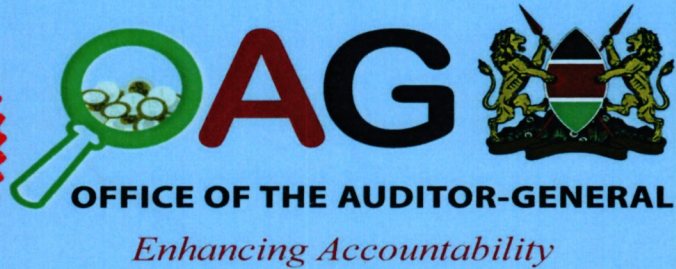


REPUBLIC OF KENYA



PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**

DATE: 01 DEC 2022 Thursday	
TABLED BY:	LOM
CLEARED THE TABLE:	Tracy chebet



OFFICE OF THE AUDITOR GENERAL
P.O.Box 95202, MOMBASA
26 APR 2022
RECEIVED
COAST HUB




MVITA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

 THE NATIONAL ASSEMBLY PAPER PAID	
DATE: 01 DEC 2022	
TABLED BY:	
CLERK AT THE TABLE:	
DAY: <input type="text"/>	

***MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	2
II. NG-CDFC CHAIRMAN’S REPORT.....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY’S PREDETERMINED OBJECTIVES.....	8
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	10
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	13
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- MVITA CONSTITUENCY</i>	14
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	15
VIII. STATEMENT OF ASSETS AND LIABILITIES.....	16
IX. STATEMENT OF CASHFLOW.....	17
X. SUMMARY STATEMENT OF APPROPRIATION.....	18
XI. BUDGET EXECUTION BY SECTORS AND PROJECTS	19
XII. SIGNIFICANT ACCOUNTING POLICIES	23
XIV. NOTES TO THE FINANCIAL STATEMENTS.....	26
XV. ANNEXURES.....	37

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	MONICA MWAI
2.	Sub-County Accountant	EMMANUEL SHIKUKU
3.	Chairman NGCDFC	OMAR SHARRIFF
4.	Member NGCDFC	DR. JAMAL ALI

(d) Fiduciary Oversight Arrangements

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

(e) Mvita Constituency NGCDF Headquarters

P.O. Box 43258-80100
Mombasa House
Majengo ,Behind Segal Market
Mombasa, KENYA

(f) Mvita Constituency NGCDF Contacts

Telephone: (254) 721862644
E-mail: cdfmvita@ngcdf.go.ke
Website: www.ngcdfmvita.co.ke

(g) Mvita Constituency NGCDF Bankers

Equity Bank (Kenya) Limited 0460297599144
P.o Box 30080
Nairobi, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDF CHAIRMAN'S REPORT



NG-CDF MVITA CHAIRMAN

OMAR SHARIFF

Mvita constituency is an electoral constituency in Kenya. It's one of six constituencies in Mombasa county. It has eleven location and it holds five county assembly wards namely old town (mji wa kale), Tudor, Tononoka, Shimanzi and Majengo Wards. The entire constituency is located within the municipality area and an island; many people come from neighbouring constituencies to work during the day while they live outside the constituency, as a result showing a higher number of registered voters compared to population. The Constituency was established for the 1988 elections.

We are glad to present to you financial statements for National Government Constituency Development Fund Mvita for year ending 30th June 2021. We have managed to complete quite a number of projects which were on going as well as start new ones. Most of the projects funded were mainly in education sector to meet 100% transition from primary to high school. We have so far received Seventy-Five percent (75%) of the total allocation of funds and we are hoping to receive and consume the balance of it in the next few months.

The Ngcdf has purchased lockers to Six public Primary schools namely Bahari, Fahari, Bondeni Girls, Star of the Sea, Ziwani For The Deaf and Ganjoni primary . This has greatly improved the school performance and has enabled the 100% primary transition in primary school. The special schools have also not left out as we supplied tables and chair and paid for their school fees through issuing them with bursary.

