

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

THE NATIONAL ASSEMBLY

**ON** 27 JUL 2023

Thursday

TABLED  
BY:

Hon. Naomi Wago, MP  
Deputy majority whip  
Finlay Munuki

CLERK AT  
THE TABLE:

**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – EMBAKASI NORTH  
CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

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**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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**I. Key Constituency Information and Management**

**(a) Background information**

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

**Mandate**

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

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

## **EMBAKASI NORTH CONSTITUENCY**

### **National Government Constituencies Development Fund (NGCDF)**

#### **Annual Report and Financial Statements for The Year Ended June 30, 2022**

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- i) Authorize withdrawal of money from the Consolidated Fund as provided ' under Article 206 (2) (c) of the Constitution;
- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

#### **Vision**

Equitable Socio-economic development countrywide

#### **Mission**

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

#### **Core Values**

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

#### **Functions of NG-CDF Committee**

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

#### **(b) Key Management**

Embakasi North Constituency NGCDF day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Robert Kioko
2.	Sub-County Accountant	Priscah Jepchumba
3.	Chairman NGCDFC	Emma Njeri Kimani
4.	Member NGCDFC	Purity Wanjiku Ndirangu

**(d) Fiduciary Oversight Arrangements**

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

**(e) EMBAKASI NORTH CONSTITUENCY NGCDF Headquarters**

P.O. Box 66984-00200,  
Living Goods Building,  
Along Outering Road,  
Nairobi, KENYA.

**(f) EMBAKASI NORTH CONSTITUENCY NGCDF Contacts**

Telephone: (254)0720090730  
E-mail: [cdfembakasinorth@ngcdf.go.ke](mailto:cdfembakasinorth@ngcdf.go.ke)  
Website: [www.ngcdfembakasinorth.go.ke](http://www.ngcdfembakasinorth.go.ke)

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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**(g) EMBAKASI NORTH CONSTITUENCY NGCDF Bankers**

Equity Bank (Kenya) Limited,  
Kenyatta Avenue,  
P.O. Box 75104,  
Nairobi, Kenya

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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

**II. NG-CDFC Chairman's Report**



NG-CDFC Chairperson, Emma Kimani

I am pleased to present Embakasi North NG-CDF annual report and financial statements for the financial year 2021/2022. The people of Embakasi North constituency are determined to participate effectively in domesticating objectives of vision. The constituents now have power to implement the formulation and implementation of development programmes in the constituency for the works within the aspiration of the constitution of Kenya which makes public participation mandatory. The utilization of the NG-CDF has always been carried out with fairness, transparency, openness and accountability.

**Financial Year Budget**

This is a presentation of financial statements for Embakasi North NGCDF for the year ended 30<sup>th</sup> June 2022. During the year the Constituency was allocated a total of amount of Kshs.137, 088,879.31. Upon submission of the projects proposal, National Government Constituencies Fund Board approved a total of Kshs.93, 990,880 representing 69% of the total allocation.

On receipt of the above allocations, Embakasi North NG-CDFC Pursuant to the provisions of the National Government CDF Act 2015, as amended in 2016 met and allocated funds to various projects with reference to the priorities of the public participation meetings held across the constituency. It is noteworthy that during the FY 2021/2022, the constituency received 69% of the total allocation that is, kshs. 93,990,880 and balance of Kshs. 18,188,879.30 for financial year 2020/2021 and these funds were then disbursed to earmarked projects.

## **EMBAKASI NORTH CONSTITUENCY**

### **National Government Constituencies Development Fund (NGCDF)**

#### **Annual Report and Financial Statements for The Year Ended June 30, 2022**

**Table 1.1: Showing allocation on comparative basis**

Financial year	Allocation	Disbursement	Difference
2021/2022	137,088,879.31	93,990,880	43,097,999 (31%)
2020/2021	137,088,879.31	93,628,879.31	43,460,000(32%)
Difference	0	362,000.69	(362,001)

On vote allocation, Embakasi North NGCDF allocated Kshs. 44,065,120 to bursary posting a decrease from Kshs. 47,800,000 allocations in financial year 2020/2021.

The committee allocated other sectors as follows: Primary Schools Projects Kshs. 2,790,300 Secondary schools Projects Kshs. 21,500,000.

**Table 1.2 Showing Vote allocations on comparison with the previous financial year**

Financial year	Primary schools	Secondary Schools	Security
2021/2022	2,790,300	21,500,000	—
2020/2021	19,425,146	11,995,240	—
Difference	(16,634,846)	9,504,760	—

Some of the completed successful projects



**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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*EK*

**Name: EMMA NJERI KIMANI**  
**CHAIRPERSON NG-CDF COMMITTEE**

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

**II. Statement of Performance against Predetermined Objectives for FY2021/2022**

**Introduction**

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

The key development objectives of *Embakasi North Constituency 2018-2022* plan are to:

- i. Improve access to quality education
- ii. Harness youth talent and empower them
- iii. Cater for any unforeseen occurrences in the constituency
- iv. Promote environmental sustainability in the constituency
- v. Enhance security in the constituency
- vi. Improve tracking of implementation of NG-CDF programmes
- vii. Promote performance management and smooth running of NG-CDF office

**Progress on attainment of Strategic development objectives**

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions number of bursary's beneficiaries at all levels	In FY 2021/2022, we issued Bursaries to a total of 3,536 needy students from both secondary and tertiary institutions across the constituency. This amounted to 39M.
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	An Assistant County Commissioners office was implemented though 90% complete awaiting final finishes.
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Equip schools with tanks	Tanks supplied in different schools	There wasn't any environment related project that was implemented in the year under review.

**EMBAKASI NORTH CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Sports	Empower and develop youth and special groups	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	A constituency Sports tournament w. successfully done and youths from 27 teams benefitted through sports g and balls within the constituency
Emergency	Improve the mechanism used in handling disasters	Reduce loss of live and properties	Covid 19 assortments supplied in the constituency	There were no emergency related cases that were reported within the year under review hence savings fro this kitty

**V. Environmental and Sustainability Reporting**

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

**1. Sustainability strategy and profile -**

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

- a. **Education and Training:** Embakasi North NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalized groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; Embakasi North NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion

d. **Sports:** Embakasi North NG-CDF has taken sports as a key pillar of cohesion and integration.

To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

## **2. Environmental performance**

The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion

**Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

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## **3. Employee welfare**

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

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

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

#### **4. Market place practices-**

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

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

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

Embakasi North NGCDF has put in efforts to ensure:

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

**5. Community Engagements-**

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

**Public Participation in Project Identification and Implementation and Monitoring**

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

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

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

**Public Awareness**

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

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



.....  
Name: Mary Wanyika  
Fund Account Manager

**V. Statement of Management Responsibilities**

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

The Accounting Officer in charge of the NG-CDF-Embakasi North 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, 2022. 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 NG-CDF-Embakasi North Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NG-CDF-Embakasi North Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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The Accounting Officer in charge of the NG-CDF Embakasi North Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been 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 NG-CDF- Embakasi North Constituency financial statements were approved and signed by the Accounting Officer on 28<sup>th</sup> September, 2022.



