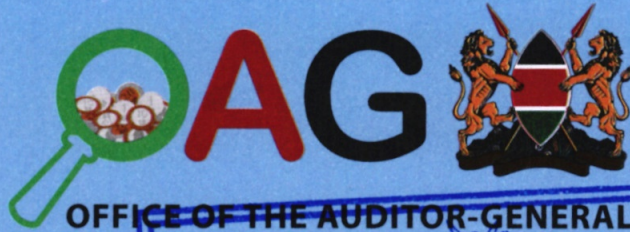


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 24 SEP 2024

DAY:

Tuesday

TAKEN
BY:

Hon. Owen Bora (Deputy
Leader of the Majority Party)

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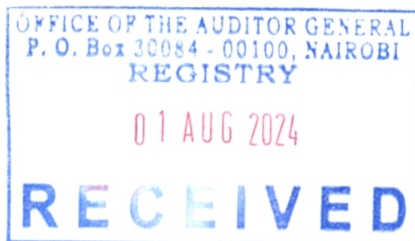
OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – STAREHE
CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2023



STAREHE CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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

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

Table of Content	Page
I. Acronyms and Abbreviations	ii
II. Key Constituency Information and Management.....	iii
III. NG-CDFC Chairman's Report.....	vii
IV. Statement Of Performance Against Predetermined Objectives for FY2022/23	xii
V. Statement of Governance	xiv
VI. Environmental and Sustainability Reporting	iii
VII. Statement Of Management Responsibilities	vii
VIII. Report Of the Independent Auditors On The NGCDF- Constituency.....	ix
IX. Statement Of Receipts and Payments for the Year Ended 30th June 2023	1
X. Statement Of Assets and Liabilities As At 30 th June, 2023.....	2
XI. Statement Of Cash Flows for The Year Ended 30th June 2023.....	3
XII. Summary Statement of Appropriation for The Year Ended 30 th June 2023	5
XIII. Budget Execution By Sectors And Projects For The Year Ended 30 th June 2023	8
XIV. Significant Accounting Policies	18
XV. Notes To the Financial Statements	24
XVI. Annexes	37

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

I. Acronyms and Abbreviations

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

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC-

FY-Financial Year

PWD-People Living with disabilities

II. Key Constituency Information and Management

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2022. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Starehe Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

- 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 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)

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

Fiduciary Management

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

No	Designation	Name
1.	A.I.E holder	Peter Ngugi
2.	Sub-County Accountant	Conelius Kimori
3.	Chairman NGCDFC	Daudi Rabok
4.	Member NGCDFC	Lucy Njuguna

(c) Fiduciary Oversight Arrangements

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

(d) Constituency NGCDF Headquarters

P.O. Box 31468-00600
Next to DCC Building,
General Waruinge Street, Kariokor
Nairobi, KENYA

(e) Constituency NGCDF Contacts

Telephone: (254) 750876640
E-mail: cdf@ngcdf.go.ke
Website: www.cdf.go.ke

(f) Constituency NGCDF Bankers

Cooperative Bank (specify the constituency account banker details)

Stima Plaza Branch, Nairobi

P.O.Box 38764

Nairobi.

(g) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(h) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

III. NG-CDFC Chairman's Report



DAUDI OBONYO
CHAIRMAN, NGCDF-STAREHE

In the financial year 2022/2023 the NGCDFC Starehe managed to implement 36.6% of the total number of projects approved. The low implementation level is as a result of the delay in release of funds to the Constituency. Similarly, we also managed to clear all the pending issues from the board and funds were received. Some dated as far as 2010/2011 FY. The committee did not receive Kshs 25, 088,879.31 from the board with Kshs. 14,088,879.31 for the FY 2019/2020 and Kshs. 4,000,000 for FY 2021/2022, and Kshs. 7,000,000 for the completion of works of the deputy county commissioner Starehe Office which had not been approved. All the other projects were fully implemented except Parkroad Primary School which had not received full funding.

KEY ACHIEVEMENTS

We completed our allocations in time, and achieved the results as stipulated in the summary

Project	Amount
Compensation of Employees	2,047,380
Committee Expenses	3,646,000
Use of goods and services	7,983,025
Transfers to Other Government Units	57,325,902
Other grants and transfers	74,280,277
Acquisition of Assets	0
Other Payments	5,010,000
funds pending approval	1,667,590
	151,960,174

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

Table 1.0 summary of budget performance

CHART OF ACTUAL PERFORMANCES

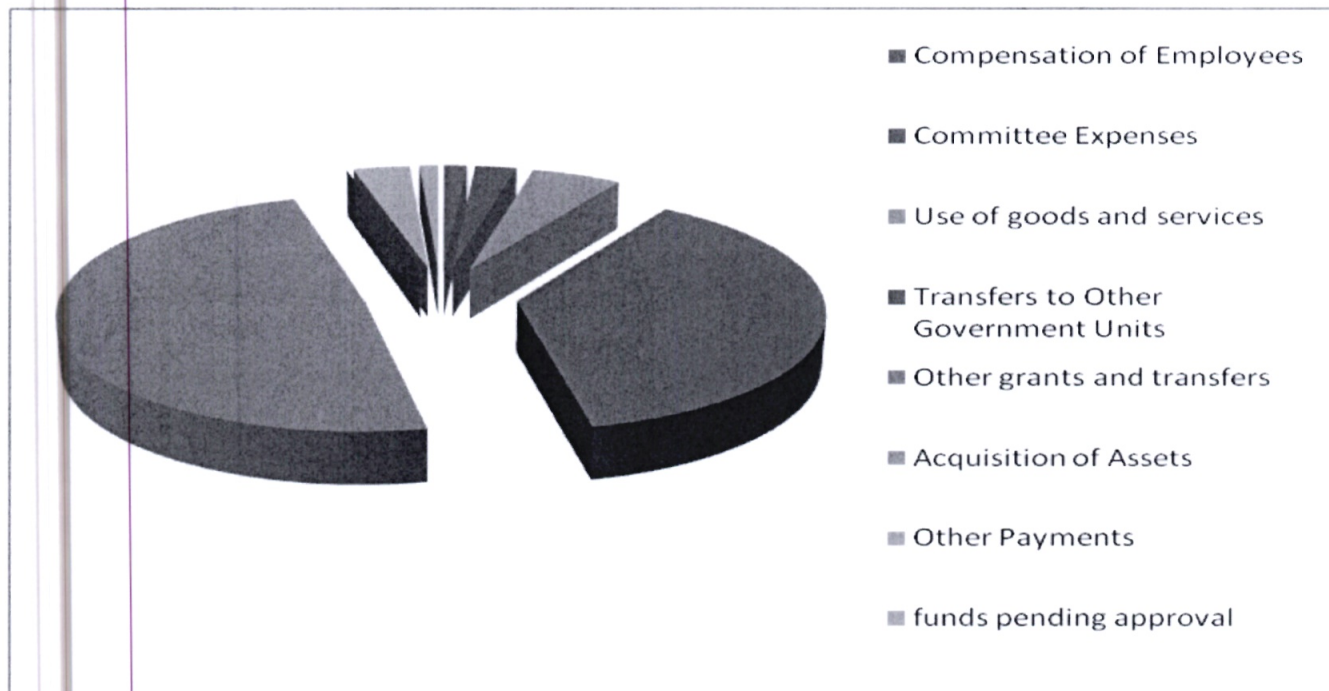
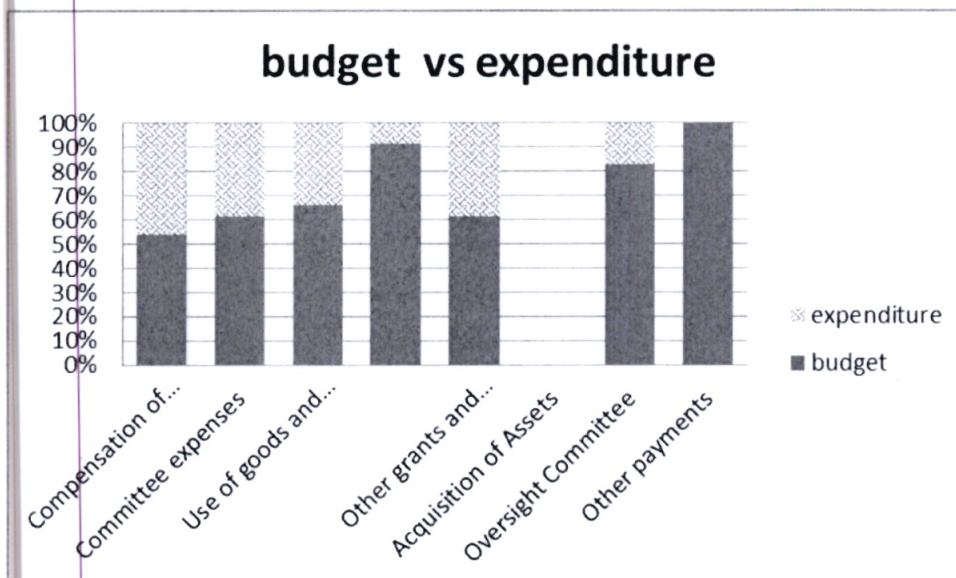


