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Hon. ~~Al~~ Hon E Wangue, MP

REPORT

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Benson Inzaju.

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THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT
FUND - MSAMBWENI CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2020



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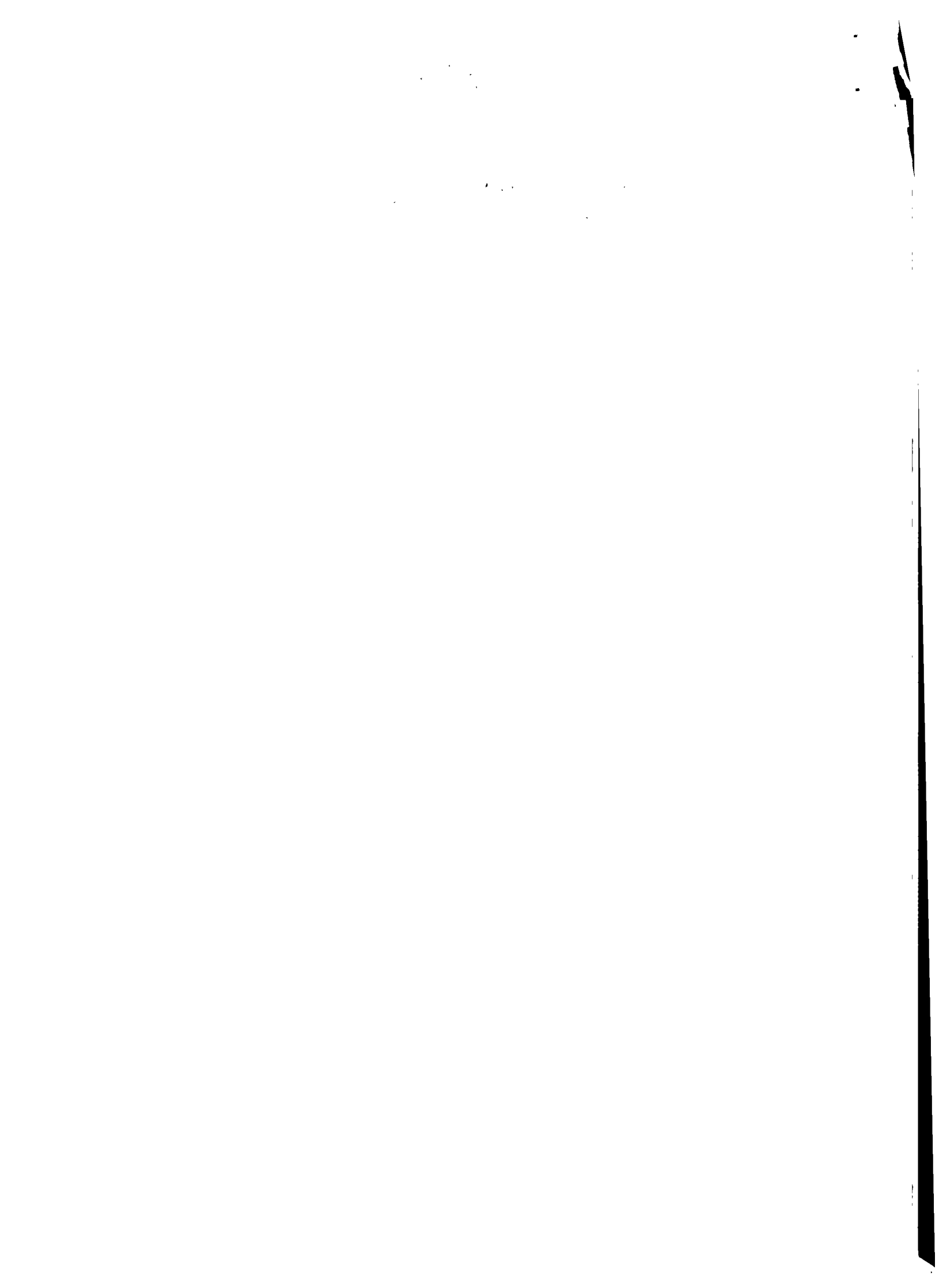


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND –
MSAMBWENI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) (hereafter referred to as the Fund) formerly Constituencies Development Fund (CDF), is a fund established in 2003 through an Act of Parliament, the Constituencies Development Fund Act, 2003. The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013. The latter was subsequently succeeded by the current NG-CDF Act, 2015. At cabinet level, NG-CDF is represented by the Cabinet Secretary for Devolution, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	<u>Kenneth M. Amany</u>
2.	Sub-County Accountant	<u>Peter Musila</u>
3.	Chairman NG-CDFC	<u>Muhsin A. Kitwana</u>

(d) Fiduciary Oversight Arrangements

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

(e) NG-CDF MSAMBWENI Constituency Headquarters

P.O. Bpx 243- 80400 Ukunda
Msambweni NG-CDF Office,
Likoni/Lunga Lunga Road,
Ukunda, KENYA

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(f) NGCDF MSAMBWENI Constituency Contacts

Telephone: (254) 0793596980
E-mail: cdmsambweni@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF MSAMBWENI Constituency Bankers

Cooperative Bank of Kenya
Ukunda Branch
P.O. Box 568-80400
Ukunda, Kenya

(h) Independent Auditors

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

(i) Principal Legal Advisor

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I take this opportunity to sincerely pass my gratitude on behalf of NG-CDFC Msambweni to our late able Member of Parliament Hon. Suleiman Dori who was not only hardworking but also committed to ensure an improved Msambweni Constituency both in social and economic aspects.

On behalf of the Msambweni NG-CDF Committee members, I wish to put it to your attention that as a constituency, we adapted and are now implementing our strategic plan 2017/2018 -2022/2023 for effective service delivery to all the constituents.

This strategic plan is a result of continuous community engagement, participation and in depth consultations overtime which has enabled an accurate environmental scanning, from which the theme is set. Key themes include education; youth, women and persons with disabilities empowerment; sanitation and environment improvement; and Security. The objectives are unique to the Msambweni Constituents and in line with the National Government Constituency Development Fund Provisions.

We have ensured that all the stakeholders work as a team to ensure that NG-CDF Msambweni becomes a success and a force to recon both by the National Government, private sector, NGOs and all other development collaborators. Our main aim is reducing poverty at grass root level. This will in turn lead to improved socio-economic development.

Back ground of Msambweni Constituency:

Msambweni Constituency is one of the four constituencies in Kwale county, others being Kinango, Matuga and Lunga Lunga. Msambweni constituency starts from the Mwachema River at the border of Matuga Constituency and Diani Beach to the north, and down to Ramisi River at the border of Lunga Lunga Constituency to the South. The constituency occupies an area of 362.60 square Km. It boasts of hosting Ukunda, the largest town in Kwale County and the famous Diani beach coastline south of Mombasa.

Administrative and Political Units:

Msambweni constituency has two divisions; Msambweni division and Diani division. Msambweni division has only one ward (Ramisi Ward) which has three locations: Msambweni, Kingwede Shirazi and Mivumoni. On the other hand, Diani Division has three (3) wards: Gombato/Bongwe, Ukunda and Kinondo with two locations: Diani location composed of Gombato/Bongwe and Ukunda Wards, and Kinondo location.

Disbursements for F/Y 2019/2020

NG-CDF Msambweni has not received funds amounting to Kshs 69,367,724.14 out of the full the allocation of Kshs 137,367,724.14 from the NG-CDFB BOARD. This is due to unapproved projects by the Board and has severely affected the absorption rate thus delaying services to the constituents.

Key achievements for Msambweni NG-CDF:

Msambweni NG-CDF has achieved a lot in Education and security sectors whereby new classrooms have been built, educational infrastructure renovated, provision of Lab equipment and construction of chiefs' offices in the security sector.

Emerging Issues:

Unapproved projects for Msambweni constituency have led to non-disbursement of funds by the Board. This has severely affected the implementation of projects and thus service delivery to the people of Msambweni.

The Corona Virus Pandemic has affected the Education sector in terms of Bursaries which had already been issued.



Implementation challenges and the recommended way forward:

The Board should meet more frequently and the schedule of Board meetings to be shared across the board for ease of operation.

All meeting agendas should also be shared across the board to work effectively and timely.