.....  
**Name: Emma Kimani**  
**Chairperson – NGCDF Committee**



.....  
**Name: Mary Wanyika**  
**Fund Account Manager**

# REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI NORTH CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi North Constituency set out on pages 1 to 41, which comprise the statement of assets and liabilities as at 30 June, 2022, and the

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Embakasi North Constituency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

## **Basis for Qualified Opinion**

### **1.0. Presentation and Disclosure of the Financial Statements**

Review of the annual report and financial statements revealed that the Chairlady's report does not include details of key achievement for the Fund, list of emerging issue related to the Fund and implementation challenges and a recommendation of the way forward as per the reporting format issued by the Public Sector Accounting Standards Board. In addition, Note 4 to the financial statements on compensation of employees does not disclose information on house and transport allowances as required in the reporting format. These omissions are contrary to Section 81(3) of the Public Finance Management Act, 2012, which requires accounting officer of a National Government entity to prepare financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

Further, Note 17.2 reflects pending staff payables amount of Kshs.347,200, which was owed to one (1) staff member as gratuity. However, audit review revealed that there were additional four (4) staff members owed amounts totalling to Kshs.1,306,030 in gratuity.

In the circumstances, Management was in breach of the law. Also, the accuracy and completeness of the pending staff payables amount of Kshs.347,200 could not be confirmed.

### **2.0. Inaccuracies in the Financial Statements**

The statement of receipts and payments reflects compensation of employees amount of Kshs.3,572,830, while analysis of the payment vouchers revealed a total amount of Kshs.3,230,460, resulting in an unexplained variance of Kshs.342,370.

Similarly, the statement of receipts and payments reflects other grants and transfers amount of Kshs.62,911,548 which, as disclosed in Note 7 to the financial statements, includes expenditure on sports projects of Kshs.3,486,548. However, analysis of payment vouchers relating to sports projects revealed total amount of Kshs.3,700,000, resulting to an unexplained variance of Kshs.213,452.

In the circumstances, the accuracy of the Fund's financial statements could not be confirmed.

### **3.0. Irregular Allowances**

The statement of receipts and payments reflects use of goods and services expenditure of Kshs.11,940,687 which, as disclosed in Note 5 to the financial statements, includes committee allowance amount of Kshs.1,631,952 out of which, allowances totalling to Kshs.1,328,000 were paid to Committee members, bursary clerks and training officers. However, the relevant payment documents in support of the allowances were not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.1,328,000 could not be confirmed.

### **4.0. Other Grants and Transfers**

The statement of receipts and payments reflects other grants and transfers balance of Kshs.62,911,548 as disclosed in Note 7 to the financial statements. However, audit of this expenditure revealed the following unsatisfactory matters:

#### **4.1. Anomalies in the Bursary Disbursements**

The balance of Kshs.62,911,548 includes an amount of Kshs.46,465,000 transferred to secondary schools and Kshs.12,960,000 transferred to tertiary institutions as bursaries for needy students, totalling to Kshs.59,425,000. However, examination of payment vouchers provided for audit revealed bursary awards amounting to Kshs.58,820,000, resulting in an unexplained variance of Kshs.605,000.

Further, included in the amount of Kshs.46,465,000 disbursed to secondary schools is a payment of Kshs.34,000,000 whose supporting schedule of the schools and beneficiaries were not provided for audit.

In addition, review of records provided for audit revealed that none of the bursary beneficiaries could be traced to an application form submitted for funding.

Finally, the bursaries amount of Kshs.59,425,000 represents 53% of the total transfers from the NG-CDF Board, which is 18% above the allowable limit of 35%. The anomaly was not explained.

In the circumstances, the accuracy, completeness and authenticity of the bursary disbursements of Kshs.59,425,000 could not be confirmed.

#### **4.2. Irregular Expenditure on Sports**

The balance of Kshs.62,911,548 includes an amount of Kshs.3,486,548 in respect of sports projects. However, Management transferred the amount to an undisclosed Project Management Committee (PMC) account. Further, it was observed that the Constituency Development Fund Committee (CDFC) converted itself into a PMC as evidenced by the minutes of the meeting held on 27 July, 2020, contrary to the provisions of Regulation

15(6) of the National Government Constituencies Development Fund Regulation, 2016. In addition, there was no evidence of appointment of the members to the PMC, and minutes indicating signatories of the bank accounts were not presented for audit.

Also, the payment voucher through which the funds were transferred was not supported by the supplier details, inspection and acceptance certificate, counter receipt voucher (S13), delivery notes or the invoices and the distribution schedules for the uniforms, balls and the games kits. The project file was also not provided for audit.

In the circumstances, the accuracy, completeness and validity of the sports projects expenditure of Kshs.3,486,548 could not be confirmed. Also, Management was in breach of the law.

#### **5.0. Stale Cheques**

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.103,563,772 as at 30 June, 2022. Examination of the bank reconciliation statement in support of the balance revealed unrepresented cheques totalling to Kshs.17,494,555 which includes stale cheques amounting to Kshs.723,000. However, Management did not provide evidence and details of when the unrepresented cheques were cleared and reason for failure to reverse the stale cheques in the cash book.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.103,563,772 could not be confirmed.

#### **6.0. Failure to Provide Project Files**

The statement of receipts and payments reflects transfers to other Government entities balance of Kshs.24,290,300. However, field verification carried out in March, 2023 revealed that the cost of construction of the wall of Ushirika Secondary School project was Kshs.1,44,000. Further, the Dandora 1 Primary School project relating to the construction of two classrooms had stalled and the reason for the stalling was not provided. In addition, the project files for the two projects were not provided for audit.

In the circumstances, it was not possible to confirm that there was proper use of funds on the stalled project. In addition, Management was in breach of the law.

#### **7.0. Undisclosed Project Management Committee Bank Account Balance**

Annex 5 to the financial statements reflects Project Management Committees bank balances totaling to Kshs.41,673,181. However, a balance of Kshs.5,000,000 belonging to PMC of Kariobangi North Girls Secondary School was not included in Annex 5 and the certificate of account balance as at 30 June, 2022 was not provided for audit.

In the circumstance, the accuracy of the Project Management Committee bank balances of Kshs.41,673,181 could not be confirmed.

## 8.0. Unsupported transfer to other Government Entities

The statement of receipts and payments reflects transfers to other Government units balance of Kshs.24,290,300. Review of records relating to the balance revealed that the funds were disbursed to Project Management Committee on the respective dates, as analysed below:

PMC	Date issued	Amount Kshs.
Dandora Secondary School	28.10.2021	8,000,000
James Gichuru Secondary School	28.10.2021	8,500,000
Tom Mboya Primary School	8.09.2021	1,290,000
Ushirika primary school	8.09.2021	1,500,000
Kariobangi North Girls Secondary	11.02.2022	5,000,000
<b>Total</b>		<b>24,290,000</b>

However, with the exception of Tom Mboya Primary School, where funds were used for completion of a wall, no projects had been implemented in the other schools by the end of the year and no explanation was provided for channeling the funds to the Project Management Committees of those other schools. Further, field verification carried out in March, 2023 in Ushirika Primary School and Kariobangi North Girls Secondary Schools confirmed that no projects were implemented despite funds having been sent to the schools. In addition, minutes from PMCs of these projects were not provided for audit.

In the circumstances, the accuracy and completeness of transfers to other Government units amount of Kshs.24,290,300 and the existence of the projects funded could not be confirmed.

## 9.0. Unsupported Expenditure on Public Participation

Review of the records provided for audit revealed that payments totalling to Kshs.415,000 were made to residents who attended public participation events in various wards of the Constituency. However, audit review of the documents revealed that all the names listed as residents belonged to underage bursary applicants, and the telephone contacts listed were their parents'/guardians'. Further, there were no invitations, agenda or reports of the outcome of the events or any other evidence that the events actually took place as alleged.