As the tradition of Ng –cdf Mvita with vision of reducing poverty in the grass root levels we consider our youths by organizing cooking competion for youths who had benefitted with the Skills Mtaani

Program and the winner are awarded with vouchers to enable them to start up their business in partnership with Shariff Nassir Foundation.



The Ng-Cdf Mvita has purchased a 51bus seater to star of the sea primary which will enable transport of students from home to school as this will reduce the hassle of boarding matatus and bodabodas . This ensures the kids are safe from exploitation caused by *bodaboda* riders, hence reduction of early pregnancies.

The Ng-Cdf Mvita has set aside funds to purchase water purifier machines (Reverse osmosis Plant) in our public school Khamis, Sacred Heart Primary and Central Girls Primary, the projects has reduced the school the burden of purchasing fresh water which is expensive need in the constituency.

The Ng-Cdf Mvita had overutilization in its original budget as a result there were outstanding balance for previous years and they were approved and disbursed in the year 2021.

MVITA Constituency

National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

Challenges.

- Some of the challenges we have encountered are delay in receipt of bill of quantities from Regional Works Officers and delay in approving of reallocations of proposed projects. The Ngcdf Mvita have overcome the challenge of delay in receipt of Bills of quantities by employing a clerk of work and engaged a private consultant.
- Change of activity from the PMCS as a result in delay of funds at the time we have received fund the PMCS have changed their mind to another project.
- Lack of Land –this has been the greatest challenge since the constituency is small and available land is expensive and privately owned hence NG CDF cannot put up a new construction. This has seen some projects fail to take off.
- PMCS capacity –the CDF Act has tasked pmcs the duty to implement projects but their capacity is wanting, even though CDFC is trying to overcome it by frequent training, it is still a challenge.



Sign

OMAR SHARRIFF-CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

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

- a) To improve infrastructure in all learning institutions
- b) To increase retention levels in schools
- c) To increase enrolment in schools (100% transition)
- d) To establish educational administration centre
- e) To develop ICT capacity in all Schools
- f) To improve security in the constituency
- g) Bursary to need students
- h) To modernize security infrastructure
- i) To reduce crime
- j) To empower the Ng-cdf committee, staff and PMC
- k) To increase the participation of the youth, women and special group in economic development.

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school Reduce distance travelled to access learning institutions	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary's beneficiaries at all levels	In FY 20/21 we increased number of classrooms, in tudor secondary 4, laboratories 4 one at makande Girls abd 3 at allidina visram - Bursary beneficiaries at all levels were as per the attached schedules
Security				No allocation was set aside for

MVITA Constituency

National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

				security projects
Environment				Supplied 1000 seedlings In 4 public schools
Sports	To reduce radicalization and crimes from youths	Realization of new talents		Paid participation fees to 40 clubs in Mvita constituency participating in premier League
Emergency				The funds were reallocated for construction of five classrooms 3 at Ganjoni primary and 2 at Makupa boys secondary respectively

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

- a. **Education and Training:** MVITA 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 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

The Ng-Cdf Mvita, together with students has planted trees in four schools to help reduce of soil erosion.

The NG CDF Mvita, Area Member of parliament in conduction with Sharriff Nassir foundation we have donated water tanks to collect rain water and drilled boreholes .

Mvita Ng cdf has paid participation of fees to various teams in Mvita Constituency participating in Kenya premier league and county leagues.

3. Employee welfare

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

Mvita 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 interests

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and

policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

Public participation is the process that directly engages the concerned stakeholders in decision-making and gives full consideration to public input in making that decision. The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

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

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

***MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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


The Accounting Officer in charge of the NGCDF-Mvita 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, 2021. 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-Mvita 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, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Mvita 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.