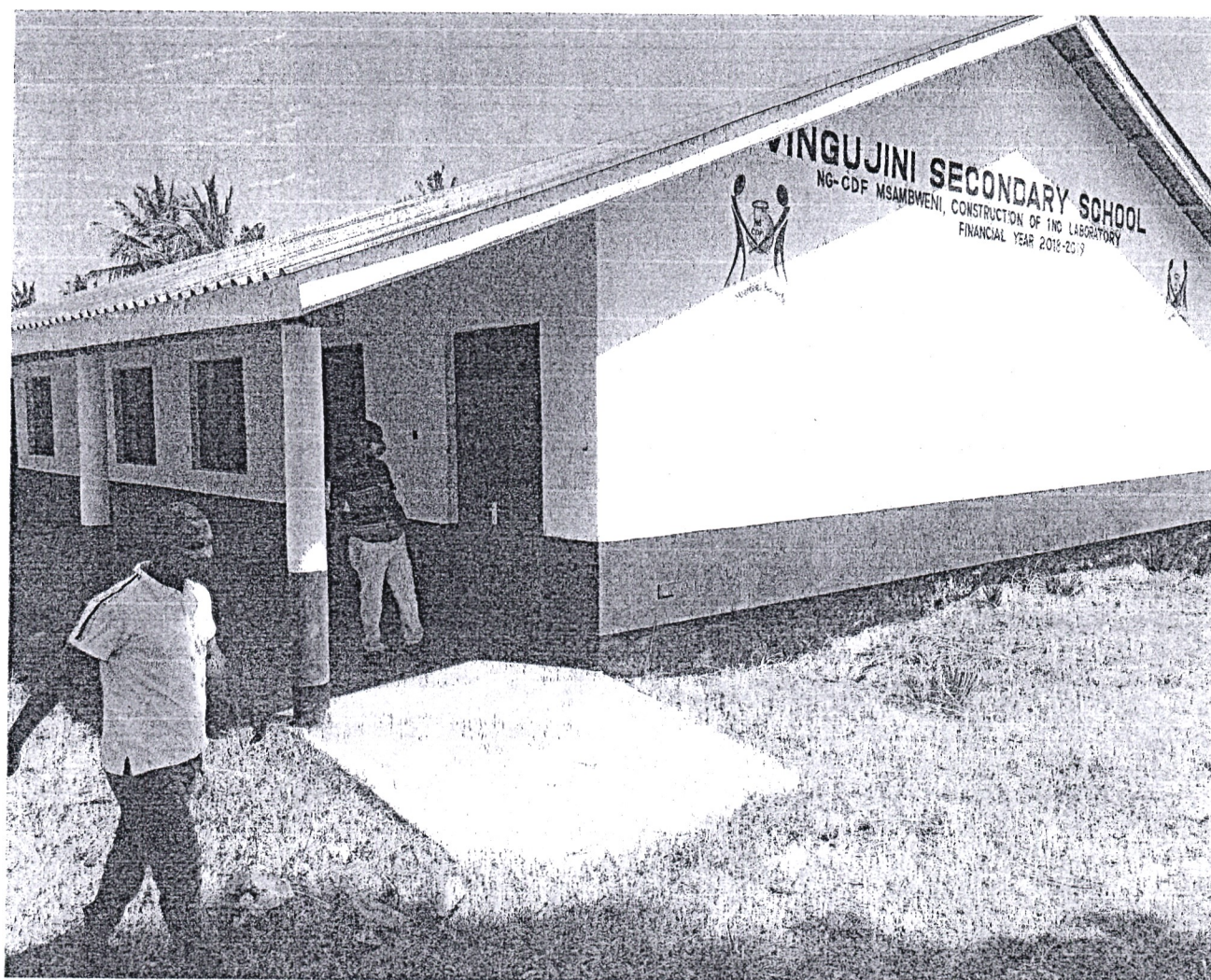
The number of bursary applicants is overwhelming and the NG-CDFC is proposing change in the NG-CDF ACT 2015 in order to increase the allocation of bursary from the current maximum of 35% to 40% of the total funds allocation.

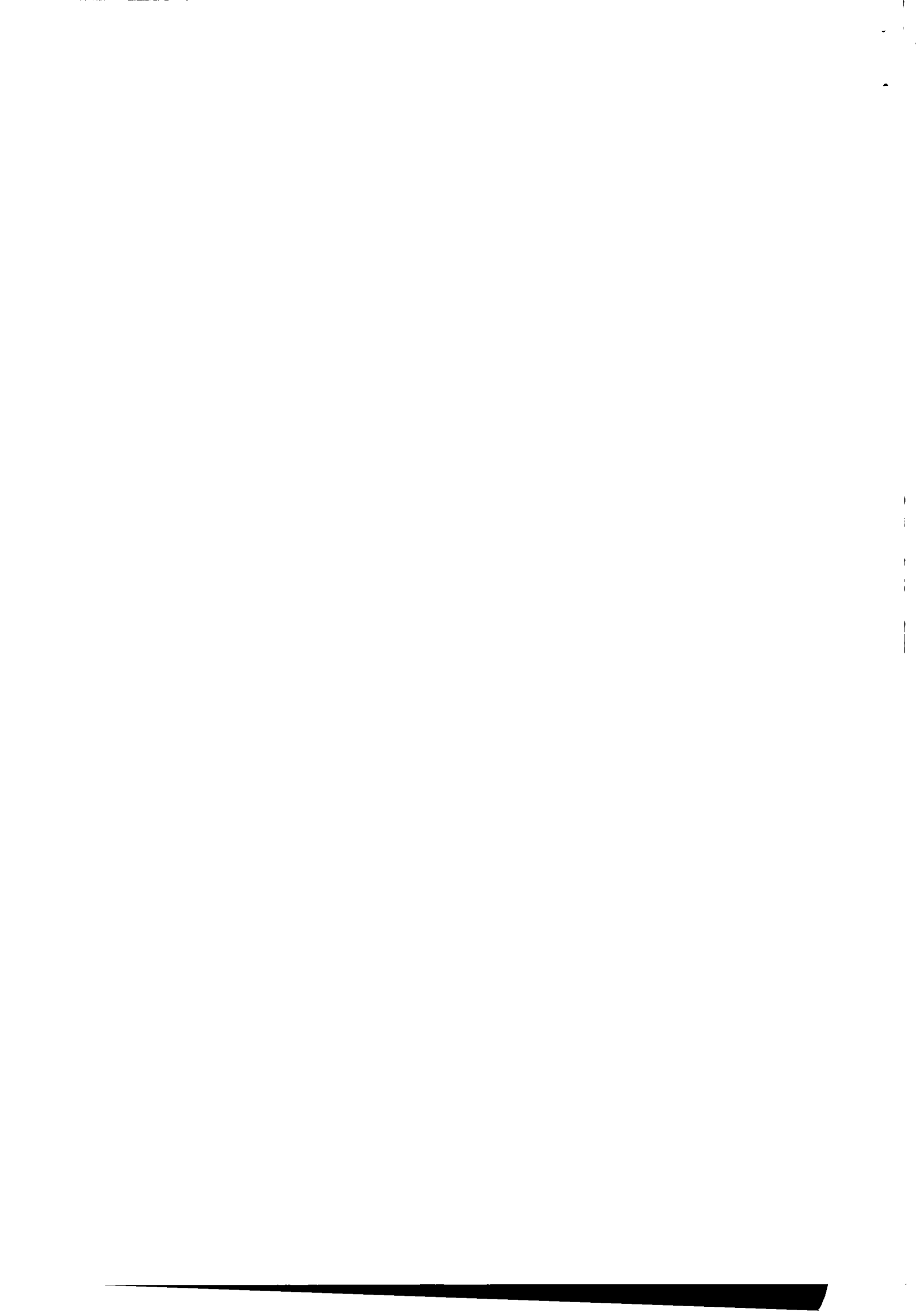
Amount allocated to the NG-CDF Board is not enough to reduce poverty at the constituency level. We recommend an increment in the total allocation from the current 2.5% to 5% of the total national budget.

With all these, I thank the NG-CDF Board secretariat hoping that our observations are considered and implemented.

During the Financial Year ended 30TH June 2020, NG-CDF Msambweni successfully completed various projects under Education and Security Sectors some of which are shown below.

(1.) VINGUJINI SECONDARY SCHOOL. (CONSTRUCTION OF ONE LABORATORY)





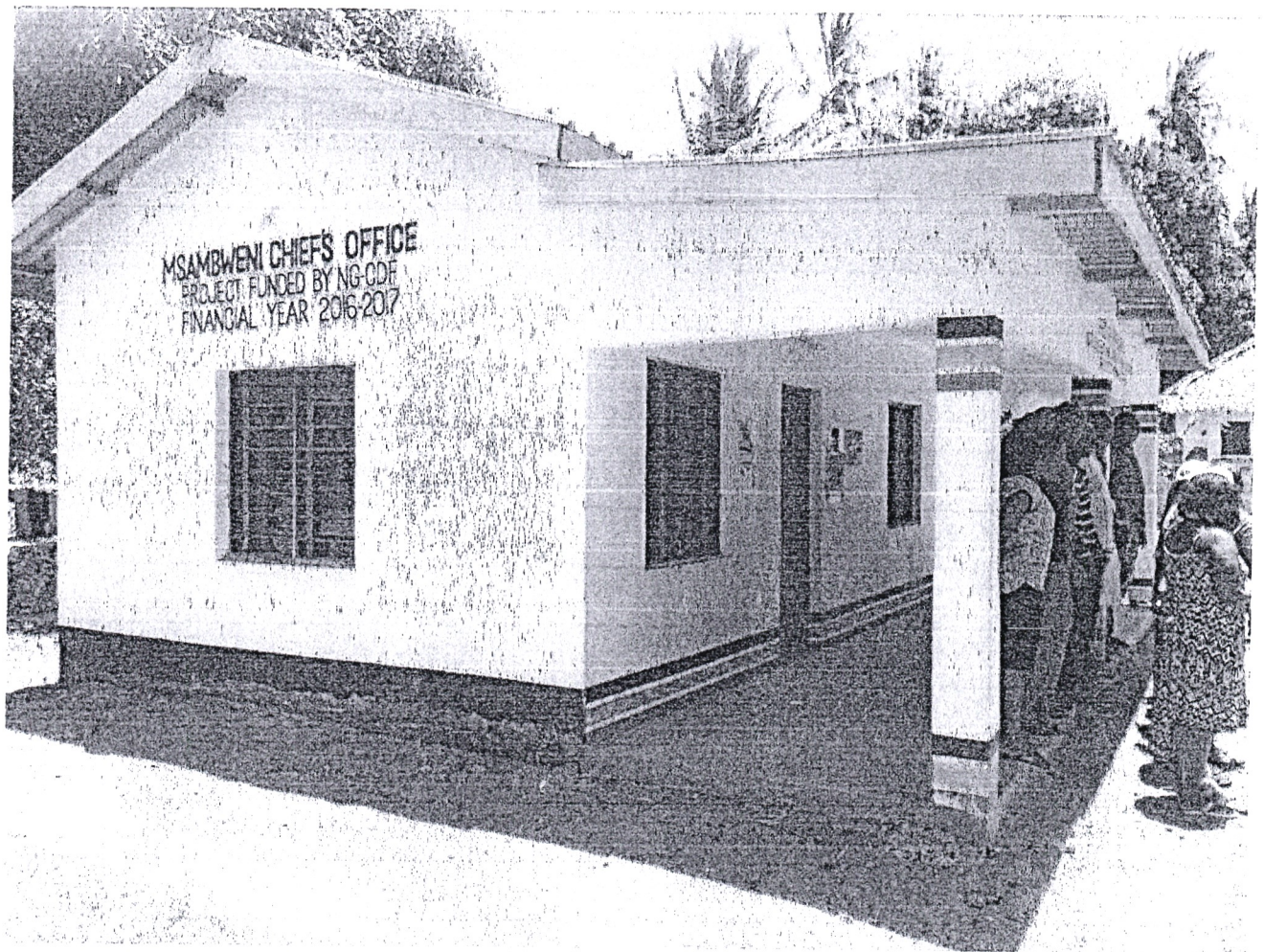
(II) VINGUJINI SECONDARY SCHOOL. CONSTRUCTION OF FOUR CLASSROOMS TO COMPLETION.