In the circumstances, the accuracy, completeness and propriety of the public participation expenditure of Kshs.415,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Embakasi North 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 audit 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 reflects final expenditure budget and actual on comparable basis amounts of Kshs.302,868,015 and Kshs.102,715,365 respectively, resulting in an under expenditure of Kshs.200,152,650 (or 66% of the budget).

The under expenditure affected planned activities and may have had negative impact on service delivery to the residents of Embakasi North Constituency.

### **2.0. Un-Utilized Funds**

Annex 3 to the financial statements reflects unutilized funds amount of Kshs.200,152,650. No explanation was provided on the increase of unutilized funds and the recurring situation over the years.

In the circumstances, it was not possible to ascertain whether the Fund's budget was realistic and whether the Fund has the capacity to implement the overlapping 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. Unimplemented Project**

The National Government Constituencies Development Fund Board approved fifteen (15) projects with a total budget of Kshs.23,741,778, through an approved code list for the year under review. However, physical verifications revealed that no project was undertaken in the year under review. No explanation was provided for failure to implement the projects and where the unutilized funds were.

Failure to implement approved projects had a negative impact on delivery of services to the people of Embakasi North Constituency.

## **2.0. Unutilized Social Security Project Allocation**

Review of the approved projects for implementation for the year under review revealed that the Board approved social security project valued at Kshs.5,010,000 in respect of payment of NHIF for the elderly and vulnerable citizens within the Constituency. However, as at 30 June, 2022, the Management had not commenced implementation of the project.

In the absence of timely implementation of the project, the elderly and vulnerable people in the Constituency may not receive the critical social security benefits.

## **3.0. Irregular Alteration of the Tender Amount**

The statement of receipts and payments for the year under review indicates that the Fund did not spend any amounts towards implementation of security projects, although an amount of Kshs.18,023,259 was allocated for the project. However, evidence- provided that there was an undertaking to construct Assistant County Commissioner's (ACC) office in Dandora Phase 3. The project, which was initiated in the 2019/2020 financial year and contracted at a cost of Kshs.9,746,270, was not complete by the time of the audit. By 21 February, 2022, the contractor had been paid a total of Kshs.8,289,885 with only Kshs.486,528 unpaid yet the building was only 50% complete. Further, the project was not included in the code list for the 2021/2022 financial year. In addition, audit inspection revealed that the project was abandoned with incomplete building structure, and there was no contractor on site.

In addition, review of records provided revealed that the proposed construction of a1-storey administration block to host ACC's office, Chief's Office, OCS and Deputy's Office, boardroom with other 5 Line Ministry Department Offices at Dandora Phase 3 had a contract quoted amount of Kshs.9,746,270. However, this varied with the amount awarded of Kshs.9,751,570, reflected in the minutes of the meeting in which the decision of the award was made, Further, the latest amendment of the contract price to Kshs.11,311,821 was done on 1 March, 2023, through a letter from the Fund Account Manager to the contractor. However, the complete project file containing bid documents and the contract was not provided for audit.

In the circumstances, the contract award may have been irregular, and the Fund may have lost funds.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**


**10 July, 2023**

**EMBAKASI NORTH CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****VII. Statement of Receipts and Payments for the Year Ended 30th June 2022**


	Note	2021-2022	2020-2021
			Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	112,188,879	146,867,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	16,000	39,000
<b>TOTAL RECEIPTS</b>		<b>112,204,879</b>	<b>146,906,724</b>
<b>PAYMENTS</b>			
Compensation of employees	4	3,572,830	2,264,640
Use of goods and services	5	11,940,687	7,868,331
Transfers to Other Government Units	6	24,290,300	31,420,386
Other grants and transfers	7	62,911,548	51,053,626
Acquisition of Assets	8	-	-
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>102,715,365</b>	<b>92,606,983</b>
<b>SURPLUS/DEFICIT</b>		<b>9,489,515</b>	<b>54,299,741</b>

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


The Constituency financial statements were approved on 28th September, 2022 and signed by:

  
Fund Account Manager

Name: Mary Wanyika

  
National Sub-County  
Accountant

Name: Penninah Munyao  
ICPAK M/No: 14195

  
Chairperson NG-CDF  
Committee

Name: Emma Kimani

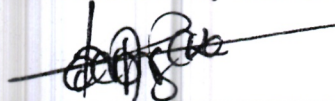
**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

VIII. Statement of Assets and Liabilities as At 30<sup>th</sup> June, 2022


	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	103,563,772	94,074,258
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>103,563,772</b>	<b>94,074,258</b>
<b>Accounts Receivable</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>103,563,772</b>	<b>94,074,258</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	12A	-	-
Gratuity	12B	-	-
<b>NET FINANCIAL ASSETS</b>		<b>103,563,772</b>	<b>94,074,258</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	94,074,258	39,774,517
Prior year adjustments	14	-	
Surplus/Deficit for the year		9,489,515	54,299,741
<b>NET FINANCIAL POSITION</b>		<b>103,563,772</b>	<b>94,074,258</b>

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

The Constituency financial statements were approved on 28<sup>th</sup> September, 2022 and signed by:

  
 Fund Account Manager

Name: Mary Wanyika

  
 National Sub-County  
 Accountant

Name: Penninah Munyao  
 ICPAK M/No: 14195

  
 Chairperson NG-CDF  
 Committee

Name: Emma Kimani

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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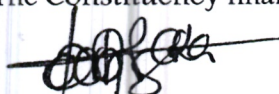
**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**


**IX. Statement of Cash Flows for the Year Ended 30th June 2022**


		2021-2022	2020-2021
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	112,188,879	146,867,724
Other Receipts	3	16,000	39,000
		<b>112,204,879</b>	<b>146,906,724</b>
<b>Payments for operating activities</b>			
Compensation of Employees	4	3,572,830	2,264,640
Use of goods and services	5	11,940,687	7,868,331
Transfers to Other Government Units	6	24,290,300	31,420,386
Other grants and transfers	7	62,911,548	51,053,626
Other Payments	9	-	-
		<b>102,715,365</b>	<b>92,606,983</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
<b>Net Adjustments</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>		<b>9,489,515</b>	<b>54,299,741</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>9,489,515</b>	<b>54,299,741</b>
Cash and cash equivalent at BEGINNING of the year	10	94,074,258	39,774,517
Cash and cash equivalent at END of the year		103,563,772	94,074,258

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

The Constituency financial statements were approved on 28<sup>th</sup> September, 2022 and signed by:

  
 Fund Account Manager

  
 National Sub-County  
 Accountant

  
 Chairperson NG-CDF  
 Committee

Name: Mary Wanyika

Name: Penninah Munyao  
 ICPAK M/No: 14195

Name: Emma Kimani

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

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**EMBAKASI NORTH CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****X. Summary Statement of Appropriation for the Year Ended 30<sup>th</sup> June 2022**