FIG: 1 ALLOCATION OF FUNDS FY 2022/2023

Receipt/Expense Item	Final Budget	Actual on Comparable Basis
PAYMENTS		
Compensation of Employees	4,666, 4	3,961,869
Committee Expenses	3,646,000	1,503,600
Use of goods and services	8,602,787	5,010,062
Transfers to Other Government Units	66,011,861	6,498,465
Other grants and transfers	90,399,797	55,141,584
Acquisition of Assets	0	-
Other Payments	5,999,646	310,000
funds pending approval	1,667,590	-
	180,994,025	72,425,580

The Budget Utilisation can be diagrammatically presented as follows:



Graph 1: BUDGET UTILISATION

KEY ACHIEVEMENTS FOR THE ENTITY

During the financial year, the committee managed to change the outlook of several schools. Amongst the schools was the most populated school, Mukuru Primary, which was the most dilapidated. The school has a population of 3400 pupils.



FIG 2: MUKURU PRIMARY SCHOOL.

Mukuru Primary School had 10 classes with asbestos. The management and the community resolved to raise the schools' environmental standards. Asbestos were roof types that were used in the precolonial era. As per the current research, the asbestos is carcinogenic in nature and that they cannot be used in collecting rain water for either animal or human consumption. Removing the asbestos in these schools was a great achievement since they have been a challenge since the schools were constructed.

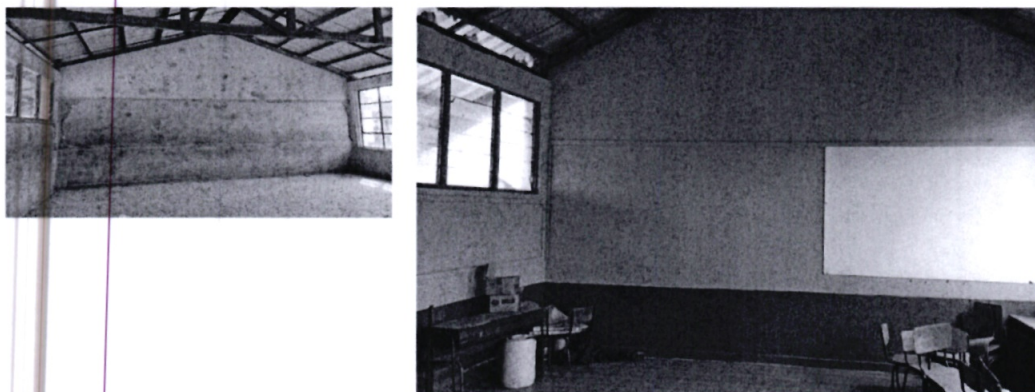


FIG 3: THE BEFORE AND AFTER PHOTOS OF MUSLIM PRIMARY SCHOOL

In the FY 2022/2023, the committee managed to construct 8 more classrooms in Nairobi south Secondary school and the school is now operational with approximately 206 students. The school was a new project initiated in the FY 2019/2020

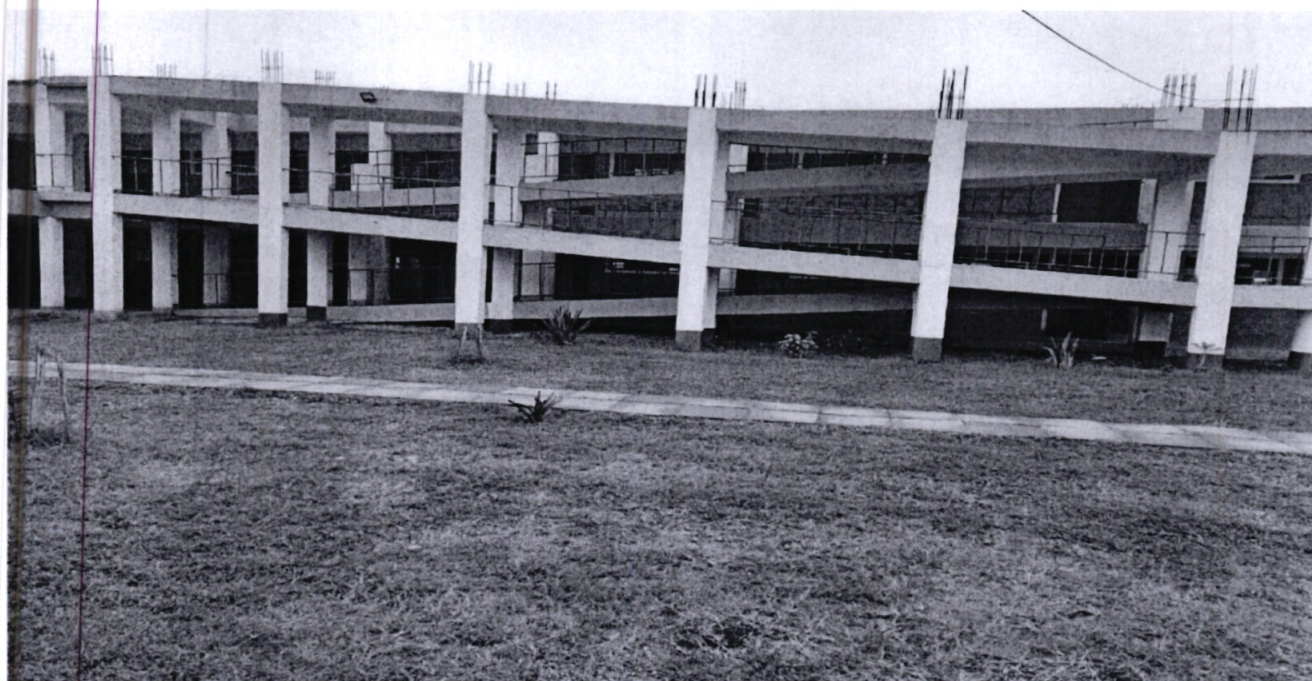


FIG4:NAIROBI SOUTH SECONDARY SCHOOL AFTER CONSTRUCTION OF 8 CLASSROOMS IN PHASE TWO

The effects of COVID 19 are still being felt amongst the constituents. The demand for bursary increased sharply in the FY 2022/2023.

The effects of the electioneering period are clearly felt and noted in the fundings to projects. This highly affected the implementation speed in the year

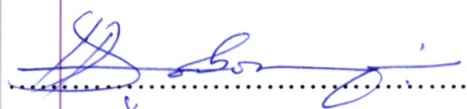
Emerging Issue

- In the FY 2022-2023 the economic hardship led to inflation of construction materials making the initial budget of projects appear insufficient. This led Starehe NGCDF to review the bills of quantities to match the escalated building materials costs.
- The high university fees and the hard economic times has led to many students and parents to seek full sponsorships from the constituency bursary fund

Challenges and solutions

- Main challenge that Starehe constituency faced was late funds disbursement that led to few projects being implemented and others stalled waiting funding.
- There was also noted a challenge in the education sector since there are many needy students who need support through the bursary fund which is never enough; this is due to lower middle income economy status within the constituency.

The constituency has endeavored to give priority to the very needy students to enable them cater for their school fees.