(III) VINGUJINI SECONDARY SCHOOL. CONSTRUCTION OF ADMINISTRATION BLOCK TO COMPLETION.



(IV) MSAMBWENI CHIEFS OFFICE.



Sign

CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of NGCDF-MSAMBWENI Constituency's 2018-2022 plan are to:

- a) To capture and ensure representation of all the stake holders interests in the constituency.
- b) To help mobilise constituency resources to tap and maximise the available opportunities for improved living standards.
- c) To improve the institutional capacity and visibility of the NG-CDF Committee in order to deliver on its mandate.

Progress on attainment of Strategic development objectives

This section articulates the strategic issues that the NG-CDF Committee plans to address in order to discharge its mandate to achieve its vision and mission statements. The strategic issues are derived from the SWOT and stakeholders' analysis. The NG-CDF Committee has developed strategic objectives to address the strategic issues arising from its weakness and threats. Each of the strategic issues will be addressed by strategic objectives which will then be monitored and evaluated against specific outputs and expected outcomes. These outputs and outcomes and the requisite activities are also outlined herein.

The NH-CDF Committee will focus on the following pillars in the next five years;

- i. Education
- ii. Security
- iii. Youth, Women and PWDs Empowerment
- iv. Infrastructure Development for attractive investments
- v. Sanitation and Environment

Strategic Issue	Strategic Objective	Output	Outcome	Strategies
Academic performance and excellence	To improve education outcomes at all levels of learning in Msambweni Constituency	Improved education performance	Literate and empowered generation	Bursary provision Collaboration with the relevant ministries for necessary additional support Construction and equipping of new physical amenities Advocacy of teachers/Donation of learning and teaching materials to schools Establishment of community learning resources centres (CLRCs) Mainstreaming Special

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				Needs education in schools Renovation and refurbishment of the existing amenities Scholarships/Sponsorships for Secondary and College Students
An established Security System and a stable working environment	To ensure a swift and stable internal security system for a stable working environment	A safe and stable environment	Investments and Improved living Standards	Supporting the administrative units (Chief Camps) Community policing initiatives Cultural festivities for cohesion and inclusivity Know your neighbour campaign Police housing units Security Advocacy
Empowered Youths and Women	Facilitate and support entrepreneurship in Msambweni Constituency	An empowered and responsible youth and Women	Better living standards	Empower youths through sports Erecting stalls Sponsoring youth entrepreneurs Start and build capacity of Traders SACCOs Table Banking Talent shows Youth, Women and PWDS Capacity building
Boost trade and industrialization	To facilitate infrastructural development for an attractive investment environment	More opportunities and investor attraction	Growth and sustainable development	Advocacy and establishment of sustainable small and medium scale industries Development and marketing of constituency special features Enhancement of training programs Provide financial assistance Improve on road repairs, tarmac and general infrastructure
Sanitation and environment protection	To improve sanitation and environmental protection	A clean and environmentally friendly constituency	Improved living standards with a safer environment	Mobilize cleanliness in the Community Tree planting Construction of sanitation blocks Water harvesting

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – MSAMBWENI Constituency 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 –

Sustainability strategy and profile is key to the success to all constituencies.

NG-CDF has come a long way to achieve these by having the NG-CDF Act 2015 in place for guidance, regular training of its staff, introduction of performance contracting across the board, having a created a website where the ICT department ensures the website is up to date and internal systems are up and running, introduction of the MIS and risk management systems.

This is quite a big step and has highly improved the performance of NG-CDF.

However, there are challenges affecting sustainability priorities which are:

- a.) Political interference – These can be stopped by letting the NG-CDF to operate independently for greater impact.
- b.) Corruption – These can be stopped by improving the welfare of NG-CDF staff and adapting a more like private sector operational system.
- c.) Disbursement of funds to the constituency – NG-CDF should be among the top priorities funds are being disbursed from the national treasury.

2. Environmental performance

NGCDF – MSAMBWENI Constituency has ensured that they improve sanitation and environment protection using the strategies put in place such as; Tree planting-through establishment of tree nurseries and afforestation, environmental cleanliness in the Constituency where youth are mobilized in each ward to participate in cleaning of markets, streets, dump sites, construction of sanitation blocks for schools and market places within the constituency.

Environmental performance is also enhanced by making it compulsory for all infrastructure to have a water harvesting inclusion in the BQs.

3. Employee welfare

NGCDF – MSAMBWENI Constituency has ensured that it hires competent staff in the organization taking into account the gender ratio for improved performance and service delivery to the constituents. Employee welfare measures have been put in place to ensure that the staff perform well especially in service delivery by providing timely and adequate remuneration, staff training in safety measures and development for staff loyalty and pride. The staff are included in all NG-CDFC activities e.g. NG-CDFC/STAFF/PMC capacity building (Training) and inter Constituency visits to relate successes and challenges with their counterpart constituencies for improvement. The gender employment ratio has been taken care of as there are 2 female employees to 5 male employees.

4. Market place practices-

NG-CDF MSAMBWENI Constituency ensures that suppliers and service providers are paid promptly. This is key in helping the supplier grow in their businesses since most of them are small scale businesses who are obligated to service/repay their loans. NG-CDF MSAMBWENI has been practicing both the open tendering and restricted tendering methods that allow different contractors/suppliers to bid for tenders which are advertised in local daily newspapers and public offices notice boards.

5. Community Engagements-

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NG-CDF MSAMBWENI attains community engagement/participation through public barazas during collection of project proposals and Bursary identification exercises at least once per financial year. This is done through public participation forums in all four wards in the constituency. Community engagement has also been witnessed during project management since the community participate in development, implementation and monitoring of projects and thus owning the projects by closely monitoring and giving feedback on service provision and project implementation. There is also community engagement during annual PMCs trainings which is provided for under the NGCDFC/PMC Capacity Building Vote.

NG-CDF Msambweni Constituency has promoted education through issuance of Bursary funds to the needy and vulnerable students in the constituency and promoted sports by purchasing of sports gears and equipment for organized sports tournaments within the constituency.

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the NGCDF-MSAMBWENI 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, 2020. 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-MSAMBWENI 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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MSAMBWENI Constituency further confirms the completeness of the accounting records maintained for the *entity*, 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-MSAMBWENI Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-MSAMBWENI Constituency financial statements were approved and signed by the Accounting Officer on 17/02/2021.



Fund Account Manager
Name: Kenneth Martin Amanya



Sub-County Accountant
Name: Peter Musila
ICPAK Member Number: 9984

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MSAMBWENI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Msambweni Constituency set out on pages 16 to 38, which comprise of the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and a summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Msambweni Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012

Basis for Qualified Opinion

1.0. Accuracy of Cash and Cash Equivalents

The statement of assets and liabilities as at 30 June, 2020 reflects Kshs.13,048,048 in respect of bank balances. The supporting bank reconciliation statement as at 30 June, 2020 includes unrepresented cheques totalling Kshs.578,120 which had not cleared in the bank as at the time of audit in January, 2021 and were therefore stale and invalid for payment. However, the cheques had not been reversed in the cash book and the Management did not explain why the cashbook had not been updated.

Consequently, the accuracy and completeness of bank balance of Kshs.13,048,048 as at 30 June, 2020 could not be confirmed.

