<i>NGCDF Lamu East Constituency Equity Bank A/C NO. 1590261644233.</i>	20,876,769	50,508
<i>Name of Bank, account No. (Deposits account)</i>	00	00
Total	20,876,769	50,508
12 B: Cash on Hand		
Location 1	00	00
Location 2	00	00
Location 3	00	00
Other Locations (<i>Specify</i>)	00	00
Total	00	00

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>
		Kshs	Kshs	Kshs
<i>Name of Officer</i>	dd/mm/yy	00	00	00
<i>Name of Officer</i>	dd/mm/yy	00	00	00
Total		00	00	00

Notes to the Financial Statement Continued

14. Retention and Gratuity

14 A. Retention	2022/2023	2021/2022
	KShs	KShs
Retention as at 1 st July (A)	00	00
Retention held during the year (B)	00	00
Retention paid during the Year (C)	00	00
Closing Retention as at 30 th June D= A+B-C	00	00

14 B. Gratuity	2022/2023	2021/2022
	KShs	KShs
Gratuity as at 1 st July (A)	00	00
Gratuity held during the year (B)	00	00
Gratuity paid during the Year (C)	00	00
Closing Gratuity as at 30 th June D= A+B-C	00	00

15. Fund Balance B/F

	(1 st July 2022)	(1 st July 2021)
	Kshs	Kshs
Bank accounts	50,508	2,621,205
Cash in hand	00	00
Imprest	00	00
Total	00	00
Less		
Payables: - Retention	00	00
Payables – Gratuity	00	00
Fund Balance Brought Forward	50,508	2,621,205

[Provide short appropriate explanations as necessary]

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	00	00	00
Cash in hand	00	00	00
Accounts Payables	00	00	00
Receivables	00	00	00
Others (<i>specify</i>)	00	00	00
Total	00	00	00

** 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 st July (A)	00	00
Imprest issued during the year (B)	00	00
Imprest surrendered during the Year (C)	00	00
closing accounts in account receivables D= A+B-C	00	00
Net changes in accounts Receivables D - A	00	00

18. Changes In Accounts Payable – Deposits and Retentions

	2022/2023	2021/2022
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	00	00
Deposit and Retentions held during the year (B)	00	00
Deposit and Retentions paid during the Year (C)	00	00
closing account payables D= A+B-C	00	00
Net changes in accounts payables D-A	00	00

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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	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
Total	00	00

19.2: Pending Staff Payables (See Annex 2)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NGCDFC Staff	00	00
Others (<i>specify</i>)	00	00
Total	00	00

19.3: Unutilized Fund (See Annex 3)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Compensation of employees	1,419,419	50,497
Committee expense	704,100	11
Use of goods and services	32,293	00
Amounts due to other Government entities	1,000,000	00
Amounts due to other grants and other transfers	11,110,195	00
Acquisition of assets	500,000	00
Oversight Committee Expenses	1,300,000	00
Other Payments	28,600,000	00
Funds pending approval	32,311,793	00
Total	76,977,800	50,508

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19.4: PMC account balances (See Annex 5)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
PMC account balances (see attached list)	00	117,801
Total	00	117,801

19.5: Related Party Transactions

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	1,683,900	2,115,400
Transaction with the NGCDF Board		
Receipts from the NGCDF Board during the year	75,000,000	163,277,758
Total	76,683,900	165,393,158

XV. 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.	00	00	00	00	00
2.	00	00	00	00	00
3.	00	00	00	00	00
Sub-Total	00	00	00	00	00
Construction of civil works					
4.	00	00	00	00	00
5.	00	00	00	00	00
6.	00	00	00	00	00
Sub-Total	00	00	00	00	00
Supply of goods					
7.	00	00	00	00	00
8.	00	00	00	00	00
9.	00	00	00	00	00
Sub-Total	00	00	00	00	00
Supply of services					
10.	00	00	00	00	00
Sub-Total	00	00	00	00	00
Grand Total	00	00	00	00	00

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2023	Comments
NG-CDFC Staff				
1.			00	
2.			00	
3.			00	
Sub-Total			00	
Grand Total			00	