.....
Name David R. Obonyo
CHAIRMAN NGCDF COMMITTEE

IV. Statement Of Performance Against Predetermined Objectives for FY2022/2023

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 *Starehe Constituency 2022-2023* plan are to:

- a. To Improve Education Outcomes at all levels of Learning
- b. Enhance security in the constituency
- c. To harness sporting and creative talents of the youth.
- d. To enhance Environmental Conservation
- e. To develop and operationalize a comprehensive and effective disaster preparedness and response programme
- f. To ensure efficient and effective NG-CDF

Vision

Equitable Socio-economic development countrywide

Mission

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

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:

SECTOR	Objective	Outcome	Indicator	Performance
Education	To promote Education and Training	To Improve Education Outcomes at all levels of Learning	Construction and Renovation of school Facilities Bursaries for needy students Scholarships/ Sponsorship for Secondary and College students	In the year, 3 primary & 3 secondary classrooms were renovated . About 6500 bursary beneficiaries in the secondary schools were allocated

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

				while 1500 students in tertiary About 100 students benefited with full scholarship
Security	To have a secure environment for community engagements	Upgrading and increasing security units in the constituency	Number of security units upgraded or newly constructed	In the F/Y2022/2023 the DCCs office was painted and finishing done hence taken to usable levels, a perimeter was done round Pangani Police station hence upgrading security status and community service
Environment	To enhance Environmental Conservation	Construction of pit latrines in schools and other public places	construction of ablution block and toilets	Construction of ablution block in Jamhuri high school was finished, and also constructed 10 no door toilets in Plainsview primary school were completed in the year.
Sports	To promote sporting activities to the youth	Engaging youths in football tournaments, volleyball, netball and boxing.	Number of games engaged in ,in their variety	In the year under review, the Committee issued uniforms and footballs to 34 teams participating in the tournaments
Emergency	To ensure the unforeseen incidences are handled in good time.	Handling the sudden occurrences lying within the requirements as soon as possible.	Number of emergency cases registered in the office and attended to.	During the year there was, no emergency case forwarded to the office for action

V. Statement of Governance

Introduction

Appointment of NG-CDF Committee

The NGCDF Act 2016 on appointment of NGCDFC members states; The members of a Constituency Committee provided for Appointment of under section 43 of the Act shall be selected by a members of Constituency selection panel established under paragraph (4) upon an occurrence of a Committee vacancy in the Constituency Committee. Kenya Subsidiary Legislation, 2016 1951

(2) A vacancy shall occur in Constituency Committee upon commencement of a new parliamentary term; dissolution of a Constituency Committee; removal of a member of a Constituency committee; or the occurrence of a vacancy in a Constituency Committee.

(3) Upon the occurrence of a vacancy in a Constituency Committee, the Board shall within fourteen days, constitute a selection panel.

(4) The selection panel referred to in paragraph (1) shall consist of—

- one person nominated by the national government official in charge of the sub-county or a designated representative, who shall be the chairperson of the selection panel;
- the Officer of the Board seconded to the Constituency who shall be the secretary to the selection panel; and
- Two persons, one of either gender, nominated by the Constituency office.

(5) The officer of the Board seconded to the Constituency shall within fourteen days of the first meeting of the selection panel invite applications from persons who qualify for appointment to a Constituency Committee in accordance with guidelines issued by the Board.

(6) The selection panel shall, within fourteen days of receiving the applications under paragraph (5), consider the applications and shall select five applicants taking into account age, gender, special interest groups and regional balance in accordance with section the Act

(7) The officer of the Board seconded to the Constituency shall within seven days of the selection process referred to in paragraph (6) submit to the Board the names of the selected candidates together with the report of the selection panel.

(8) The Board shall co-opt the person referred to in the Act to ensure equitable representation in the membership of a Constituency Committee.

(9) The Board shall, in writing, request the clerk of the National Assembly to notify the Constituency Office to nominate two persons of either gender, pursuant to section 43(2)(e) of the Act and to forward the names to the Office of the Board seconded to the Constituency.

(10) The Board shall submit the names of the seven persons selected from each Constituency in accordance with the Act to the National Assembly for Approval.

Starehe Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

(11) The Board shall, within fourteen days after receipt of the names approved by the National Assembly, appoint the members of a Constituency Committee by notice in the Gazette.

1952 Kenya Subsidiary Legislation, 2016

The selection panel shall stand dissolved upon the appointment of the members of a Constituency Committee.

The Board shall, within fourteen days after gazettment of the members of a Constituency Committee inform the members of their appointment in writing.

A member of a Constituency Committee who is appointed Under the Act may at any time resign from office by giving notice, in writing, to the officer of the Board and a copy thereof to the Board.

At least one of the Constituency Committee members appointed under section 43 shall be a mandatory signatory to the Constituency account

In Starehe constituency, NGCDF is managed by a team of ten (10) NGCDFC members appointed in accordance with the NGCDF act 2015 as amended in 2022. The ten members comprise of seven gazetted members, a member co-opted by the NGCDF Board, the deputy County commissioner and an officer of the board at the constituency level who is an ex-officio member. As a result of change of regime due to the elections carried out in August 2022, there had to be phased out the existing committee and a new one selected.

The gazetted members are appointed in accordance with the NGCDF Act 2015. They comprise of two female members one of whom must be a youth at the time of appointment and two male members one of whom must be a youth at the time of appointment and one member who is a person living with disabilities and two nominees of the Constituency office. Five members are selected by a selection panel chaired by the Deputy County Commissioner or his nominee and the Officer of the board is the secretary. The Officer of the board invites applications from persons who qualify for appointment within fourteen of the first meeting of the selection panel. The panel considers all applications and selects five applicants considering age, gender social interest and regional balance, the officer of the board submits the five qualified applicants to the board for appointment. The board co-opts one person to ensure equity in representation in the committee. Through the national assembly the constituency office nominates two persons of either gender to and forward he names to the officer of the board at the constituency. All the names of the seven appointees are presented to parliament for approval and subsequent gazettment.

The National Government Constituencies Development Fund Act 2015 (Amended 2016) in section 43 and its regulations provides for establishment of National Government Constituency Development Committee (NG-CDFC) for every constituency. The officer of the board facilitated the process of nomination of the NG CDFC for onward forwarding to the board for appointment through gazette notice.

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

Further the NG CDF regulations requires that one to serve as member of the NGCDF committee he or she must be (a) citizen of Kenya, (b) ordinarily resident voter of the constituency, (c) able to read and write and communicate in English and Kiswahili, (d) meet the chapter six of the constitution, (e) available to participate in the activities of the constituency (f) for youth nominee he or she must have attained age of 18 years but below age of 35yrs and (g) for persons with disability nominee must be nominated by a registered group representing persons with disability within the constituency. In the month of September 2022, due to change of regime as a result of election, the serving committee was phased off .This caused Starehe NGCDF office to carry out an appointment of the new committee.

Appointment of NGCDFC Members

The selection Panel

The selection panel was appointed in the month of September. This constituted four members as follows;

SNO	NAME	DESIGNATION
1	Ian Osieko	chair
2	Jane Wairimu	secretary
3	Denis Thuo	member
4	Ann Kambo	member

In Starehe constituency, the selection panel invited interested and qualified members of the public for appointment to the NGCDF committee. The panel invited through advertisement publicised in churches, public offices notice boards and other public areas in the constituency in the month of September

The selection panel developed a shortlisting criterion which enabled picking of the nominees. Two additional nominees were proposed by Starehe Constituency Office as per section 43 of the NG-CDF Act, 2015.

S/N	Name	Category representation	Ward
1.	Daudi Rabok	Male Adult	Ngara
2.	Lucy Njoki	Female Adult	CBD
3.	Faith Opuko	Female Youth	Nairobi South
4.	Hezron Oliech	Male Youth	Landimawe

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

Nominee of the body representing persons with disability

S/N	Name	Nature of physical Impairment	Ward
1	Nichodemus Makau	Walking impairment	Pangani

Nominee of the constituency Office

S/N	Name	Category	Ward
1	Kevin Njuguna	Male	CBD
2	Ann Consolata	Female	ziwani

Upon further consultation with the panel and the constituency office, members agreed to recommend for co-option by the NG-CDF Board as per section 43 subsection 2(g) as

S/N	Name	Gender	Ward
1.	Nyamboga Makenye		Nairobi South

The members went through the process of electing the chairperson and the secretary of the committee. The following members were elected.

1. Chairperson position – Daudi Rabok
2. Secretary position – Faith Opuko

The term of office for the members of the Constituency Committee is 2 years and will be renewable but shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act.

The appointed committee members were gazetted through Gazetted volume number **Vol. CXXIV—No. 254 NAIROBI, 29th November, 2022**

The new committee held its first meeting on 13/12/2022.

Sno.	Name	Position
1	Daudi Rabok	Chair person
2	Faith Opuko	secretary
3	Lucy Njoki	member
4	Kevin Njuguna	member
5	Nicodemus Makau	member
6	Ann Consolata	member
7	Nyamboga Makenye	member
8	Hezron Oliech	member

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

9	Deputy County Commissioner	member
10	Fund Account Manager	member

Removal of NGCDFC Members

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

- (a) Lack of integrity;
- (b) Gross misconduct;
- (c) Embezzlement of public funds;
- (d) Bringing the committee into disrepute through unbecoming personal public conduct;
- (e) Promoting unethical practises;
- (f) causing disharmony within the committee;
- (g) Physical or mental infirmity.