2.0. Payment for Incomplete Work

The statement of receipts and payments reflects transfers to other government units amount of Kshs.66,600,000 for the year ended 30 June, 2020. Included in transfers are payments totalling of Kshs.8,500,000 to four (4) primary schools for various projects. However, an audit inspection of the projects in January, 2021 revealed the following works and items which had not been executed as per the bills of quantities (BQ):

No.	Name of Projects	Amount (Kshs.)	Observations
1	Shamu Primary School	1,500,000	Only five fans were installed instead of six (6) as per BQ.
2	Mivumoni Secondary School	3,000,000	Only nine (9) Windows installed instead of twelve (12) as per BQ. Project branding not done.
3	Ramisi Primary School	2,000,000	Five (5) fans installed instead of eight (8) as per BQ.
4	Makongeni Primary School	2,000,000	Only nine (9) Windows installed instead of twelve (12) as per BQ.
	Total	8,500,000	

The Management did not explain why payments were made for work not done.

In the circumstances, the accuracy and validity of expenditure totalling Kshs.8,500,000 could not be ascertained.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.198,669,729 and Kshs.121,302,005 respectively resulting to shortfall of Kshs.77,367,724 or 39% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.198,669,729 and Kshs.108,253,957 respectively, resulting in underperformance amounting to Kshs.90,415,772 or 45% of the budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the residents of Msambweni Constituency.

2.0 Projects Implementation

According to the projects implementation status report as at 30 June, 2020, twenty-four (24) projects with a total budget of Kshs.67,336,062 had not been completed, including nineteen (19) projects with a total budget of Kshs.59,236,062 which had not started.

As previously reported, information available indicated that the National Government Constituencies Development Fund Board was yet to approve ICT Hubs projects, Mwabungo Social Hall, Msambweni Teachers Training College and Social Programme projects despite being allocated a total of Kshs.22,477,028. The situation is an indication of lack of proper planning and prioritizing citizens' needs in the budget making process mechanism.

Delays in implementation of the projects denies residents of Msambweni Constituency intended benefits and services as envisaged.

3.0 Projects Inspection

An audit inspection of six (6) development projects with total disbursements of Kshs.20,175,000 undertaken in January, 2021 revealed anomalies as detailed below:

No.	Name of Projects	Project Activity	Disbursements to the Project (Kshs.)	Observations
1	Bongwe Primary School	Renovation of three (3) classrooms to completion; plastering, roofing, ceiling, painting and electricity.	1,500,000	There was structural gap between old and renovated structure leading water seepage. Project was not branded.
2	Shamu Primary School	Renovation of three (3) classrooms to completion; plastering, roofing, ceiling, painting and electricity	1,425,000	Five (5) ceiling fans had been installed instead of six (6) as per bills of quantities.
3	Mivumoni Secondary School	Construction of 1 No dormitory of 80 students capacity to completion	2,850,000	Windows fitted 9 while Bills of Quantities (BQ) indicated 12. Project was not branded.
4	Ramisi Primary School	Renovation of four (4) classrooms to completion; plastering, roofing, ceiling, painting and electricity	1,900,000	Project complete and in use. Windows fitted are 16 instead of 20 as per BQ. Fans installed are five instead of eight (8)
5	Makongeni Primary School	Renovation of three (3) classrooms to completion;	1,500,000	Project Complete and in use. Windows fitted

No.	Name of Projects	Project Activity	Disbursements to the Project (Kshs.)	Observations
		plastering, roofing, ceiling, painting and electricity.		nine (9) instead of twelve (12)
6	Vingujini Secondary School	Construction of four (4) classrooms to completion; plastering, roofing, ceiling, painting and electricity	11,000,000	Two of the classrooms complete but not in use.
	Total		20,175,000	

The anomalies in workmanship and project implementation are an indication that Management had not conducted adequate supervision of the projects, which cast doubts on whether the residents of Msambweni Constituency will realize value for money from the funds spent on the projects.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Delayed Completion of Youth and Opportunity Centre Project

As previously reported, the National Government Constituencies Development - Msambweni Constituency awarded a contract of Kshs.60,125,880 for the construction of Msambweni Youth and Opportunity Centre. According to the signed contract agreement, works were to commence on 7 December, 2016, being the date of signing, for a period of six (6) months, and thus, the expected date of completion was 6 June, 2017. However, an audit inspection in the month of January, 2021 revealed that a total of Kshs.48,237,492 had been disbursed to the project and the works were ongoing, implying the project had delayed by more than three years. Consequently, the residents of Msambweni Constituency will take longer to realize the intended benefits.

Further, there was no evidence that the successful bidder placed a performance bond of 10% of contract price as guarantee against possible loss as per the contract agreement. As a result, the public funds are exposed to loss.

In addition, no evidence was provided to confirm that the ownership of the land where the Centre was being constructed had been transferred to the National Government Constituencies Development Fund - Msambweni Constituency as required by Regulation 11(k) of the National Government Constituencies Development Fund Regulations, 2016

which provides that “where a project involves purchase of building or land the constituency committee should ensure that the ownership is duly verified”.

In the circumstances, the regularity and value for money from the project could not be ascertained.

2.0 Irregular Committee Allowances

Included in use of goods and services expenditure of Kshs.7,312,076 reflected in the statement of receipts and payments for the year ended 30 June, 2020 are committee expenses amounting to Kshs.1,134,000. The expenses include sitting allowances of Kshs.375,000 paid to sub-county officials while attending constituency development committee meetings and monitoring and evaluation of projects. This was contrary to Regulation 33 of National Constituencies Development Fund Regulations, 2016 regarding guidelines on allowances payable to members of a constituency committee and other government officers involved in the Management of the Fund. The officials did not qualify for sitting allowances, and instead, they ought to have been paid lunch allowance. Therefore, the payment was irregular.

3.0 Ineligible Emergency Expenditure

Note 7 to the financial statements reflects Kshs.29,027,154 in respect of other grants and other payments which includes emergency projects expenditure totalling Kshs.8,338,993. The emergency expenditure includes Kshs.7,238,993 transferred to primary schools and a chief's office for renovation of classrooms, toilets, and the chief's office respectively. However, the nature of the projects did not meet criteria set in Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which defines emergency as, “shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents”. It was not clear why the projects could not be included in the subsequent year's project proposal. In addition, project inspection done in January, 2021 in one of the projects for construction of twin door pit latrine, revealed the project was incomplete and the contractor was not on site. The urgency of the project was therefore in doubt.

Further, there was no evidence to show that the Management reported the utilization of the emergency vote in line with Regulation 2 of the National Government Constituencies Development Fund Act Regulations, 2016 which provides that utilization of the emergency reserve shall be reported to the National Government Constituencies Development Fund Board within 30 days of the occurrence of the emergency.

The Management was therefore in breach of the laws.

4.0 Unutilized Funds

As previously reported, Annex 5 to the financial statements for the year ended 30 June, 2020 reflects Project Management Committees Bank balances of Kshs.18,945,590, out of which Kshs.2,688,980 relates to twenty-four (24) closed projects. However, the funds had not been returned to the main bank account in line with Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, “all unutilized

funds of the Project Management Committee shall be returned to the constituency account". No explanations were provided for the anomaly.

Consequently, the Management breached the Law.

5.0 Failure to Maintain Project Expenditure Status Report

According to the statement of receipts and payments, National Government Constituencies Development Fund (NGCDF) - Msambweni Constituency undertook various projects including Kshs.66,600,000 under transfer to other government entities and Kshs.29,027,154 under other grants and transfers. However, there was no evidence that the Fund Account Manager maintained a monthly record of all receipts, disbursements and expenditure per project and which was tabled before the National Constituency Development Fund Committee for discussion. This was contrary to Section 38 of the National Government Constituencies Development Fund Act, 2015, which states that, 'the officer of the Board in every constituency shall compile and maintain a record showing all receipts, disbursements and actual expenditures on a monthly basis in respect of every project and sub-project under this Act and shall:-

- (a) table such record at a meeting of the Constituency Committee in every month; and
- (b) submit a summary of the record for the year to the Constituency Committee not later than thirty days after the end of every financial year".

Consequently, the 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 Article 229 (6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weak Controls on Bursary Awards

During the period under review, National Government Constituencies Development Fund - Msambweni Constituency disbursed bursaries to secondary schools and tertiary institutions amounting to Kshs.29,027,154. However, examination of the records revealed the following internal control weaknesses:

- i. The application forms did not include data fields to guide a criteria for award of bursaries.
- ii. Forty-four (44) beneficiaries were awarded bursary yet they were not on the list of applicants who were issued with bursary application forms.

The above cited weaknesses in Management of bursaries may result to award of bursaries to undeserving students at the expense of needy applicants.

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the National Government Constituencies Development Fund – Msambweni Constituency's ability 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 National Government Constituencies Development Fund – Msambweni Constituency's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 policies and procedures may deteriorate.

