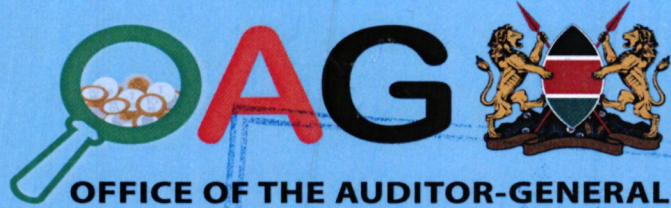


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

JUL 2023

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CLERK-
THE-TABLE

OF

HON NAOMI WAGO, MP
Deputy majority whip
Finlays Mwiru

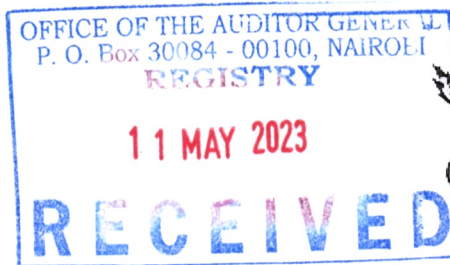
THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
LANGATA CONSTITUENCY**

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





LANGATA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30th JUNE 2022

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

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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;

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

- i. National Government Constituencies Development Fund Board (NGCDFB)

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ii. National Government Constituency Development Fund Committee (NGCDFC)

(c) Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	Phyliss Chibayi
2.	Sub-County Accountant	Conelius Omony
3.	Chairman NGCDFC	David Muchai
4.	Member NGCDFC	Lydia Otieno

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Langata 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) LANGATA Constituency NGCDF Headquarters

P.O. Box 34833-00100
Langata NG-CDF office
Wilson (DCC Compound)
Nairobi, KENYA

(f) LANGATA Constituency NGCDF Contacts

Telephone: (254)722557112
E-mail: cdflangata@NG-CDF.go.ke
Website: www.langataNG-CDF.go.ke

(g) LANGATA Constituency NGCDF Bankers

Bank Name: Equity bank
Branch: Nairobi west
Account Name: LANGATA NG – CDF
Account Number: 1280262114687
Address: 75104 Nairobi

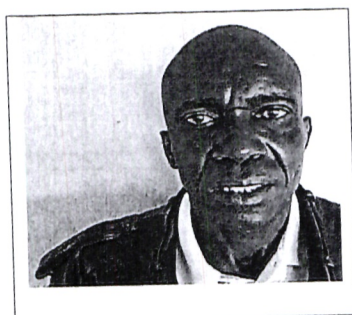
(h) Independent Auditors

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



The total allocation for Langata NG - CDF for financial year 2021/2022 was **kshs 137,088,879.00**, which was the same as 2020/2021 financial year's allocation.

The National Government Constituencies Development Fund Board approved a total allocation of KShs. 137,088,879.00 in totality thus making it easier for Langata NG-CDF implement projects without the many back-and-forth correspondence with the Board due to conditional approval of some projects.

Table 1.1: Showing allocation on comparative basis

Financial year	Allocation	Disbursement (within the financial year)	Difference
2021/2022	137,088,879.00	137,088,879.00	0.00
2020/2021	137,088,879.00	86,000,000.00	51,088,879.00 (37.3%)

Langata NG-CDF's biggest allocation went to secondary schools' infrastructure and Social security programmes, education bursary schemes, mock examinations and continuous assessment tests respectively. Kongoni Day Mixed Secondary School was a major project that had been funded in three financial years; 2019/2020, 2020/2021 and 2021/2022.

On the other hand, the office had received overwhelming demand for bursary over time hence the decision to increase the allocation during the 2021/2022 financial year.