A decision to remove a member under subsection (13) is made through a resolution of at least five members of the Committee and the member sought to be removed shall be given a fair hearing before the resolution is made. In Starehe constituency the NGCDFC has not found any member to have contravened the laid down regulations and law to warrant removal. However, the former Committee members exited after expiry of parliamentary term.

Roles and functions of NG-CDFC

The functions of the National Government Constituency Development Fund Committees members as stipulated in NG-CDF Regulations 2016(11) are;

- i. Convene public meetings in every ward in the constituency to deliberate to on development matters.
- ii. Deliberate on project proposals and any other projects considers beneficial to constituency.
- iii. List of projects to be submitted in accordance with the Act to be submitted to the Board and ensure that all proposed projects that are approved for funding meet the requirements of section 24 of the Act.
- iv. Ensure formation of project management committees, opening of project accounts, project implementation and closure of projects build the capacity of project management committees and sensitize the Community on the operations of the Fund.
- v. Ensure that all projects receive adequate funding and are completed within three years.
- vi. Monitor the implementation of projects in accordance with the monitoring and evaluation framework prescribed by the Board.

- vii. Submit financial statements to the Board within sixty days of the end of the financial year to enable the Board comply with section 39(4) of the Act.
- viii. Recommend to the Board the removal of a committee member in accordance with section 43(13) and (14) of the Act.
- ix. Enter into performance contracting with the Board on an annual basis.

Training of NG-CDFC Members

In the financial year 2022/2023 the NGCDF Board organized training of NGCDFC members. The constituency also held a capacity building activity in Mombasa on 14/2/2023. During the training, critical areas such as overview of NG-CDF Act 2015 and Regulations, public finance, project planning, procurement, complaint management, and performance management were covered to equip them with the prerequisite knowledge and skills to ensure effective and efficient management of NG-CDF Starehe.

Members remuneration

NG-CDFC members are not entitled to payment of salary. However, the chairperson of NGCDFC is entitled to an allowance of ksh 7000 per meeting and all other members an allowance of ksh 5000 per sitting. All NGCDFC members should adhere to general ethics and code of conduct as stipulated in the NGCDF Act.

In this financial year the NGCDFC members adhered to the cabinet secretary's circular on members sitting and field allowances.

Disclose policy on conflict of interest

A member who has an interest in any contract, or other matter present at a meeting shall at the meeting and as soon as reasonably practicable after the commencement, disclose the fact thereof and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter. A disclosure of interest made shall be recorded in the minutes of the meeting at which it is made. In the financial year 2022/2023 no member of NGCDFC Starehe contravened conflict of interest policy.

Number of meetings held

The Constituency Committee shall meet at least six times in a year but the committee shall not hold more than 24 meetings in the same financial year, including sub-committee meetings.

During the financial year 2022/2023 the NGCDFC Starehe held 8 meetings through the year, 2 being for the previous committee while 6 for the current committee as illustrated as follows;

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

Schedule of meetings held during the FY 2022/2023

S.No	NG-CDFC COMMITTEE MEMBERS	july 12 th	aug ust 10 th	Dec. 12 th	Jan.1 3 th	Feb.1 3 th	Feb.2 8 th	Apr. 19 th	June 22 nd
1	chairperson	√	√	√	√	√	√	√	√
2	Secretary	√	√	√	√	√	√	√	√
3	member	√	√	√	√	√	√	√	√
4	Member.	√	√	√	√	√	√	√	√
5	member	√	√	√	√	√	√	√	√
6	member	√	√	√	√	√	√	√	√
7	PWD	√	√	√	√	√	√	√	√
8	Member	√	√	√	√	√	√	√	√
9	FAM	√	√	√	√	√	√	√	√
10	-ACC	√	√	√	√	√	√	√	√

Ethics & conduct

Members of NGCDFC are required to observe the following ethical issues;

- i. Confidentiality-the NGCDFC members have a responsibility to ensure confidentiality unless in situations required by law.
- ii. Honesty and integrity-NGCDFC members have a duty to declare any private interest relating to their public duties and to take steps to resolve any conflict arising in a way that protects the public interest.
- iii. Leadership- NGCDFC members should promote leadership in the constituency.

During the financial year 2022/2023 members of NGCDFC Starehe adhered to the above ethical issues.

Risk management

Risk management has been integrated in the constituency operations through the following; training of the NGCDF staff in their respective technical areas of service to ensure they carry out their roles efficiently, training of the NGCDFCs and the PMCs to equip them with additional knowledge to carry out their duties efficiently within their mandates and regulations, the Fund account manager avails himself with all the support and required resources to ensure that the identified risk does not hamper with the delivery of service.

Some of the risk mitigation strategies that NGCDFC Starehe has implemented include the following: Implementing audit findings and recommendations, adherence and compliance with NGCDF Act 2015 and other laws and regulations to ensure an effective and efficient control system, ensuring that NGCDFC members are actively engaged in the projects implementations and overall fund utilization in the constituency, ensuring that the staff responsible for statutory deductions are well aware of the due dates of remittance, allocating insurance fund in the constituency budget, preparation of procurement plan, budget and Monitoring & evaluation plan for the financial year. Conducting public participation within the prescribed time lines to ensure the constituents are involved in project identification.

VI. Environmental and Sustainability Reporting

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

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

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 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 NGCDFC has continually supported environmental conservation. The committee in every activity in schools has planted trees. The PMCs have also been sensitised to see to it that the trees in the schools are conserved. There is a request that wherever NGCDF has funded a project, not less than ten trees should be planted.
- Sensitization of youth/ community on the impact of drugs in youth empowerment programmes conducted by the NGCDFC
- NG-CDF staff have at least one day in FY to sensitize the local communities on proper use of roads during the customer care week.

3. Employee welfare

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

Starehe NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

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.

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



.....
Name **PETER NGUETI**
Fund Account Manager.

VII. Statement of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF-Starehe Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Starehe Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Starehe Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

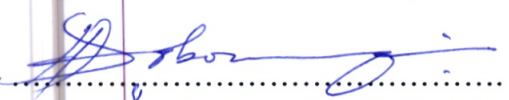
The Accounting Officer in charge of the NGCDF Starehe Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for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

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

the Accounting Officer confirms that the *constituency*'s financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Starehe Constituency financial statements were approved and signed by the Accounting Officer on _____ 2024.


.....
Name: **DAVID R. OBONYO**
Chairman – NGCDF Committee


.....
Name: **PETER NGUGI**
Fund Account Manager

REPUBLIC OF KENYA

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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the 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 National Government Constituencies Development Fund – Starehe Constituency set out on pages 1 to 50, which

Report of the Auditor-General on National Government Constituencies Development Fund – Starehe Constituency for the year ended 30 June, 2023

comprise of the statement of assets and liabilities as at 30 June, 2023, the statement of receipts and payments, the statement of cash flows, the 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 – Starehe Constituency as at 30 June, 2023, 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 (Amended in 2022).

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of receipts and payments reflects use of goods and services amounting to Kshs.9,289,670 for the 2021/2022 financial year whereas the audited amount was Kshs.12,771,916 resulting to an unexplained variance of Kshs.3,482,246. Further, reflected in statement of receipts and payments is use of goods and services opening amount of Kshs.9,289,670 which is at variance with corresponding note 6 to the financial statements amount of Kshs.8,294,556. The resultant variance of Kshs.995,114 was not explained or reconciled. In addition, the statement of cash flows does not indicate the total receipts less total payments amount of Kshs.25,574,420 and Kshs.39,124,228 (2021/2022)

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

2. Cash and Cash Equivalents

2.1. Failure to open an Account

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.33,930,987 as disclosed in Note 12a of the financial statements which includes retention monies. However, the Fund did not open and maintain a separate bank account for deposits for holding third party monies as stipulated by the law.

2.2. Stale Cheques

Review of the bank reconciliation statement as at 30 June, 2023 reflects unrepresented cheques amounting to Kshs.8,216,082 which included stale cheques totalling Kshs.1,177,577. The cheques were issued between 22 December, 2020 and 21 June,

2022. No explanation was provided for failure to reverse the stale cheques in the cashbooks.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.33,930,987 could not be confirmed.

3. Unsupported Project Management Committee Account Balances

Note 18.4 to the financial statements reflects a PMC opening bank account balance of Kshs.51,922,719 whereas Annex 5 to the financial statements on detailed analysis of the PMC bank balances reflects a balance of Kshs.12,174,945. The resultant variance between the two sets of information amounting to Kshs.39,747,774 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the PMC account balances could not be explained.