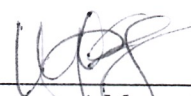
The Accounting Officer in charge of the NGCDF Mvita Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the *constituency's* financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF- Mvita Constituency financial statements were approved and signed by the Accounting Officer on 26/04 2022



Chairman NGCDF Committee
Name: Omar Sharriff



Fund Account Manager
Name: Monica Mwai

REPUBLIC OF KENYA



Enhancing Accountability

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

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MVITA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Mvita Constituency set out on pages 15 to 45, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and summary statement of

Report of the Auditor-General on National Government Constituencies Development Fund - Mvita Constituency for the year ended 30 June, 2021

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 - Mvita Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents totalling Kshs.42,208,016. However, the following anomalies were however noted in relation to the balance:

1.1 Inaccuracies of Balances Brought Forward

The statement of assets and liabilities reflects a cash and cash equivalents brought forward balance totalling Kshs.41,552,873. However, as reported in the previous year, the opening fund balance totalling Kshs.41,973,050 for the financial year 2016/2017 was at variance with the audited closing balance totalling Kshs.52,703,219 for the year 2015/2016, resulting to an unexplained variance of Kshs.10,730,169.

Further, the statement of cash flows reflects cash and cash equivalents totalling Kshs.42,208,016. However, as reported in previous years, the statement of cash flow for the year ended 30 June, 2017 reflected cash and cash equivalents totalling Kshs.41,973,050 as at 1 July, 2016 whereas the 2015/2016 audited accounts reflected cash and cash equivalents totalling Kshs.52,703,219 as at 30 June, 2016, resulting to a variance of Kshs.10,730,169 which was not explained.

These discrepancies have never been resolved.

1.2 Stale Cheques

The bank reconciliation statement as at June, 2021 reflects an unrepresented cheques balance totalling Kshs.30,016,118 which includes two cheques, totalling Kshs.48,000 that were stale as at 30 June, 2021 but had not been reversed in the cash book. No explanation was provided for the failure to reverse the stale cheques.

1.3 Unrecorded Bank Charges

The bank reconciliation statement reflects payments in bank not in cashbook totalling Kshs.33,540. Records provided for audit indicated that the payments related to bank

charges levied between July, 2020 and June, 2021. However, Management did not explain why the bank charges were not posted in the cash book .

In view of these anomalies, the accuracy and completeness of the cash and cash equivalents balance totalling Kshs.42,208,016 could not be confirmed.

2. Unsupported Projects Management Committee (PMC) Account Balances

Note 17.4 to the financial statements under other Important disclosures, reflects PMC Account Balances totalling Kshs.120,240,030 as further disclosed in Annex 5 to the financial statements. However, the respective bank reconciliation statements, bank account statements and certificates of bank balances were not provided for audit review.

In the circumstances, the accuracy and completeness of the PMC balances totalling Kshs.120,240,030 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 - Mvita Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation reflects final revenue budget and actual amounts on comparable basis totalling Kshs.287,631,660 and Kshs. 203,989,909 respectively, resulting to a shortfall of revenue of Kshs.83,641,751 or 29% of the budget. Similarly, the Fund expended Kshs.203,534,766 against an approved budget of Kshs.287,631,660, resulting to under-expenditure of Kshs.84,096,894 or 29% of the budget.

The short-fall of revenue and under-expenditure constrained implementation of t planned activities and may have hampered the Fund's capacity to deliver services to the constituents of Mvita Constituency.

2. Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2020 highlighted several issues relating to balances reflected in the financial statements. Management's report on follow-up of auditor's recommendations appended to the financial statements for the year under

review indicates that the issues had since been resolved. The actual status of the issues shall be confirmed after they are discussed by Parliament.

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, I confirm that, nothing 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

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 processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related

to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal 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 that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 September, 2022

MVITA Constituency

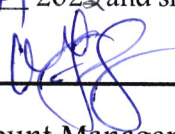
National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

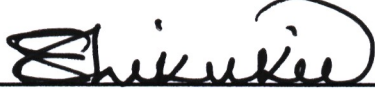
VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	196,218,813	50,000,000
Proceeds from Sale of Assets	2		
Other Receipts (AIA)	3	<u>7,771,095</u>	<u>1,514,000</u>
TOTAL RECEIPTS		203,989,909	51,514,000
PAYMENTS			
Compensation of employees	4	4,312,571	4,552,520
Use of goods and services	5	6,379,250	5,204,050
Transfers to Other Government Units	6	126,573,067	9,218,528
Other grants and transfers	7	64,070,622	23,800,000
Acquisition of Assets	8	830,000	
Other Payments	9	<u>1,169,256</u>	<u>1,815,203</u>
TOTAL PAYMENTS		203,334,766	44,590,301
SURPLUS/ (DEFICIT)		<u>655,143</u>	<u>6,923,699</u>


