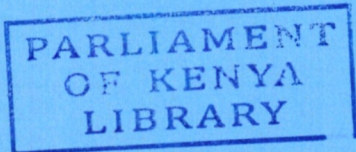


REPUBLIC OF KENYA



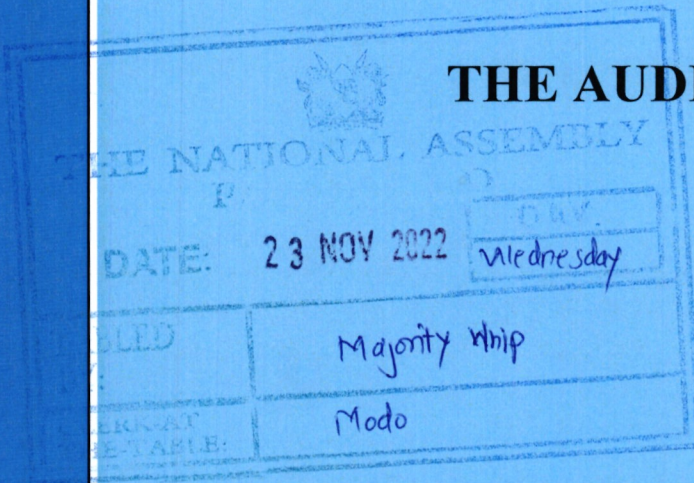
Enhancing Accountability

REPORT



OF

THE AUDITOR-GENERAL



ON

**NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND -
EMBAKASI WEST CONSTITUENCY**

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



EMBAKASI WEST 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)

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

The Embakasi West 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	Alfred N. Mwangi
2.	Sub-County Accountant	Dennis Mathenge
3.	Chairman NGCDFC	Benson Kabucho
4.	Member NGCDFC	Douglas Mbogo

(d) Fiduciary Oversight Arrangements

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

(e) Embakasi West Constituency NGCDF Headquarters

P.O. Box 38639-00100
Mfindwa Road Umoja 1
Nairobi, KENYA

*Embakasi West Constituency
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(f) Embakasi West Constituency NGCDF Contacts

Telephone: (254) 702 770935
E-mail: cdfembakasiwest@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) Embakasi West Constituency NGCDF Bankers

Equity Bank Limited
Embakasi West National Government Constituency Development Fund (NG-CDF)
Account NO: 0950261868298
Branch: Buruburu
P.o Box 75104
Nairobi

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC CHAIRMAN'S REPORT



BENSON N. KABUCHO
Chairman Embakasi West
NG-CDF

Guided by the vision of Embakasi West Constituency, which is to utilize available resources in a transparent and accountable way to attain a vibrant economy throughout the entire constituency has led to the following key achievements through the NGCDF funds:

1. **The Embakasi West NGCDF Five Year Strategic Plan (2018-2023) has continued to be implemented in a well-organized and coordinated manner, which follows clearly set performance indicators and time frame, under each of the eight strategic priorities namely: education, environment, health, water, security, vulnerable groups, equity and poverty elimination, and ICT.**
2. **Access to quality and equal opportunity in education by giving bursaries to the less fortunate children both in secondary and university level.**
3. **School drop outs are given the opportunity to undertake short courses such as driving, hairdressing, cookery, computer studies and sign language training.**
4. **Empowering vulnerable groups such as people living with disability (PWDs) skill training through short courses as well as creation of secure places for their business.**
5. **To improve security for the well-being of community members, the NGCDF has built police posts and an Administration Police camp with all the necessary amenities.**

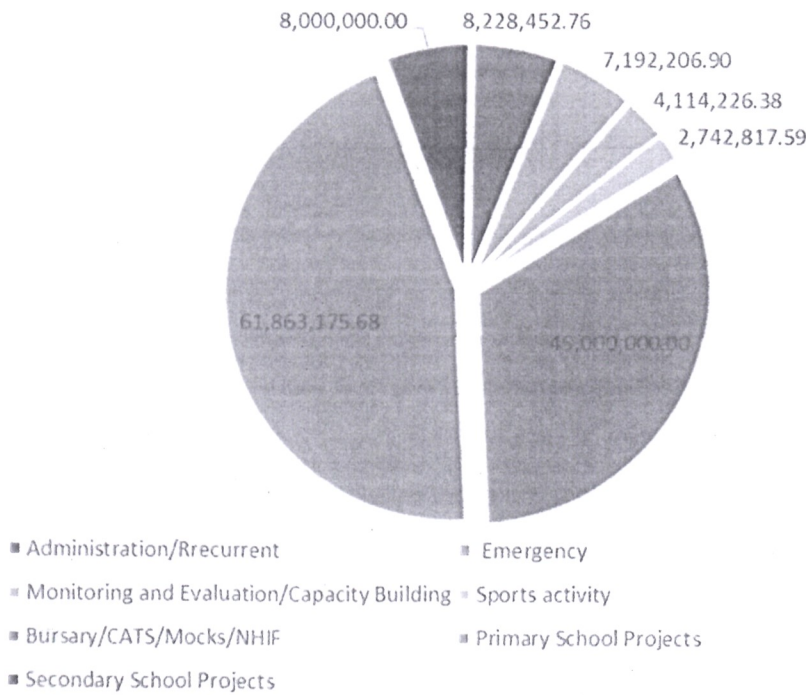
Our greatest aspiration as a committee for the next five years is to work towards building a vibrant, safe and prosperous community. The plans set a clear and visible direction for the constituency. The challenge for us all now lies in continuing to work together to ensure that these goals are achieved and we should account for the results

Budget.