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Compensation of employees		1,419,419	50,497	
Committee Expenses		190,700	00	
Use of goods & services		545,693	11	
Sub-Total		2,155,812	50,508	
Amounts due to other Government entities				
Tchundwa Primary School		1,000,000	00	
Sub-Total		1,000,000	00	
Amounts due to other grants and other transfers				
Emergency Projects		7,636,190	00	
Sports Projects		2,600,000	00	
Security		600,000	00	
Bursary		274,005	00	
Sub-Total		11,110,195	00	
Acquisition of assets				
Office Motorcycle		500,000	00	
Sub-Total		500,000	00	
Oversight Committee Expenses 28(itemize)				
COC Members allowance		324,000	00	
Other COC expenses		976,000	00	
Sub-Total		1,300,000	00	
Others (specify)				
Strategic Plan		4,000,000	00	
Lamu East Sub County Huduma Centre		24,600,000	00	

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Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Sub-Total		28,600,000	00	
Funds pending approval:				
Captain Ruweida Boys Boarding Sec Sch		19,500,000		
NG-CDF Lamu East Speed Boat		7,186,000	00	
Environment Project		2,600,000		
NG-CDF Office		3,000,000		
Sub-Total		32,286,000	00	
PMC Savings		25,793	00	
Sub-Total		25,793	00	
Grand Total		76,977,800	50,508	

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) 2022-2023
Land	00	00	00	00
Buildings and structures	9,805,012	00	00	9,805,012
Transport equipment	9,119,430	00	00	9,119,430
Office equipment, furniture and fittings	1,057,655	00	00	1,057,655
ICT Equipment, Software and Other ICT Assets	797,160	00	00	797,160
Other Machinery and Equipment	62,686	00	00	62,686
Heritage and cultural assets	00	00	00	00
Intangible assets	00	00	00	00
Total	20,841,943	00	00	20,841,943

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Annex 5 –PMC Bank Balances As At 30th June 2023

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
Lamu East Constituency Sports Committee	Equity - Lamu branch	1590276053826	00	1,122
Faza Boys Primary School	Equity - Lamu branch	1590279990866	00	1,254
Rasini Girls Primary School	Equity - Lamu branch	1590280025711	00	775
Mtangawanda Primary School	Equity - Lamu branch	1590277335980	00	819
Patte Primary School	Equity - Lamu branch	1590280789057	00	770
Mbwajumwali Primary School	Equity - Lamu branch	1590270950313	00	1,967
Kiwayuu Primary School	Equity - Lamu branch	1590276052882	00	6,639
Kiunga Primary School	Equity - Lamu branch	1590279941256	00	1,450
Myabogi Primary School	Equity - Lamu branch	1590279046908	00	1,031
Kizingitini Girls Primary School	Equity - Lamu branch	1590278989477	00	643
Kizingitini Boys Primary School	Equity - Lamu branch	1590278641290	00	1,901
Ndau Primary School	Equity - Lamu branch	1590278997012	00	1,325
Siyu Primary School	Equity - Lamu branch	1590272702449	00	1,741
Shanga Primary School	Equity - Lamu branch	1590277346316	00	1,189
Tchundwa Primary School	Equity - Lamu branch	1590264418021	00	1,626
Faza ACC Office	Equity - Lamu branch	1590279371557	00	1,210
Patte Girls Secondary School	Equity - Lamu	1590269212713	00	0

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PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
	branch			
Faza Secondary School	Equity - Lamu branch	1590279213978	00	283
Siyu Secondary School	Equity - Lamu branch	1590264441085	00	10,942
Mbwajumwali Secondary School	Equity - Lamu branch	1590277458581	00	977
Tchundwa AP Post	Equity - Lamu branch	1590277313571	00	7,536
Tchundwa Chief's Office	Equity - Lamu branch	159027994453	00	11,726
Patte Chief's Office	Equity - Lamu branch	1590281001477	00	4,652
Kiangwe AP Post	Equity - Lamu branch	1590279046404	00	930
Ndau Chief's Office	Equity - Lamu branch	1590279991042	00	728
Kizingitini Divisional Offices	Equity - Lamu branch	1590279974779	00	1,060
Mbwajumwali Chief's Office	Equity - Lamu branch	1590279990463	00	1,009
Kiunga Secondary School	Equity - Lamu branch	1590279930737	00	57
Lamu East Covid-19 Response Committee	Equity - Lamu branch	1590280390884	00	29,520
Kizingitini Police Station	Equity - Lamu branch	1590279971163	00	20,366
Kiwayuu Chief's Office	Equity - Lamu branch	1590279928343	00	843
Lamu East Sub-county Head Quarter	Equity - Lamu branch	1590279971133	00	1,711
Total			00	117,801