Receipt/Expense Item	Original Budget		Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a		b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>		<b>Opening Balance (C/Bk) and AIA</b>	<b>Previous years Outstanding Disbursements</b>				
Transfers from NG-CDF Board	137,088,879	94,074,258	71,688,878	302,852,015.0	206,263,137	96,588,878	68%
Proceeds from Sale of Assets		-	-	-	-	-	0%
Other Receipts		16,000.00	-	16,000.00	-	-	0%
<b>TOTAL RECEIPTS</b>	<b>137,088,879</b>	<b>94,090,258</b>	<b>71,688,878</b>	<b>302,868,015</b>	<b>206,263,137</b>	<b>96,604,878</b>	<b>68%</b>
<b>PAYMENTS</b>							
Compensation of Employees	2,461,400	2,034,943	-	4,496,343	3,572,830	923,513	79%
Purchase of goods and services	9,876,598	7,532,137	-	17,408,735	9,766,687	7,642,048	56%
Transfers to Other Government Units	58,000,000	41,359,976	57,724,619	157,084,595	24,290,300	132,794,295	15%
Other grants and transfers	66,750,881	43,147,202	11,925,259	121,823,342	65,085,548	56,737,794	53%
Acquisition of Assets	-	-	-	-	-	-	0%
Other Payments	-	-	2,000,000	2,000,000	-	2,000,000	0%
Funds pending approval	-	16,000.00	39,000	55,000	-	55,000	
<b>TOTAL</b>	<b>137,088,879</b>	<b>94,090,258</b>	<b>71,688,878</b>	<b>302,868,015</b>	<b>102,715,365</b>	<b>200,152,650.00</b>	<b>34%</b>

**Explanatory Notes.**

(a) Revenue collection was derived from AIA through sale of tender documents.

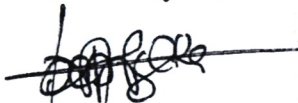
(b) Utilization of funds in all the sectors and sub sectors was underutilized due to challenges emanating from administrative issues that have proved beyond the control of the accounting officer.

(c) The changes between the original and final budget emanates from the unutilized funds in the previous FY which formed the opening balance and the reallocations submitted within the FY and which were approved by the NG-CDF Board

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	200,152,650
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2022	96,588,878
	103,563,772
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	103,563,772

The Constituency financial statements were approved on 28<sup>th</sup> September, 2022 and signed by:

  
 \_\_\_\_\_  
 Fund Account Manager

Name: Mary Wanyika

  
 \_\_\_\_\_  
 National Sub-County Accountant

Name: Penninah Munyao  
 ICPAK M/No: 14195

  
 \_\_\_\_\_  
 Chairperson NG-CDF Committee

Name: Emma Kimani

**EMBAKASI NORTH CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****X. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> June 2022**

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation (f=d/c %)
	2021/2022	Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements	2021/2022	30/06/2022		
	Kshs		Kshs	Kshs	Kshs	Kshs	
<b>2.0 Administration and Recurrent</b>							
1 Compensation of employees	2,461,400	2,034,943		4,496,343	3,572,830	923,513	79
2 Committee allowances	1,700,000	775,000		2,475,000	2,467,967	7,033	100
3 Use of goods and services	4,063,932	3,648,664		7,712,596	3,003,862	4,708,734	39
<b>Total</b>	<b>8,225,332</b>	<b>6,458,607</b>	<b>-</b>	<b>14,683,939</b>	<b>9,044,659</b>	<b>5,639,280</b>	<b>62</b>
<b>3.0 Monitoring and evaluation</b>							
1 Capacity building	1,500,000	271,700		1,771,700	1,741,301	30,399	98
2 Committee allowances	2,191,666	2,656,891		4,848,557	2,423,557	2,425,000	50
3 Use of goods and services	421,000	179,882		600,882	130,000	470,882	22
<b>Total</b>	<b>4,112,666</b>	<b>3,108,473</b>	<b>-</b>	<b>7,221,139</b>	<b>4,294,858</b>	<b>2,926,281</b>	<b>59</b>
<b>3.0 Emergency</b>							
1 Primary Schools	-	-	-	-	-	-	-
2 Secondary schools	-	-	-	-	-	-	-
3 Tertiary institutions	-	-	-	-	-	-	-
4 Security projects	-	-	-	-	-	-	-
5 Unutilised	7,192,207	9,603,001	-	16,795,208	-	16,795,208	-
<b>Total</b>	<b>7,192,207</b>	<b>9,603,001</b>	<b>-</b>	<b>16,795,208</b>	<b>-</b>	<b>16,795,208</b>	<b>-</b>
<b>4.0 Bursary and Social Security</b>							
1 Secondary Schools	39,063,770	8,300,671	-	47,364,441	46,570,000	794,441	98
2 Tertiary Institutions	5,001,350	19,773,728	-	24,775,078	15,029,000	9,746,078	61

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

4.3 Social Security	3,912,000	-		3,912,000	-	3,912,000	-
4.4 Special Needs	-			-	-	-	-
<b>Total</b>	<b>47,977,120</b>	<b>28,074,399</b>	<b>-</b>	<b>76,051,519</b>	<b>61,599,000</b>	<b>14,452,519</b>	<b>81</b>
5.0 Sports				-		-	-
5.1	2,741,777	744,771	-	3,486,548	3,486,548	-	100
<b>Total</b>	<b>2,741,777</b>	<b>744,771</b>	<b>-</b>	<b>3,486,548</b>	<b>3,486,548</b>	<b>-</b>	<b>100</b>
6.0 Environment	<b>2,741,777</b>	4,725,031	-	7,466,808	-	7,466,808	-
<b>Total</b>	<b>2,741,777</b>	<b>4,725,031</b>	<b>-</b>	<b>7,466,808</b>	<b>-</b>	<b>7,466,808</b>	<b>-</b>
7.0 Primary Schools Projects							
Marura Primary School	-	4,500,000	-	4,500,000	-	4,500,000	-
Tom Mboya Primary School	-	4,800,000	-	4,800,000	-	4,800,000	-
Kariobangi North Primary School	-	212,066	-	212,066	-	212,066	-
Ushirika Primary School	-	<b>1,500,000</b>	-	1,500,000	1,500,000	-	100
Dandora primary school	-	3,049,800	-	3,049,800	-	3,049,800	-
Tom Mboya Primary School	-	8,422,729	-	8,422,729	1,290,300	7,132,429	15
Our lady of Fatma Primary School	-	<b>8,000,000</b>	-	8,000,000	-	8,000,000	-
Kariobangi North Primary School	-	<b>2,100,000</b>	-	2,100,000	-	2,100,000	-
<b>Total</b>	<b>-</b>	<b>32,584,595</b>	<b>-</b>	<b>32,584,595</b>	<b>2,790,300</b>	<b>29,794,295</b>	<b>9</b>
8.0 Secondary Schools Projects							
Tom Mboya Secondary School	20,000,000			20,000,000	-	20,000,000	-
kariobangi girls secondary school	1,000,000			1,000,000	-	1,000,000	-
James Gichuru Secondary School	37,000,000	6,380,141	2,119,859	45,500,000	8,500,000	37,000,000	19
Dandora Secondary school		2,395,240	5,604,760	8,000,000	8,000,000	-	100
Tom Mboya Secondary School			25,000,000	25,000,000	-	25,000,000	-
Ushirika Secondary School			1,500,000	1,500,000	-	1,500,000	-
Kariobangi Girls Secondary School			5,000,000	5,000,000	5,000,000	-	100

