

REPUBLIC OF KENYA



Enhancing Accountability

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REPORT

OF

THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPPEDE T AID

DATE: 09 NOV 2021

DAY:

ON

TUE

TABLED
BY:

Majority Whip
Hon. Wabwire

CLERK-AT
THE-TABLE:

B. Inzofu

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – CHANGAMWE CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2019



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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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

4

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019

TABLE OF CONTENT	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	1
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	4
III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES.....	6
IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY.....	7
V. STATEMENT OF RECEIPTS AND PAYMENTS.....	8
VI. STATEMENT OF ASSETS AND LIABILITIES.....	9
VII. STATEMENT OF CASH FLOW.....	10
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED.....	11
IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	12
X. SIGNIFICANT ACCOUNTING POLICIES.....	16
XI. NOTES TO THE FINANCIAL STATEMENTS.....	20
ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE.....	30
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES.....	31
ANNEX 3 - UNUTILIZED FUND.....	32
ANNEX 4 - SUMMARY OF FIXED ASSET REGISTER.....	33
ANNEX 5 - PMC BANK BALANCES AS AT 30 TH JUNE 2019.....	34
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	36

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

CHANGAMWE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

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.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	ABDULHAKIM ALI	FAM
2.	JULIUS TUEI	SUB-COUNTY ACC.
3.	KHALID KABANDA	Chair
4.	ALI HUSSEIN	Alternate signatory

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF CHANGAMWE Constituency Headquarters

P.O. Box 82742-80100
Fidelity bank Building
Off airport /Road/Highway
Mombasa, KENYA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHANGAMWE CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2019**

(f) NGCDF CHANGAMWE Constituency Contacts

Telephone: N/A
E-mail: cdfchangamwe.go.ke
Website: www.ngcdfchangamwe.go.ke

(g) NGCDF CHANGAMWE Constituency Bankers

1. Equity Bank
Changamwe branch
P O box 92222-80102
Mombasa, Kenya

(h) Independent Auditors

Auditor- General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 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.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Changamwe NGCDFC was allocated Kshs. 109,040,875.52 by the NG-CDF Board. Out of this amount, Kshs. 54,215,000.00 was disbursed to the constituency by the end of the financial year. In addition, funds relating to the previous financial years totalling Kshs. 146,137,931 were disbursed to the account during the financial year. The constituency also managed to raise Kshs. 97,300 from the sale of tender documents.

The NG-CDFC disbursed the funds to various PMCs upon receipt of the various AIEs and also undertook bursary disbursement in order to improve retention levels of needy students in various institutions of learning.

A key achievement that has been realised is the awarding of bursary to needy students in the constituency. We were able to sponsor needy students joining form one who had passed well in KCPE marks by paying their school fees for the whole year. We were also able to sponsor 103 students learning in our new Vocational Training Institute by giving them full sponsorship. Many projects have been done to completion and are in use. NG-CDFC members and PMCs have also been trained on the management of projects and correct tendering procedures embraced across the board.

However there have been emerging issues like increase in secondary school intake which calls for increase in secondary school expansion projects.

The constituency has faced several challenges like technical and bureaucracy issues influencing the implementation of NG-CDF Projects. There have been delays in disbursement of funds from Board level to constituency level. The constituency is also experiencing delays in Bill of Quantities preparation by Public works due to shortage of staff. We rely on works officer attached to the County government. The constituency faces land challenges due to shortage of land with ownership documents. Other issues affecting the project implementation process is the general attitude of the public who have not clearly understood the difference between national government roles and county devolved roles. The NGCDFC has undertaken civic education during Ward forums and also invited County officials during project proposals meetings to engage the community on county government roles.

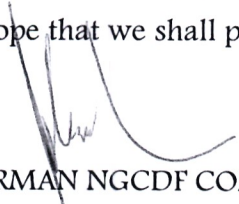
The NG-CDFC is however grateful that the constituency has undertaken many projects from

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

previous financial years which had delayed but we are hopeful that funds shall be disbursed by the NG-CDF Board in a timely manner to enable timely implementation of projects.

We hope that we shall perform better in the next financial year.

Sign



CHAIRMAN NGCDF COMMITTEE

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-CHANGAMWE 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, 2019. 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-CHANGAMWE Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-CHANGAMWE Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

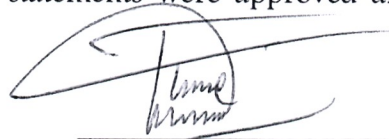
The Accounting Officer in charge of the NGCDF-CHANGAMWE Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the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

Approval of the financial statements

The NGCDF-CHANGAMWE Constituency financial statements were approved and signed by the Accounting Officer on 11/27 2019.