4. Duplicate Bursary Disbursements

The statement of receipts reflects other grants and transfers amount of Kshs.55,141,584. Included in the other grants and transfers amount of Kshs.55,141,584 under Note 8 to the financial statements is an amount of Kshs.35,375,494 paid to secondary schools and Kshs.7,753,089 to tertiary institutions as bursaries for needy students. However, review of documents revealed cases of duplicate awards of bursaries totaling to Kshs.2,065,056 involving one hundred and fourteen (114) students awarded bursaries more than once. Further, Management awarded scholarship totalling Kshs.307,108 to beneficiaries in primary schools. This contradicts the Government's policy of free primary education as it results in double expenditure on tax payer's money thus contravening Article 232(1) (b) of the Constitution of Kenya.

In the circumstances, the accuracy and completeness of the bursary disbursement 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 – Starehe Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects total receipts budget and actuals on comparable basis of Kshs.180,994,026 and Kshs.101,944,974 respectively, resulting in under-funding of Kshs.79,049,052 or 44% of the budget. However, the Fund spent

Kshs.72,425,580 against actual receipts of Kshs.101,944,974 resulting to an under-utilization of Kshs.29,519,394 or 29% of the budget.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

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. Incomplete Construction of Perimeter Wall at Racecourse Primary School

Review of records revealed that Management awarded a contract for the construction of a perimeter wall and renovation of nineteen (19) class rooms at Racecourse Primary School to a local contractor at a cost of Kshs.22,050,000. However physical verification done on 11 March, 2024 revealed that only nine (9) class rooms were renovated as opposed to the nineteen (19) contracted yet total payments to the contractor amounted to Kshs.21,387,868 out of the contract sum of Kshs.22,050,000 indicating that the contractor was fully paid.

In the circumstances, the value for money on the expenditure of Kshs.21,387,868 incurred in the construction of the perimeter wall and classrooms could not be confirmed.

2. Irregularities in the Construction of Office of the Deputy County Commissioner

Review of documents revealed that the Fund paid a total of Kshs.7,000,000 to a local contractor for the construction of the office of Deputy County Commissioner during the year. However, physical inspection in March, 2024 revealed the following anomalies in respect of the project:

- i. The bill of quantities provided for the supply and installation of twenty-four (24) counter top wash hand basins size 635*500 mm at a cost of Kshs.125,000. However, only fourteen (14) hand wash basins were installed resulting to possible loss of public funds.
- ii. The bill of quantities provided for the supply and installation of four (4) automatic hand driers at a cost of Kshs.84,000. However, only one (1) automatic hand drier was installed.
- iii. The bill of quantities provided for the supply and installation of four (4) Wall soap dispensers at a cost of Kshs.36,000. However, only one (1) wall soap dispenser was installed.
- iv. The bill of quantities provided for the supply and installation of eighteen (18) chrome plated toilet roll holders at a cost of Kshs.35,700. However, only one (1) chrome plated toilet roll holder was installed resulting to possible loss of public funds.
- v. The bill of quantities provided for the supply and installation of a disabled persons water closet and wash hand basin facility at a cost of Kshs.300,000. However, none was installed and the room was converted into a store.

In the circumstances, the value for money on the amount of Kshs.7,000,000 incurred in the implementation of the project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were

operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 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 sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which 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 on whether, in all material respects, 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, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls which 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 which would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in 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 which 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which 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 which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 May, 2024

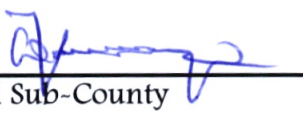
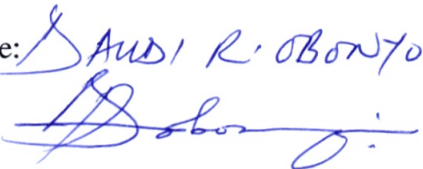
Starehe Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

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

	Note	Insert Current FY	Insert previous FY
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	98,000,000	193,351,880
Proceeds From Sale of Assets	2	-	-
Other Receipts	3		-
Total Receipts		98,000,000	193,351,880
Payments			
Compensation Of Employees	4	3,961,869	4,537,084
Committee expenses	5	1,503,600	4,482,879
Use Of Goods and Services	6	5,010,062	9,289,670
Transfers To Other Government Units	7	6,498,465	97,519,266
Other Grants and Transfers	8	55,141,584	116,647,209
Acquisition Of Assets	9	-	2,278,500
Oversight Committee Expenses	10	310,000	-
Other Payments	11	-	-
Total Payments		72,425,580	234,754,608
Surplus/(Deficit)		25,574,420	(36,865,644)

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

The Constituency financial statements were approved by the NGCDFC on _____ 2023 and signed by:

		
Fund Account Manager	National Sub-County Accountant	Chairman NG-CDF Committee
Name: <u>PETER NGUNI</u>	Name: <u>Cornelius K. Omonyo</u> ICPAK M/No: <u>17636</u>	Name: <u>DAVID R. OBONYO</u>

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

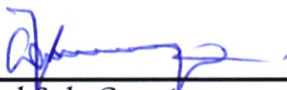
X. Statement Of Assets and Liabilities As At 30th June, 2023

	Note	Insert Current FY	Insert Previous FY
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	12A	33,930,987	3,944,794
Cash Balances (Cash at Hand)	12B	-	-
Total Cash and Cash Equivalents		33,930,987	3,944,794
Accounts Receivable			
Outstanding Imprests	13	-	-
Total Financial Assets		33,930,987	3,944,794
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	14A		
Gratuity	14B	-	-
Total Financial Liabilities		-	-
Net Financial Assets		33,930,987	3,944,794
Represented By			
Fund Balance B/Fwd	15	3,944,974	45,347,702
Prior Year Adjustments	16	4,411,593	-
Surplus/Deficit for The Year		25,574,420	(41,402,728)
Net Financial Position		33,930,987	3,944,974

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

The Constituency financial statements were approved by NG CDFC on _____ 2023 and signed by:


Fund Account Manager


National Sub-County
Accountant


Chairman NG-CDF
Committee

Name: **PETER NGUGI**

Name: **Cornelius K. Omonyo**
ICPAK M/No: **17636**

Name: **SAUL R. OBOYO**

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

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

	Notes	<i>Insert Current FY</i>	<i>Insert Previous FY</i>
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	98,000,000	193,351,880
Other Receipts	3	-	-
Total Receipts		98,000,000	193,351,880
Payments			
Compensation Of Employees	4	3,961,869	4,537,084
Committee Expenses	5	1,503,600	4,482,879
Use Of Goods and Services	6	5,010,062	9,289,670
Transfers To Other Government Units	7	6,498,465	97,519,266
Other Grants and Transfers	8	55,141,584	116,647,209
Oversight Committee Expenses	10	310,000	-
Other Payments	11	-	-
Total Payments		72,425,580	232,476,108
Total Receipts Less Total Payments			
Decrease/(Increase) in Accounts receivable	17	-	-
Increase/(Decrease) in Accounts Payable	18	-	-
Prior year Adjustments	16	4,411,593	-
Net Adjustments		4,411,593	-
Net cash flow from operating activities		29,986,013	(39,124,228)
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	-	-
Acquisition Of Assets	9	-	(2,278,500)
Net Cash Flows from Investing Activities		-	(2,278,500)
Net Increase In Cash And Cash Equivalent		29,986,013	(41,402,728)
Cash & Cash Equivalent At Start Of The Year	12	3,944,974	45,347,702
Cash & Cash Equivalent At End Of The Year	12	33,930,987	3,944,974

Starehe Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

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

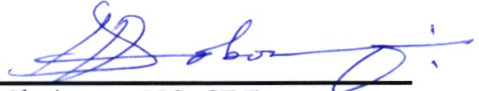
The Constituency financial statements were approved by NG CDFC on _____ 2023 and signed by:


Fund Account Manager

Name: PETER NGUAI


National Sub-County
Accountant

Name: Cornelius K. Omonyo
ICPAK M/No: 17636


Chairman NG-CDF
Committee

Name: SAUTI R. OBONYO

XII. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
RECEIPTS		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	151,960,174	3,944,973	25,088,879	180,994,026	101,944,974	79,049,052	1
Proceeds from Sale of Assets				-	-	-	
Other Receipts				-		-	
TOTAL RECEIPTS	151,960,174	3,944,973	25,088,879	180,994,026	101,944,974	79,049,052	1
PAYMENTS				-			
Compensation of Employees	2,047,380	1,465,964	1,153,000	4,666,344	3,961,869	704,475	1

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

	2,264,000	123,256		2,387,256	1,503,600	883,656	1
Committee expenses							
Use of goods and services	9,365,025	149,506	347,000	9,861,531	5,010,062	4,851,469	1
Transfers to Other Government Units	57,325,902	938,938	10,747,021	69,011,861	6,498,465	62,513,396	0
Other grants and transfers	74,280,277	277,662	12,841,857	87,399,796	55,141,584	32,258,212	1
Acquisition of Assets	-	-	-	-	-	-	
Oversight Committee	1,510,000		-	1,510,000	310,000	1,200,000	0
Other payments	3,500,000	989,646	-	4,489,646	-	4,489,646	-
UNALLOCATED FUND	1,667,590	-		1,667,590	-	1,667,590	-
				-		-	
TOTAL	151,960,174	3,944,973	25,088,878	180,994,025	72,425,580	108,568,445	0

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

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

Explanatory Notes.