Embakasi West Constituency was allocated Ksh. 137,088,879.31 for the financial year 2020/2021 and Ksh. 52,000.00 as appropriation in Aid for sale of tender, which was all approved.

**Embakasi West Constituency
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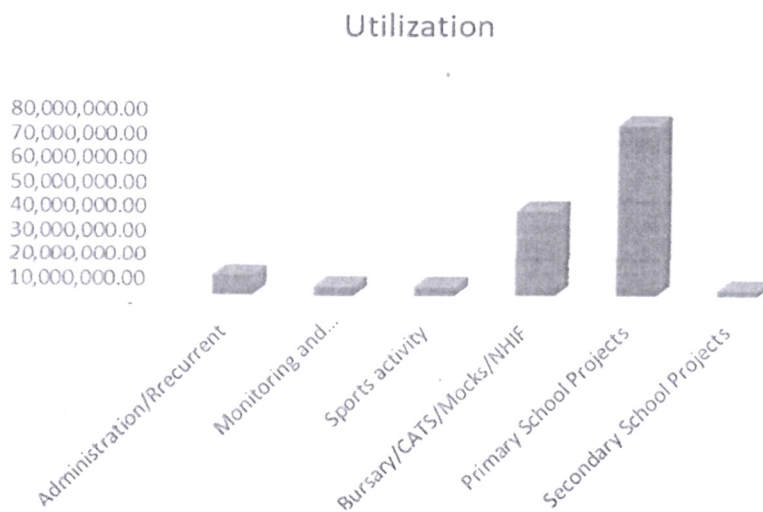
BUDGET



In the 2020/2021 Financial year Embakasi west NG-CDF received a total of Kshs 159,094,584.87 which include Kshs. 43,378,595.50 relating to previous years, Kshs. 46,000.00 A in A and Kshs 607,709.47 as savings from PMC accounts.

Utilization

Out of the above Kshs 124,197,795.99 was utilized as illustrated in the graph below