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)
1. Other Grants and Transfers 1.1 Security Projects	<p>Other Grants and Transfer</p> <p>Security Projects</p> <p>The statement of receipts and payments reflects a balance of Kshs. 90,152,209 for other grants and other payments as disclosed in Note 5 to the financial statements. Included in the balance is an expenditure of Kshs.28,600,000 for transfers to the Project Management Committees (PMCs) for implementation of security projects. Out of this balance, Kshs. 3,000,000 was disbursed to Siyu Administration Police Post PMC for construction of administration block. However, a review of the records revealed that the project was not implemented during the year under review. It was also noted that the</p>	<p>The posting error of the reallocated project (Siyu AP Post) was supposed to be captured as Kiwayu primary school (the beneficiary project from the reallocated funds) which has since been corrected in the financial statements The error of posting project in payments was corrected from Siyu AP Post to Kiwayu primary school</p>	Not resolved	30 th October 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>funds meant for the project was approved by NGCDF Board on 30 June, 2022 for reallocation to Kiwayu Primary school for renovation of seven (7) class rooms. It was therefore not clear why the grant was not included in unutilized funds but instead included in the ledger supporting security project as a disbursement when the project was not implemented during the year under review.</p> <p>In the circumstance, the financial statements are materially misstated.</p>			
1.2 Unsupported Bursaries	<p>Unsupported Bursaries</p> <p>The statement of receipts and payments reflects a balance of Kshs. 90,152,209 for other grants and transfers as disclosed in Note 5 to the financial statements. Included in the balance are expenditures of Kshs. 24,000,000 and Kshs. 23,000,000 being bursary disbursements for Secondary schools and Tertiary institutions respectively. However, all bursaries' awards were not supported with</p>	<p>Bursaries were disbursed during the Covid-19 pandemic and health regulations had restricted the free movement of persons and documents so as to manage the spread of the virus Emailed acknowledgement letters from beneficiary institutions availed for verification</p>	Not resolved	30 th October 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>acknowledgement letters or receipts from beneficiary learning institutions.</p> <p>In the circumstance, the accuracy and completeness of bursaries amounting to Kshs. 47,000,000 could not be confirmed.</p>			
<p>2. Compensation of Employees</p> <p>2.1 Unsupported Casual Wages</p>	<p>Compensation of Employees</p> <p>Unsupported Casuals Wages</p> <p>The statement of receipts and payments reflects a balance of Kshs. 4,700,700 for compensation of employees as disclosed in Note 2 to the financial statements. Included in the balance is an expenditure of Kshs.1,544,670 for casuals' wages. However, the management did not provide muster rolls/attendance register to support the expenditure. In the circumstance, the accuracy and completeness of the expenditure of Kshs.1,544,670 for casual wages could not be confirmed.</p>	<p>The NGCDF Lamu East Constituency Offices had just relocated to a new office in Faza town from Lamu town and some files had been misplaced during the time of movement. The files have since been relocated and availed to the auditors for verification Payroll of casuals with payment rates availed for verification</p>	Not resolved	30 th October 2023
2.2 Inaccuracies in the Financial Statements	Inaccuracies in the Financial Statements	The error in posting of rent paid for the office as gratuity	Not resolved	30 th October

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of receipts and payments reflects a balance of Kshs.4,700,700 for compensation of employees as disclosed in Note 2 to the financial statements. Included in the balance is an expenditure of Kshs.462,000 for office rent which ought to have been disclosed under rental of produced assets. This was therefore a miss-classification. This led to overstatement of employee costs by Kshs.462,000.</p> <p>In the circumstance, the balance of employee costs in the financial statements is materially misstated by Kshs. 462,000.</p>	<p>paid has since been corrected in the financial statements and correctly posted as rent paid for office space Enclosed is an edited copy of financial statements</p>		2023
	<p>Unsupported Other Committee Expenses and Committee Allowances</p> <p>The statement of receipts and payments reflects a balance of Kshs. 8,095,546 for use of goods and services as disclosed in Note 3 to the financial statements. Included in the balance is an expenditure of</p>	<p>The NGCDF Lamu East Constituency Offices had just relocated to a new office in Faza town from Lamu town and some files had been misplaced during the time of movement. The files have since been relocated and availed to the auditors for verification Files with travel documents and imprest warrants are enclosed for verification</p>	Not resolved	30 th October 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs.1,824,600 and Kshs. 2,936,400 in respect to other committee expenses and committee allowances respectively. Review of payment vouchers and other supporting documents for the expenditure revealed that payment of Kshs.1,142,000, and Kshs.2,201,400 for other committee expenses and committee allowances respectively were not supported with imprest warrants, and travel documents. In addition, payment vouchers and other supporting documents in respect of committee allowance amounting to Kshs. 735,000 were not provided for audit review.</p> <p>In the circumstances, the accuracy and completeness of the expenditure amounting to Kshs.3,343,400 could not be confirmed.</p> <p>could not be confirmed.</p>			
	<p>Other Matter</p> <p>Budgetary Control and Performance The statement of comparison of</p>	<p>The unutilized balance of kshs.50,508 in the financial statements is monies for office operation under goods and services vote head which is a</p>	<p>Not resolved</p>	<p>30th October 2023</p>