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

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

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	108,568,445
Less undisbursed funds receivable from the Board as at 30th June 2023	79,049,052
	29,519,392
Increase/(decrease) Accounts payable	0
(Decrease)/Increase Accounts Receivable	0
Add/Less Prior Year Adjustments	4411593
Cash and Cash Equivalents at the end of the 30th June 2023	33,930,985

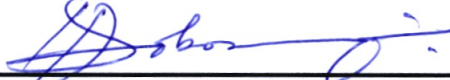
The Constituency financial statements were approved by NG CDFC on _____ 2023 and signed by:


 Fund Account Manager

Name: PETER NGUGI


 National Sub-County Accountant

Name: Comptroller K. Omonyo
 ICPAK M/No: 17636


 Chairman NG-CDF Committee

Name: Sauti R. Obonyo

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,047,380	1,465,964	1,153,000	4,666,344	3,961,869	704,475
1.2 Committee allowances	1,128,000	9,115		1,137,115	1,128,000	9,115
1.3 Use of goods and services	5,942,225	68,051	347,000	6,357,276	3,210,062	3,147,214
Total	9,117,605	1,543,130	1,500,000	12,160,735	8,299,931	3,860,804
2.0 Monitoring and evaluation						-
2.1 Capacity building	780,800	52,389		833,189	800,000	33,189
2.2 Committee allowances	1,136,000	114,141		1,250,141	375,600	874,541
2.3 Use of goods and services	2,642,000	29,066		2,671,066	1,000,000	1,671,066
Total	4,558,800	195,596		4,754,396	2,175,600	2,578,796
3.0 Emergency						
3.1 Primary Schools				-		-
3.2 Secondary schools				-	-	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
3.3 Tertiary institutions				-		-
3.4 Security projects				-		-
3.5 Unutilised	7,636,190		-	7,636,190		7,636,190
Total	7,636,190	-	-	7,636,190	-	7,636,190
4.0 Bursary and Social Security				-		
4.1 Secondary Schools	30,000,000	277,662		30,277,662	35,375,494	(5,097,832)
4.2 Tertiary Institutions	23,000,000			23,000,000	7,753,089	15,246,911
4.3 Bursary Special Institutions	186,060			186,060	-	186,060
4.3 Social Security				-		-
				-	-	
Total	53,186,060	277,662		53,463,722	43,128,583	10,335,139
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,047,380	1,465,964	1,153,000	4,666,344	3,961,869	704,475
1.2 Committee allowances	1,128,000	9,115		1,137,115	1,128,000	9,115
1.3 Use of goods and services	5,942,225	68,051	347,000	6,357,276	3,210,062	3,147,214

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Total	9,117,605	1,543,130	1,500,000	12,160,735	8,299,931	3,860,804
2.0 Monitoring and evaluation						-
2.1 Capacity building	780,800	52,389		833,189	800,000	33,189
2.2 Committee allowances	1,136,000	114,141		1,250,141	375,600	874,541
2.3 Use of goods and services	2,642,000	29,066		2,671,066	1,000,000	1,671,066
Total	4,558,800	195,596		4,754,396	2,175,600	2,578,796
3.0 Emergency						
3.1 Primary Schools				-		-
3.2 Secondary schools				-	-	-
3.3 Tertiary institutions				-		-
3.4 Security projects				-		-
3.5 Unutilised	7,636,190		-	7,636,190		7,636,190
Total	7,636,190	-	-	7,636,190	-	7,636,190
4.0 Bursary and Social Security				-		
4.1 Secondary Schools	30,000,000	277,662		30,277,662	35,375,494	(5,097,832)

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.2 Tertiary Institutions	23,000,000			23,000,000	7,753,089	15,246,911
4.3 Bursary Special Institutions	186,060			186,060	-	186,060
4.3 Social Security				-		-
Total	53,186,060	277,662		53,463,722	43,128,583	10,335,139
5.0 Sports				-		-
5.1 Sports Activities	2,269,203		828,856	3,098,059	-	3,098,059
5.2 Regional Sports Tournament	520,000			520,000		520,000
Total	2,789,203		828,856	3,618,059		3,618,059
6.0 Environment						
6.1 Jamhuri High	254,901			254,901		254,901
6.2 Riverbank Primary	254,901			254,901		254,901
6.3 Nairobi South Day	254,901			254,901		254,901
6.4 Pumwani Boys Secondary	254,901			254,901		254,901
6.5 Pumwani Girls Secondary	254,901			254,901		254,901
6.6 Ngara Girls High School	254,901			254,901		254,901

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
6.7 County Girls High School	254,901			254,901		254,901
6.8 Our Lady of mercy secondary school	254,902			254,902		254,902
Total	2,039,209	-		2,039,209	-	2,039,209
7.0 Primary Schools Projects						
7.1 City Primary School	899,000	400,000		1,299,000	397,600	901,400
7.2 Pumwani Primary school	7,568,244			7,568,244		7,568,244
7.3 Muslim Primary School	3,500,000			3,500,000		3,500,000
7.4 St. Brigids Primary school	3,500,000			3,500,000		3,500,000
7.5 Race Course Primary	5,000,000			5,000,000		5,000,000
7.6 CGHU Primary School	1,050,000			1,050,000		1,050,000
7.7 Mariakani Primary School	1,050,000	28,080		1,078,080		1,078,080
7.8 Ainsworth Primary School	1,050,000	500,000		1,550,000		1,550,000
7.9 Park road Primary School	1,050,000			1,050,000		1,050,000
8.0 Juja Road Primary School	1,050,000	10,858		1,060,858		1,060,858
8.1 Plains View Primary	1,050,000			1,050,000		1,050,000

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
8.2 Parklands Primary School	1,050,000			1,050,000		1,050,000
8.3 Pangani Primary School	1,050,000			1,050,000		1,050,000
8.4 City Primary School	500,000			500,000		500,000
8.5 Mukuru Primary school			3,000,000	3,000,000	3,000,000	-
	29,367,244	938,938	3,000,000	33,306,182	3,397,600	29,908,582
8.0 Secondary Schools Projects						-
8.1 Jamhuri High School	500,000		3,100,865	3,600,865	3,100,865	500,000
8.2 Nairobi South Day Secondary School	23,908,658		4,646,156	28,554,814		28,554,814
8.3 Pumwani girls Secondary School	2,500,000			2,500,000		2,500,000
8.4 Pumwani Boys Secondary School	1,050,000			1,050,000		1,050,000
				-		-
				-		-
Total	27,958,658	-	7,747,021	35,705,679	3,100,865	32,604,814
9.0 Tertiary institutions Projects				-		-
						-
Total	-			-	-	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
10.0 Security Projects				-		-
Starehe sub-county Headquarters (Deputy County Commissioners Office)	8,629,615		7,000,000	15,629,615	7,000,000	8,629,615
Pangani Police Station			5,013,001	5,013,001	5,013,001	-
				-		-
						-
Total	8,629,615	-	12,013,001	20,642,616	12,013,001	8,629,615
11.0 Acquisition of assets				-		-
	-					
	-			-	-	-
Total	-			-		-
12.0 Oversight Committee Expenses (itemize)				-		-
Remuneration of Instructors and Contract Based Trainin9: Services	150,000			150,000	-	150,000
Travel costs (airline, bus, railway, mileage allowances etc).	140,000			140,000	-	140,000
Daily subsistence allowance	720,000			720,000	310,000	410,000
Advertising, awareness and publicity campaigns	300,000			300,000	-	300,000
Accommodation - domestic travel	200,000			200,000	-	200,000