Graph 1.1: Showing sector allocation

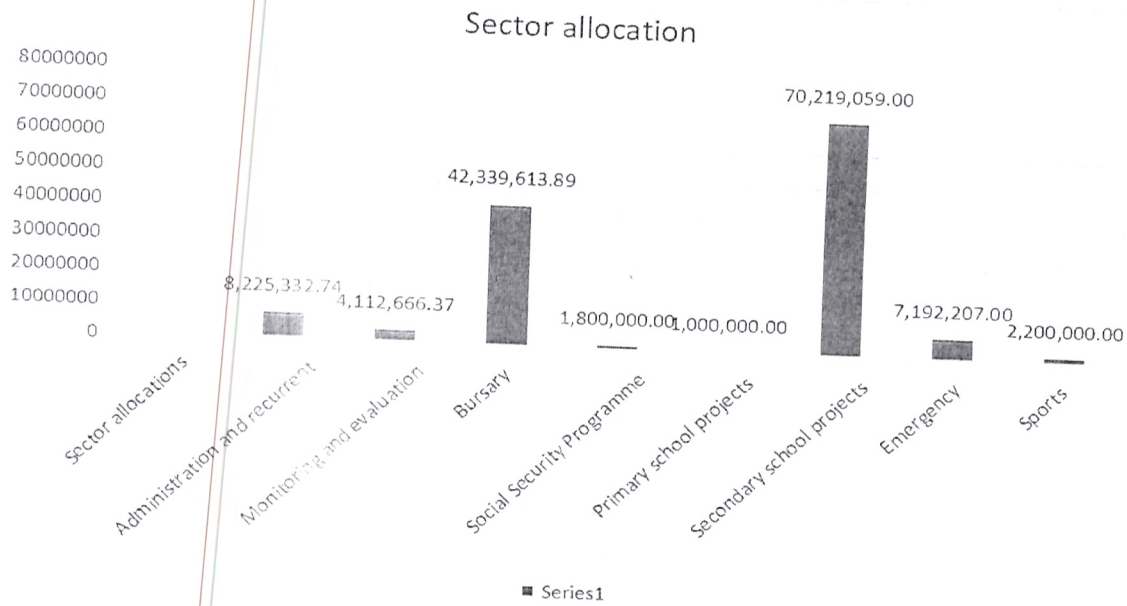
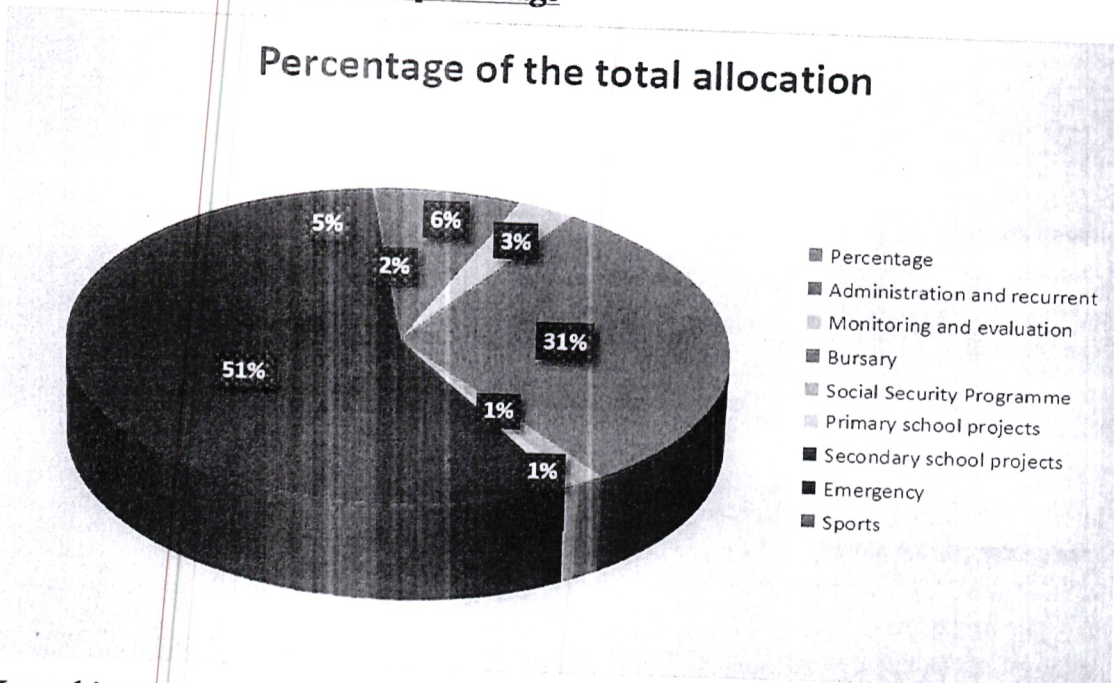


Chart 1.1: Showing allocation percentage



Key achievements

On implementation of projects, 2021/2022 Financial Year saw Langata NG-CDF achieve the following:

a) Karen C Girls Secondary School - Construction of a multipurpose hall

This project was funded in three financial years, 2019/20, 2020/21 and 2021/22. This project was welcomed by the users because it eased congestion during meal-time as had been previously experienced. Besides, with the onset of Junior high classrooms' construction, this project couldn't have come at a better time.



b) Kongoni Mixed Day Secondary School - Construction of a secondary school

Construction of Kongoni Mixed Day Secondary School was commenced on 10th of August 2021 where the contract period was 52 weeks. This project is ongoing because of soil challenges and the abrupt increase of construction material prices.



Emerging issues

- The main challenge was the fact that being an electioneering year, a lot had changed which was evident by the Langata NG-CDFC getting divided on political parties. This caused mistrust which in a way affected M&E activities.

Implementation challenges.

- Due to its soil type, Langata constituency has had projects that look overpriced because the deep excavations have meant that variations are done. In this case, some contractors have had a feeling that the variations may not be approved. To assure them of a smooth process for variation approval, the Fund has had to request the Programmes' team from the Board to come and have a physical assessment while at the foundation level.

.....

David Muchai
CHAIRMAN NGCDF COMMITTEE

III. Statement Of Performance Against Predetermined Objectives for FY 2021/22

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 *Langata Constituency 2018-2022* plan are to:

Strategic Issue 1: Unemployment

Objective: To Increase the % of youth (Male and Female) and people with disability benefiting socio-economically by Langata NG-CDF by the end of 3 years

Strategic program and activities:

i) Youth, Women and people with disability empowerment

- Partner with public and private sector to provide revolving fund and create jobs
- Partner with government agencies and private such as National Youth Service and enrol youth on career ready technical skills such as welding
- Partner with other stakeholders in youth programs and set up a resource centre for nurturing talents
- Mobilize youth to register on National Health Insurance Fund

ii) Education Support Program

- Partner with stakeholders and renovate and increase number of schools and classes to absorb more students
- Partner with relevant stakeholders and motivate teachers to improve teacher: student ratio
- Initiate and Strengthen School feeding program to keep poor students in school
- Create a fund for tertiary education and apprenticeship.

Strategic Issue 2: Poor access to community services such as health, security and others

Objective: Increase by 20% community access to quality social, housing, health and environmental secure services by the end of 5 years.