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 February, 2022

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MSAMBWENI CONSTITUENCY


Reports and Financial Statements


For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	115,040,876	65,379,310
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	<u>135,000</u>	<u>62,000</u>
TOTAL RECEIPTS		115,175,876	65,441,310
PAYMENTS			
Compensation of employees	4	4,479,695	2,499,013
Use of goods and services	5	7,312,076	8,226,622
Transfers to Other Government Units	6	66,600,000	36,341,379
Other grants and transfers	7	29,027,154	27,319,743
Acquisition of Assets	8	835,032	-
Other Payments	9	-	<u>1,500,000</u>
TOTAL PAYMENTS		108,253,957	75,886,757
SURPLUS/(DEFICIT)		<u>6,921,919</u>	<u>(10,445,446)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MSAMBWENI Constituency financial statements were approved on 17/02/2021 and signed by:


Fund Account Manager
Name: Kenneth Martin Amanya

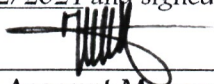

National Sub-County Accountant
Name: Peter Musila
ICPAK Member Number: 9984


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MSAMBWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	13,048,048	6,126,129
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		13,048,048	6,126,129
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		13,048,048	6,126,129
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITES		-	-
NET FINANCIAL ASSETS		<u>13,048,048</u>	<u>6,126,129</u>
REPRESENTED BY			
Fund balance b/fwd 1st July	13	6,126,129	16,571,575
Prior year adjustments	14	-	-
Surplus/Deficit for the year		6,921,919	(10,445,446)
NET FINANCIAL POSITION		<u>13,048,048</u>	<u>6,126,129</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MSAMBWENI Constituency financial statements were approved on 17/02/2021 and signed by:


Fund Account Manager
Name: Kenneth Martin Amanyia


National Sub-County Accountant
Name: Peter Musija
ICPAK Member Number: 9984

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MSAMBWENI CONSTITUENCY

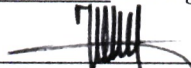
Reports and Financial Statements


For the year ended June 30, 2020

IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	115,040,876	65,379,310
Other Receipts	3	<u>135,000</u>	<u>62,000</u>
Total receipts		115,175,876	65,441,310
Payments for operating expenses			
Compensation of Employees	4	4,479,695	2,499,013
Use of goods and services	5	7,312,076	8,226,622
Transfers to Other Government Units	6	66,600,000	36,341,379
Other grants and transfers	7	29,027,154	27,319,742
Other Payments	9	-	1,500,000
Total payments		107,418,925	75,886,756
Total Receipts Less Total Payments			
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
Net cash flow from operating activities		7,756,951	(10,445,446)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(835,032)	-
Net cash flows from Investing Activities		(835,032)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		6,921,919	(10,445,446)
Cash and cash equivalent at BEGINNING of the year	13	6,126,129	16,571,575
Cash and cash equivalent at END of the year		<u>13,048,048</u>	<u>6,126,129</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MSAMBWENI Constituency financial statements were approved on 17/02/2021 and signed by:


 Fund Account Manager
 Name: Kenneth Martin Amanya


 National Sub-County Accountant
 Name: Peter Musila
 ICPAK Member Number: 9984

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	61,167,005	198,534,729	121,167,005	77,367,724	61%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	135,000	135,000	135,000	-	100%
Total Receipts	137,367,724	61,302,005	198,669,729	121,302,005	77,367,724	61%
PAYMENTS						
Compensation of Employees	4,489,018	2,524,307	7,013,325	4,479,695	2,533,631	64%
Use of goods and services	7,874,076	1,947,684	9,821,760	7,312,076	2,509,685	74%
Transfers to Other Government Units	70,059,034	35,800,000	105,859,034	66,600,000	39,259,034	63%
Other grants and transfers	54,945,595	12,103,986	67,049,581	29,027,154	38,022,427	43%
Acquisition of Assets	-	1,000,000	1,000,000	835,032	164,968	84%
Other Payments	-	7,677,027	7,677,027	-	7,677,027	0%
Unallocated	0	249,000	249,000	-	249,000	0%
TOTALS	137,367,724	61,302,004	198,669,729	108,253,957	90,415,772	55%

(a) [Adjustment column: Transfers from the NG-CDF Board amounting to Kshs. 61,167,005/=; This was the opening balance of Kshs 6,126,129/= in the cash book and Kshs 55,040,875/= being funds for the financial year 2018/2019 not yet released by the Board as at 30th June 2019.

Other receipts of Kshs 135,000/=; These were sale of tender documents which were not budgeted for.

(b) Utilization below 90%:

- i. Transfers from NG-CDF Board of 61%: By closure of the financial year NG-CDF Msambweni had not received all the funds from the Board as per the budget. Out of the budget of kshs 137,367,724 NG-CDF Msambweni had only received a total of Kshs 68,000,000/= leaving a balance of Kshs 69,367,724/=. This automatically resulted to underutilization which was beyond the NG-CDFCs control.

- ii. *Compensation of employees of 64%: The funds were not paid but had been set aside as gratuity awaiting payment after expiry of NG-CDF staff contracts.*
- iii. *Use of goods & services of 74%: In order to make the operations of the office run smoothly, there was need by the NG-CDFC to budget for funds beyond 1st quarter of the Financial Year.*
- iv. *Transfer to other Government Units of 63%: This was as a result of untimely disbursement of funds from the Board.*
- v. *Other grants & transfers of 43%: This was as a result of untimely disbursement of funds from the Board.*
- vi. *Acquisition of Assets of 84%: This was as a result of an actual expenditure of Kshs 835,032 out of Kshs 1,000,000/= leaving a balance of kshs 164,968/= meant for acquisition of office furniture which is yet to be acquired but is in the procurement process.*
- vii. *Other payments of 0%: These were funds allocated for the ICT Hubs Kshs 4,677,027/= and Mwabungo Social Hall Kshs 3,000,000/= but had not been utilized due to NG-CDFC intension to have the funds reallocated to other projects. The re-allocations were yet to be approved by the Board by the end of the financial year in review and thus the result of 0%.*
- viii. *Unallocated Funds of 0%: These were funds received from sell of tender and could not be utilised without Authority to Incur Expenditure (A.I.E) from the Board and thus the result of 0%.*

The NGCDF-MSAMBWENI Constituency financial statements were approved on 17/02/2021 and signed by:


Fund Account Manager
Name: Kenneth M. Amanya.


Sub-County Accountant
Name: Peter Musila
ICPAK Member Number: 9984

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,195,318	2,404,837	6,600,155	4,222,535	2,377,621
1.2 Committee allowances	1,248,000	368,880	1,616,880	1,134,000	482,880
1.3 Use of goods and services	2,505,045	919,015	3,424,060	2,377,858	1,046,202
1.4 NSSF	207,900	75,800	283,700	181,440	102,260
1.5 NHIF	85,800	43,670	129,470	75,720	53,750
2.0 Monitoring and evaluation					
2.1 Capacity building	2,772,700	132,000	2,904,700	2,560,285	344,414
2.2 Committee allowances	1,220,000	301,465	1,521,465	1,521,465	0
2.3 Use of goods and services	128,332	226,323	354,655	53,500	301,155
3.0 Emergency	7,198,241	5738,993	12,937,235	8,338,993	4,598,242
3.1 Primary Schools					
3.2 Secondary schools					
3.3 Tertiary institutions					
3.4 Security projects					
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	24,200,000	2,657,986	26,857,986	11,979,000	14,878,986
4.3 Tertiary Institutions	8,000,000	3,429,000	11,429,000	5,683,800	5,745,200
4.4 Special Schools	0	17,000	17,000	17,000	0
4.5 Social Security	7,800,000	0	7,800,000	0	7,800,000
5.0 Sports					
5.1 Purchase of sports kits.	2,747,354	0	2,747,354	2,747,354	0
5.2					
5.3					

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
6.0 Environment					
6.1					
6.2					
6.3					
7.0 Primary Schools Projects (List all the Projects)					
7.1 Bongwe primary school	1,500,000	0	1,500,000	1,500,000	0
7.2 Duncan Ndegwa primary school	2,500,000	0	2,500,000	100,000	2,400,000
7.3 Eshu primary school	2,000,000	0	2,000,000	2,000,000	0
7.4 Fahamuni primary school	1,500,000	500,000	2,000,000	2,000,000	0
7.5 Gazi primary school	3,000,000	0	3,000,000	2,850,000	150,000
7.6 Kidzumbani primary school	2,400,000	0	2,400,000	0	2,400,000
7.7 Kingwede primary school	1,500,000	0	1,500,000	1,400,000	100,000
7.8 Kilole primary school	1,000,000	0	1,000,000	1,000,000	0
7.9 Madongoni primary school	1,600,000	0	1,600,000	0	1,600,000
7.11 Magutu primary school	1,500,000	200,000	1,700,000	1,600,000	100,000
7.12 Malalani primary school	1,100,000	0	1,100,000	1,100,000	0
7.13 Marigiza primary school	2,500,000	0	2,500,000	100,000	2,400,000
7.14 Masindeni primary school	2,500,000	0	2,500,000	100,000	2,400,000
7.15 Mchinjirini primary school	2,500,000	0	2,500,000	100,000	2,400,000
7.16 Milalani primary school	1,500,000	0	1,500,000	1,425,000	75,000
7.17 Muhaka Islamic primary school	1,500,000	0	1,500,000	1,425,000	75,000
7.18 Munje primary school	1,500,000	0	1,500,000	1,425,000	75,000
7.19 Mvindeni primary school	2,100,000	0	2,100,000	2,000,000	100,000
7.20 Mwaloya primary school	100,000	0	100,000	100,000	0
7.21 Mwnjamba primary school	1,100,000	0	1,100,000	1,100,000	0
7.22 Nggori primary school	2,500,000	0	2,500,000	100,000	2,400,000
7.23 Ramisi primary school	2,000,000	0	2,000,000	1,900,000	100,000