Fund Account Manager
Name: Abdulhakim Ali

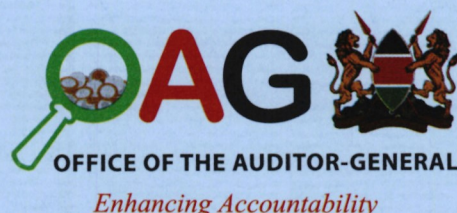


Sub-County Accountant
Name: Julius Tuei
ICPAK Member Number:20618

IV. REPORT OF THE INDEPENDENT AUDITORS ON THE ENTITY (OAG)

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - CHANGAMWE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Changamwe Constituency set out on pages 8 to 36, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Changamwe Constituency as at 30 June, 2019, 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

Unconfirmed Use of Goods and Services Expenditure

As previously reported, Note 5 to the financial statements for the year ended 30 June, 2019 reflects use of goods and services amount of Kshs.8,770,875. However, the opening balance of Kshs.944,390 in relation to committee expenses included payments of committee allowances for tender opening and evaluation amounting to Kshs.100,000 which related to the year 2016/2017 but were not captured as pending bills in the financial statements for the year 2016/2017.

In the circumstances the accuracy, and completeness of the opening balance of Kshs.944,390 could not be confirmed.

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

Budgetary Control and Performance

The Fund's revenue budget for the year under review was Kshs.265,402,740 against total actual receipts of Kshs.209,676,864, resulting to budget under funding of Kshs.55,725,876 or 21%.

Similarly, the Fund's overall budget expenditure for the year under review was Kshs.265,402,740 against total actual expenditure of Kshs.176,618,270, resulting to budget under absorption of Kshs.88,784,470 or 33%.

Further, the Fund had actual receipts of Kshs.209,676,864 but the actual expenditure during the year was Kshs.176,618,270, resulting to an under expenditure of Kshs.33,058,594. No explanation was provided for this under expenditure.

The underfunding and underutilization of the budget may have impacted negatively on delivery of goods and services to the citizens of Changamwe Constituency.

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 of Conclusion

1.0 Projects Implementation

1.1. Delayed Project Completion

The project status report as at 30 June, 2019 availed for audit review reflected four (4) projects with a total budget of Kshs.50,000,000 which were on-going as at 30 June, 2019 as summarized below:

No.	Financial Year	Project Name	Activity	Project Cost (Kshs)	Works Done	% of Completion	Observations
1	2017/2018	Airport Secondary School	Construction of 4 classrooms, laboratory, dormitory, office	34,500,000	Foundation and superstructure done	80	The flooring, painting, mechanical works, doors not completed.
2	2017/2018	Kipevu Chiefs Office	Construction of chiefs office, assistant chiefs office and boardroom	5,000,000	Foundation, walling done	50	Roof slab, plaster, painting, doors, windows not completed.
3	2018/2019	Changamwe Police Station	Construction of Office Block (OCPD, DCI, Gender offices)	5,500,000	Foundation and walling done	40	plastering, superstructure, windows, doors, mechanical works, electrical works still on-going
4	2018/2019	Ahmed Shame TTI	Construction of 350M perimeter wall	5,000,000	Foundation	20	walling and plastering on-going
	Total			50,000,000			

These projects were expected to be completed in the 2017/2018 and 2018/2019 financial years but were still on-going as at the time of the audit in the month of January, 2020. The slow pace of projects implementation negatively affects delivery of goods and service to the residents of Changamwe Constituency.

1.2. Projects Not Yet Started

The project status report as at 30 June, 2019 availed for audit review reflects sixteen (16) projects with a total budget of Kshs.64,592,863 which had not been started as detailed in **Appendix 1**.

This state of affairs is an indication of lack of proper planning and prioritization of citizens' needs in the budget making process. As such, service delivery to the residents of Changamwe Constituency and the intended purpose of the projects may not be realized.

1.3. Unsatisfactory Project Implementation

Audit inspection of seven (7) projects with a total allocation of Kshs.62,700,000 in the month of January, 2020 revealed unsatisfactory implementation issues as detailed in **Appendix 2**

Arising from the verification, it was noted that two (2) projects costing Kshs.39,500,000 started in the financial year 2017/2018 had stalled, while five (5) projects costing Kshs.23,200,000 were still on-going as at the time of the audit in January, 2020.

Failure to satisfactorily complete the projects in a timely manner is an indication of poor planning and implementation of approved projects. Delay in use of completed projects casts doubts on whether value for money will be realized on funds spent on the projects.

2.0 Unutilized Project Management Committee Bank Balances

Annex 5 to the financial statements reflect project management committee bank balances amounting to Kshs.100,537,386, out of which funds totaling to Kshs.12,350,122 were lying idle in the bank accounts of projects which were complete as detailed below:

Project Management Committee Unutilized Fund	Bank Balance as at 30 June, 2019 (Kshs.)
Airport Primary School Constituency Development Fund Project	10,399,582
Bomu Secondary School Project	24,540
Chaani Police Post	32,844
Chaani Secondary School	2,520
Changamwe Chiefs Office	630
Changamwe Chiefs Office Project	630
Changamwe NG-CDF Footbridge Project	39,055
Changamwe Primary School	90,673
Changamwe Secondary School	874,100
Environment Project	595,145
Floodlights NG-CDF Project Ac.	220
Magongo Soweto Road	665
Mikadini Primary	10,265
Mlolongo Water	6,224
Mwijabu Primary	1,395
Mwijabu Secondary School	18,996
Portreitz Primary School	249,780
Portreitz School for the Physically Handicapped	1,828
St Lwanga Full Primary School	3,770
Total	12,350,122

Failure to return unutilized funds to the constituency account is contrary to Section 12(8) of National Government Constituencies Development Fund Act, 2015.