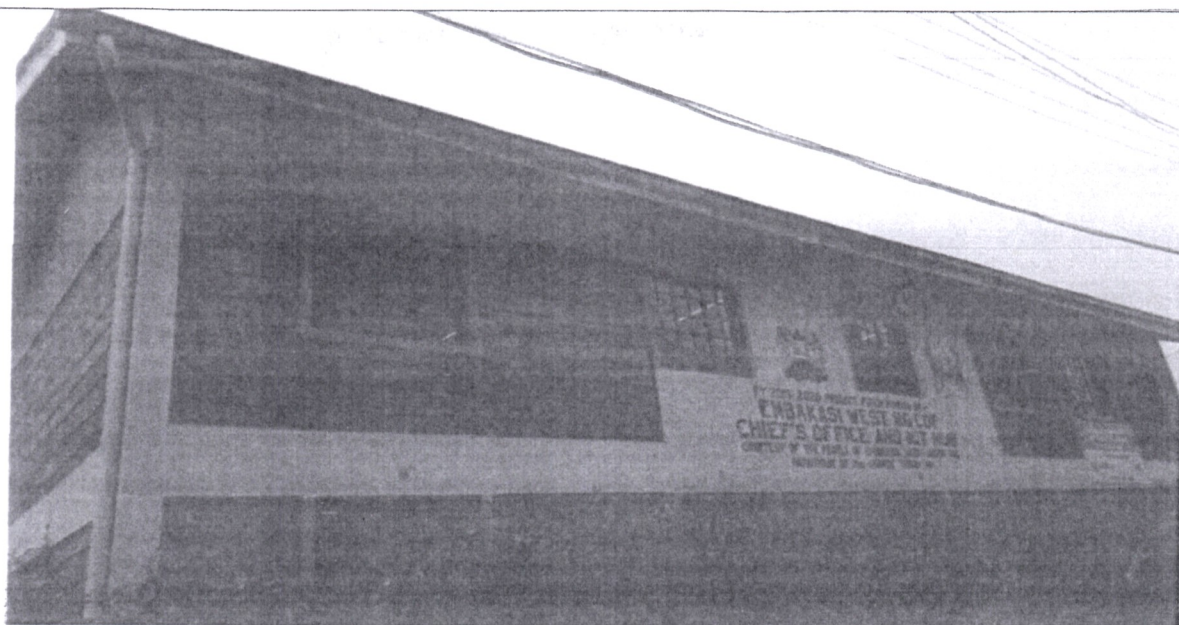
Key achievements

Some of the most notable projects in 2020/2021 financial year are as follows

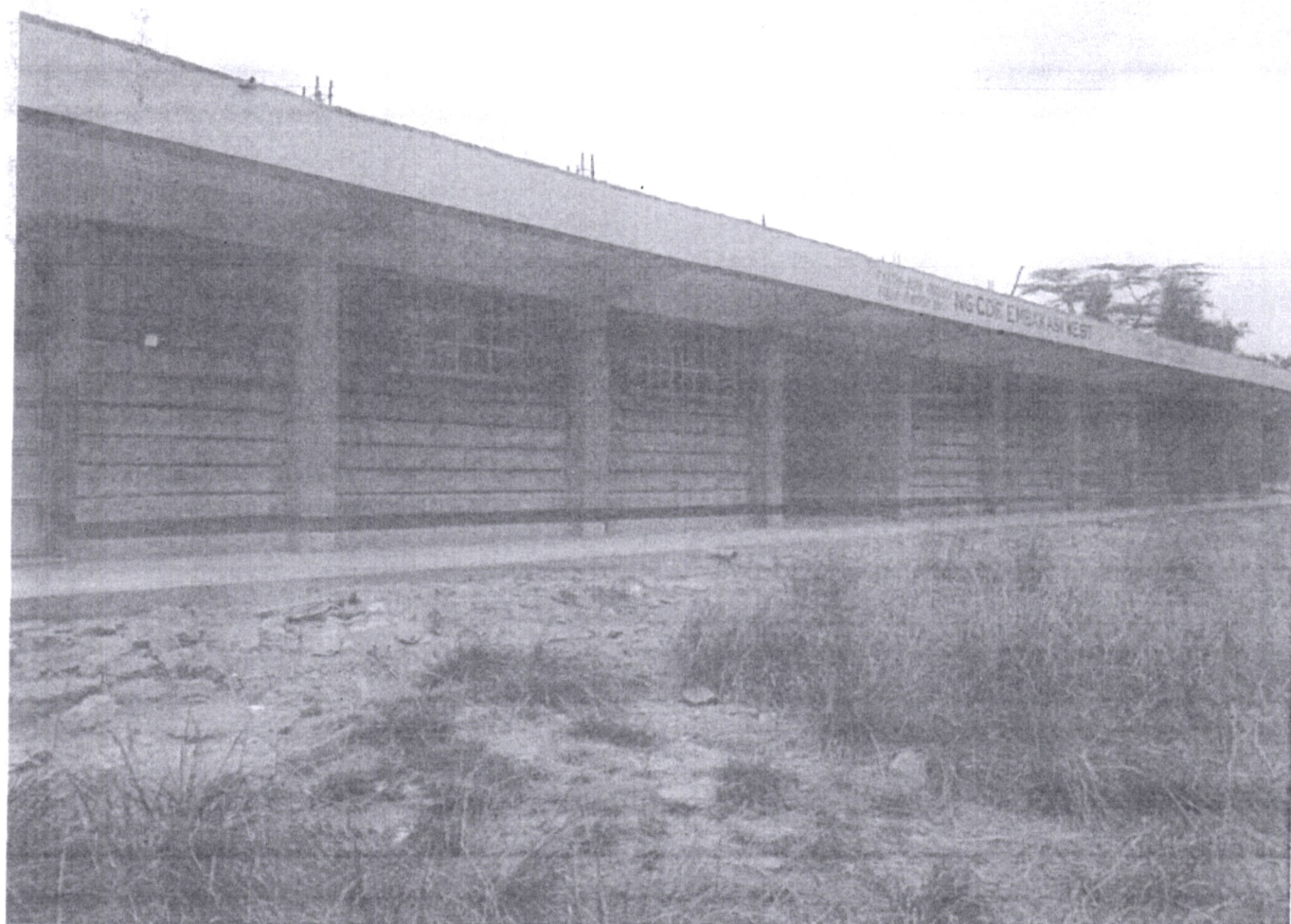
1. Peter Kibukosya Secondary School- Construction of a Twin Lab and six (NO) of classrooms



2. Umoja 2 Chie's camp and ICT HUB



3. Kariobangi South Primary-Construction of 3(NO) of classrooms



4. Supa Loaf Primary School-Construction of 4(NO) of classrooms Phase II



5. Unity Primary School-Construction of 200M perimeter wall



Implementation challenges

The major challenge experienced by Embakasi west NGCDF in its implementation of its work plan is

1. Timely disbursement of funds from the board
2. Lengthy time in which the relevant technical department take in developing tender documents that have a direct effect in the timely implementation of the project

The Embakasi west NG-CDFC has however been seeking alternative technical department with capacity to deliver timely tender documents

Sign

**Benson Kabucho
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.

Embakasi West Constituency is one of the 17 Constituencies in Nairobi County, Kenya. The constituency is situated approximately six kilometres (6km) East of Nairobi Central Business District (CBD). The Constituency covers an area of 9.35 km². Embakasi West is a unique constituency because it has in it some of the most affluent localities in Nairobi as well as some of the poorest (slum) areas in Nairobi County. The slum areas are the most disadvantaged and challenged due to the number of poverty - stricken people and living in dilapidated living conditions especially in Kiambaa Slums. A new planning framework for constituency development fund was enacted in 2015, aligned with the constitution in the spirit of devolution. These reforms devolved most of the function and capacity to the county governments and the National Government focus was limited to two key areas' security and education. Nevertheless, the legislation recognizes the need to continue to support the less fortunate in the community through provision of social security. The Strategic Plan is the highest - level plan that members of NG - CDF prepares. Its purpose is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals. In doing this, the planning process considers the issues and pressures that may affect the community and the level of resources that will realistically be available to achieve its aspirations. While NG - CDF committee has a custodial role in initiating, preparing and maintaining the Community Strategic Plan on behalf of the community, and wholly responsible for its implementation. Other partners, such as State Agencies and community Groups may also be responsible for the delivery of long - term strategies in the Plan these responsibilities are also identified in the Plan.

MISSION

Our pledge is to serve the community by enriching the quality of life through excellence stewardship, support education, innovation and civic engagement

VISION

Our community will be safe, vibrant, socially inclusive and innovative; where participation in community life is valued

GOALS

- Creating a Socially Prosperous Constituency
- Building Vibrant Community
- Caring for the Social Environment
- Striving for Excellence in Service Provision

CORE VAUES

Our values describe what we believe in and what we aspire to for the future. The community considered what they most valued about where they live and what they want Embakasi West to be like in the year 2022.

Integrity: we value an ethical and accountable processes that is open, accessible, and responsible steward of public funds.