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.24 Shamu primary school	1,500,000	0	1,500,000	1,425,000	75,000
7.25 Zigira primary school	2,000,000	0	2,000,000	1,900,000	100,000
7.26 Vingujini primary school	0	500,000	500,000	500,000	0
7.27 Mbuwani primary school	0	500,000	500,000	500,000	0
7.28 Mwamanga primary school	0	300,000	300,000	300,000	0
7.29 Herman primary school	0	1,000,000	1,000,000	1,000,000	0
7.30 Kinondo primary school	0	300,000	300,000	300,000	0
7.31 Mkwambani primary school	0	1,400,000	1,400,000	1,400,000	0
7.32 Shirazi primary school	0	500,000	500,000	500,000	0
7.33 Kilulu primary school	0	500,000	500,000	500,000	0
7.34 Mwakigwena primary school	0	500,000	500,000	500,000	0
7.35 Makongeni primary school	0	0	0	1,500,000	0
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Juhudi secondary school	500,000	0	500,000	500,000	0
8.2 Kinondo secondary school	500,000	0	500,000	500,000	0
8.3 Madago secondary school	500,000	0	500,000	500,000	0
8.4 Mkwakwani secondary school	500,000	0	500,000	500,000	0
8.5 Ukunda secondary school	500,000	0	500,000	500,000	0
8.6 Muhaka secondary school	500,000	0	500,000	500,000	0
8.7 Mivumoni secondary school	3,000,000	0	3,000,000	2,850,000	150,000
8.8 Vingujini secondary school	2,000,000	9,000,000	11,000,000	11,000,000	0
8.9 Bongwe secondary school	0	1,200,000	1,200,000	1,200,000	0
8.10 Dori girls secondary school	0	900,000	900,000	900,000	0
8.11					
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 Msambweni youth and opportunity	12,159,034.48	14,000,000	26,159,034	14,000,000	12,159,034.48

Programme/Sub-programme center	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
9.2 Msambweni teachers training college	2,000,000	5,000,000	7,000,000	0	7,000,000
9.3 Msambweni technical vocational college	5,000,000	0	5,000,000	0	5,000,000
9.4					
10.0 Security Projects					
10.1 Bongwe police post	2,000,000	0	2,000,000	0	2,000,000
10.2 Vingungini sub-location chiefs office	3,000,000	0	3,000,000	0	3,000,000
10.3 Diana location chiefs office	0	261,007	261,007	261,007	0
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)					
11.2 Construction of CDF office					
11.3 Purchase of furniture and equipment					
11.4 Purchase of computers					
11.5 Purchase of land					
11.6 Purchase of furniture and fittings	0	500,000	500,000	500,000	0
12.0 Others					
12.1 Strategic Plan					
12.2 Innovation Hub	0	4,677,027	4,677,027	0	4,677,027
12.2 Mwabungo social hall	0	3,000,000	3,000,000	0	3,000,000
12.3 Unallocated- sale of tender documents	0	249,000	249,000	0	249,000
TOTALS	137,367,724	61,302,004	198,669,729	108,253,957	90,415,772

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MSAMBWENI CONSTITUENCY
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XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020.

14. Errors

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

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

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO B005191	1		11,379,310
AIE NO B03330	2		10,000,000
AIE NO B005417	3		13,000,000
AIE NO B006464	4		7,000,000
AIE NO A 724483	5		11,000,000
AIE NO B042949	6		13,000,000
AIE NO B041020	1	47,040,876	
AIE NO B041147	2	4,000,000	
AIE NO B047620	3	20,000,000	
AIE NO B047984	4	6,000,000	
AIE NO B049392	5	14,000,000	
AIE NO B104417	6	15,000,000	
AIE NO B096622	7	9,000,000	
TOTAL		115,040,876	65,379,310

2. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	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
Total	00	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	00	00
Rents	00	00
Receipts from Sale of tender documents	135,000	62,000
Other Receipts Not Classified Elsewhere	00	00
Total	135,000	62,000

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,852,910	1,597,899
Personal allowances paid as part of salary	947,000	618,000
Pension and other social security contributions (Gratuity)	1,589,065	195,754
Employer Contributions Compulsory national social security schemes	90,720	87,360
Total	4,479,695	2,499,013

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,134,000	749,000
Utilities, supplies and services	85,347	113,728
Communication, supplies and services	244,049	346,480
Domestic travel and subsistence	100,500	516,000
Printing, advertising and information supplies & services	0	11,000
Water and sewerage charges	20,000	163,793
Training expenses	479,600	1,002,400
Bank service commission & charges	25,540	16,380
Insurance costs		
Fuel, Oil & lubricants	400,000	400,000
Office and general supplies and services	264,721	667,954
Other committee expenses	3,655,650	3,353,500
Routine maintenance – vehicles and other transport equipment	594,319	329,817
Routine maintenance – other assets	308,350	556,570
Total	7,312,076	8,226,622

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	0	0
Transfers to primary schools (see attached list)	33,650,000	23,341,379
Transfers to secondary schools (see attached list)	18,950,000	13,000,000
Transfers to tertiary institutions (see attached list)	14,000,000	0
Transfers to health institutions (see attached list)	0	0
TOTAL	66,600,000	36,341,379

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	11,979,000	20,653,000
Bursary – tertiary institutions (see attached list)	5,683,800	3,571,000
Bursary – special schools (see attached list)	17,000	23,800
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	261,007	336,000
Sports projects (see attached list)	2,747,354	2,166,978
Environment projects (see attached list)		
Emergency projects (see attached list)	8,338,993	568,966
Total	29,027,154	27,319,743

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

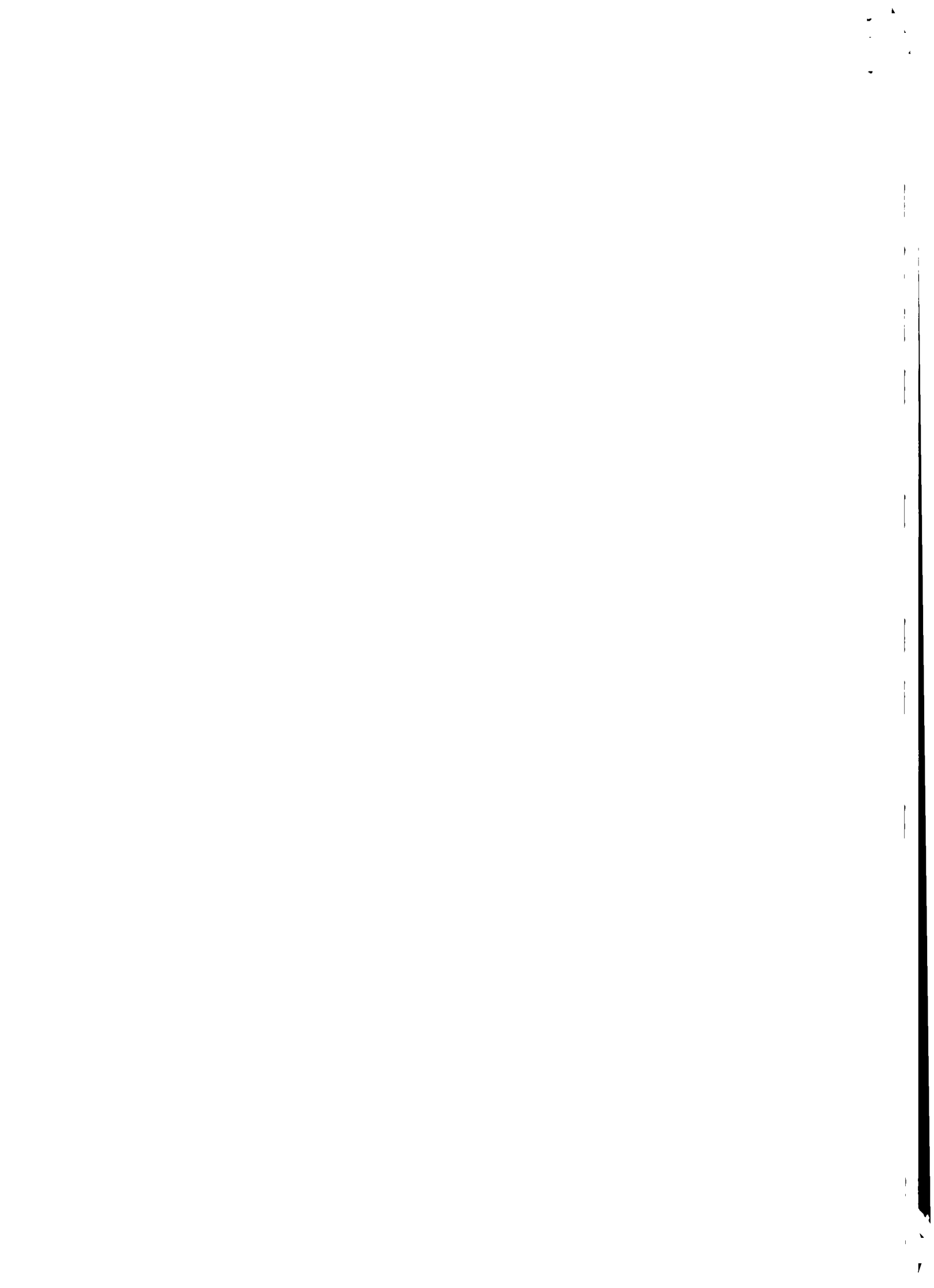
NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	500,000	0
Purchase of ICT Equipment, Software and Other ICT Assets	335,032	
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	835,032	0