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

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

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

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

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

01 October, 2021

Appendix 1

Projects Not Yet Started

No.	Financial Year	Project Name	Activity	Expected Completion date	Project Cost (Kshs)
1	2017/2018	Environmental Activities	Purchase and planting of certified tree seedlings in the constituency	30 June, 2018	500,000
2	2017/2018	Constituency Sports Tournament	Carry out Constituency Sports tournament and the winning teams/schools to be awarded with trophies, balls, and games kits	30 June, 2018	1,736,206
3	2017/2018	Kalahari Stairs	Construction of gabions	30 June, 2018	1,450,000
4	2017/2018	Mwingo Primary School (proposed)	Construction of modern toilet block	30 June, 2018	1,405,733
5	2017/2018	School Desks (Primary)	Supply of school desks to primary schools(Bomu, Chaani, Mwijabu, St. Lwanga primary schools)	30 June, 2018	1,500,000
6	2017/2018	Changamwe Girls Sec. School	Construction of three classrooms with storeyed foundation	30 June, 2018	7,500,000
7	2017/2018	Changamwe Police Station	Painting of the Police Station storeyed building	30 June, 2018	500,000
8	2017/2018	Constituency Innovation Hubs Project	Establishment of Constituency Innovation Hubs in partnership with Telkom Kenya.	30 June, 2018	4,677,027
9	2017/2018	Strategic Plan	Review of Strategic Plan	30 June, 2018	500,000
10	2018/2019	Constituency Sports.	Construction of basketball court at Umoja Primary School	30 June, 2019	2,180,818
11	2018/2019	Changamwe Primary School	Construction of 200M perimeter wall	30 June, 2019	3,000,000
12	2018/2019	Mwijabu Primary School	Renovations of 14no. Classrooms & 16 no. door toilet (replacing windows and doors, painting, flooring, electrical works, roofing)	30 June, 2019	9,000,000
13	2018/2019	Bomu Secondary School	Construction of Administration Block with storey foundation	30 June, 2019	6,643,079
14	2018/2019	Airport Secondary School	Extension of Dormitory (walling, roofing, windows, doors, painting, electrical and mechanical works	30 June, 2019	6,000,000
15	2018/2019	Changamwe Secondary School	Renovation of 8no. Classrooms (removal of	30 June, 2019	3,000,000

No.	Financial Year	Project Name	Activity	Expected Completion date	Project Cost (Kshs)
			asbestos, re-roofing and painting)		
16	2018/2019	NG-CDFC Office	Construction of 1st floor (walling, partitions, plastering, mechanical and electrical works, painting, slab	30 June, 2019	15,000,000
	Total				64,592,863

Appendix 2

Project Implemented Unsuccessfully

No.	Financial Year	Project Name	Activity	Project Cost (Kshs)	Works done	% of Completion	Observation
1	2017/2018	Airport Secondary School	Construction of 4 classrooms, laboratory, dormitory, office	34,500,000	foundation and superstructure done	80	Flooring, painting, mechanical works, doors. The project has stalled.
2	2017/2018	Kipevu Chiefs Office	Construction of chiefs office, assistant chiefs office and boardroom	5,000,000	Foundation, walling done	50	Project incomplete, Roof slab, plaster, painting, doors, windows not done. The project has stalled.
3	2017/2018	Umoja Primary School	Renovations of 12 classrooms	6,200,000	removal of asbestos, re-roofing, windows, doors, painting, flooring	100	Project complete but not in use
4	2018/2019	Changamwe Police Station	Construction of Office Block (OCPD, DCI, Gender offices)	5,500,000	Foundation and walling done	40	Plastering, superstructure, windows, doors, mechanical works, electrical works not completed. The project is still on-going.
5	2018/2019	Ahmed Shahame TTI	Construction Of 350M Perimeter Wall	5,000,000	Foundation	20	Walling and plastering not done. The project is still on-going waiting for further funding to get completed.
6	2018/2018	Kipevu Primary School	Renovations of 3 classrooms	2,000,000	removal of asbestos, re-roofing, windows, doors, painting, flooring	100	work complete and not in use
7	2017/2018	Kahoka Primary school	Construction of perimeter wall	4,500,000	Foundation, walling, plastering	100	Project complete and not in use
		Total		62,700,000			

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

CHANGAMWE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

V. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018 - 2019 Kshs	2017 - 2018 Kshs
RECEIPTS			
Transfers from NGCDF board	1	200,352,931	42,353,448
Proceeds from Sale of Assets	2	—	—
Other Receipts	3	<u>97,300</u>	<u>20,000</u>
TOTAL RECEIPTS		200,450,231	42,373,448
PAYMENTS			
Compensation of employees	4	2,376,231	3,636,172
Use of goods and services	5	8,770,875	4,013,369
Transfers to Other Government Units	6	71,557,754	35,078,055
Other grants and transfers	7	81,825,479	37,296,378
Acquisition of Assets	8	10,637,931	—
Other Payments	9	<u>1,450,000</u>	—
TOTAL PAYMENTS		176,618,270	80,023,974
SURPLUS/(DEFICIT)		<u>23,831,961</u>	<u>(37,650,526)</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHANGAMWE Constituency financial statements were approved on 14/7/2019 2019 and signed by:



Fund Account Manager
Name: Abdulhakim Ali



Sub-County Accountant
Name: Julius Tuei
ICPAK Member Number:20618

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHANGAMWE CONSTITUENCY**

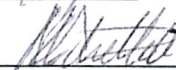
Reports and Financial Statements

For the year ended June 30, 2019

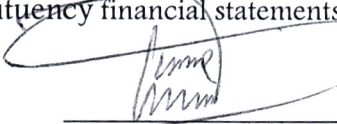
VI. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	33,058,594	9,156,633
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		33,058,594	9,156,633
Current Receivables			
Outstanding Imprests	11	-	70,000
TOTAL FINANCIAL ASSETS		33,058,594	9,226,633
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Gratuity	12B	-	-
TOTAL FINANCIAL LIABILITES		=	=
NET FINANCIAL ASSETS		33,058,594	9,226,633
REPRESENTED BY			
Fund balance b/fwd	13	9,226,633	46,877,159
Surplus/Deficit for the year		23,831,961	(37,650,526)
Prior year adjustments	14		
NET FINANCIAL POSITION		33,058,594	9,226,633

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHANGAMWE Constituency financial statements were approved on 10/07/2019 2019 and signed by:



Fund Account Manager
Name: Abdulhakim Ali

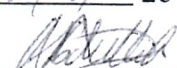


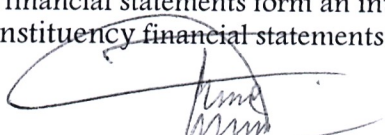
Sub-County Accountant
Name: Julius Twei
ICPAK Member Number:20618

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**CHANGAMWE CONSTITUENCY****Reports and Financial Statements****For the year ended June 30, 2019****VII. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2019**

CASH FLOWS FROM OPERATING ACTIVITIES		2018 - 2019	2017 - 2018
Receipts			
Transfers from NGCDF Board	1	200,352,931	42,353,448
Other Receipts	3	<u>97,300</u>	<u>20,000</u>
Total receipts		200,450,231	42,373,448
Payments			
Compensation of Employees	4	2,376,231	3,636,172
Use of goods and services	5	8,770,875	4,013,369
Transfers to Other Government Units	6	71,557,754	35,078,055
Other grants and transfers	7	81,825,479	37,296,378
Other Payments	9	1,450,000	-
Total payments		165,980,339	80,023,974
Total Receipts Less Total Payments		34,469,892	(37,650,526)
Adjusted for:			
Outstanding imprest	11	-	-
Retention Payable	12A	-	-
Gratuity Payable	12B	-	-
Prior year adjustments	14	-	-
Net Adjustments		-	
Net cash flow from operating activities		34,469,892	(37,650,526)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	10,637,931	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		23,831,961	(37,650,526)
Cash and cash equivalent at BEGINNING of the year	13	9,226,633	46,877,159
Cash and cash equivalent at END of the year		<u>33,058,594</u>	<u>9,226,633</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHANGAMWE Constituency financial statements were approved on 14/7/2019 2019 and signed by:


 Fund Account Manager
 Name: Abdulhakim Ali


 Sub-County Accountant
 Name: Julius Tuei
 ICPAK Member Number:2018

REPORTS AND FINANCIAL STATEMENTS OF THE NGCDF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

REPORTS AND FINANCIAL STATEMENTS
For the year ended June 30, 2019

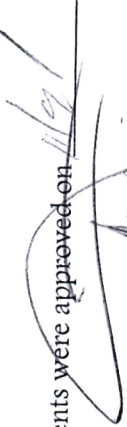
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE 2019

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	109,040,876	156,264,564	265,305,440	209,579,564	55,725,876	79%
Proceeds from Sale of Assets						
Other Receipts (AIA)		97,300	97,300	97,300		100%
TOTAL RECEIPT	109,040,876	156,361,864	265,402,740	209,676,864	55,725,876	
PAYMENTS						
Compensation of Employees	2,494,637	1,177,378	3,672,015	2,376,231	1,295,784	64.7%
Use of goods and services	7,319,043	8,316,534	15,635,577	8,770,875	6,864,702	56.1%
Transfers to Other Government Units	32,643,079	65,554,783	98,197,862	71,557,754	26,640,108	72.9%
Other grants and transfers	51,584,117	62,888,527	114,472,645	81,825,479	32,647,166	71.5%
Acquisition of Assets	15,000,000	12,087,315	27,087,315	10,637,931	16,449,384	39.3%
Other Payments		6,127,027	6,127,027	1,450,000	4,677,027	
Unallocated funds		210,300	210,300		210,300	
TOTALS	109,040,876	156,361,864	265,402,740	176,618,270	88,784,470	66.5%

The NGCDF-CHANGAMWE Constituency financial statements were approved on 14/6/2019 2019 and signed by:



Fund Account Manager
Name: Abdulhakim Ali



Sub-County Accountant
Name: Julius Tuei
ICPAK Member Number: 20618

Reports and Financial Statements
For the year ended June 30, 2019

IX. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 JUNE 2019

Programme/Sub-programme	Original Budget 2018/2019		Adjustments		Final Budget 2018/2019		Actual on comparable basis 30/06/2019		Budget utilization difference
	Kshs		Kshs		Kshs		Kshs		
1.0 Administration and Recurrent									
1.1 Compensation of employees	2,259,437.00		1,100,000.00		3,359,437.00		2,266,831.00		1,092,606.00
1.2 Committee allowances	800,000.00		1,338,200.00		2,138,200.00		1,446,100.00		692,100.00
1.3 Use of goods and services	3,247,817.00		3,383,972.00		6,631,788.00		2,838,075.00		3,793,713.00
1.4 NSSF	168,000.00		12,000.00		180,000.00		36,400.00		143,600.00
1.5 NHIF	67,200.00		65,378.00		132,578.00		73,000.00		59,578.00
subtotal	6,542,543.00		5,899,550.00		12,442,003.00		6,660,406.00		5,781,597.00
2.0 Monitoring and evaluation									
2.1 Capacity building	1,000,000.00		903,852.00		1,903,852.00		1,131,000.00		772,852.00
2.2 Committee allowances	2,000,000.00		1,872,200.00		3,872,200.00		3,355,700.00		516,500.00
2.3 Use of goods and services	271,226.00		304,310.00		575,536.00		575,536.00		575,536.00
subtotal	3,271,226.00		3,080,362.00		6,351,588.00		4,486,700.00		1,864,888.00
3.0 Emergency	5,738,993.00				5,738,993.00				5,738,993.00
3.1 Primary Schools			2,175,000		2,175,000.00		2,175,000.00		
3.2 Secondary schools			4,777,021.00		4,777,021.00		4,777,021.00		
3.3 Tertiary institutions									
3.4 Security projects			1,800,000.00		1,800,000.00		1,800,000.00		
3.5 other projects							1,100,000.00		-1,100,000.00
subtotal	5,738,993.00		8,752,021.00		14,491,015.00		9,852,021.00		4,638,993.00
4.0 Bursary and Social Security									
4.1 Primary Schools									
4.2 Secondary Schools	12,064,306.00		10,368,198.00		22,432,504.00		27,651,501.00		-5,218,997.00
4.3 Tertiary Institutions	17,000,000.00		22,605,758.00		39,605,758.00		34,826,070.00		4,779,688.00

Reports and Financial Statements
For the year ended June 30, 2019

Programme/Sub-programme	Original Budget 2018/2019	Adjustments	Final Budget 2018/2019	Actual on comparable basis 30/06/2019	Budget utilization difference
4.4 special school	1,000,000.00	1,000,000.00	2,000,000.00	319,000.00	1,681,000.00
4.5 Social Security	8,100,000.00	8,189,655.00	16,289,655.00		16,289,655.00
subtotal	38,164,306.00	42,163,611.00	80,327,917.00	62,796,571.00	17,531,346.00
5.0 Sports					
5.1 Constituency sports	2,180,818.00	412,702.00	2,593,520.00	412,702.00	2,180,818.00
5.2 Changamwe Tournament		1,736,206.00	1,736,206.00	1,736,206.00	0.00
5.3 subtotal	2,180,818.00	2,148,908.00	4,329,726.00	2,148,908.00	2,180,818.00
6.0 Environment					
6.1 Environment project		500,000.00	500,000.00	500,000.00	0.00
6.2 Environment project		90,102.00	90,102.00		90,102.00
6.3 Environment project		105,190.00	105,190.00		105,190.00
Sub-Total		695,292.00	695,292.00	500,000.00	195,292.00
7.0 Primary Schools Projects (List all the Projects)					
7.1 Mwijabu primary school	9,000,000.00		9,000,000.00		9,000,000.00
7.2 Changamwe primary school	3,000,000.00		3,000,000.00		3,000,000.00
7.3 St.lwanga primary school		5,000,000.00	5,000,000.00	5,000,000.00	0.00
7.4 Magongo primary school		5,000,000.00	5,000,000.00	5,000,000.00	0.00
7.5 St.lwanga primary school		800,000.00	800,000.00	800,000.00	0.00
7.6 Kipevu primary school		2,000,000.00	2,000,000.00	2,000,000.00	0.00
7.7 Primary school desk		1,500,000.00	1,500,000.00	1,500,000.00	0.00
7.8 Kwahola primary school		4,500,000.00	4,500,000.00	4,500,000.00	0.00
7.9 Gome primary school		1,200,000.00	1,200,000.00	1,200,000.00	0.00
7.10 Umoja primary		6,200,000.00	6,200,000.00	6,200,000.00	0.00
7.11 Mwingo primary		400,000.00	400,000.00		400,000.00
7.12 Bomu primary		500,000.00	500,000.00		500,000.00
7.13 Umoja primary		500,000.00	500,000.00	500,000.00	0.00