Excellence in service: We will consider the needs of current and future generations and will ensure that services are prioritized according to whole of community needs and adequately resourced.

Collaboration: We will consider a range of information such as legislation, community and stakeholders' issues, in order to work together with the community to realize our goals

Equity: We are committed to ensure fairness in decision making, actions and management. Opportunities will be provided to all residents so they can participate in decisions and programmes that affect their lives.

The key development objectives of NGCDF-EMBAKASI WEST Constituency's 2018-2022 plan are to:

GOAL 1 - Creating a Socially Prosperous Constituency

We will work with community groups to assess community needs and assist those groups and communities develop. Social prosperity is about communities maintaining their quality of life and being able to develop new opportunities to enhance that quality of life. We will work with the community to promote better accessibility of community sports infrastructure. In this regard, NG – CDF Committee will:

- I. Work collaboratively with the diverse groups and communities to improve their access to training and resources through TVETs and Vocational Training
- II. Support development, renovation and upgrading of both primary and secondary schools in the constituency.
- III. Increase and broaden the range of tertiary education choices
- IV. Ensure improved opportunity of access to services provided Ng – CDF Office i.e. Bursary support for needy students
- V. Promote sports as a vehicle for community development and achieving social cohesion

GOAL 2 - Building Vibrant Community

We commit ourselves to working with members of the community to build creative, innovative and resilient communities where people feel able and encouraged to participate in the life of that community. NG – CDF will focus on;

- I. Promote all opportunities to increase safety in our community
- II. Work with others to improve community safety (Nyumba Kumi)
- III. Work to establish a Multipurpose Community Centre for Embakasi West Constituents
- IV. Collaborate with other institutions to establish ICT Hubs and increase opportunities for people to become involved in their communities.
- V. Increase skills and knowledge in sectors of local economic growth

GOAL 3 - Caring for the Social Environment

The term 'social environment' refers to living and working conditions of communities in which we live. NG – CDF Committee commit to manage and protect the social environment for the benefit of the entire community and will;

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- I. Improve the quality of community facilities and public spaces in regard to disability access
- II. Increase participation in community based environmental activities
- III. Promote tree planting and environment protection
- IV. Advocate for improvement of community infrastructure including feeder roads, drainage systems and access to clean drinking water

GOAL 4 - Striving for Excellence in Service Provision

We will improve the effectiveness and efficiency of NG – CDF office and improve our accountability. Embakasi West needs a robust local economy, a safe and secure society that provides a live able community for future generations. The role of NG – CDF is to provide the necessary leadership to manage the funding and resources to deliver the community's vision for the future. In this section of the plan we will;

- I. Ensure that we have regular monitoring and appraisals of our performance to improve accountability and effectiveness
- II. Work more collaboratively across the Community Development teams to promote the sharing of knowledge
- III. Ensure a better delivery of Community Development project
- IV. Develop and maintain relationships and partnerships for the greater benefit of the community

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 Program	Objective	Outcome	Indicator	Performance
Education	To develop the society in the domains of economy, culture and maintain societal development.	To enhance better learning conditions in the primary schools by improving the infrastructure And to cater for bursary and CATs/Mocks and health insurance for vulnerable groups in the constituency	- number of usable physical infrastructure build in primary, secondary, - number of bursary beneficiaries at all levels	In FY 20/21 Embakasi West NG-CDF increased number of classes by 13 new classrooms, one laboratory, two ablution blocks and issued bursary cheques to the amount of Kshs 38,572,290.00. Purchase of furniture for

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				various schools to enable higher enrolment.
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service Number of usable physical infrastructure built in locations, sub locations and police stations	delivery Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery	Number of usable physical infrastructure built in locations, sub locations and police stations	In FY 20/21 Embakasi west NG-CDF has initiated Construction of chief's office, one storey to house Chief and assistant chief, children's office and an ICT Hub on Umoja 2 Ward
Environment	To improve public facilities by developing sanitation facilities	Ablution blocks in Public Schools	Number of students benefiting	Additional ablution blocks for our school at Kariobangi South Primary School and Supa Loaf Primary School
Sports	Sponsoring sports tournament and procuring games kits and uniforms for sports teams (boxing, football, netball and basketball)	Youth to be engaged in various tournaments.	Number of youths to benefit from sports kits.	Number of youth groups in the constituency the were engaged in boxing, football and basket tournament. 20 teams benefited from uniforms and sports kits

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Embakasi West 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

Embakasi West NG-CDF is committed to reducing its impact on the environment. We will strive to improve our environment over time and to initiate additional projects and activities that will further reduce our impacts on the environment. Our commitment to the environment extends to our constituents, our staff, and the community in which we operate. We are committed to:

- Comply with all applicable environmental regulations;
- Prevent pollution whenever possible;
- Train all of our staff and constituents on our environmental program and empower them to contribute and participate;

- Communicate our environmental commitment and efforts to our constituents, staff, and our community; and
- Continually improve over time by striving to measure our environmental impacts and by setting goals to reduce these impacts each year.

3. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. Embakasi West 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-

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-

Embakasi West 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

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

Public Awareness

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

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

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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- Embakasi West 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.

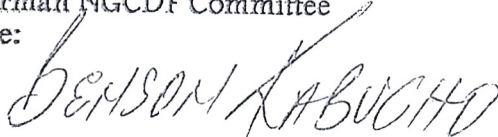
The Accounting Officer in charge of the NGCDF- Embakasi West Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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- Embakasi West 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 Embakasi West 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 Embakasi West Constituency financial statements were approved and signed by the Accounting Officer on 10th September 2021.