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Total	58,000,000	8,775,381	39,224,619	106,000,000	21,500,000	84,500,000	20
9.0 Tertiary institutions Projects				-		-	-
Ronald Ngala TTI	-	-	11,000,000	11,000,000	-	11,000,000	-
Dandora p 3-youth empowerment Centre	-	-	7,500,000	7,500,000	-	7,500,000	-
Total	-	-	18,500,000	18,500,000	-	18,500,000	-
10.0 Security Projects				-		-	-
DANDORA 4 ADMINISTRATION POLICE POST	6,098,000	-	-	6,098,000	-	6,098,000	-
Kwa mbao AP Line	-	-	500,000	500,000	-	500,000	-
Kinyago Police Station	-	-	1,398,309	1,398,309	-	1,398,309	-
kariobangi North police station	-	-	26,950	26,950	-	26,950	-
Dandora phase 1-security highmast	-	-	2,000,000	2,000,000	-	2,000,000	-
Dandora phase 2-2No security flood light-highmast	-	-	4,000,000	4,000,000	-	4,000,000	-
Dandora phase 3- I No security flood light-highmast	-	-	2,000,000	2,000,000	-	2,000,000	-
Dandora phase 4 - 1No security flood light-highmast	-	-	2,000,000	2,000,000	-	2,000,000	-
Total	6,098,000	-	11,925,259	18,023,259	-	18,023,259	-
11.0 Acquisition of assets				-		-	-
NG-CDF OFFICE	-	-	-	-	-	-	-
Motor Vehicles (including motorbikes)	-	-	-	-	-	-	-
Motor Vehicles (including motorbikes)	-	-	-	-	-	-	-
Purchase of furniture and equipment	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
12.0 Other payments				-		-	-
Strategic Plan			2,000,000	2,000,000	-	2,000,000	-
Total		-	2,000,000	2,000,000	-	2,000,000	-
13.0 unallocated fund							
Unapproved projects			39,000	39,000		39,000	-
AIA		16,000	-	16,000		16,000	-
PMC savings							
Total		16,000	39,000	55,000	-	55,000	-
	137,088,879	94,090,258	71,688,878	302,868,015	102,715,365	200,152,650	34



**EMBAKASI NORTH CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****X. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> June 2022**

total		-	2,000,000	2,000,000	-	2,000,000	-
3.0 unallocated fund							-
unapproved projects			39,000	39,000		39,000	-
IA		16,000	-	16,000		16,000	-
MC savings				-			-
total		16,000	39,000	55,000	-	55,000	-
	137,088,879	94,090,258	71,688,878	302,868,015	102,715,365	200,152,650	34

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

## **XI. Significant Accounting Policies**

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

### **1. Statement of Compliance and Basis of Preparation**

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

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

### **2. Reporting Entity**

The financial statements are for the NGCDF-Embakasi North 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 recognizes all receipts from the various sources when the event occurs, and the related cash has actually been received by the Entity.

***Significant Accounting Policies continued***

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

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

**Proceeds from Sale of Assets**

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

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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

**Significant Accounting Policies continued**

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

***Significant Accounting Policies continued***

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

**8. Accounts Payable**

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

**Significant Accounting Policies continued**

**9. Pending Bills**

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

**10. Unutilized Fund**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 1<sup>st</sup> June 2020 for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

***Significant Accounting Policies continued***

**14. Errors**

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

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

**15. Related Party Transactions**

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

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

*Notes to the Financial Statement Continued*

Normal Allocation		Kshs	Kshs
1	AIE NO B104271		2,100,000
2	AIE NO B104564		3,000,000
3	AIE NO B124760		69,367,724
4	AIE NO B119513		8,500,000
5	AIE NO B124922		12,000,000
6	AIE NO B119777		6,900,000
7	AIE NO B128068		8,000,000
8	AIE NO B132082		6,000,000
9	AIE NO B132123		8,000,000
10	AIE NO B126086		11,000,000
11	AIE NO B126376		12,000,000
1	AIE NO B140522	13,000,000	
2	AIE NO B140870	5,188,879	
3	AIE NO B105697	34,000,000	
4	AIE NO B105751	30,000,000	
5	AIE NO B132480	6,000,000	
6	AIE NO B128793	12,000,000	
7	AIE NO B154392	12,000,000	
Conditional Grants	AIE NO		
Receipt from other Constituency			
<b>TOTAL</b>		<b>112,188,879.30</b>	<b>146,867,724</b>

**2. PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS**

Description	2021-2022	2020 - 2021
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of Office and General Equipment	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**EMBAKASI NORTH CONSTITUENCY****National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022**

<b>3 OTHER RECEIPTS</b>			
<b>Description</b>		<b>2021-2022</b>	<b>2020 - 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Interest Received		-	-
Rents		-	-
Receipts Sale of Tender Documents		16,000.00	39,000.00
Hire of plant/equipment/facilities		-	-
Unutilized funds from PMCs		-	-
Other Receipts Not Classified Elsewhere (specify)		-	-
<b>TOTAL</b>		<b>16,000.00</b>	<b>39,000.00</b>

<b>4 COMPENSATION OF EMPLOYEES</b>			
<b>Description</b>		<b>2021-2022</b>	<b>2020 - 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
NG-CDFC Basic staff salaries		2,202,000	2,134,500
<b>Personal allowances paid as part of salary</b>			
House allowance		-	-
Transport allowance		-	-
Leave allowance		-	-
Gratuity-contractual employees		1,306,030	-
Employer Contributions Compulsory national social security schemes		64,800	130,140
<b>TOTAL</b>		<b>3,572,830</b>	<b>2,264,640</b>

<b>5 USE OF GOODS AND SERVICES</b>			
<b>Description</b>		<b>2021-2022</b>	<b>2020 - 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Utilities, supplies and services		1,612,929.00	630,000
Electricity		40,000.00	-
Water & sewerage charges		40,000.00	-
Office rent		660,000.00	495,000
Communication, supplies and services		170,000.00	2,875
Domestic travel and subsistence		150,000.00	18,290
Printing, advertising and information supplies & services		581,000.00	392,640
Rentals of produced assets		-	-
Training expenses		2,015,700.60	2,170,300
Hospitality supplies and services		-	-

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Other committee expenses		3,927,015.00	423,000
Committee allowance		1,631,952.00	2,891,000
Insurance costs		-	-
Specialised materials and services		-	-
Office and general supplies and services		1,066,970.00	707,486
Fuel , oil & lubricants		-	-
Other operating expenses		-	-
Bank service commission and charges		45,120.00	137,740
Other Operating Expenses		-	-
Security operations		-	-
Routine maintenance - vehicles and other transport equipment		-	-
Routine maintenance- other assets		-	-
<b>TOTAL</b>		<b>11,940,686.60</b>	<b>7,868,331</b>

**6 TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2021-2022</b>	<b>2020 - 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to Primary Schools	2,790,300.00	19,425,146
Transfers to Secondary Schools	21,500,000.00	11,995,240
Transfers to Tertiary Institutions	-	-
<b>TOTAL</b>	<b>24,290,300.00</b>	<b>31,420,386</b>

**7 OTHER GRANTS AND OTHER PAYMENTS**

<b>Description</b>	<b>2021-2022</b>	<b>2020 - 2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary - Secondary ( see attached list)	46,465,000.00	29,800,000
Bursary -Tertiary ( see attached list)	12,960,000.00	4,955,000
Bursary- Special Schools	-	-
Mocks & CAT ( see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security Projects ( see attached list)	-	13,551,272
Sports Projects ( see attached list)	3,486,548.00	2,747,354
Environment Projects ( see attached list)	-	-
Emergency Projects ( see attached list)	-	-