REPORTS AND FINANCIAL STATEMENTS OF LOCAL GOVERNMENTS DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY

Reports and Financial Statements
For the year ended June 30, 2019

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2018/2019		2018/2019		
7.14 Mwingo primary		7,500,000.00	7,500,000.00	7,500,000.00	0.00
7.15 Mwingo primary		1,405,733.00	1,405,733.00	1,405,733.00	0.00
Sub-Total	12,000,000.00	36,505,733.00	48,505,733.00	35,605,733.00	12,900,000.00
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Changamwe secondary school	3,000,000.00		3,000,000.00		3,000,000.00
8.2 Changamwe secondary school					
8.3 Bomu secondary school	6,643,079.00		6,643,079.00		6,643,079.00
8.4 School desks secondary school		1,500,000.00	1,500,000.00	1,500,000.00	0.00
8.5 Changamwe girls secondary school		7,500,000.00	7,500,000.00	7,500,000.00	0.00
8.6 Airport secondary school	6,000,000.00	20,000,000.00	26,000,000.00	20,000,000.00	6,000,000.00
8.7 Hamisi high		49,050.00	49,050.00		49,050.00
Sub-Total	15,643,079.00	29,049,050.00	44,692,129.00	29,000,000.00	15,692,129.00
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 AHMED SHAHAME MWIDANI	5,000,000.00		5,000,000.00		5,000,000.00
Sub-Total	5,000,000.00		5,000,000.00		5,000,000.00
10.0 Security Projects					
10.1 Changamwe police station	5,500,000.00		5,500,000.00	4,480,000.00	1,020,000.00
10.2 Kipevu chief's office		5,000,000.00	5,500,000.00	5,000,000.00	0.00
10.3 Airport Chief's office		2,500,000.00	2,500,000.00	2,500,000.00	0.00
10.4 Changamwe police station		500,000.00	500,000.00	500,000.00	0.00
10.5 DO Office Changamwe		22,000.00	22,000.00		22,000
10.6 Changamwe police station		1,000,000.00	1,000,000.00	1,000,000.00	0.00
subtotal	5,500,000.00	9,022,000.00	14,522,000.00	13,480,000.00	1,042,000.00
11.0 Acquisition of assets					

REPORTS AND FINANCIAL STATEMENTS OF THE NATIONAL TREASURY
Reports and Financial Statements
For the year ended June 30, 2019

CHANGAMWE CONSTITUENCY (NGCDF) FUND

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on	Budget utilization difference
	2018/2019		2018/2019	comparable basis 30/06/2019	
11.1 Motor Vehicles (including motorbikes)		1,449,384.00	1449384.00		1,449,384.00
11.2 Construction of CDF office	15,000,000.00	10,637,931.00	25,637931.00	10,637,931.00	15,000,000.00
11.3 Purchase of furniture and equipment					
11.4 Purchase of computers					
11.5 Purchase of land					
Sub- Total	15,000,000.00	12,087,315.00	27,087,315.00	10,637,931.00	16,449,384.00
12.0 Others					
12.1 Strategic Plan		514,000.00	514,000.00		514,000.00
12.2 Iet hub		4,677,027.00	4,677,027.00		4,677,027.00
12.3Kalahari Stairs		1,450,000.00	1,450,000.00	1,450,000.00	0.00
Sub-total		6,641,027.00	6,641,027.00	1,450,000.00	5,191,027.00
12.4 Magongo Soweto		86,695.00	86,695.00		
Sub - Total		86,695.00	86,695.00		86,695.00
Water					
12.5 Borehole		20,000.00	20,000.00		20,000.00
Sub - Total		20,000.00	20,000.00		20,000.00
AIE					
Unallocated funds		210,300.00	210,300.00		210,300.00
Sub - Total		210,300.00	210,300.00		210,300.00
GRAND TOTAL	1,09,040,876	156,361,864	265,402,740	176,618,270	88,784,470

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

X.SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES (Contd)

External Assistance

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

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

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

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably

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

Reports and Financial Statements

For the year ended June 30, 2019

determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES (Contd)

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law.

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 2018.

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

XI. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description			2018-2019	2017-2018
	Date		Kshs	Kshs
NGCDF Board				
AIE NO B005326	28/8/2018	1	43,594,827	
AIE NO B005141	21/2/2019	2	40,948,276	
AIE NO B030015	31/1/2019	3	12,500,000	
AIE NO B030230	31/1/2019	4	10,000,000	
AIE NO B030336	18/3/2019	5	49,094,828	
AIE NO A699030	18/3/2019	6	14,215,000	
AIE NO B042988	30/4/2019	7	30,000,000	
AIE NO A839745	15/2/2018			36,853,448
AIE NO A855780	26/1/2018			5,500,000
TOTAL			200,352,931	42,353,448

2. PROCEEDS FROM SALE OF ASSETS

	2018-2019	2017-2018
	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	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

3. OTHER RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	97,300	20,000
Other Receipts Not Classified Elsewhere	-	-
Total	97,300	20,000

4. COMPENSATION OF EMPLOYEES

	2018-2019	2017-2018
	Kshs	Kshs
Basic wages of contractual employees	1,578,031	1,999,722
Basic wages of casual labour	0	0
Personal allowances paid as part of salary		
House allowance	325,000	67,000
Transport allowance	273,000	51,000
Leave allowance		0
Gratuity – paid	0	1,461,650
- accrued	0	0
Other personnel payments	182,000	34,000
Employer contribution to nssf	18,200	22,800
Total	2,376,231	3,636,172

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 CHANGAMWE CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