Chairman NGCDF Committee
Name:


BENSON KABUTO


Fund Account Manager

Name: 
Name: ALBERT MWANANI

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - EMBAKASI WEST 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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi West Constituency set out on pages 19 to

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

40, which comprise of the statement of assets and liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flows, and the summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Embakasi West 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, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Embakasi West 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 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 summary statement of appropriation budget versus actual amounts reflects a final expenditure budget of Kshs.284,775,173 against actual expenditure of Kshs.124,333,286 resulting to budget under absorption of Kshs.160,441,887 or 56% of the budgeted funds. In addition, the summary statement of appropriation reflects a final receipt budget of Kshs.284,775,173 against actual receipt of Kshs.160,718,568 resulting to shortfall of budgeted receipts of Kshs.124,056,605 or approximately 44% of the budgeted funds.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Submit Monthly Bank Reconciliation Statements for Audit

During the financial year 2020/2021 the Management of the Fund failed to submit monthly bank reconciliation statements to the Office of the Auditor - General. This was contrary to Regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015 which requires the accounting officer to ensure bank accounts reconciliations are completed for each bank account and submit the reconciliations not later than 10th of the subsequent month to the National Treasury and the Auditor-General.

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

2. Failure to Constitute a Bursary Committee

The Management did not establish a Sub-committee of Education Bursary, Mock Examinations and Continuous Assessment Tests whose core mandate is vetting of applicants. This was contrary to the provisions of circular No.NG-CDFB/CEO/BOARD CIRCULARS VOL II (021) of 18 June, 2020.

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

3. Irregular Branding of Projects

Audit inspection conducted on 7 April, 2022 on the implemented projects revealed various instances of noncompliance with the law in branding of projects implemented. The projects were branded with the name of the area Member of Parliament and Members of the County Assembly (MCAs). This was contrary to Section 25 (3) of the National Government Constituencies Development Fund Act, 2015 which states that funds provided shall not be used for the purpose of supporting political bodies or political activities.

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

4. Delay in Project Implementation

During the 2020/2021 financial year, the National Government Constituencies Development Fund Board approved projects in Primary and Secondary Schools valued

at Kshs.69,863,175. However, review of transfers to the Project Management Committees accounts in relation to projects revealed that Management transferred funds amounting to Kshs.24,273,820 relating to projects approved for the financial year 2020/2021 translating to approximately 35% of the total approved projects.

In the circumstances, the value for money for the delayed projects to the public could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related 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 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 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


29 July, 2022

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

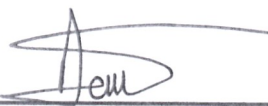
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	158,440,875	56,000,000
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	653,709	52,000
TOTAL RECEIPTS		159,094,585	56,052,000
PAYMENTS			
Compensation of employees	4	2,329,766	3,549,771
Use of goods and services	5	9,533,875	5,210,813
Transfers to Other Government Units	6	72,504,258	48,111,243
Other grants and transfers	7	38,572,290	28,269,812
Acquisition of Assets	8	244,000	-
Other Payments	9	1,149,097	-
TOTAL PAYMENTS		124,333,286	85,141,639
SURPLUS/DEFICIT		34,761,299	(29,089,639)

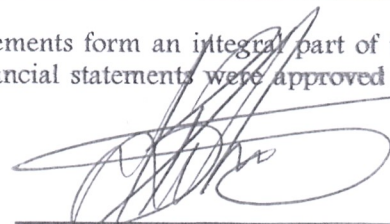
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Embakasi West Constituency financial statements were approved on 10th September 2021 and signed by:



Fund Account Manager
Name: Alfred N. Mwangi



National Sub-County
Accountant
Name: Dennis Mathenge
ICPAK M/No: 14373



Chairman NG-CDF Committee
Name: Benson Kabucho

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

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	36,385,285	1,623,984
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		36,385,285	1,623,984
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		36,385,285	1,623,984
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B		
NET FINANCIAL SSETS		36,385,285	1,623,984
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	1,623,984	30,713,623
Prior year adjustments	14	-	
Surplus/Defict for the year		34,761,299	(29,089,639)
NET FINANCIAL POSITION		36,385,285	1,623,984

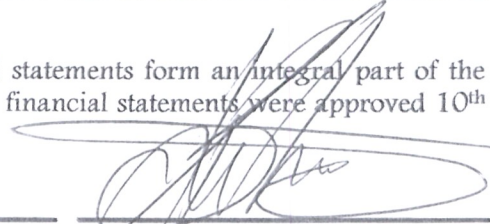
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Chairman NG-CDF Committee
Name: Benson Kabucho

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

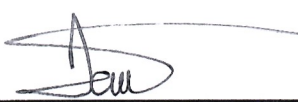
STATEMENT OF CASHFLOW

		2020-2021	2019-2021
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	158,440,875	56,000,000
Other Receipts	3	653,709	52,000
		159,094,585	56,052,000
Payments for operating activities			
Compensation of Employees	4	2,329,766	3,549,771
Use of goods and services	5	9,533,875	5,210,813
Transfers to Other Government Units	6	72,504,258	48,111,243
Other grants and transfers	7	38,572,290	28,269,812
Other Payments	9	1,149,097	-
		124,089,286	85,141,639
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		35,005,299	(29,089,639)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	(244,000)	-
Net cash flows from Investing Activities		(244,000)	-
NET INCREASE IN CASH AND CASH EQUIVALENT		34,761,299	(29,089,639)
Cash and cash equivalent at BEGINNING of the year	10	1,623,984	30,713,623
Cash and cash equivalent at END of the year		36,385,285	1,623,984