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Mvita Constituency financial statements were approved on 26/04/2022 and signed by:



Fund Account Manager
Name: MONICA MWAI



National Sub-County
Accountant
Name: EMMANUEL SHIKUKUU
ICPAK M/No: 9179



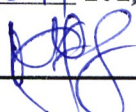
Chairman NG-CDF Committee
Name: OMAR SHARRIFF

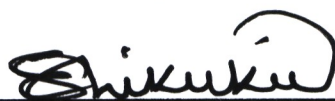
MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021


VIII. STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	42,208,016	41,552,873
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalents		42,208,016	41,552,873
Accounts Receivable			
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS		42,208,016	41,552,873
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A		
Gratuity	12B		
TOTAL FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS		42,208,016	41,552,873
REPRESENTED BY			
Fund balance b/fwd	13	41,552,873	34,629,174
Prior year adjustments	14		
Surplus/Deficit for the year		655,143	6,923,699
NET FINANCIAL POSITION		42,208,016	41,552,873

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Mvita Constituency financial statements were approved on 26/04/2022 and signed by:


 Fund Account Manager
 Name: MONICA MWAI


 National Sub-County
 Accountant
 Name: EMMANUEL SHIKUKUU
 ICPAK M/No: 9179


 Chairman NG-CDF Committee
 Name: OMAR SHARRIFF


MVITA Constituency

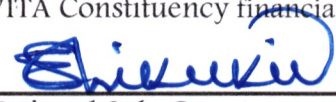
**National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

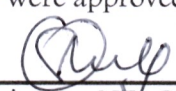
STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30TH 2021

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	196,218,813	50,000,000
Other Receipts	3	777,1095	151,4000
Total receipts		203,989,909	51,514,000
Payments for operating activities			
Compensation of Employees	4	4,312,571	4,552,520
Use of goods and services	5	6,379,250	5,204,050
Transfers to Other Government Units	6	126,573,067	9,218,528
Other grants and transfers	7	64,070,622	23,800,000
Other Payments	9	1,169,256	1,815,203
Total payments		202,504,766	44,590,301
Total Receipts Less Total Payments			
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14		
Net cash flow from operating activities		1,485,143	6,923,699
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8	(830,000)	
Net cash flows from Investing Activities		(830,000)	830,000
NET INCREASE IN CASH AND CASH EQUIVALENT		655,143	6,923,699
Cash and cash equivalent at BEGINNING of the year	10	41,552,873	34,629,174
Cash and cash equivalent at END of the year		<u>42,208,016</u>	<u>41,552,873</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MVITA Constituency financial statements were approved on 26/11/2021 and signed by:


Fund Account Manager
Name: MONICA MWAI


National Sub-County
Accountant
Name: EMMANUEL SHIKUKU
ICPAK M/No: 9179


Chairman NG-CDF Committee
Name: OMAR SHARRIFF

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget a	Adjustments		Final Budget c=a+b	Actual on comparable basis d	Budget utilization difference e=c-d	% of Utilization f=d/c %
		Opening Balance (C/Bk) and AIA	b Previous Years' Outstanding Disbursements				
RECEIPTS	2020/2021			2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	41,552,873	101,218,813	279,860,565	196,218,813	83,641,752	85%
Proceeds from Sale of Assets							70.1%
Other Receipts(PMC Balances)			7,771,095	7,771,095	7,771,095		100.0%
TOTALS	137,088,879	41,552,873	108,989,908	287,631,660	203,989,909	83,641,752	70.1%
PAYMENTS							
Compensation of Employees	4,947,333	1,078,048	823,447	6,848,828	4,512,571	2,536,257	65%
Use of goods and services	6,560,666	2,218,357	4,810,816	13,589,839	6,379,250	7,210,589	46.9%
Transfers to Other Government Units	69,457,565	17,373,999	55,749,033	142,580,598	126,573,067	16,007,531	88.8%
Other grants and transfers	55,293,315	20,882,469	47,606,612	123,782,396	64,070,622	59,711,774	51.8%
Acquisition of Assets	830,000			830,000	830,000		100.0%
Other Payments					1,169,256		
Funds pending approval**							
TOTALS	137,088,879	41,552,873	108,989,908	287,631,660	203,534,766	84,096,894	70.578%