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

<b>TOTAL</b>		<b>62,911,548.00</b>	<b>51,053,626</b>

**8 ACQUISITION OF ASSETS**

<b>Non Financial Assets</b>		<b>2021-2022</b>	<b>2020 - 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Purchase of Buildings		-	-
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles and Other Transport Equipment		-	-
Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles and Other Transport Equipment		-	-
Purchase of Household Furniture and Institutional Equipment			
Purchase of office furniture and General Equipment		-	-
Purchase of computers ,printers and other IT equipments		-	-
Purchase of ICT Equipment, Software and Other ICT Assets		-	-
Purchase of Specialized Plant, Equipment and Machinery		-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.		-	-
Acquisition of Land		-	-
Acquisition of Intangible Assets			
<b>TOTAL</b>		<b>-</b>	<b>0</b>

**9 Other Payments**

Strategic Plan		-	-
ICT Hubs		-	-
			-
<b>TOTAL</b>		<b>-</b>	<b>-</b>

**10A: Bank Balances (cash book bank balance)**

<b>Name of Bank, Account No. &amp; currency</b>	<b>Account Number</b>	<b>2021-2022</b>	<b>2020 - 2021</b>
		<b>Kshs (30/6/2022)</b>	<b>Kshs (30/6/2021)</b>
EQUITY BANK LIMITED,EMBAKASI NORTH NG-CDF	A/C no.1300261118717	<b>103,563,772</b>	<b>94,074,258</b>
		-	-

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

		-	-	
<b>TOTAL</b>		<b>103,563,772</b>	<b>94,074,258</b>	
<b>10B: CASH IN HAND)</b>				
		2021-2022	2020 - 2021	
		<b>Kshs (30/6/2022)</b>	<b>Kshs (30/6/2021)</b>	
Location 1		-	-	
Location 2		-	-	
Location 3		-	-	
Other receipts (specify)		-	-	
<b>TOTAL</b>		-	-	
<i>[Provide cash count certificates for each]</i>				
<b>11: OUTSTANDING IMPRESTS</b>				
<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2022)</i>
	<b>Date imprest taken</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
<b>TOTAL</b>		-	-	-
<b>12A Retention</b>				
		2021-2022	2020-2021	
		<b>KShs</b>	<b>KShs</b>	
Retention as at 1st July (A)		-	-	
Retention held during the year (B)		-	-	
Retention paid during the Year (C)		-	-	
Closing Retention as at 30th June D= A+B-C		-	-	

**EMBAKASI NORTH CONSTITUENCY**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

12 B Gratuity	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 <sup>st</sup> July (A)	-	-
Gratuity held during the year (B)	-	-
Gratuity paid during the Year (C)	-	-
Closing Gratuity as at 30 <sup>th</sup> June D= A+B-C	-	-

**13 BALANCES BROUGHT FORWARD**

	2021-2022	2020- 2021
	Kshs (1/7/2021)	Kshs (1/7/2020)
Bank accounts	94,074,258	39,774,517
Cash in hand		
Imprest		
<b>TOTAL</b>	<b>94,074,258</b>	<b>39,774,517</b>

*[Provide short appropriate explanations as necessary]*

**14. PRIOR YEAR ADJUSTMENTS**

Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2020/2021
	Kshs	Kshs	Kshs
Bank accounts balances	-	-	-
Cash in hand	-	-	-
Accounts Payable	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

*\*\*The adjusted balances are not carried down on the face of the financial statement.*

*(Entity to provide disclosure on the adjusted amounts)*

Clarification note included

**15. CHANGES IN ACCOUNTS RECEIVABLE - OUTSTANDING IMPREST**

**EMBAKASI NORTH CONSTITUENCY**

**National Government Constituencies Development Fund (NGCDF)**

**Annual Report and Financial Statements for The Year Ended June 30, 2022**

		2021-2022	2020- 2021
		Kshs	Kshs
Outstanding Imprest as at 1st July (A)		-	-
Imprest issued during the year (B)		-	-
Imprest surrendered during the Year (C)		-	-
Closing accounts receivable as at 30th June 2022 (D=A+B-C)		-	-
<b>Net changes in accounts receivables A-D</b>		-	-
<b>16. CHANGES IN ACCOUNTS PAYABLE - DEPOSITS AND RETENTION</b>			
		2020- 2021	2019- 2020
		Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)			
Deposits and Retention held during the year (B)		-	-
Deposits and Retention paid during the year ©		-	-
Closing accounts payable at 30th June (D=A+B-C)		-	-
<b>Net changes in accounts payables A-D</b>			
<b>17. OTHER IMPORTANT DISCLOSURES</b>			
<b>17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)</b>			
		2021-2022	2020- 2021
		Kshs	Kshs
Construction of buildings		-	-
Construction of civil works		-	-
Supply of goods		-	-
Supply of services		-	-
<b>TOTAL</b>		-	-
<b>17.2: PENDING STAFF PAYABLES (See Annex 2)</b>			
		2021-2022	2020- 2021
		Kshs	Kshs
NGCDF Staff		347,200	1,336,100
Others (specify)		-	-

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<b>TOTAL</b>		<b>347,200</b>	<b>1,336,100</b>
<b>17.3: UNUTILISED FUNDS (See Annex 3)</b>			
		<b>2021-2022</b>	<b>2020- 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
Compensation of employees		923,513	2,034,943
Use of goods and services		7,642,048	7,452,138
Amounts due to other Government entities (see attached list)		132,794,295	96,689,355
Amounts due to other grants and other transfers (see attached list)		56,737,794	57,467,701
Acquisition of assets		-	-
Strategic plan		2,000,000	2,000,000
Funds pending approval		55,000	79,000
		-	-
<b>TOTAL</b>		<b>200,152,650</b>	<b>165,723,137</b>
<b>17.4: PMC ACCOUNT BALANCES (See Annex 4)</b>			
		<b>2021-2022</b>	<b>2020- 2021</b>
		<b>Kshs</b>	<b>Kshs</b>
PMC account balances (see attached list)		41,673,181	36,417,480
<b>TOTAL</b>		<b>41,673,181</b>	<b>36,417,480</b>

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**Annexes**

**Annexes: 1 Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To Date	Outstanding Balance 2022	Comments
	a	b	c	d=a-c	
<b>Construction of buildings</b>					
1.	-	-	-	-	-
2.	-	-	-	-	-
3.	-	-	-	-	-
Sub-Total	-	-	-	-	-
<b>Construction of civil works</b>					
4.	-	-	-	-	-
5.	-	-	-	-	-
6.	-	-	-	-	-
Sub-Total	-	-	-	-	-
<b>Supply of goods</b>					
7.	-	-	-	-	-
8.	-	-	-	-	-
9.	-	-	-	-	-
Sub-Total	-	-	-	-	-
<b>Supply of services</b>					
10.	-	-	-	-	-
Sub-Total	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-

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**Annex 2 - Analysis of Pending Staff Payables**

Name of Staff	Designation	Date employed	Outstanding Balance 30 <sup>th</sup> June 2022	Comments
NG-CDFC Staff				
1. DANIEL MBINDA MUTUKU	CLERK OF WORKS	1ST NOV 2019	347,200	-
2.	-	-	-	-
3.	-	-	-	-
Sub-Total	-	-	347,200	-
Grand Total	-	-	347,200	-

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**Annex 3 – Unutilized Fund**