Strategic program and activities:

i) Safety and Security Program

- Work with national government to increase police and ensure secure business environment
- Work with national government to renovate present stations and advocate for more police posts and stations
- Partner with public and private sector to reform and rehabilitate youth who were once criminals
- Work with County government and set up street lights in all wards specifically dark corners

ii) Water and Sanitation Program

- Work with county government to ensure clean pipe water connection and supply
- Work with county government and other stakeholders to ensure clean drainage, sewer system is clean and proper garbage management policies
- Partner with national and county government and other stakeholders to drill bore holes and provide clean drinking water

iii) Social Amenities and Housing

- Partner with National and County government ensure our people benefit on the house project under the big four agenda
- Partner with other agencies and implement National House Fund to improve housing standards of the constituency
- Work with county and renovate sports and social centres

iv) Public Health Programs

- Enrol as many people as possible on National Health Insurance Fund
- Partner with county and National government as well as non- governmental and private to advocate for increase in number of health facilities in Langata Constituency and improve the quality of the current healthcare.
- Partner with relevant stakeholders and increase the number of health workers in the current and new health facilities

Strategic Issue 3: Leadership and management

Objective: Building the capacity of Langata NG-CDF management committee and staff in leadership, management and governance by the end of 2 years

Strategic program and activities:

Performance Capacity Building Program

- Train committee members in leadership; management and governance
- Train staff in program monitoring and reporting
- Help develop evidence-based management, supervision and control systems

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:

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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	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels 	<p>In FY 21/22</p> <ul style="list-style-type: none"> -The Langata TVC was handed over to the users after completion of phase I in order to have the first enrolment in September. - Construction of Kongoni Mixed Day secondary school was commenced in August 2021. This project was fully funded in three financial years.. - Bursary beneficiaries at all levels were as per the attached schedules
Social health, housing, secure environment.	Increase by 20% community access to quality social health, housing, and environmental secure services by the end of 5 years	•5% of the community accessing quality social health, housing and environmental secure services by the end of 5 years	Survey reports at the mid and end of 5 years on quality social health, housing and environmental secure services by a consultant for NG-CDF	<p>2021/2022 F.Y</p> <ul style="list-style-type: none"> • Members of the community hold regular responsive forums under the guidance of the local administration. • The entity renewed NHIF cover for a total of 300 enrolled beneficiaries.
Security	Equip, facilitate, and enhance capacity of provincial administration and other security organs to improve	Develop and enhance provincial administration and other security organs infrastructure to	Number of usable physical infrastructure built in locations, sub locations and police stations	Number of renovated Police stations increased, renovation of Police staff Residential areas.

*LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
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	service delivery	enhance service delivery		
Environment	Improve access to clean water and a more sustainable and conserved environment through natural resources conservation initiatives	Equip schools with good energy saving Jikos.	Number of energy saving jikos installed	High number of energy saving jikos installed
Sports	Empower and develop youth and special groups	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme increased
Emergency	Improve the mechanism used in handling disasters	Reduce instances of disease occurrence in institutions	Number of people protected from hazards	Removal of Asbestos and construction of septic tank with soak pit

IV. Environmental and Sustainability Reporting

LANGATA 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 Langata NG-CDF, the committee funds the following key sectors with the following sustainable priorities.

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

water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 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

- Langata NG-CDF did not allocate funds for environment related activities during the 2021/2022 Financial year. However, it has continued to work hand in hand with the primary schools' management in ensuring that the previously planted trees are well taken care of.

3. Employee welfare

We invest in providing the best working environment for our employees. Langata constituency recruitment is guided by Employment Act, NG-CDF 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. Langata 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-

LANGATA NG-CDF Constituency is committed to fair and ethical market practises.

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

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

NG-CDF has put in efforts to ensure:

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

5. Community Engagements-

Langata NG-CDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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


Phylliss Chibayi

FAM

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 Langata 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 Langata 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 Langata 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.

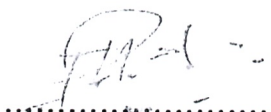
LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
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The Accounting Officer in charge of the NG-CDF Langata Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the 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.

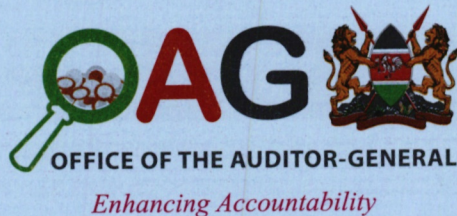
Approval of the financial statements

The NG-CDF Langata Constituency financial statements were approved and signed by the Accounting Officer on 3rd April 2023.

.....
David Muchai
Chairman – NGCDF Committee


.....
Phyliss Chibayi
Finance Account Manager

REPUBLIC OF KENYA



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HEADQUARTERS
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P.O. Box 30084-00100
NAIROBI

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

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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Langata Constituency set out on pages 1 to 33,

*Report of the Auditor-General on National Government Constituencies Development Fund - Langata Constituency
for the year ended 30 June, 2022*

which comprise of the statement of assets and liabilities as at 30 June, 2022, statement of receipts and payments, statement of cash flows and the summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Langata 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 the National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

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

Borehole Rehabilitation at Kongoni Primary School

As previously reported, physical verification of projects revealed that Kshs.5,000,000 was transferred to PMC account for rehabilitation of an existing borehole at Kongoni Primary School which had been drilled and equipped within the School in 2003 (nineteen years ago) by Ministry of Water and Irrigation. However, it had never been commissioned or put to use since then. As a result some of the borehole's components had been vandalized.