MVITA Constituency

National Government Constituencies Development Fund (NGCDF)

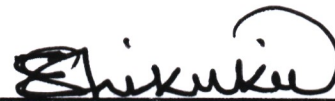
Reports and Financial Statements for The Year Ended June 30, 2021

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	84,096,894
Less undisbursed funds receivable from the Board as at 30 th June 2021	(41,0888,878)
	42,208,016
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2020/2021	42,208,016


The NGCDF-Mvita Constituency financial statements were approved on 26/07/2022 and signed by:



Fund Account Manager
Name: MONICA MWAI



National Sub-County
Accountant
Name: EMMANUEL SHIKUKUU
ICPAK M/No: 9179



Chairman NG-CDF Committee
Name: OMAR SHARRIFF

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments		Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements Kshs			
1.0 Administration and Recurrent						
1.1 Compensation of employees	4,947,332.74		823,447.26	5,770,780	4,312,571	1,458,209
1.2 Committee allowances	1,128,000		28,000	1,156,000	625,000	531,000
1.3 Use of goods and services	2,150,000		554,728.49	2,704,728.49	2,704,728	
Sub totals				9,631,508.49	7,642,299	1,989,209
2.0 Monitoring and evaluation						
2.1 Capacity building	1,200,000		1,200,000	2,400,000	2,075,000	325,000
2.2 Committee allowances	2,312,666.38		1,841,031.72	4,153,698.10	1,216,000	2,937,698.10
2.3 Use of goods and services	600,000		600,000	1,200,000	588,521.51	611,478.49
Sub totals				7,753,698	3,879,521.51	3,874,176.59
3.0 Emergency	7,192,206.90			7,192,206.90		7,192,206.90
3.1 Primary Schools						
3.2 Secondary schools						
3.3 Tertiary institutions						
3.4 Security projects						
4.0 Bursary and Social Security						
4.1 Primary Schools					1,200,000	
4.2 Secondary Schools	13,981,107.65				31,096,000	
4.3 Tertiary Institutions	28,000,000				18,872,230	
4.4 Universities						
4.5 Social Security	6,000,000					
4.6 Mocks and cats					8,320,000	

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Sub Totals					59,488,230	3
5.0 Sports	2,741,777.59		1,720,614.41	4,462,392	4,462,392	
5.1						
5.2						
5.3						
6.0 Environment	120,000		102,000	222,000	120,000	102,000
6.1						
6.2						
6.3						
7.0 Primary Schools Projects (List all the Projects)						
7.1 Central Girls Primary	1,800,000			1,800,000		1,800,000
7.2 Kaloleni/kikowani primary	10,637,788.33			10,637,788.33	9,900,000	737,788.33
7.3 Mvita primary	10,000,000			10,000,000	10,000,000	
7.4 Sparki Primary	1,100,000			1,100,000	1,100,000	
7.5 Sacred Heart Primary	1,800,000			1,800,000		1,800,000
7.6 Sparki Primary	9,000,000			9,000,000	9,000,000	
7.7. Mvita Primary			12,500,000	12,500,000	12,500,000	
7.8. Ganjoni Primary			6,000,000	6,000,000	6,000,000	
7.9 Mbheni Bondeni Complex			8,400,000	8,400,000	8,400,000	
7.10 Star of the sea primary			520,000	520,000	520,000	
7.12. Ganjoni Primary			513,500	513,500	513,500	
7.13 Fahari Primary			513,500	513,500	513,500	
7.14. Ziwani For the deaf			1,000,000	1,000,000	1,000,000	
7.15. Bondeni Primary			513,500	513,500	513,500	