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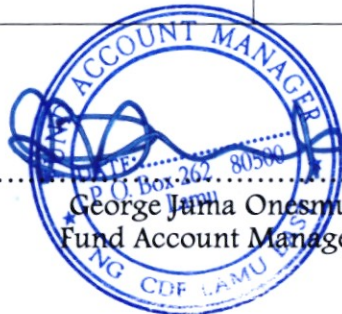
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>budget and actual amounts revealed that the Fund had budgeted to receive Kshs.165,898,963 and was able to actualize all the budgeted receipts. Similarly, Fund budgeted to spend Kshs.165,898,963 against actual expenditure of Kshs.165,848,455, resulting in a budget under absorption of Kshs.50,508 translating to almost 100% budget absorption.</p> <p>The under-absorption may have affected implementation of the Fund's planned activities and may have impacted negatively on service delivery to the people of Lamu East Constituency.</p>	<p>continuous recurrent expenditure and is supposed to be budgeted for adequately and remain a float till funds for the next financial year are received (kshs.11) and savings from Employer Contribution to NSSF (kshs.50,497)</p> <p>Copy of Status Report of the Vote Book Management System (VBMS) as at the closure of the financial year</p>		
	<p>Project implementation Status</p> <p>During the year under review, the Fund budgeted to implement a total of thirty-four (34) projects and were able to implement thirty-three (33) projects, while one (1) project was not implemented as analyzed below:</p>	<p>Funds for the one project (Siyu AP Post) was reallocated to Kiwayu Primary School for renovation of 7no classrooms and the approval of the reallocation from the NGCDF Board Secretariat was received late at the closure of the financial year thus the project could not be implemented within the financial year</p> <p>Copy of Approval Letter of the reallocation from the NGCDF</p>	Not resolved	30 th October 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Board Secretariat dated 30 June 2022 is enclosed for verification		
	<p>Basis for Conclusion</p> <p>Other Grants and Transfers – Security Projects</p> <p>The statement of receipts and payments reflects a balance of Kshs. 90,152,209 for other grants and other payments. Included in the balance is an expenditure of Kshs. 28,600,000 for transfers to the Project Management Committees (PMCs) for implementation of security projects in respect of construction of administration block, renovation of offices and purchase of office furniture. Review of payment vouchers and other relevant records revealed that grants totaling to Kshs.23,600,000 had the following anomalies:</p> <p>(i) Project files for grants worth Kshs.20,600,000 provided for audit did not have the company profiles of the winning bidders to confirm whether they had satisfied the mandatory requirement set for</p>	<p>The NGCDF Lamu East Constituency Offices had just relocated to a new office in Faza town from Lamu town and some files had been misplaced during the time of movement. The files have since been relocated and availed to the auditors for verification. Copies of company profiles, inspection and acceptance reports, delivery documents, Engineer’s cost estimates availed for verification</p>	Not resolved	30 th October 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>preliminary evaluation of tender.</p> <p>(ii) Acquisition of furniture amounting to Kshs.2,600,000 by various PMCs were not supported with waybills or acknowledgement letter, delivery notes, counter receipt vouchers (S13) and inspection and acceptance reports.</p> <p>(iii) Further, there were no cost estimates prepared by engineer to act as a guide to the evaluation committees on determining as to whether the bidders quoted price were reasonable. Without engineers estimates, the tenders could have been awarded at inflated price.</p> <p>In the circumstance, the possibility that the Fund did not get full value for its money could not be ruled out.</p>			



George Jama Onesmus
 Fund Account Manager.