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2021/22	2020/21	
<b>Compensation of employees</b>		923,513	2,034,943	
<b>Use of goods &amp; services</b>		7,642,048	7,452,138	
<b>Amounts due to other Government entities</b>			96,689,355	
Marura Primary School		4,500,000		
Tom Mboya Primary School		4,800,000		
Kariobangi North Primary School		212,066		
Dandora primary school		3,049,800		
Tom Mboya Primary School		7,132,429		
Our lady of Fatma Primary School		8,000,000		
Kariobangi North Primary School		2,100,000	106,176,436	
Tom Mboya Secondary School		20,000,000		
kariobangi girls secondary school		1,000,000		
James Gichuru Secondary School		37,000,000		
Tom Mboya Secondary School		25,000,000		
Ushirika Secondary School		1,500,000		
Ronald Ngala TTI		11,000,000		
Dandora p 3-youth empowerment Centre		7,500,000		
	<b>Sub-Total</b>	<b>141,359,856</b>		
<b>Amounts due to other grants and other transfers</b>			57,467,701	
<b>Emergency</b>		16,795,208		
<b>bursary Secondary Schools</b>		794,441		
<b>BursaryTertiary Institutions</b>		9,746,078		
Social Security		3,912,000		
Environment		7,466,808		
DANDORA 4 ADM POLICE POST		6,098,000		
Kwa mbao AP Line		500,000		
Kinyago Police Station		1,398,309		
kariobangi North police station		26,950		
Dandora phase 1-security highmast		2,000,000		
Dandora phase 2-2No security flood light-highmast		4,000,000		
Dandora phase 3- 1 No security flood light-highmast		2,000,000		
Dandora phase 4 - 1No security flood light-highmast		2,000,000		

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			163,644,137	
	<b>Sub-Total</b>	-	198,097,650	163,644,137
<b>Acquisition of assets</b>			-	0
<b>Others (specify)</b>				
Innovation Hub			-	
Strategic plan			2,000,000	2,000,000
Funds pending approval			55,000	0
	<b>Sub-Total</b>		200,152,650	0
Funds pending approval				79,000
	<b>Grand Total</b>		200,152,650	165,723,137

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) 2020/21	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2021/22
Land	-	-	-	-
Buildings and structures	-	-	-	-
Transport equipment	-	-	-	-
Office equipment, furniture and fittings	1,188,065	-	-	1,188,065
ICT Equipment, Software and Other ICT Assets	1,135,000	-	-	1,135,000
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	2,340,479
Intangible assets	-	-	-	-
<b>Total</b>	<b>2,323,065</b>	<b>-</b>	<b>-</b>	<b>2,323,065</b>

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**Annex 5 –PMC Bank Balances As At 30<sup>th</sup> June 2022**

PMC	Bank	Account number	Account Opening date	Bank Balance	Bank Balance
				2021/2022	2020/2021
Dandora Police Station PMC	EQUITY-KARIOBANGI	0320272078714	10.03.2017	399,914.50	1,844,496
James Gichuru Primary School Pmc	EQUITY-KARIOBANGI	0320272107231	13.03.2017	8,870,778.40	370,778
Ronald Ngala Primary School PMC	EQUITY-KARIOBANGI	0320278520099	15.01.2019	853,414.50	8,821,359
Kariobangi North Primary School PMC	EQUITY-KARIOBANGI	0320272052722	8.03.2017	5,642,168	5,642,168
Wangu Primary School	EQUITY-KARIOBANGI	0320278508367	11.01.2019	424,345.65	2,410,509
Sharp Corner AP Line PMC	EQUITY-KARIOBANGI	0320279644487	31.01.2020	10,028.75	10,029
Dandora Phase 3 D.O Office PMC	EQUITY-KARIOBANGI	0320279620468	6.02.2020	10,245,335	11,554,576
Canaan Administration Police Line PMC	EQUITY-KARIOBANGI	0320279602597	31.01.2020	2,762.23	2,762
Kariobangi Police Station PMC	EQUITY-KARIOBANGI	0320279645756	13.02.2020	21,394.72	21,395
Tom Mboya Primary School PMC	EQUITY-KARIOBANGI	0320264695245	13.08.2015	1,338,223.15	78,453
Dandora Secondary PMC	EQUITY-KARIOBANGI	0320272078524	10.03.2017	8,015,375.70	15,376
Dandora Primary School PMC	EQUITY-KARIOBANGI	0320272107034	13.03.2017	4,000,178.60	4,000,179
Ushirika Primary School PMC	EQUITY-KARIOBANGI	0320278509122	11.01.2019	1,511,104.06	11,284
Dandora Girls Secondary PMC	EQUITY-KARIOBANGI	0320272199889	21.03.2017	145,839.87	145,840
Dandora II Chief Office PMC	EQUITY-KARIOBANGI	0320278452239	19.12.2018	2,017.70	2,018
Kariobangi North Chief Office PMC	EQUITY-KARIOBANGI	0320278499841	9.01.2019	835	835
Ushirika Secondary School PMC	EQUITY-KARIOBANGI	0320262271020	02.04.2014	141,984	141,984
Marura Primary School PMC	EQUITY-KARIOBANGI	0320277981244	29.11.2018	8,745	8,745
Dandora 1 Chief Office PMC	EQUITY-KARIOBANGI	0320278451937	19.12.2018	37,322.10	37,322
Embakasi North Sports PMC	EQUITY-KARIOBANGI	0320279572490	21.01.2020	1,414.00	1,297,374
<b>Total</b>				<b>41,673,181</b>	<b>36,417,480</b>