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/BK) and AIA	Previous Years' Outstanding Disbursements			
7.16 Bahari Primary School			513,500	513,5000	513,500	
7.17 Central Girls			513,500	513,500	513,500	
7.18 Ronald Ngala Primary				9,500,000		9,500,000
7.19 Sparki primary			6,000,000	6,000,000		6,000,000
Sub Totals				80,311,788.33	60,987,500	19,837,783
8.0 Secondary Schools Projects (List all the Projects)						
8.1 Khamis High School	1,800,000			1,800,000	1,800,000	
8.2 Mekatitili Wa Menza Girls	30,577,999.72		23,55,731.55	54,133,7331.27	39,311,430	14,822,301.27
8.3 Makande Girls			837,931	837,931	837,931	
8.4 Tudor Day Secondary school			5,500,000	5,500,000	5,500,000	
8.5 Allidina Visram			4,000,000	4,000,000	4,000,000	
8.6 Sherkh Abdallah Alfarsy			6,000,000	6,000,000	6,000,000	
8.7 Coast Girls			1,736,206	1,736,206	1,736,206	
8.8.Sherkh Abdalla Alfarsy			1,600,000	1,600,000	1,600,000	
8.9Makupa Boys			1,600,000	1,600,000	1,600,000	
8.10 Tudor Day Secondary			1,600,000	1,600,000	1,600,000	
8.11 Mvita Boys			1,600,000	1,600,000	1,600,000	
Sub Totals					65,585,567	14,822,301.27
9.0 Tertiary institutions Projects (List all the Projects)						
9.1 KMTC-mvita			6,000,000	6,000,000		6,000,000
9.2						

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
9.3						
9.4						
10.0 Security Projects						
10.1						
10.2						
10.3						
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)						
11.2 Construction of CDF office						
11.3 Purchase of furniture and equipment						
11.4 Purchase of computers						
11.5 Purchase of land						
12.0 Others						
12.1 Strategic Plan						
12.2 Innovation Hub			1,169,257	1,169,257	1,169,257	
12.2 Audit Fees			500,000			500,000
Funds pending approval**						
Total	137,088,879.00	41,552,873	108,989,908	287,631,660	203,334,766	84,296,694

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

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-MVITA 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.

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 11 June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

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.

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO B104699	1	18,000,000	
AIE NO. B124752	2	5,000,000	
AIE NO.B124794	3	837,931	
AIE NO.B124801	4	1,736,206.90	
AIE NO.B124786	5	5,603,800	
AIE NO.B119587	6	8,500,000	
AIE NO.B119979	7	13,000,000	
AIE NO.B124816	8	55,040,875.5	
AIE NO.B119512	9	20,000,000	
AIE NO. B128220	10	6,900,000	
AIE NO.B122276	11	6,000,000	
AIE NO.B129182	12	7,000,000	
AIE NO.B126237	13	8,000,000	
AIE NO.B138945	14	12,000,000	
AIE NO.B105032	15	13,600,000	
AIE NO.B140675	16	15,000,000	
AIE NO.B 041153	1		4,000,000
AIE NO.B047787	2		16,000,000
AIE NO.B104107	3		10,000,000
AIE NO. B104423	4		10,000,000
AIE NO B096625	5		10,000,000
TOTAL		196,218,813	50,000,000

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment		
Receipts from sale of office and general equipment		
Receipts from the Sale Plant Machinery and Equipment		
Total		

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received		
Rents		
Receipts from sale of tender documents		
Hire of plant/equipment/facilities		
Unutilized funds from PMCs	7,771,095	1,500,000
Other Receipts Not Classified Elsewhere AIA		14,000
Total	7,771,095	1,514,000

4. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,453,024	1,793,578
Personal allowances paid as part of salary		
House Allowance	390,000	573,000
Transport Allowance	678,000	612,000
Leave allowance	50,000	50,000
Gratuity to contractual employees	226,083	1,011,238
Employer Contributions Compulsory national social security schemes	15,360	12,600
Staff Insurance	500,104	500,104
Total	4,312,571	4,552,520

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	2,491,000	2940,560
Utilities, supplies and services		150,000
Communication, supplies and services		9,450
Domestic travel and subsistence	200,000	
Printing, advertising and information supplies & services	393,356	291,520
Rentals of produced assets		
Training expenses	990,000	
Hospitality supplies and services	435,000	220,000
Insurance costs		
Specialized materials and services		
Office and general supplies and services	985,084	576,190
Other operating expenses	343,310	519,520
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
Office Rent	510,000	496,810
Bank Service commission and charges	31,500	
Total	6,379,250	5,204,050

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	60,987,500	2,300,000
Transfers to secondary schools (see attached list)	65,585,567	6,918,528
Transfers to tertiary institutions (see attached list)		
TOTAL	126,573,067	9,218,528

7. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	31,096,000	8,800,000
Bursary – tertiary institutions (see attached list)	18,872,230	
Bursary – special schools (see attached list)	1,200,000	
Mock & CAT (see attached list)	8,320,000	
Social Security programmes (NHIF)		12,000,000
Security projects (see attached list)		
Sports projects (see attached list)	4,462,392	
Environment projects (see attached list)	120,000	
Emergency projects (see attached list)		3,000,000
Total	64,070,622	23,800,000

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings		
Refurbishment of Buildings		
Purchase of Vehicles and Other Transport Equipment		
Overhaul of Vehicles and Other Transport Equipment		
Purchase of Household Furniture and Institutional Equipment		
Purchase of Office Furniture and General Equipment		
Purchase of ICT Equipment, Software and Other ICT Assets	830,000	
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	830,000	

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan		
ICT Hub	1,169,257	1,815,203
	1,169,257	1,815,203

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity Bank Ltd, Digo Road Branch Mombasa Account No.04602997599144</i>	42,208,016	41,552,873
Total	42,208,016	41,552,873
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (<i>specify</i>)		
Total		
<i>[Provide cash count certificates for each]</i>		

**MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1 st July (A)		
Retention held during the year (B)		
Retention paid during the Year (C)		
Closing Retention as at 30 th June D= A+B-C		

12B. GRATUITY

	2020-2021	2019-2020
	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		

[Provide short appropriate explanations as necessary]

MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	41,552,873	34,629,174
Cash in hand		
Imprest		
Total	41,552,873	34,629,174

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
TOTAL			

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2020-2021	2019-2020
	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		

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020– 2021	2019- 2019
	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 receivables D= A+B-C		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings		
Construction of civil works		
Supply of goods		
Supply of services		

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	861,847	441,739
Others (<i>specify</i>)		
	861,847	441,739

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	2,447,333	1,349,815
Use of goods and services	1,890,666	6,165,182
Amounts due to other Government entities (see attached list)	40,660,090	81,941,802
Amounts due to other grants and other transfers (see attached list)	39,298,605	101,432,355
Acquisition of assets		
Other payment		1,169,257
Funds pending approval		
Others (AIA)		81,000
	84,296,694	192,139,411

*MVITA Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	120,240,030	51,757,291
	120,240,030	51,757,291

**National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1. Mdudu Bakari	Project coordinator	April-2014	190,106	
2. Mohamed Hussen	IT	April -2014	156,702	
3. Stela Maghanga	Accounts Assistant	Feb -2016	259,192	
4. Everlyn Tatu	Clerical officer	Jan -2017	121,216	
5. Wahida Abdalla	secretary	Feb-2018	27,548	
6. Fadya Khalil	Clerk of works	April-2020	107,033	
Sub-Total				
Grand Total			861,797	