Although the borehole rehabilitation subsequently took place, the water had not been consumed by the school children since the results for the water samples taken by Nairobi City Water and Sewerage Company in January, 2022 for testing had not been communicated to the School Management. Further, the certificate of completion and handover minutes of the borehole were not provided for audit. Physical verification carried out on 8 March, 2023 revealed that the borehole is still not in use.

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. Un approved variations of works at Kongoni Secondary School

The statement of receipts and payments reflects an amount of Kshs.99,169,059 in respect of transfers to other Government units as disclosed in Note 6 to the financial statements out of which an amount, of Kshs.84,300,000 was disbursed to Kongoni Secondary School for construction of two (2) storey building comprising of nine (9) classrooms block, administration block with twenty offices, secretarial pool, bathrooms, staff room and 24 No. door ablution block. The contract was competitively awarded to a contractor at a contract sum of Kshs.92,417,657.

Review of documents available in the project file revealed that a variation totaling to Kshs.18,795,480 was requested by the contractor and approved by an appointed variations committee and with the project architect from the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works on 28 September, 2022 and 9 November, 2022 respectively. The varied Bill of Quantities were however not signed by the Architect. It was further noted that the Project Management Committee (PMC) approved down scaling of specific works valued at Kshs.18,795,480 to cater for the variation. This resulted to the contractor handing over completed works comprising of 9 classrooms and 18 door ablution block with the administration block including twenty offices, secretarial pool, bath rooms, staff room and 6 door ablution block not done. The completed works were handed over on 17 January, 2023 to the PMC and a certificate of practical completion of the scaled down issued on 20 December, 2022.

Physical verification carried out on 8 March, 2023 revealed that the scaled down works were indeed completed, and the contractor had left the site. However, the Fund Management did not provide details as to when the outstanding works as per the original contract, which include administration block with twenty offices, secretarial pool, bathrooms, staff room and 6 door ablution block for the project to be complete would be carried out.

In the circumstances, the full completion of the project so as to achieve its intended use is in doubt.

2. Unutilized Project Management Committee Funds

Note 17.4 to the financial statements reflects project management committees unutilized fund balances totaling to Kshs.47,095,496 as at 30 June, 2022 and as further analysed in Annex 5 to the financial statements. However, an amount of Kshs.2,027,190 in respect of completed projects had not been returned to the Constituency account contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015 which requires all unutilized funds of the Project Management Committee to be returned to the constituency account.

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

3. Bursary Funds

The statement of receipts and payments reflects other grants and other transfers amounting to Kshs.94,961,507 as disclosed in Note 7 to the financial statements. Included in this amount is Kshs.79,978,000 which was disbursed to tertiary and secondary school students as bursary. Review of the process of awarding the bursary revealed that the Fund had a sub-committee for bursary vetting and allocation. However, there was no specific bursary identification criteria for vetting bursary applicants to ensure equity, fairness and on need basis was achieved in award of bursaries. Further, it was noted that only less than 30% of the successful applicants acknowledged receipt of the bursaries.

In the circumstances, the fairness and equity in award bursaries could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Inadequate Safeguarding of Constituency Assets

Examination of records revealed that the Fund maintained an asset register which included the historical cost of all the assets valued at Kshs.17,132,083 and their specific office location as at 30 June, 2022 as disclosed in Annex 4 to the financial statements. Although the Assets were well maintained and tagged, they were not insured against fire, theft or any other risk.

In the circumstances, there is possible loss of the Fund assets.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2023

VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022

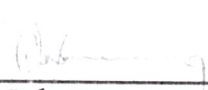
	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	185,777,758	160,317,724
Proceeds From Sale of Assets	2	-	-
Other Receipts	3	4,000	70,000
Total Receipts		185,781,758	160,387,724
Payments			
Compensation Of Employees	4	4,842,795	2,873,745
Use Of Goods and Services	5	10,780,096	7,454,644
Transfers To Other Government Units	6	99,169,059	80,664,235
Other Grants and Transfers	7	94,961,507	36,913,288
Acquisition Of Assets	8	289,000	-
Other Payments	9	-	-
Total Payments		210,042,457	127,905,912
Surplus/(Deficit)		(24,260,699)	32,481,812

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 2nd April, 2023 and signed by;


Fund Account Manager

Phyliss Chibayi


National Sub-County
Accountant
Conelius Omony
ICPAK M/No: 17636


Chairman NG-CDF Committee

David Muchai


*LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
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VIII. Statement of Assets and Liabilities As At 30th June, 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	10A	12,052,635	36,313,334
Cash Balances (Cash at Hand)	10B	-	-
Total Cash and Cash Equivalents		12,052,635	36,313,334
Accounts Receivable			
Outstanding Imprests	11	-	-
Total Financial Assets		12,052,635	36,313,334
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
Total Financial Liabilities		-	-
Net Financial Assets		12,052,635	36,313,334
Represented By			
Fund Balance B/Fwd	13	36,313,334	3,831,522
Prior Year Adjustments	14		
Surplus/Deficit for The Year		(24,260,699)	32,481,812
Net Financial Position		12,052,635	36,313,334


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 3rd April, 2023 and signed by:




Fund Account Manager

Phyliss Chibayi



National Sub-County
Accountant
Conelius Omony
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David Muchai

LANGATA Constituency

National Government Constituencies Development Fund (NGCDF)

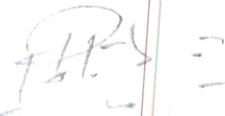
Annual Report and Financial Statements for The Year Ended June 30, 2022