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**Annex 6: Progress On Follow Up of Auditor Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and subsequent progress made on the resolution of the issues.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2019/20	<p><b>1.OVERALL UNDER EXPENDITURE</b></p> <p>Embakasi North NGCDF budgeted to spend Kshs. 109,756,397, however the actual expenditure was Kshs. 109,142,241 or 54% of the total budget, resulting into under expenditure of Kshs109,142,241.</p> <p><b>TRANSFERS TO OTHER GOVERNMENT ENTITIES</b></p> <p>Examination of the statement of appropriation for recurrent and development expenditure reflects the constituency had budgeted to spend Kshs. 102,126,849 on tranfers to other government entities but spent Kshs. 46,664,462 resulting to an absorption of 46% and or under expenditure of Kshs. 55,462,387</p> <p><b>OTHER GRANTS AND TRANSFERS</b></p> <p>Examination of the statement of appropriation for recurrent and development expenditure reflects the constituency had budgeted to spend Kshs. 113,458,606 on other grants and transfers but spent Kshs. 69 178,119 resulting to under expenditure of Kshs.</p>	<p>The underutilization was due to the fact that the Board released the funds in batches. There was also some conditional funding that was given by the Board and hence the committee could not implement those projects until the conditions for the projects were met prior to funds and the Board accepting the proposed projects.</p>	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	44,280,287(39%)			
2019/20	<p><b>TRIAL BALANCE</b></p> <p>Though an incomplete trial balance has been availed for audit review, included is figure of KSHS. 18,305 used as a balancing figure. Further to it the constituency acquired assets amounting to Kshs. 989,500 which has not been reflected to the financial statements. This however, puts to doubt the completeness, accuracy and existence of figures reflected in the financial statements</p>	Trial balance is amended and has been attached	Resolved	Immediately
2019/20	<p><b>3. PROJECTS NOT YET STARTED AS PER PROJECT SUBMISSION FORM S.15 FOR THE FINANCIAL YEAR 2019/20.</b></p> <p>Examination of the funds project proposal 2019/20 revealed that several projects amounting to Kshs. 45,184,797 Were not started as indicated in the third schedule of constituency projects</p>	This was due to the fact that there is a very slow process of developing bill of quantities from the public works office and also due to the fact that the previous prequalified list	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>submission form S. 15.</p> <p>Further to it, projects amounting to Kshs. 24,964,461 had also not started at the time of the audit in march 2021 despite monies being being transferred to the various PMCS Accounts. This is how shows a low absorption rate by the constituency to deliver services to its constituents.</p>	<p>had its period expired and hence the projects had to wait for another prequalification exercise to be done since most of them were not going for open tender. There are however two projects that had been on an open tender and the contractors who won the awards never took up the works citing that the funds were not enough for such kind of projects and hence they never started.</p>		
	<p><b>4.ACCURACY OF FINANCIAL STATEMENTS</b></p> <p>Review of the financial statements reveals the following anomalies:</p> <p>Cover page---- remove wording “Revised template 20 June 2020”</p> <p>Page 16...statement of entity management responsibility: paragraph two does not indicate the end of year being audited</p> <p>Page 18.... Statements of receipts and payments, the figure for acquisition of assets of Kshs. 989500 is omitted while it is reported as additions to other important disclosures to the financial statement.</p> <p>Page 19----The sub county accountant has not signed the statement of cash flow</p>	<p>All this had been corrected in the amended financial statements.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Page 25.... Note 5-use of goods and services prior year balance cannot be confirmed Kshs. 5,340,507 Or 6,902,230</p> <p>Page 33----- Note 8 –Acquisition of assets with a figure of Kshs. 989,500 has been omitted.</p>			
2019/20	<p><b>4.UN UTILIZED FUNDS</b></p> <p>Examination of project implementation records revealed that unutilized funds relating to the process increased from Kshs. 109,142,241. In 2018-2019 to Kshs. 98,348,673. An increase of Kshs. 10,793,568 of un utilized funds. This is summarized in appendix 11.</p> <p>No explanation was given to address the increase of un utilized of funds and the recurring situation over the years. Under the circumstances, we could not ascertain whether the NGCDF Budget is realistic and whether it has the capacity to implement the overlapping projects.</p>	<p>The increase was due to funds from previous financial years being released in the financial year 2019-2020. This was mainly due to the fact that there was a high turnover of FAMS.</p> <p>During the previous years and hence very slow implementation of projects</p>	Resolved	Immediately
2019/20	<p><b>MISALLOCATIONS/WRONG CLASSIFICATION</b></p> <p>Note 7. To the financial statements reflects an amount of Kshs. 69,178,119. However, an amount of kshs. 1454000 is charged to items not related to other grants and other payments.</p>	<p>This has been reconciled in the amended financial statements.</p> <p>Kindly find attached here in copies of payment voucher number 19/20, 34 and 44 totalling to Kshs. 1454000 used to facilitate NGCDFC AND Ward committees allowances</p>	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and meetings.		
2019/20	<p><b>UNSUPPORTED CAPACITY BUILDING AND BENCHMARKING EXPENSES</b></p> <p>Review of budget execution by programmes and sub programmes revealed that Embakasi North NGCDF Allocated Kshs. 1,500,000 on capacity building</p> <p>Examination of payment voucher no.024 dated 23 October 2019 amounting to 558,000 was incurred for capacity building and bench marking during the financial year under review. However, the following anomalies were noted:</p> <ul style="list-style-type: none"> <li>-capacity building and bench marking program was not availed.</li> <li>-The location of the capacity building was not indicated on the payment schedule</li> </ul>	Please find attached all the required documents we, the program of both benchmarking programs and a report explaining this expenditure	Resolved	Immediately
2019/20	<p><b>FAILURE TO RECOGNIZE TO RECOGNIZE ACQUISITION OF ASSETS</b></p> <p>-Annex 4 to the financial statements reflects a balance of Kshs. 989,500 against additions for the year for fixed assets. However, the Constituent failed to disclose the balance at the statement of receipts and payments. We cannot therefore confirm the accuracy of this balance.</p>	This has been amended. Kindly find attached the amended financial statements.	Resolved	Immediately
201920	Examination of payments records reveals that during the year under review, an amount of Kshs. 44,703,000 was spent in form of bursaries to needy students in secondary schools and tertiary institutions. However, this amount included Kshs. 11,299,000 not	We have attached the list of bursary beneficiaries and all their details together with the relevant payment vouchers		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	supported with relevant documents such as payment vouchers, bursary applications register maintained to show the names of applicants and their identification details, location of domicile ,schools and colleges acknowledgement			
	The national government constituency development fund spent Kshs. 44,703,000 on bursaries to secondary and tertiary institutions, however by the end of the year cheques amounting to Kshs. 7,804,002 had not been presented for payments by the recipients. It was also noted that Kshs. 860,000 of the unrepresented bursary cheques were stale.	The major problem we have in this constituency is that the bursary cheques are written to the beneficiaries and hence we have a very high number of them and due to reasons not given to us, most of them remain un banked, not collected and stale. The other main reason is that during that financial year the bursaries were given out but as the process of collection was ongoing the schools were closed due to covid 19 and hence we had lots of uncollected, stale and unrepresented cheques.		
	The financial statements for Embakasi North NG-CDF, under use of goods and services reflect an amount of Kshs. 2,000,000 on training, however no vouchers or supporting documents were availed for audit	These documents have been found and attached for your perusal.	Resolved	Immediately

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>UNSUPPORTED EXPENDITURE KSHS. 1,662,000</b></p> <p>-Examination of records reveal that NG-CDF Embakasi North Constituency disbursed an amount of Kshs. 1,662,000 to the project management committee (PMC) For use on sports activities in the constituency during the year under review. However There were no records to confirm that sport equipment procured were inspected and also there were no signed distribution lists showing how the items bought were distributed.</p>	<p>The documents have been found and attached for your perusal.</p>	<p>Resolved</p>	<p>Immediately</p>
<p>2019/20</p>	<p><b>UNCLEAR EXPENDITURE</b></p> <p>Examination of records reveal that NG-CDF Embakasi North Constituency disbursed an amount of Kshs. 600,000 to the PMC for Kariobangi Secondary as are fund of purchasing their own school bus. However, it was unclear the intended purpose of the amount as the bus was fully paid by the school.</p>	<p>This amount was requested for by the school at the public participation events that are usually done before the office prepares the proposal sent to the board. The school thought that since they had a deficit of Kshs. 600,000 by then to buy the bus that they would propose the amount and the funds would be available to be channelled to them in a month or two. The fact is the disbursement of the funds to the constituency from the board took longer than the two months. The parents in the school suggested to the school administration that they buy the bus</p>	<p>Resolved</p>	<p>Immediately</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>and when NG-CDF Office gets their funds from the national board they would be refunded what was allocated to them.</p> <p>By the time our office got funded there was no easy way to justify the refund since the documents that were presented to us indicated that the bus had been fully paid for and that's why the funds have never been transferred to the schools' administration account to date.</p> <p>The NG-CDFC is Planning to meet with the school administration when such meetings will be allowed by the ministry of health and discuss on reallocating the amount to different need in the school and then seek approval from the National Board.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>IRREGULAR PAYMENT OF COMMITTEE ALLOWANCES</b></p> <p>During the period under audit, the Fund Account Manager paid himself amounts totalling to Kshs. 420,000 in sitting allowances.</p>	<p>We are in consultation with the respective FAM as to how and when this should be done.</p>		



Name: Mary Wanyika  
Fund Account Manager