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	0	1,500,000
ICT Hub	0	0
	0	1,500,000



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MSAMBWENI CONSTITUENCY**

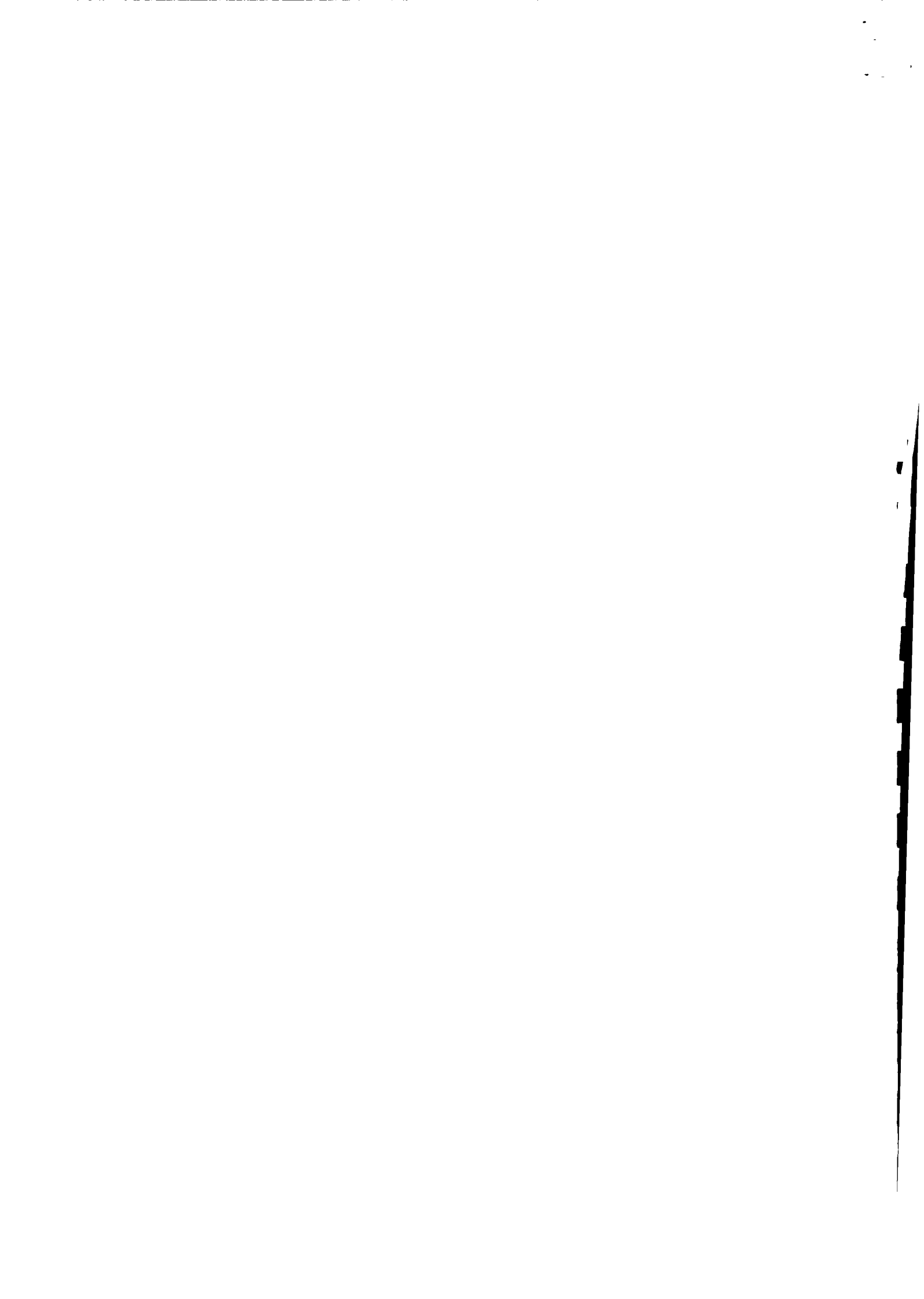
Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Cooperative Bank Ukunda Branch. A/C No - 01120043594500</i>	13,048,048	6,126,129
Total	13,048,048	6,126,129
10B: CASH IN HAND		
Location 1	0	0
Location 2		
Location 3		
Other Locations (<i>specify</i>)		
Total	0	0
<i>[Provide cash count certificates for each]</i>		



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1		
Supplier 2		
Supplier 3		
Total	00	00

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs

[Provide short appropriate explanations as necessary]

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

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For the year ended June 30, 2020

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	6,126,129	16,571,575
Cash in hand		
Imprest		
Total	6,126,129	16,571,575

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f	Adjustments	Adjusted
	FY 2018/2019 as per Financial statements		Balance b/f FY 2018/2019
	Kshs	Kshs	Kshs
Bank account Balances	00	00	00
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
	00	00	00

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
Net changes in account receivables D= A+B-C		

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
Net changes in account receivables D= A+B-C		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	00	00
Construction of civil works	00	00
Supply of goods	00	00
Supply of services	00	00
	00	00

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff - Gratuity	988,776.36	1,679,547
Others (<i>specify</i>)		
	988,776.36	1,679,547

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,533,631	2,524,307
Use of goods and services	2,509,685	1,947,684
Amounts due to other Government entities (see attached list)	39,259,034	35,800,000
Amounts due to other grants and other transfers (see attached list)	38,022,427	12,103,986
Acquisition of assets	164,968	1,000,000
Others (<i>specify</i>)		
ICT Hubs	4,677,027	4,677,027
Mwabungo social hall	3,000,000	3,000,000
Unallocated funds	249,000	114,000
TOTAL	90,415,772	61,167,004

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MSAMBWENI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	18,945,590.06	26,273,203
	18,949,590.06	26,273,203

NATIONAL GOVERNMENT CONSTITUENCIA. DEVELOPMENT FUND (NGCDF) – MSA. WENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MSAMBWENI CONSTITUENCY
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
Sub-Total						
Middle Management						
4.						
5.						
6.						
Sub-Total						
Unionisable Employees						
7.						
8.						
9.						
Sub-Total						
Others (Staff Gratuity)						
10. Athman Madonga	J	170,814.96	02/07/2022	0	170,814.96	
11. Khadija Mwakutwaa	F	135,050.88	02/07/2022	0	135,050.88	
12. Rama Abdallah	H	147,542.64	02/07/2022	0	147,542.64	
13. Mwinjikombo Guo	E	89,280.00	02/07/2022	0	89,280.00	
14. Hajj Abdallah	F	135,050.88	04/10/2022	0	135,050.88	
15. Vincent Ochieng	F	221,757.00	01/07/2021	0	221,757.00	
16. Mtoto Hamisi Mwamaovu	E	89,280.00	04/10/2022	0	89,280.00	
Sub-Total		988,776.36		0	988,776.36	
Grand Total		988,776.36		0	988,776.36	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MSAM BWENI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		2,533,631		
Use of goods & services		2,509,685		
Amounts due to other Government entities				
Duncan ndegwa primary school		2,400,000		
Gazi primary school		150,000		
Kidzumbani primary school		2,400,000		
Kingwede primary school		100,000		
Magutu primary school		100,000	200,000	
Marigiza primary school		2,400,000		
Masindeni primary school		2,400,000		
Mchinjirini primary school		2,400,000		
Nngori primary school		2,400,000		
Ramisi primary school		100,000		
Zigira primary school		100,000		
Mivumoni secondary school		150,000		
Mbuani primary school			500,000	
Bongwe secondary school			1,200,000	
Mwamanga primary school			300,000	
Herman primary school			1,000,000	
Kinondo primary school			300,000	
Mkwambani primary school			1,400,000	
Fahamuni primary school			500,000	
Shirazi primary school			500,000	
Kilulu primary school			500,000	
Mwakigwena primary school			500,000	
Vingujini secondary school			9,000,000	
Dori girls secondary school			900,000	
Msambweni youth opportunity centre		12,159,034.48	14,000,000	
Msambweni teachers training college		7,000,000	5,000,000	
Msambweni technical vocational college		5,000,000	0	
Sub-Total		39,259,034	55,059,035	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MSAMBWENI CONSTITUENCY
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	1,500,000			1,500,000
Buildings and structures	7,000,000			7,000,000
Transport equipment	3,250,000			3,250,000
Office equipment, furniture and fittings	1,505,790	500,000		2,005,790
ICT Equipment, Software and Other ICT Assets	777,999	335,032		1,113,031
Other Machinery and Equipment	0			0
Heritage and cultural assets	0			0
Intangible assets	0			0
Total	14,033,789	835,032		14,868,821

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MSAM BWENI CONSTITUENCY
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For the year ended June 30, 2020**