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	-			-		
Total	1,510,000			1,510,000	310,000	1,200,000
13.0 Other payments				-		-
Strategic plan -Starehe NG-CDF Strategic plan	3,500,000			3,500,000		3,500,000
ICTHubs		677,027		677,027		677,027
Kariokor AP camp		59,615		59,615		59,615
Ngara AP Post		44,000		44,000		44,000
Kamkunji police station		83,940		83,940		83,940
Central Police Station		125,064		125,064		125,064
				-		
				-		
Total	3,500,000	989,646		4,489,646	-	4,489,646
14.0 unallocated fund						
Unapproved projects	1,667,590			1,667,590		1,667,590
AIA						-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
PMC savings						
Total	1,667,590		-	1,667,590	-	1,667,590
	151,960,174	3,944,973	25,088,878	180,994,025	72,425,580	108,568,445
Total	-			-		-
12.0 Oversight Committee Expenses (itemize)				-		-
Remuneration of Instructors and Contract Based Trainin9: Services	150,000			150,000	-	150,000
Travel costs (airline, bus, railway, mileage allowances etc).	140,000			140,000	-	140,000
Daily subsistence allowance	720,000			720,000	310,000	410,000
Advertising, awareness and publicity campaigns	300,000			300,000	-	300,000
Accommodation - domestic travel	200,000			200,000	-	200,000
	-			-		
Total	1,510,000			1,510,000	310,000	1,200,000
13.0 Other payments				-		-
Strategic plan -Starehe NG-CDF						
Strategic plan	3,500,000			3,500,000		3,500,000
ICTHubs		677,027		677,027		677,027
Kariokor AP camp		59,615		59,615		59,615

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Ngara AP Post		44,000		44,000		44,000
Kamkunji police station		83,940		83,940		83,940
Central Police Station		125,064		125,064		125,064
				-		
				-		
Total	3,500,000	989,646		4,489,646	-	4,489,646
14.0 unallocated fund						
Unapproved projects	1,667,590			1,667,590		1,667,590
AIA						-
PMC savings						
Total	1,667,590		-	1,667,590	-	1,667,590
Total	151,960,174	3,944,973	25,088,878	180,994,025	72,425,580	108,568,445
	-			-		-

(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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Significant Accounting Policies continued

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

Significant Accounting Policies continued

6. Cash and Cash Eequivalent.

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

Significant Accounting Policies continued

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2022 for the period 1st July 2022 to 30th June 2023 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

Significant Accounting Policies Continued

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

XV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022/2023	2021/2022
NGCDF Board	Kshs	Kshs
AIE NO.888919	11,000,000	
AIE NO. B185255	7,000,000	
AIE NO.B185783	15,000,000	
AIE NO.B185418	6,000,000	
AIE NO.B206186	5,000,000	
AIE NO.B205603	12,000,000	
AIE NO.B205603	12,000,000	
AIE NO.B207683	15,000,000	
AIE NO. B207918	15,000,000	
AIE NO. B105289		33,000,000
AIE NO. B140822		26,750,000
AIE NO. B105672		44,000,000
AIE NO. B105933		22,000,000
AIE NO. B128703		5,000,000
AIE NO. B163865		12,000,000
AIE NO. B154432		18,000,000
AIE NO. B154487		13,088,879
AIE NO. B154210		12,000,000
AIE NO. A895055		545,977
AIE NO. A895041		900,000
AIE NO. A888990		2,067,024
AIE NO. A895033		4,000,000
		33,000,000
TOTAL	98,000,000	193,351,880

2. Proceeds From Sale of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Receipts from sale of Buildings		

Starehe Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Others (specify)		
Total		

3. Other Receipts

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents		
Hire of plant/equipment/facilities		
Other Receipts Not Classified Elsewhere(stale cheques)	4,411,593	
Total	4,411,593	

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

Notes To the Financial Statements (Continued)

4. Compensation Of Employees

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,544,925	3,651,461
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	
Gratuity-contractual employees	1,290,584	777,323
Employer Contributions Compulsory national social security schemes	53,360	33,200
NHIF Contribution	73,000	75,100
TOTAL	3,961,869	4,537,084

5. Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Sitting allowance	1,215,600	4,482,879
Other committee expenses	288,000	-
TOTAL	1,503,600	4,482,879

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

6. Use of Goods and services

	2022/2023	2021/2022
	Kshs	Kshs
Utilities, supplies and services	1,240,820	-
Communication, supplies and services	9,450	360,000
Domestic travel and subsistence	866,200	1,470,363
Printing, advertising and information supplies & services	560,250	462,848
Rentals of produced assets	-	-
Training expenses	1,558,342	4,064,123
Hospitality supplies and services	-	743,716
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	-	919,420
Fuel , oil & lubricants	-	600,000
Other operating expenses	-	337,000
Bank Charges	450,000	-
Security operations	-	332,200
Routine maintenance - vehicles and other transport equipment	325,000	-
Routine maintenance- other assets	-	-
TOTAL	5,010,062	9,289,670

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

Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers to Primary Schools	3,397,600	35,118,060
Transfers to Secondary Schools	3,100,865	62,401,206
Transfers to Tertiary Institutions	-	
TOTAL	6,498,465	97,519,266

8. Other Grants and Other transfers

	2022/2023	2021/2022
	Kshs	Kshs
Bursary - Secondary (see attached list)	35,375,494	35,388,079
Bursary -Tertiary (see attached list)	7,753,089	67,490,024
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	
Security Projects (see attached list)	12,013,001	-
Sports Projects (see attached list)	-	4,911,417
Environment Projects (see attached list)	-	1,000,000
Emergency Projects (see attached list)	-	7,857,689
Roads Projects	-	-
TOTAL	55,141,584	116,647,209

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

Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	1,543,000
Purchase of Vehicles Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		
Purchase of office furniture and and General Equipment	-	735,500
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		
TOTAL	-	2,278,500

10. Oversight Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
COC Members allowance	310,000	-
Other COC expenses	-	-
TOTAL	310,000	-

11. Other Payments

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Strategic plan	-	-

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

ICT Hub	-	-
	-	-

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

12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022/2023	2021/2022
	Kshs (30/6/2023)	Kshs (30/6/2022)
12A: Bank Accounts (Cash Book Bank Balance)		
Cooperative Bank of Kenya ,A/C No:01120070407600,Branch:Stima Plaza	33,930,987	3,944,974
	-	-
12 B: Cash on Hand		
Location 1		
Location 2		
Location 3		
Other Locations (<i>Specify</i>)		
Total		
<i>[Provide Cash Count Certificates for Each]</i>		

13. Outstanding Imprests

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

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

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

Notes to the Financial Statement Continued

14. Retention and Gratuity

14 A. Retention	2022/2023	2021/2022
	KShs	KShs
Retention as at 1 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		

14 B. Gratuity	2022/2023	2021/2022
	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		

15. Fund Balance B/F

	(1st July 2022-1)	(1st July 2021-2)
	Kshs	Kshs
Bank accounts	3,944,974	45,347,702
Cash in hand		
Imprest		
Total	3,944,974	45,347,702
Less		
Payables: - Retention		
Payables – Gratuity		
Fund Balance Brought Forward		

[Provide short appropriate explanations as necessary]

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

16. Prior Year Adjustments

	Balance b/f as per Audited Financial statements	Adjustments	Adjusted Balance** BF
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)		4,411,593	
Total		4,411,593	

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

17. Changes In Accounts Receivable – Outstanding Imprests

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

18. Changes In Accounts Payable – Deposits and Retentions

	2022/2023	2021/2022
	KShs	KShs
Deposit and Retentions as at 1 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		
Net changes in accounts payables D-A		

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

Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

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

19.2: Pending Staff Payables (See Annex 2)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NGCDF Staff	-	-
Others (specify)		
Total		

19.3: Unutilized Fund (See Annex 3)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Compensation of employees	2,461,845	1,465,964
Use of goods and services	3,977,757	272,762
Amounts due to other Government entities (see attached list)	68,180,986	938,938
Amounts due to other grants and other transfers (see attached list)	29,247,858	277,662
Acquisition of assets	-	
Strategic Plan	3,500,000	-
Oversight Committee Expenses	1,200,000	
Others (Reversed stale Cheques)	4,411,593	989,646
Funds pending approval		-

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

Total	112,980,039	3,944,974
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Starehe Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

18.4: PMC account balances (See Annex 5)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
PMC account balances (see attached list)	5,854,073	12,174,945
Total	5,854,073	12,174,945

XVI. Annexes

Annexes: 1 Analysis of Pending Accounts Payable

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

Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2023	Comments
NG-CDFC Staff				
Sub-Total				
Grand Total				