Mwita Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees	Payment of salaries, gratuity and medical cover	2,447,333	1,349,815	Gratuity to be paid after expiry of 3 years contract
Use of goods & services	Payment of committee monitoring allowance, interconstituency visit and paying of rent and office running expenses	1,890,066	6,165,182	
Amounts due to other Government entities				
Sparaki Primary	Construction of 4 no classrooms	6,000,000	10,000,000	
Ronald Ngala Primary	Finishes works for social wall and office	10,000,000	6,000,000	
Mwita Kmtc	Finishes of imaging pharmacy	6,000,000	6,000,000	
Central Girls Primary	Purchase of water purifier	1,800,000		
Sacred Heart Primary	Purchase of water purifier	1,800,000		
Mekatilili Wa Menza Girls	Construction of a modern school	14,822,301.27		
Kaloleni Kikowani	For renovation of school	737,788.33		
Sub-Total		41,160,089.60		
Amounts due to other grants and other transfers				
Emergency Bursary		7,198,241.38		
		28,547,661		
Sub-Total				
Acquisition of assets				
Sub-Total				
Others (specify)				
Sub-Total		81,243,390		

***Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021***

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Funds pending approval				
Grand Total				

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land				
Buildings and structures				
Transport equipment	176,320			176,320
Office equipment, furniture and fittings	556,148			556,148
ICT Equipment, Software and Other ICT Assets	1,482,910	830,000		2,312,910
Other Machinery and Equipment	135,000			135,000
Heritage and cultural assets				
Intangible assets				
Total	2,350,378			3,180,378

*Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021*

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2022

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Sparki Kitchen	Equity	0460278673191	1,100,000	1,818,000
Ronald Ngala Football Pitch	Equity	0460276219089	6,771,367.50	9,843,000
Sheikh Abdalla Alfarsy	equity	0460279966209	581,000	1,918,000
Ronald Ngala Social Hall	Gulf	025001	22,000	22,000
Khamis High School	Equity	0460278841673	261941	1,600,000
Makande Girls	Equity	0460278999072	4,774291	9,474,291
Star of the sea Primary	Equity	0460278999100	0	7,300,000
Mbeheni Bondeni Complex	Equity	0460269745194	481,500	10,000
Mekatili Wa menza Girls	Equity	0460	49,311,430	0
Khamis High School	Equity		1,800,000	0
Tudor Day Secondary School	Equity	0460279999425	225000	1,800,000
Mvita Primary School	Equity	0460277388194	20,000,000	7,500,000
Ganjoni Primary School	Equity		6,000,000	0
Kaloleni Kikowani	Equity		9,900,000	0
Mvita Primary	Equity		10,000,000	0
Sparki Primary	Equity		9,000,000	0
Allidina Visram	Equity		11,500	0
Mvita Stima			0	10,000,000

**National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
PMC				
Shariff Nassir Girls			0	220,000
Shariff nassir Lab			0	200,000
Tudor primary fish pond			0	12,000
Makande Primary fish pond			0	40,000
Total			120,240,030	51,757,291

**Mvita Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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)
	Misstatement on uses of Goods and services	The variance in goods and services has been reconciled as per attached schedule	Resolved	March - 2021
	Payments in cashbook not in bank statement Ksh 26,483,830	Payments amounting to Ksh 26,483,830.10 comprised amount of ksh 25,056,000 which are bursary while ksh 1,427,830 were cheques drawn for staff salaries respectively. The same have been reversed back to the cash book and the salary cheques have cleared in the bank statement as per attached reconciliation and bank statement.	Resolved	March- 2021
	Unposted drawn bursary cheques Ksh 25,056,000	The unposted cheques have been reversed in the cash book as per attached	Resolved	March- 2021
	Unsupported prior year adjustments- Ksh 1,500,000	Amount of ksh 1,500,000 were balance from prior year project management	Resolved	March-2021

**National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

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)
	Under absorption of disbursed fund allocation Ksh 41,552,873	committee which were reallocated to another project as per attached approval. At the closure of the financial year the Ng-Cdf Mvita had a closing balance of Ksh 41,552,873 and the funds was allocated to bursary but due to covid 19 pandemic the schools remained closed and the same was reallocated to other project as per attached minutes	Resolved	March-2021