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


	Notes	2021 - 2022	2020 - 2021
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	185,777,758	160,317,724
Other Receipts	3	4,000	70,000
Total Receipts		185,781,758	160,387,724
Payments			
Compensation Of Employees	4	4,842,795	2,873,745
Use Of Goods and Services	5	10,780,096	7,454,644
Transfers To Other Government Units	6	99,169,059	80,664,235
Other Grants and Transfers	7	94,961,507	36,913,288
Other Payments	9	-	-
Total Payments		209,753,457	127,905,912
Total Receipts Less Total Payments		(23,971,699)	32,481,812
Adjusted For:			
Decrease/(Increase) In Accounts Receivable	15	-	-
Increase/(Decrease) In Accounts Payable	16	-	-
Prior Year Adjustments	14	-	-
Net Cash Flow from Operating Activities		(23,971,699)	32,481,812
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	8	(289,000)	-
Net Cash Flows from Investing Activities		(289,000)	-
Net Increase In Cash And Cash Equivalent		(24,260,699)	32,481,812
Cash & Cash Equivalent At Start Of The Year	10	36,313,334	3,831,522
Cash & Cash Equivalent At End Of The Year	10	12,052,635	36,313,334


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 3rd April, 2023 and signed by:


Fund Account Manager

Phyliss Chibayi


National Sub-County
Accountant
Conelius Omony
ICPAK M/No: 17636


Chairman NG-CDF Committee

David Muchai

*LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
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X.Summary Statement of Appropriation for the Year Ended 30th June 2022

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts							
Transfers From NGCDF Board	137,088,879	36,175,594	48,688,879	221,953,352	221,953,352	(0)	100%
Proceeds From Sale of Assets				-		-	
Other Receipts		141,740		141,740	141,740	-	100%
Totals	137,088,879	36,317,334	48,688,879	222,095,092	222,095,092	(0)	100%
Payments							
Compensation Of Employees	3,525,490	3,540,617	-	7,066,107	4,842,795	2,223,312	69%
Use Of Goods and Services	8,523,509	5,581,070	-	14,104,579	10,780,096	3,324,483	76%
Transfers To Other Government Units	71,219,059	2,550,000	25,400,000	99,169,059	99,169,059	-	100%
Other Grants and Transfers	53,531,821	24,498,985	23,288,879	101,319,685	94,961,507	6,358,178	94%
Acquisition Of Assets	289,000	4,923		293,923	289,000	4,923	98%
Other Payments							
Funds Pending Approval**		141,740		141,740		141,740	
Totals	137,088,879	36,317,334	48,688,879	222,095,092	210,042,457	12,052,635	95%

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

LANGATA Constituency

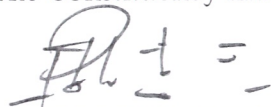
National Government Constituencies Development Fund (NGCDF)

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

The difference between the original and the final budget was brought about by the opening cashbook balance of Kshs. 36,313,334 and an amount of Kshs 48,688,879 that were funds for previous years not yet received from the NG-CDF board. These funds were available for utilization during the financial year under review and thus the difference in the budget.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	12,052,635
Less undisbursed funds receivable from the Board as at 30 th June 2022	-
	12,052,635
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2021/2022	12,052,635

The Constituency financial statements were approved on 3rd April, 2023 and signed by:



Fund Account Manager

Phyliss Chibayi



National Sub-County Accountant

Conelius Omony
ICPAK M/No: 17636



Chairman NG-CDF Committee

David Muchai

LANGATA 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 30th June 2022

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,525,490	3,540,617		7,066,107	4,842,795	2,223,312
1.2 Use of Goods and Services	3,410,843	760,863		4,171,705	3,125,056	1,046,649
1.3 Committee allowances	1,000,000	1,318,632		2,318,632	1,530,000	788,632
Sub-Total	7,936,333	5,620,111		13,556,444	9,497,851	4,058,593
2.0 Monitoring and evaluation						
2.1 Capacity building	1,100,000	979,556		2,079,556	1,923,040	156,516
2.2 Committee allowances	1,100,000	731,343		1,831,343	1,531,600	299,743
2.3 Use of goods and services	1,912,666	1,790,676		3,703,343	2,670,400	1,032,943
Sub-Total	4,112,666	3,501,575		7,614,242	6,125,040	1,489,202
3.0 Emergency						
3.1 Emergency	7,192,207			7,192,207	7,192,207	-
Emergencies						
Sub-Total	7,192,207			7,192,207	7,192,207	-
4.0 Bursary and Social Security						
4.1 Secondary Schools	25,000,000	16,000,000	11,553,355	52,553,355	49,637,517	2,915,838
4.2 Tertiary Institutions	17,339,614	1,265,345	11,735,524	30,340,483	30,340,483	-
4.3 Social Security	1,800,000	2,400,000		4,200,000	1,100,000	3,100,000

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

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Sub-Total	44,139,614	19,665,345	23,288,879	87,093,838	81,078,000	6,015,838
5.0 Sports						
5.1 Constituency Sports Tournament	2,200,000	2,011,346		4,211,346	4,211,300	46
Sub-Total	2,200,000	2,011,346		4,211,346	4,211,300	46
6.0 Environment						
6.1 Constituency Environmental activities		793		793		793
6.2 Karen C primary school-energy saving jikos		340,000		340,000		340,000
Sub-Total	-	340,793		340,793		340,793
7.0 Primary Schools Projects (List all the Projects)						
7.1 St. Marys Karen Primary School		900,000		900,000	900,000	-
7.2 Langata Road Primary school		750,000		750,000	750,000	-
7.3 Joash Olum Highrise Primary School	1,000,000			1,000,000	1,000,000	-
Sub-Total	1,000,000	1,650,000		2,650,000	2,650,000	-
8.0 Secondary Schools Projects (List all the Projects)						
8.1 Karen C Secondary School	7,219,059	900,000	4,100,000	12,219,059	12,219,059	
8.2 Kongoni Mixed Day Secondary school	63,000,000		21,300,000	84,300,000	84,300,000	
Sub-Total	70,219,059	900,000	25,400,000	96,519,059	96,519,059	