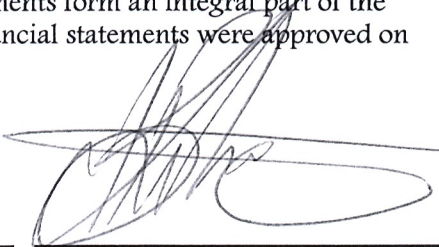
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Fund Account Manager
Name: Alfred N. Mwangi



National Sub-County
Accountant
Name: Dennis Mathenge
ICPAK M/No: 14373



Chairman NG-CDF Committee
Name: Benson Kabucho

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

I. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Opening Balance (C/Bk) and AIA	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS			Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879	1,623,984	145,408,600	284,121,463	160,064,859	124,056,604	56.3%
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts		653,709.47		653,709	653,709	0	100.0%
TOTAL RECEIPTS	137,088,879	2,277,693	145,408,600	284,775,173	160,718,568	124,056,604	56.4%
PAYMENTS							
Compensation of Employees	3,263,233	525,065		3,788,298	2,329,766	1,458,532	61.5%
Use of goods and services	8,327,446	1,144,919	8,382,803	17,855,168	9,533,875	8,321,293	53.4%
Transfers to Other Government Units	69,863,176		53,665,111	123,528,287	72,504,258	51,024,029	58.7%
Other grants and transfers	54,935,024		80,541,671	135,476,695	38,572,290	96,904,405	28.5%
Acquisition of Assets	700,000		390,000	1,090,000	244,000	846,000	22.4%
Other Payments	0		2,429,015.00	2,429,015	1,149,097	1,279,918	47.3%
Funds pending approval		607,709		607,709		607,709	
TOTAL	137,088,879	2,277,693	145,408,600	284,775,173	124,333,286	160,441,887	43.7%

*(a) **On receipts the total receipts Kshs 124,056,604*

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

-
- i. Funds of ksh 5,000,000 relating to Financial year 2017/2018 and Ksh. 69,367,724 relating to financial year 2019/2020 and Kshs. 49,688,879 had not been received as at 30th June 2021
 - ii. Projects amounting to Kshs. 5,000,000 (Tumaini Primary School perimeter wall) have not been approved
 - iii. Kshs. 653,709.47 include Kshs. 607,709.47 of moneys received back from PMCs and Kshs, 46,000 AinA on sale of tender
- (b) On payments**
- i. **On Compensation to employees the unutilized funds relate to gratuity set aside to be paid at the end of the employment** On the end of the employment contracts.
 - ii. **On use of goods and services, 35.3% underutilization was as a result of late disbursement from the NGCDF.**
 - iii. **On transfer to other Government Units, and grants and transfers underutilization is because of late disbursement from the NGCDF Board and reallocation still pending approval from the Board**

*Embakasi West 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	160,441,887
Less undisbursed funds receivable from the Board as at 30th June 2021	124,056,604
	36,385,283
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 202021	36,385,283

The NGCDF-Embakasi West Constituency financial statements were approved on 10th September 2021 and signed by:

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

Programme/Sub-programme	Original Budget	Adjustments			Final Budget	Actual on	
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			comparable basis	Budget utilization difference
			Kshs				
1.0 Administration and Recurrent	2020/2021				44,377.00		
1.1 Compensation of employees	3,263,233	525,065		3,788,298.00	2,329,766.00		1,458,532.00
1.2 Committee allowances	1,000,000			1,000,000.00	964,595.00		35,405.00
1.3 Use of goods and services	3,213,219.76	1,144,919	4,292,548	8,650,687.21	5,831,627.00		2,819,060.21
1.4 NG-CDF Office equipment and furniture	700,000.00		256,223	956,223.00			956,223.00
2.0 Monitoring and evaluation				-			-
2.1 Capacity building	2,000,000.00		2,652,000	4,652,000.00	1,682,700.00		2,969,300.00
2.2 Committee allowances	1,500,000.00		951,000	2,451,000.00	2,448,050.00		2,950.00
2.3 Use of goods and services	614,226.38		621,032	1,235,258.10			1,235,258.10
3.0 Emergency	7,192,206.90		12,937,234	20,129,440.90			20,129,440.90
3.1 Primary Schools				-			-
4.0 Bursary and Social Security				-			-
4.2 Secondary Schools	25,000,000.00		25,000,000	50,000,000.00	28,850,000.00		21,150,000.00
4.3 Tertiary and university Institutions	18,500,000.00		15,069,951	33,569,951.00	6,260,000.00		27,309,951.00

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

4.5 Social Security		1,500,000.00			1,500,000.00		1,500,000.00
5.0 Sports					-		-
	5.1	2,742,817.59		18,874	2,761,692.07	3,462,290.00	(700,597.93)
6.0 Environment					-		-
	6.1			(1,660,000)	(1,660,000.00)		(1,660,000.00)
7.0 Primary Schools Projects (List all the Projects)							
7.1 Unity Primary School		6,432,868.95			6,432,868.95		6,432,868.95
7.2 Supaloaf primary school			(900,000)		(900,000.00)		- 900,000.00
7.3 Supaloaf primary school		7,373,820.00		13,860,000	21,233,820.00		21,233,820.00
7.4 Supaloaf primary school				(5,960,000)	(5,960,000.00)		- 5,960,000.00
7.5 Supaloaf primary school				(2,000,000)	(2,000,000.00)		- 2,000,000.00
7.6 kariobangi South Primary school		6,000,000.00			6,000,000.00		6,000,000.00
7.7 Umoja 1 Primary School		16,273,820.00		6,000,000	22,273,820.00		22,273,820.00
7.8 Umoja 1 Primary School (Asbestos)				(192,930)	(192,929.89)		- 192,929.89
7.9 Nairobi River primary school		8,900,000.00			8,900,000.00		8,900,000.00
7.10 Buruburu 1 Primary School		16,273,820.00		13,500,000	29,773,820.00		29,773,820.00

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

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-Embakasi West 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, hpire 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.