5. USE OF GOODS AND SERVICES

	2018-2019	2017-2018
	Kshs	Kshs
Committee Expenses	1,380,600	944,390
Utilities, supplies and services	68,148	38,896
Communication, supplies and services	109,180	50,452
Domestic travel and subsistence	334,000	71,400
Printing, advertising and information supplies & services	25,110	75,000
Rentals of produced assets	146,710	130,000
Training expenses	1,131,000	857,890
Hospitality supplies and services	37,200	42,000
Other committee expenses	3,355,700	1,208,000
Bank service commission and charges	21,365	111,173
Office and general supplies and services	591,656	48,143
Fuel, oil & lubricant	131,500	39,000
Routine maintenance – vehicles and other transport equipment	24,906	20,340
Routine maintenance – other assets	16,000	11,000
Office rent	1,360,000	0
electricity	37,800	11,465
Insurance cost		354,220
Total	8,770,875	4,013,369

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	37,780,733	30,578,055
Transfers to secondary schools (see attached list)	33,777,021	4,500,000
Transfers to tertiary institutions (see attached list)	0	0
Transfers to health institutions (see attached list)	0	0
TOTAL	71,557,754	35,078,055

7. OTHER GRANTS AND OTHER PAYMENTS

	2018-2019 Kshs	2017-2018 Kshs
Bursary – secondary schools (see attached list)	27,651,501	9,940,000
Bursary – tertiary institutions (see attached list)	34,826,070	9,178,000
Bursary – special schools (see attached list)	319,000	0
Mock & CAT (see attached list)	0	0
Security projects (see attached list)	15,280,000	6,500,000
Sports projects (see attached list)	2,148,908	1,637,930
Environment projects (see attached list)	500,000	1,965,415
Emergency projects (see attached list)	1,100,000	2,294,828
water	0	5,400,000
electricity	0	380,205
Total	81,825,479	37,296,378

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

Reports and Financial Statements

For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>	2018-2019	2017-2018
	Kshs	Kshs
Purchase of Buildings	0	0
Construction of Buildings	10,637,931	0
Refurbishment of Buildings	0	0
Purchase of Vehicles and Other Transport Equipment	0	0
Overhaul of Vehicles and Other Transport Equipment	0	0
Purchase of Household Furniture and Institutional Equipment	0	0
Purchase of Office Furniture and General Equipment	0	0
Purchase of ICT Equipment, Software and Other ICT Assets	0	0
Purchase of Specialised Plant, Equipment and Machinery	0	0
Rehabilitation and Renovation of Plant, Machinery and Equip.	0	0
Acquisition of Land	0	0
Acquisition of Intangible Assets	0	0
Total	10,637,931	0

9. OTHER PAYMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Strategic plan	0	0
ICT Hub	0	0
Kalahari stairs	1,450,000	0
	1,450,000	0

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
 CHANGAMWE CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2018-2019	2017-2018
	Kshs	Kshs
<i>Equity, 1200260404078.</i>	33,058,594	9,156,633
Total	33,058,594	9,156,633
10B: CASH IN HAND		
Location 1	0	0
Location 2	0	0
Location 3	0	0
Other Locations (<i>specify</i>)	0	0
Total	0	0
<i>[Provide cash count certificates for each]</i>		

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019 (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
<i>Name of Officer or Institution</i>	dd/mm/yy	0	0	0
Total				0

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

12A. RETENTION

	2018 - 2019	2017-2018
	Kshs	Kshs
Supplier 1	0	0
Supplier 2	0	0
Supplier 3	0	0
Total	00	00

[Provide short appropriate explanations as necessary]

12B. STAFF GRATUITY OUTSTANDING

	2018 - 2019	2017-2018
	Kshs	Kshs
Name 1	0	0
Name 2	0	0
Name 3	0	0
Add as appropriate		
Total	00	00

[Provide short appropriate explanations as necessary]

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –

CHANGAMWE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2019

13. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	9,156,633	46,877,159
Cash in hand	0	0
Imprest	70,000	0
Total	9,226,633	46,877,159

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	0	0
Cash in hand	0	0
Imprest	0	0
Total	00	00

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019	2017-2018
	Kshs	Kshs
Construction of buildings	0	0
Construction of civil works	0	0
Supply of goods	0	0
Supply of services	1,660,000	2,365,000
	<u>1,660,000</u>	<u>2,365,000</u>

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
NGCDFC Staff	0	0
Others (<i>specify</i>)	0	155,261
	<u>00</u>	<u>155,261</u>

15.3: UNUTILIZED FUND (See Annex 3)

	Kshs	Kshs
Compensation of employees	1,295,784	187,229
Use of goods and services	6,864,702	4,753,561
Amounts due to other Government entities (see attached list)	26,640,108	48,824,966
Amounts due to other grants and other transfers (see attached list)	32,647,166	38,951,091
Acquisition of assets	16,449,384	10,637,931
Others (<i>ICT HUB</i>)	4,677,027	4,677,027
Unallocated fund(aia)	210,300	11,379,310
	<u>88,784,471</u>	<u>119,411,115</u>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2018-2019	2017-2018
	Kshs	Kshs
PMC account Balances (see attached list)	100,537,386	63,365,447.96
	100,537,386	63,365,447.96