*LANGATA Constituency
National Government Constituencies Development Fund (NGCDF)
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Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
9.0 Security Projects						
9.1 Uhuru Administration Camp		2,480,000		2,480,000	2,480,000	-
9.2 Langata Police station		1,500		1,500		1,500
Sub-Total	-	2,481,500		2,481,500	2,480,000	1,500
10.0 Acquisition of assets						
10.1 Construction of CDF office		4,923		4,923		4,923
10.2 Office Equipment	289,000		-	289,000	289,000	-
Sub-Total	289,000	4,923	-	293,923	289,000	4,923
Funds pending approval**		141,740		141,740		141,740
Total	137,088,879	36,317,334	48,688,879	222,095,092	210,042,457	12,052,635

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

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-Langata Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

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.

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

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 xx June 20xx for the period 1st July 2021 to 30th 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 30th June 2022.

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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.

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XII. Notes to the Financial Statements

1. Transfers from NGCDF Board

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
AIE NO. B104733		20,000,000
AIE NO. B104815		34,567,724
AIE NO. B124588		9,000,000
AIE NO. B124854		11,200,000
AIE NO. B119539		10,000,000
AIE NO. B119929		12,000,000
AIE NO. B128170		6,900,000
AIE NO. B128483		6,000,000
AIE NO. B132227		6,000,000
AIE NO. B124789		2,550,000
AIE NO. B138895		12,000,000
AIE NO. B126189		7,000,000
AIE NO. B126484		11,100,000
AIE NO. B140627		12,000,000
AIE NO. B140978	33,000,000	
AIE NO. B140812	3,600,000	
AIE NO. B105493	44,000,000	
AIE NO. B105841	22,000,000	
AIE NO. B128589	5,000,000	
AIE NO. B128901	12,000,000	
AIE NO. B154098	15,000,000	
AIE NO. B164433	20,000,000	
AIE NO. B155868	19,088,879	
AIE NO. B155984	12,088,879	
TOTAL	185,777,758	160,317,724

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2. Proceeds From Sale of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Others		
Total		

3. Other Receipts

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents	4,000	70,000
Hire of plant/equipment/facilities		
Unutilized funds from PMCs		
Other Receipts Not Classified Elsewhere		
Total	4,000	70,000

LANGATA Constituency**National Government Constituencies Development Fund (NGCDF)****Annual Report and Financial Statements for The Year Ended June 30, 2022****Notes To the Financial Statements (Continued)****4. Compensation Of Employees**

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,240,360	2,628,920
Personal allowances paid as part of salary		
House Allowance		
Transport Allowance		
Leave allowance		
Other personnel payments		211,225
Gratuity to contractual employees	1,568,835	
Employer Contributions Compulsory national social security schemes	33,600	33,600
Total	4,842,795	2,873,745

5. Use Of Goods and Services

	2021-2022	2020-2021
	Kshs	Kshs
Utilities, supplies and services	1,925	1,063,198
Electricity		35,000
Water & sewerage charges		66,472
Communication, supplies and services	189,000	188,000
Domestic travel and subsistence	510,000	
Printing, advertising and information supplies & services		440,521
Rentals of produced assets		
Training expenses	2,670,400	1,987,000
Hospitality supplies and services	900,000	150,000
Other committee expenses	1,531,600	1,174,957
Committee allowance	1,530,000	959,000
Insurance costs	704,015	
Specialized materials and services	167,620	
Office and general supplies and services	1,483,856	1,195,000
Other operating expenses	1,023,040	
Bank service commission and charges	29,640	25,440
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets	39,000	170,056
Total	10,780,096	7,454,644

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Notes To The Financial Statements (Continued)

6. Transfer To Other Government Units

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	2,650,000	49,234,235
Transfers To Secondary Schools (See Attached List)	96,519,059	31,430,000
Transfers To Tertiary Institutions (See Attached List)		
Total	99,169,059	80,664,235

7. Other Grants and Other transfers

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	49,637,517	
Bursary – tertiary institutions (see attached list)	30,340,483	14,284,000
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Social Security programmes (NHIF)	1,100,000	1,800,000
Security projects (see attached list)	2,480,000	9,529,338
Sports projects (see attached list)	4,211,300	2,299,950
Environment projects (see attached list)		2,200,000
Emergency projects (see attached list)	7,192,207	6,800,000
Total	94,961,507	36,913,288

8. Acquisition Of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment	289,000	
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialized Plant, Equipment and Machinery		
Acquisition of Land		
Total	289,000	0

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Notes To the Financial Statements (Continued)*

9. Other Payments

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan		
ICT Hub		

10: Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
10A: Bank Accounts (Cash Book Bank Balance)		
<i>EQUITY BANK LIMITED, LANGATA NG-CDF A/C no.1280262114687</i>	12,052,635	36,313,334
Total	12,052,635	36,313,334
10 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total	0	0