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

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 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.

*Embakasi West Constituency
National Government Constituencies Development Fund (NGCDF)
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XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
Normal Allocation			
	B041267		18,000,000.00
	B047400		4,000,000.00
	B104196		10,000,000.00
	B104273		10,000,000.00
	B104144		4,000,000.00
	B096553		10,000,000.00
	B104561	43,378,595.50	
	B124806	11,662,279.90	
	B104760	16,000,000.00	
	B124744	5,000,000.00	
	B124924	8,500,000.00	
	B119780	12,000,000.00	
	B128070	6,900,000.00	
	B128380	6,000,000.00	
	B132125	6,000,000.00	
	B138793	12,000,000.00	
	B126088	8,000,000.00	
	B126378	10,000,000.00	
	B140524	13,000,000.00	
TOTAL		158,440,875	56,000,000

2. PROCEEDS FROM SALE OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Total	-	-

3. OTHER RECEIPTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Receipts Sale of Tender Documents	46,000	52,000
Unutilized funds from PMCs	607,709.47	-
TOTAL	653,709	52,000

4. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,570,666	1,636,671
Personal allowances paid as part of salary		

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House allowance		367,000	372,000
Transport allowance		284,000	288,000
Leave allowance		30,000	
NHIF		63,900	64,800
Gratuity-contractual employees		-	1,173,900
Employer Contributions Compulsory national social security schemes		14,200	14,400
TOTAL		2,329,766	3,549,771

5. USE OF GOODS AND SERVICES

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
Utilities, supplies and services		714,687	768,092
Electricity		35,700	13,200
Office rent		276,000	283,400
Communication, supplies and services		318,570	42,941
Domestic travel and subsistence		575,595	294,627
Printing, advertising and information supplies & services		591,986	535,451
Training expenses		0	348,000
Hospitality supplies and services		2,552,823	335,829
Other committee expenses		844,595	758,916
Committee allowance		2,568,050	1,254,000
Office and general supplies and services		827,379	576,357
Bank service commission and charges		138,490	0
Other Operating Expenses(casual & Intern Steps)		90,000	-
TOTAL		9,533,875	5,210,813

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
Transfers to Primary Schools		70,504,258	36,111,243
Transfers to Secondary Schools		2,000,000	12,000,000
TOTAL		72,504,258	48,111,243

7. OTHER GRANTS AND OTHER PAYMENTS

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
Bursary - Secondary (see attached list)		28,850,000	-
Bursary -Tertiary (see attached list)		6,260,000	15,181,000
Security Projects (see attached list)		-	8,699,612

Embakasi West Constituency
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Sports Projects (see attached list)		3,462,290	2,729,200
Environment Projects (see attached list)		-	1,660,000
TOTAL		38,572,290	28,269,812

8. ACQUISITION OF ASSETS

Non Financial Assets		2020 - 2021	2019 - 2020
		Kshs	Kshs
Purchase of computers, printers and other IT equipment		244,000	-
TOTAL		244,000	0

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
ICT Hubs	1,149,097	
Total	1,149,097	-

10. CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2020 - 2021	2019 - 2020
		Kshs (30/6/2020)	Kshs (30/6/2019)
<i>Equity Bank - Buruburu Branch</i>	950261868298	36,385,285	1,623,984.00
TOTAL		36,385,285	1,623,984

10B: CASH IN HAND)		2020 - 2021	2019 - 2020
		Kshs (30/6/2021)	Kshs (30/6/2020)
Location 1		-	-
Other receipts (specify)		-	-
TOTAL		-	-

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>Total</i>				-

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Closing Retention as at 30 th June D= A+B-C		-

Embakasi West Constituency
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Closing Gratuity as at 30 th June D= A+B-C	-	-

13. BALANCES BROUGHT FORWARD

	2020- 2021	2019- 2020
	Kshs (1/7/2021)	Kshs (1/7/2020)
Bank accounts	41,267,928	30,713,623
TOTAL	41,267,928	30,713,623

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
TOTAL	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST*

	2020-2021	2019-2020
	KShs	KShs
closing accounts in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020- 2021	2019- 2020
	Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)	-	199,612
Deposits and Retention paid during the year ©	-	199,612

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Total	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.2: PENDING STAFF PAYABLES (See Annex 2)

		2020- 2021	2019- 2020
		Kshs	Kshs
NGCDF Staff		771,554	257,183
		771,554	257,183

17.3: UNUTILIZED FUND (See Annex 3)

		2020- 2021	2019- 2020
		Kshs	Kshs
Compensation of employees		725,611	
Use of goods and services		32,610,953	
Amounts due to other Government entities (see attached list)		47,456,487	22,000,000.00
Amounts due to other grants and other transfers (see attached list)		78,261,000	26,000,000.00
Acquisition of assets		846,000	
Funds pending approval		5,000,000	
Total		164,900,051	48,000,000

17.4: PMC account balances (See Annex 5)

		2020- 2021	2019- 2020
		Kshs	Kshs
PMC account balances (see attached list)		63,095,008	58,070,726