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Madago Primary School	Cooperative	01141566719600	185	2,500,205
Magaoni Primary School	Cooperative	01141566599600	30,086	30,086
Makongeni Primary School	Cooperative	01141566618700	26.50	66.50
Nngori Primary School	Cooperative	01141566419700	100,834.35	843.53
Gazi Primary School	Cooperative	01141565893100	131,767.50	417.50
Msambweni Primary School	Cooperative	01141566595400	28.50	28.5
Mafisini Primary School	Cooperative	01141566712800	15,240	15,240
Vukani Primary School	Cooperative	11415667155000	0	80
Shamu Primary School	Cooperative	01141565893200	2,118.50	5,118.50
Kingwede Primary School	Cooperative	01141565893300	2,611.05	80,681.05
Maphombe Primary School	Cooperative	01141566729700	205	205
Masindeni Primary School	Cooperative	01141566730200	100,000	0
Milalani Primary School	Cooperative	01141566794800	1,425,405	205
Mwanjamba Primary School	Cooperative	01141565807100	0.50	913,391
Mabatani Primary School	Cooperative	01141566899600	205	205
Darigube Primary School	Cooperative	01141566991600	105	105
Marigiza Primary School	Cooperative	01141566899500	100,205	205
Mwamambi Primary School	Cooperative	01141565895000	172	172.50
Msambweni Secondary School	Cooperative	01141566596600	1,460.25	1,460.25
Dori Secondary School	Cooperative	01141566319100	73,303.50	768,279.50
Magaoni Base Secondary School	Cooperative	01141566731000	75	75
Gombato Secondary School	Cooperative	01141566989100	205	205

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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Msambweni Youth & Opportunity Centre	Cooperative	01141566712900	3,120,458	1,720,458
Kadhis Court	Cooperative	01141566597100	12,293.98	12,293.50
Gazi Chiefs Office	Cooperative	01141566768000	653	653
Sports	Cooperative	01141565728800	8,761	1,186.10
Msambweni Constituency Boreholes	Cooperative	01141566611500	2,519,880.75	2,519,880.75
Constituency Office	Cooperative	01141565890100	21,500.50	1,500.50
Kinondo Secondary School	Cooperative	01141195331000	500,203.70	203.70
Bongwe Secondary School	Cooperative	01141565702500	8,852.50	8,852.50
Babla Diani Secondary School	Cooperative	01141566196900	859.70	859.70
Ramisi Secondary School	Cooperative	01141566991700	14,174.75	14,174.75
Mwabungo Primary School	Cooperative	01141566123100	12,252.50	12,452.50
Bongwe Primary School	Cooperative	01141566728100	1,501,025	1,025
Mwakigwena Primary School	Cooperative	01141566795500	22,818	1,000,676
Mabokoni Primary School	Cooperative	01141566417100	52	52
Munje primary school	Cooperative	01141566731200	174,753	9,510
Mwaroni primary school	Cooperative	01141566015200	71,501	74,899
Duncan ndegwa primary school	Cooperative	01141566575100	100,205	205
Magodi primary school	Cooperative	01141565890200	20,782.50	20,782
Muhaka primary school	Cooperative	01141565907400	13,911	13,911
Mkwakwani secondary school	Cooperative	01120195274300	-5,156.33	25
Mivumoni chiefs office social hall	Cooperative	01141566838200	205	205
Vingujini Primary School	Cooperative	01141566432300	6,319.49	106,319.49
Ganja la Simba Primary School	Cooperative	01141838086500	275	275

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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Mvindeni Primary School	Cooperative	01141838092300	122,205	275
Magutu Primary School	Cooperative	01141566731100	500,394	1,800,394
Kilulu Primary School	Cooperative	01141566432000	441.85	1,000,341.85
Shirazi Primary School	Cooperative	01141043797900	121,695	353,547
Fahamuni Primary School	Cooperative	01141043797700	139,065.50	1,000,100
Mbuwani Primary School	Cooperative	01141043976300	75	998,975
Mkwambani Primary School	Cooperative	01141838243500	117,175	1,000,000
Kiranga Secondary School	Cooperative	01141566025000	5,624.57	5,624.57
Mvindeni Secondary School	Cooperative	01141565709500	28,642	28,642.30
Mwamzandi Secondary School	Cooperative	01141565606900	14,893	14,893.50
Vingujini Secondary School	Cooperative	01141838248700	782,388.50	6,000,000
Kilole Asst. Chief's Office	Cooperative	01141838159400	234.98	32,734.98
Eshu Primary School	Cooperative	01141043963600	171,895	0
Kilole Primary School	Cooperative	01141839098300	998,975	0
Muhaka Islamic Primary School	Cooperative	00113956659400	654,676.50	0
Ramisi Primary School	Cooperative	01141043798000	146,737	0
Zigira Primary School	Cooperative	01141043963100	85,495	0
Mwamanga Primary School	Cooperative	01141838996800	26,906	0
Hermann Primary School	Cooperative	01141838896900	275	0
Juhudi Secondary School	Cooperative	01141566004800	525,870.50	0
Madago Secondary School	Cooperative	01141565699100	500,672.50	0
Mivumoni Secondary School	Cooperative	01141839065000	1,562,467	0
Muhaka Secondary School	Cooperative	01141566124600	549,280	0

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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Ukunda Secondary School	Cooperative	01141566126200	500,350	0
Malalani Primary School	Cooperative	01141839092300	584,390.50	0
Mchinjirini Primary School	Cooperative	01141839097500	98,975	0
Mwaloya Primary School	Cooperative	01141565677301	100,000	0
Diani Chief's Office	Cooperative	01141839098200	498,975	0
Galu Primary school	Equity Bank	00440278971550	0	0
Kilole Primary school	Equity Bank	00440278885684	0	1,500,000
Kinondo Primary school	Equity Bank	00440278888073	0	2,700,000
		TOTAL	18,949,590.06	26,273,203

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	Transfer to other government units;				
1.1	<p>Payment for Works not done; The Statement of Receipts and Payments for the year ended 30 June 2018 reflect a Transfer to Other Government Units balance of Kshs. 35,800,000. This amount includes transfer to primary schools, 16,400,000, transfer to secondary schools 5,400,000 and transfer to tertiary institutions of Kshs. 14,000,000 as detailed in note 6 to the financial statements. However physical verification during the month of February 2019 revealed payments totalling to Kshs. 890,160 had been paid for works that had either not been done or partly done</p>		District Works Officer	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	<p>Transfer to Youth and Opportunity Centre Project; Included in the amount Transfer to Other Government Units was Kshs 14,000,000 being Transfer to Youth Opportunity Centre. Physical verification of the project revealed the project was not complete. Further no evidence was availed to confirm that the ownership of the land had been transferred to NG CDF Msambweni as required. Under the circumstances the propriety of Kshs. 14,000,000 for construction of youth centre project could not be confirmed.</p>	<p>The contractor is facing challenges because the project has been funded in phases. On land ownership, we are following it up to the county land office since they are the ones incharge of the whole 24 acre development plot.</p>	Fund Account Manager	Not Resolved	
2.0	Other Grants and Transfers				
2.1	<p>Unsupported Bursary Payments; The Statement of Receipts and Payments for the year ended 30 June 2018 reflects Other Grants and Transfers of Kshs. 31,966,707 as detailed in note 7 to the Financial Statement. This amount includes bursary disbursements of Kshs. 22,730,500. Records availed for audit indicated the NGCDF Msambweni bursary subcommittee</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>approved bursary allocation of Kshs. 400,000 to two private colleges without evidence of the applicant's enrolment into the institutions. Consequently, the propriety</p>				
2.2	<p>Emergency; The Statement of Receipts and Payments for the year ended 30 June 2018 reflects other grants and transfers of Kshs. 31,966,707 as detailed in note 7 to the Financial Statements. This amount includes emergency transfer of Kshs. 4,500,000 in respect Munje primary school, Kingwede pry school and Mwaroni pry school. Physical verification during month of February 2019 indicated that works amounting to Kshs. 477,900 were not done as per specifications and Kshs. 250,000 spent as provisional sums were not supported with evidence of actual works done as detailed below;</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.3	<p>Sports; The Statement of Receipts and Payments reflects Other Grants and Payments of Kshs. 31,966,707 as detailed in Note 7 to the Financial Statements. This amount includes 1,736,206.9 incurred in Sports Project. However, no evidence of requisition from the teams was availed to confirm how the project was initiated. In addition, the issue Notes (S11) provided did not indicate the quantities received by the sports team representatives. Consequently, the propriety of Ksh. 1,736,207.90 spent on sports project for the year ended 30 June 2018 could not be confirmed.</p>				
3.0	<p>Cash balance; The Statement of Assets and Liabilities as at 30 June 2018 reflects Nil Cash at Hand Balance. The cash counts certificate availed for audit indicated a nil balance while the official receipts availed for audit verification indicate that Kshs. 29,000 was collected in cash from sale of tender documents. The management failed to provide</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.0	<p>evidence that this amount was banked or kept in the cashbox of the National Government Constituency Development Fund – Msambweni Constituency. Consequently, the accuracy and validity of nil cash balance as at 30 June 2018 could not be confirmed.</p> <p>Prior year Adjustment As reported in the previous year the Statement of Assets and Liabilities as at 30 June 2018 reflects comparative Prior Year Adjustment of Kshs. 500,000. This is in contravention of the International Public Sector Accounting Standards No. 3 which requires that the amounts of correction of an error that relates to prior period should be reported by adjusting the opening balance of Accumulated Surplus or Deficit. Consequently, the Prior Year Adjustment of Kshs. 500,000 in the year ended 30 June 2017 is not in line with the accounting standards.</p>				