11: Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Total				0

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Notes to the Financial Statement Continued

12A. Retention

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

12B. Gratuity

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

13. Balances Brought Forward

	2021-2022 (1 st July 2021)	2020-2021 (1 st July 2020)
	Kshs	Kshs
Bank accounts	36,313,334	3,831,522
Cash in hand		
Imprest		
Total	36,313,334	3,831,522

14. Prior Year Adjustments

	Balance b/f FY 2020/2021 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2021/2022
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			

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

15. Changes in Accounts Receivable – Outstanding Imprests

	2021-2022	2020-2021
	KShs	KShs
Outstanding Imprest as at 1 st July (A)		
Imprest issued during the year (B)	4,417,000	1,825,000
Imprest surrendered during the Year (C)	4,417,000	1,825,000
closing accounts in account receivables D= A+B-C		
Changes in Account Receivables E= D-A		

16. Changes in Accounts Payable – Deposits and Retentions

	2021 – 2022	2020 – 2021
	KShs	KShs
Deposit and Retentions as at 1 st July (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
closing account payables D= A+B-C		
Changes in Accounts Payable E= D-E		

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Notes to the Financial Statements (Continued)

17. Other Important Disclosures

17.1: Pending Accounts Payable (See Annex 1)

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		
Total		

17.2: Pending Staff Payables (See Annex 2)

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	353,586	1,074,745
Others		-
Total	353,586	1,074,745

17.3: Unutilized Fund (See Annex 3)

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	2,223,312	3,540,617
Use of goods and services	3,324,483	5,581,070
Amounts due to other Government entities (see attached list)		39,100,000
Amounts due to other grants and other transfers (see attached list)	6,358,178	36,637,863
Acquisition of assets	4,923	4,923
Other payments		
Funds pending approval	141,740	137,740
Total	12,052,635	85,002,213

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	47,095,496	56,891,631
Total	47,095,496	56,891,631

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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	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
Sub-Total					
Grand Total					

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Annex 2 - Analysis of Pending Staff Payables*

Name of Staff	Designation	Date employed	Outstanding Balance 30th June 2022	Comments
NG-CDFC Staff				
1. Muhammed Wandera Wanyama	Office cleaner	Feb-18	31,093	
2. Jacinta Mumbi Nduguya	Messenger	Feb-18	31,093	
3. Walter Mutai	It officer	Feb-22	38,750	
4. Cynthia Jelimo Cheserem	Records officer	Feb-18	62,000	
5. Violet Ngereso Mulengeka	Secretary	Dec-13	61,380	
6. Kelvin Kairu Njenga	Accounts assistant	Oct 2016	78,120	
7. Christopher Muli Musembi	Clerk of works	Jul-21	51,150	
Sub-Total			353,586	
Grand Total			353,586	

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Compensation of employees		2,223,312	3,540,617	
Use of goods & services		3,324,483	5,581,070	
Amounts due to other Government entities				
Kongoni Mixed Secondary School			21,300,000	
Karen C secondary school			4,100,000	
Joash Olum Primary School			2,550,000	
Madaraka Primary School			8,100,000	
Uhuru Gardens Primary School			1,600,000	
KMTC Karen			1,450,000	
Sub-Total			39,100,000	
Amounts due to other grants and other transfers				
Langata police station			1,500	
Uhuru Administration Camp			2,480,000	
Bursary		6,015,838	31,400,869	
Emergency		46	403,355	
Constituency sports tournament		1,500	2,011,346	
Constituency Environmental activities		340,793	340,793	
Sub-Total		6,358,178	36,637,863	
Acquisition of assets		4,923	4,923	
Others				
Waruiru Karuku (Legal costs)			483,049	
Sub-Total			483,049	
Funds pending approval		141,740	137,740	
Grand Total		12,052,635	85,002,213	

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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	12,117,704			12,117,704
Transport equipment				
Office equipment, furniture and fittings	2,970,060	289,000		3,259,060
ICT Equipment, Software and Other ICT Assets	99,000			99,000
Other Machinery and Equipment	1,656,319			1,656,319
Heritage and cultural assets				
Intangible assets				
Total	16,843,083	289,000		17,132,083

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Annex 5 –PMC Bank Balances As At 30th June 2022

PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21
Highrise Primary School	EQUITY-NAIROBI WEST	1280270915693	185,098	4,589,656
Kongoni Primary School	EQUITY-NAIROBI WEST	1280271386853	31,223	39,343
Ngong Forest Primary School	EQUITY-NAIROBI WEST	1280270915749	419	419
Langata Road Primary School	EQUITY-NAIROBI WEST	1280271386731	3,102	2,950,942
Langata West Primary School	EQUITY-NAIROBI WEST	1280271386573	137,738	6,083,352
Karen C Secondary School	EQUITY-NAIROBI WEST	1280271386930	663,062	13,161,888
Karen C Primary School	EQUITY-NAIROBI WEST	1280271347142	187,345	4,801,665
Uhuru Gardens Primary School	EQUITY-NAIROBI WEST	1280271472120	1,835	6,310,637
Madaraka Primary School	EQUITY-NAIROBI WEST	1280271347202	294,628	204,583
Langata Dcc Office	EQUITY-NAIROBI WEST	1280271472120	74,134	2,137,364
Ngei Primary School	EQUITY-NAIROBI WEST	1280277203524	385	385
Langata Barracks Primary	EQUITY-NAIROBI WEST	1280277205514	24,446	1,212,586
St.Marys Karen Primary School	EQUITY-NAIROBI WEST	1280277205076	3,060	60
Langata High School	EQUITY-NAIROBI WEST	1280277202596	184,374	2,133,681
Silanga Chiefs Camp	EQUITY-NAIROBI WEST	1280278809459	2,707	2,707
Nairobi West Prison	EQUITY-NAIROBI WEST	1280277541814	7,328	7,328
Langata Barracks Secondary	EQUITY-NAIROBI WEST	1280277541713	83,380	193,740
Langata Police Station	EQUITY-NAIROBI WEST	1280279905565	68,384	3,965,515
Mugumoini Chiefs Camp	EQUITY-NAIROBI WEST	1280280850667	10,380	1,935,740
Kongoni Secondary School	EQUITY-NAIROBI WEST	1280280787748	45,068,306	9,100,000
SGB Uhuru camp	EQUITY-NAIROBI WEST	1280282009421	64,163	
Total			47,095,496	58,831,590