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2019	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. Office rent	3,020,000	2013	1,360,000	1,660,000	The management is paying the rent liability in phases since the administration funds is not enough to pay in full
11.					
12.					
Sub-Total					
Grand Total					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2018/2019	Outstanding Balance 2017/2018	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
Middle Management							
	Sub-Total						
4.							
5.							
6.							
Unionisable Employees							
	Sub-Total						
7.							
8.							
9.							
Others (specify)							
	Sub-Total						
10.						155,261	
11.							
12.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/18	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	0			0
Buildings and structures	0	10,637,931		10,637,931
Transport equipment	5,250,616			5,250,616
Office equipment, furniture and fittings	556,148			556,148
ICT Equipment, Software and Other ICT Assets	355,510			355,510
Other Machinery and Equipment	135,000			135,000
Heritage and cultural assets	0			0
Intangible assets	0			0
Total	6,297,274	10,637,931		16,935,205

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2019

PMC	Bank	Account number	Bank Balance 2018-19	Bank Balance 2017-18
Changamwe Ng-Cdf Sports	Equity	1200270982125	1,886,329.00	1,675,041.00
Mikadini Primary	Equity	1200266908696	10264.90	10,444.90
Gome Primary	Equity	1200269370984	1,325,336	2,527,134.90
Kwahola Primary School	Equity	1200266821577	4,441,814.90	476,474.90
Portreitz school for the physically handicapped	Equity	1200266876422	1,827.90	139,902.90
St Lwanga Primary School	Equity	1200266876167	1,040,641.00	480.00
Kwa Omar Madunyo Road	Equity	1200266825492	2,999,436.20	2,999,436.20
Magongo Soweto road	Equity	1200263612956	665.00	4,286,678.00
Bomu primary school cdf project	Equity	1200262576094	1,389,454.77	439,325.37
Changamwe primary school	Equity	1200299363474	90,673.00	90,673.00
Mwijabu primary	Equity	1200262553498	1,395.00	1,395.00
Portreitz primary school	Equity	1200262544690	249,780.00	249,780.00
St Lwanga full primary school	Equity	1200262556674	3,770.00	3,770.00
Umoja primary school	Equity	1200299367342	6,323,722.00	3,740,792.00
Portreitz district hospital	Equity	1200262183698	4,412,026.50	4,482,899.00
Chaani Secondary School	Equity	1200262741593	2,520.00	349,815.00
environment project	Equity	1200273294142	595,144.70	301,444.70
Mlolongo water	Equity	1200273125179	6,224.10	3,282,135.00
Chaani police post	Equity	1200273215909	32,844.00	1,407,325.00
Changamwe Chiefs Office Project	Equity	1200272803837	630.00	1,994,130.90
Magongo primary school	Equity	1200266849982	260,208.30	3,990,714.80
Kipevu primary school	Equity	1200299291539	2,150,286.54	2,051,672.54
St. Charles Lwanga secondary school cdf project ac.	Equity	1200262754244	1,213,299.10	
Changamwe chiefs office	Equity	1200272803837	630.00	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

Changamwe ng-cdf office project	Equity	1200277786196	10,477,094.50	
Changamwe Ng-cdf Footbridge Project	Equity	1200271580382	39,055.00	
Airport Chief's Office Project	Equity	1200278570840	2,499,486.75	
Secondary School Desk Project	Equity	1200277748003	1,876,520.00	
Changamwe Police Station	Equity	1200272845755	6,386,819.00	2,900,000.00
Schoo Desk Project	Equity	1200270613448	2,475,975.00	
Kagera, Changamwe, Hodi and Kalahari projects	Equity	1200274229592	1,751,565.10	
Floodlights Ng-cdf Project Ac.	Equity	1200276627996	220.00	
Kipevu Chief's Office	Equity	1200273112273	4,939,947.50	
Mwijabu Secondary School	Equity	1200260621108	18,996.10	
Bomu Secondary Cdf	Equity	1200278643958	7,842,566.32	
Changamwe Secondary School	Equity	1200298187384	874,100.00	1,064,400.00
Bomu Secondary School	Equity	1200278643958	7,842,566.32	
AS Mwidani Pmc Account	Equity	1200278983143	5,000,000.00	
Airport Chiefs Office		1200278570840	2,499,486.75	
Airport Primary School CDF project	Co-operative	01141619394600	10,399,582	10,399,582.90
Bomu Secondary School Project	Co-operative	01141619355800	24,540	24,540
Airport Secondary School CDF Project	Co-operative	01141619394600	34,174,314.95	14,499,999.95
TOTAL			100,537,386	63,365,447.96

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – CHANGAMWE CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2019 (Kshs)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Receipt in bank statement not recorded in cashbook of 31,500	This included cash deposit of 29,000 from sale of tender which had not yet been and bursary cheque of 2500 which was debited then credited.	FAM	Not resolved	
	Stale cheque bank reconciliation statements reflects stale cheque ksh 185,361 that has not been written back to cashbook	The stale cheques were reversed and issued to new beneficiaries on January 2019	FAM	Not resolved	
	Bank reconciliation statement reflect banks charges of 76,600 that were treated as reconciling item instead of being expensed in the year	The bank charges have been approved and discharged on account.	FAM	Not resolved	
	Overcasting in cashbook. Bank reconciliation statements reflects an overcast in cashbook of 22500 which was used as reconciling item	This was as a result of a wrong sub-total payment in the cashbook which was later corrected.	FAM	Not resolved	