Starehe Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023
Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Compensation of employees				
Staff salaries	Payment of salaries	2,399,883	1,155,064	Late appointment of staff
NHIF			158,100	
NSSF	Payment of NSSF	61,962	152,800	Late appointment of staff
Use of goods & services			-	
ADMIN : Use of goods	To cater for office expenses	3,086,292	68,050	late disbursement of funds
ADMIN : Committee Allowances	To cater for committee allowances	282,000	9,115	late disbursement of funds
M&E : Committee Allowances			114,141	late disbursement of funds
M&E : Capacity Building	To cater for capacity building	609,465	52,389	late disbursement of funds
M&E : Use of goods			-	
Sub total		6,439,602	1,709,659	late disbursement of funds
Amounts due to other Government entities				
Secondary Schools				
Nairobi South Day Secondary School	Construction of an office, lab & admin	31,655,679		late disbursement of funds
Jamhuri High School	Construction of a sewer line	500,000		late disbursement of funds
Pumwani Secondary School	Construction of a fence	2,500,000		late disbursement of funds

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

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Pumwani Boys Secondary School	Purchase of desks	1,050,000		late disbursement of funds
Primary Schools				late disbursement of funds
City Primary School	Purchase of desks	959,000		late disbursement of funds
Pumwani Primary school	Construction of a kitchen	7,568,244		late disbursement of funds
Muslim Primary School	Renovation of 5 classrooms	3,500,000		late disbursement of funds
St. Bridgit Primary school	Renovation of 5 classrooms	3,500,000		late disbursement of funds
Race Course Primary	Construction of a perimeter wall	5,000,000		late disbursement of funds
Pumwani Boys Secondary School	Construction of a perimeter wall	1,667,590		late disbursement of funds
City Primary School	Purchase of kitchen jikos	941,535		late disbursement of funds
CGHU Primary School	Purchase of desks	1,050,000		late disbursement of funds
Mariakani Primary School	Purchase of desks	1,050,000		late disbursement of funds
Ainsworth Primary School	Construction of a kitchen	1,988,938		late disbursement of funds
Parkroad Primary School	Purchase of desks	1,050,000		late disbursement of funds
Juja Road Primary School	Purchase of desks	1,050,000		late disbursement of funds
Plains View Primary School	Purchase of desks	1,050,000		late disbursement of funds
Parklands Primary School	Purchase of desks	1,050,000		late disbursement of funds
Pangani Primary School	Purchase of			late disbursement of funds

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

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
	desks	1,050,000		
Sub-Total		68,180,986		
Amounts due to other grants and other transfers				
Security				
Starehe Subcounty Headquarters(Deputy County Commissioners Office)	Completion of storey building	8,629,615		late disbursement of funds
Sports				late disbursement of funds
Sports activities	facilitate constituency Tournaments	2,269,203		late disbursement of funds
Regional Sport Tournament	facilitate Regional Sport Tournament	520,000		late disbursement of funds
Enviroment Projects				
Jamhuri High School	Purchase of Garbage bins	254,901		late disbursement of funds
River Bank Primary	Purchase of Garbage bins	254,901		late disbursement of funds
Nairobi South Day Secondary School	Purchase of Garbage bins	254,901		late disbursement of funds
Pumwani Boys Secondary School	Purchase of Garbage bins	254,901		late disbursement of funds
Pumwani Girls Secondary School	Purchase of Garbage bins	254,901		late disbursement of funds
Ngara Girls High School	Purchase of Garbage bins	254,901		late disbursement of funds
County Girls High School	Purchase of Garbage bins			late disbursement of funds

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

Name	Brief Transaction Description	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		254,901		
Our Lady of Mercy Secondary School	Purchase of Garbage bins	254,902		late disbursement of funds
Emergency Reserve	To cater for unforeseen occurrences	5,478,048		late disbursement of funds
Bursary				
Bursary Secondary Schools	Bursary	6,311,783		late disbursement of funds
Bursary Tertiary	Bursary	4,000,000		late disbursement of funds
Sub-Total		29,247,858		
Acquisition of assets				
Strategic Plan	To facilitate preparation of strategic plan	3,500,000		late disbursement of funds
Oversight Committee Expenses	To cater for COC expenses	1,200,000		late disbursement of funds
Others (Reversed stale Cheques)		4,411,593		late disbursement of funds
Sub-Total		9,111,593		
Funds pending approval				
Grand Total		112,980,039	1,709,659	

Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) At Year End
Land				
Buildings and structures	7,610,000	-	0	7,610,000
Transport equipment	4,083,226	-	0	4,083,226
Office equipment, furniture and fittings	1,978,982	-	0	1,978,982
ICT Equipment, Software and Other ICT Assets	1,316,000	-	0	1,316,000
Other Machinery and Equipment	3,817,292	-	0	3,817,292
Heritage and cultural assets		-	0	
Intangible assets		-	0	
Total		-	0	
	18,805,500			18,805,500

Starehe Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023
Annex 5 –PMC Bank Balances As At 30th June 2023

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
NAIROBI SOUTH PRIMARY SCHOOL	FAULU	1,275,702,171		
MAIROBI SOUTH SECONDARY SCHOOL	FAULU	1,011,392,179	211,138	
DR AGGREY PRIMARY SCHOOL PMC	EQUITY	0910279143304		
RACECOURSE PRIMARY SCHOOL PMC	EQUITY	0910280769520	6,632	665,001
OUR LADY OF MERCY PRIMARY SCHOOL	KCB BANK	1275797466		
OUR LADY OF MERCY SECONDARY SCHOOL	KCB BANK	1275874495		
ISLAMIA PRIMARY SCHOOL PMC ACCOUNT	KCB BANK	1276002653		
MARIAKANI PRIMARY SCHOOL PMC ACCOUNT	EQUITY	1770279183141	2,830,407	
RIVERBANK PRIMARY SCHOOL PMC ACCOUNT	EQUITY	0910282112918	20,652	2,586,650
JAMHURI HIGH SCHOOL PMC ACCOUNT	CO-OP BANK	01141070623400	223,620	417,457
MUKURU PRIMARY SCHOOL PMC ACCOUNT	ABSA BANK	2,045,372,858	206,684	206,684
MUSLIM PRIMARY SCHOOL PMC ACCOUNT	EQUITY	0910282128404	254,480	2,887,241
PUMWANI BOYS SECONDARY SCHOOL PMC	EQUITY	0910282133564	81,333	2,646,542
PARKROAD PRIMARY SCHOOL PMC	EQUITY	910,282,126,581	2,000,000	2,000,000
PANGANI PRIMARY	EQUITY	910,282,126,328	236,082	254,480
CITY PRIMARY	EQUITY	0910282128346	6,665	284,832
JUJA ROAD PRIMARY				226,058

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

PMC	Bank	Account number	Bank Balance Current FY	Bank Balance Previous FY
TOTAL			5,854,073	12,174,945

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)
4.1 Non-Provision of Ledger and Trial Balance	Section 81 (3) of the PFM Act, 2012 states that the accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time. In the accounting cycle it's a requirement that a Trial Balance shall be prepared as a list of balances from the general Ledgers to facilitate the preparation of the final books of account. The Fund received transfers from NGCDF and incurred expenses however; a trial balance and ledger were not provided for audit review.	The institution Management should prepare and provide the trial balance for audit verification.	resolved	
4.2 Incomplete and Unclosed Cashbook	Regulations 4(c) the	Management should ensure the	Attached also are copies of AIEs to	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Public Finance Management (National Government) Regulations, 2015 states that "The object and purpose of these Regulations shall be to set out a standardized financial management system for use in Government service which is capable of producing accurate and reliable accounts free from errors, fraud and which will be useful in management decisions and statutory reporting."	cashbook is updated	account for Kshs.7, 513,001	
4.3 Unconfirmed Cash and Cash Equivalents	Further four AIE's totaling to Kshs.7,513,001 could not be authenticated due to failure to indicate the references. Section 90. (1) of the	Management to prepare bank	resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Public Finance Management (National Government) Regulations 2015 states that Accounting Officers shall ensure bank accounts reconciliations are completed for each bank account held by that Accounting Officer, every month The Management of the NGCDF did not provide bank statements, bank reconciliation statements and certificate of balances various schools.	reconciliations		
4.8 Un Supported Emergency Projects	The National Government Constituencies Development Fund Act, 2015 Section 8(1) A portion of the Fund, equivalent to five per centum (hereinafter referred to as the next	Any payment from the emergency reserve should be in conformity with the prescribed Regulations. The Fund management should provide the required	provided	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	"Emergency Reserve") shall remain unallocated and shall be available for emergencies that may occur within the Constituency. Section 8(3) "Emergency" shall be construed to mean an 'urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. The National Government Constituencies Development Fund 2016 Regulation 20(2) The utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format	documents for audit verification.		

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	prescribed by the Board. However, there was no proof provided to confirm that the emergency relates to 'urgent, unforeseen need for expenditure that cannot be delayed until the next financial year without harming the public interest of the constituents.			



 Name **PETER NGUNI**
 Fund Account Manager.