Annex 6: Progress On Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	<p>Inaccuracy in the Financial Statements: The statement of receipts and payments reflects an amount of Kshs.160,317,724 in respect of transfers from the National Government Constituencies Development Fund Board while the summary statement of appropriation - recurrent and development reflects an amount of Kshs.164,081,506 resulting to unreconciled difference of Kshs.3,763,782.</p> <p>In the circumstances, the accuracy of the transfers amount reflected in the financial statements could not be ascertained.</p>	<p>The difference amounting to Kshs 3,763,782 represents funds from NG-CDF board received in the previous financial year (2019-2020) but had not been utilized as at the end of that particular financial year. These funds were however available for use in the financial year under review and thus was part of the transfers from NG-CDF board in the summary statement of appropriation-recurrent and development.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	<p>Budgetary Control and Performance: The summary statement of appropriation-recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.212,908,125 and Kshs.164,219,246 respectively, resulting into an under-funding of Kshs.48,688,879 or 23% of the budget. Similarly, the Fund expended Kshs.127,905,912 against an approved budget of Kshs.212,908,125 resulting into an under-expenditure of Kshs.85,002,213 or 40% of the budget.</p>	<p>The under expenditure was brought about by the delay or/ non-disbursement of funds by the NG-CDF within the financial year. Langata NG-CDF only received Kshs 164,219,245.72 of the expected Kshs 212,908,125 during the financial year which represents 77.1%.</p>	Resolved	
1.3	<p>Unutilized PMC Funds- Project Management Committee unutilized fund balance of Kshs.58,831,590 as at 30 June, 2021, was not returned to the Constituency account contrary to Section 12(8) of the National Government Constituency Development Fund Act, 2015.</p>	<p>It should however be noted that the projects for which the funds were meant to be utilized for were at different stages of implementation.</p> <p>Due to the delayed disbursement of funds from the NG-CDF Board, extensive tendering process and lengthy implementation process, many are the times that some of the projects will not be completed within the financial year. Some of the projects were at tendering stage, others were ongoing while others</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>had just been completed but final payments and retentions were yet to be released to the contractors or suppliers.</p> <p>In this case, it was practically impossible to close the PMCs at the year end and return the balances to the main account.</p>		
1.4	<p>Emergency-The report on utilization of the emergency reserve submitted to the Board as required by the NG-CDF Regulations, 2016 was not provided for audit review. In addition, the tender documents relating to the projects were not provided and therefore it was not possible to ascertain the scope of work. For the borehole rehabilitation was carried out at Kongoni Primary, the water has not been consumed by the school children since the results for the water samples taken by Nairobi City Water and Sewerage Company in January, 2022 for testing had not been communicated to the school Management. In addition, the certificate of</p>	<p>Langata NG-CDF was already in communication with Nairobi city and sewerage company to do the test and issue a certificate on the same.</p>	Resolved	

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)
	completion and handover minutes for the borehole were not provided for audit.			
1.5	Security projects -physical verification of Langata police station wall project revealed that the works done on the pillars had big cracks. Although Management explained that the cracks were as a result of the deep excavation from the ongoing construction of a footbridge over Langata road and an accident involving a lorry crashing on the wall compromised the strength of the wall, there was no report from the Engineering Department to show the extent of damage to the pillars and estimated repair costs.	The damages caused by an accident had already been rectified. The project manager (deputy director head of section-public works - Nairobi metropolitan services) has already inspected the condition of the wall and certified that the cracks caused by the works and the ongoing exaction works have not compromised on the structural condition of the wall and that there is no cause for alarm over the same	Resolved	
1.6	Environment Projects -Physical verification of the water point at Uhuru Gardens Primary School PMC installed at a cost of Kshs.200,000 revealed that although the water point was complete, it has not been put to use since the school has no water tank to be used to distribute the water to	The assumption and agreement between the NG-CDF and the schools was that the schools would provide water source while the NG-CDF would put up the water points. This was the case in all the schools in exception of Uhuru gardens primary school. This has however been positively	Resolved	

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Reference No. or 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)
	the taps	noted and the appropriate action will be taken in due course to ensure that the water points are put into their intended use.		
1.7	Lack of Approved ICT Policy and IT Strategic Committee-The Fund did not have in place an approved ICT Policy, an ICT Strategic Committee, a Data Security Management Policy or an approved Back Up Policy. Further there was no officer in charge of ICT.	Langata NG-CDF has an IT officer as a staff who mainly deals with all ICT related issues with regard to Langata NG-CDF		


 Phyliss Chibayi

.....
 Name
 Fund Account Manager.