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National Government Constituencies Development Fund (NGCDF)
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
Sub-Total					
Construction of civil works					
Sub-Total					
Supply of goods					
Sub-Total					
Supply of services					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance		Comments
			30 th June 2021		
NG-CDFC Staff					
1. JOSEPH ANDAR ATIENO	Account Assistant	1/1/2020	166,942		Payable 31/08/2022
2. FRED MUKOMA ARESI	Security/Cleaner	1/1/2020		117,370	Payable 31/08/2022
3. PAUL NJUGUNA NJURU	Records Management Officer	1/1/2020		117,370	Payable 31/08/2022
4. SALOME WARINGA GITUMA	Secretary	1/1/2020		137,614	Payable 31/08/2022
5. STEPHEN MWANGI IRUNGU	Clerk Of Works	1/1/2020		137,614	Payable 31/08/2022
6. GABRIEL BRIAN OTIENO OKOTH	Clerical Officer	1/1/2020		94,644	Payable 31/08/2022
Grand Total				771,554	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)
ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2020/21	2019/20	
Compensation of employees		725,611.00		
Use of goods & services		4,807,421.00		
Committee Allowances		27,720,082.00		
NGCDFc/PMC Capacity Building		83,450.00		
Amounts due to other Government entities				
1. Primary Schools			22,000,000.00	
unity Primary School 4 Classrooms		8,600,000.00		
Supa loaf Primary School 4 Classrooms Phase III		7,373,820.00		
Umoja 1 Primary School 8 Classrooms		16,273,820.00		
Nairobi River primary school 4 Classrooms		8,600,000.00		
Uhuru Estate Primary School(renovations)		608,846.73		
2. Secondary Schools				
Dr Mwerije Secondary School 3 classrooms		6,000,000.00		
Sub-Total		80,793,050.73	22,000,000.00	
Amounts due to other grants and other transfers				
3. Security Projects		16,000,000.00	26,000,000.00	
Kcc Police Station		10,000,000.00		
Uhuru Estate police post		200,000.00		
6. Bursary Secondary Schools		21,150,000.00		
7. Bursary-tertiary		29,411,000.00		
NHIF		1,500,000.00		
Sub-Total		78,261,000.00	26,000,000.00	

NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)
Reports and Financial Statements
For the year ended June 30, 2014 (Kshs'000)

Acquisition of assets				
Office Furniture		846,000.00		
Sub-Total		846,000.00		
Funds pending approval				
Unity Primary School Perimeter wall		5,000,000.00		
Sub-Total		5,000,000.00		
Grand Total		164,900,050.73	48,000,000.00	

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f/f (Kshs)		Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
	2019/20	Additions during the year (Kshs)		
Office equipment, furniture and fittings	1,024,565			1,024,565
ICT Equipment, Software and Other ICT Assets	301,500	244,000		545,500
Total	1,326,065	244,000	0	1,570,065

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance	Bank Balance
			2020-2021	2019/2020
UMOJA 11 CHIEF'S CAMP QUARTERS NGCDF PROJECT	EQUITY	0950272961209	11.75	12
SCHOOL FURNITURE FOR PUBLIC PRIMARY SCHOOLS NGCDF PROJECT	EQUITY	0950272949182	23,243.00	23,243
Kwa maji police post	EQUITY	0950277385887	161,721.00	1,416,004
Office Furniture For Police/AP/Chief PMC	EQUITY	0950278874528	-	9,920
Mowlem Super Loaf Class Block(phase 1)	EQUITY	0950278891117	826.50	944,983
Umoja 1 Primary Asbestos PMS	EQUITY	0950278890893	1,193,801.53	1,433,404
Umoja 2 Chiefs camp PMC	EQUITY	0950279883186	424,931.50	8,500,000
Unity Primary School Phase 2 (PMC)	EQUITY	0950279578694	857,039.50	5,000,000
Kariobangi South Primary School Classroom block PMC	EQUITY	09502798323968	136,844.00	6,000,000
Kariobangi South Primary School Ablution Block PMC	EQUITY	0950279832329	1,701,322.50	4,148,139
Superloaf Primary School Furniture PMC	EQUITY	09502796877976	3,147.50	2,000,000
Superloaf primary School Classrooms (Phase II)	EQUITY	0950279877955	433,651.50	5,960,000
Umoja 1 primary School Music centre	EQUITY	0950279886725	10,638,481.50	10,000,000
Peter Kibukosya Secondary School 6 classroom block PMC	EQUITY	0950279836853	578,910.00	12,000,000
Umoja 1 Primary Asbestos PMC	EQUITY	0950278890893	1,193,801.53	
Supa Loaf Primary School Ablution Block PMC	EQUITY	0950280554661	2,061,810.50	
Buruburu 1 Primary school and Dormitory PMC	EQUITY	0950280606507	9,263,652.00	
Umoja 1 Primary Music center PMC	EQUITY	0950279886725	10,638,481.50	
Dr. Mwenje Secondary School Laboratory PMC	EQUITY	0950280258814	4,881,730.20	
Buruburu 1 Primary School classroom Block PMC	EQUITY	0950280846332	16,273,370.00	
Kariobangi South Primary School- Dr. Mwenje Secondary School Access Road	EQUITY	0950280761294	628,680.00	
Peter Kibukosya Secondary School Furniture PMC	EQUITY	0950280836323	1,999,550.00	
Total			63,095,007.51	58,070,726

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	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)
1. Accuracy of the Financial Statements					
1. Cash and Cash Equivalents	Examination of Bank reconciliation statements reflects Ksh.30,190,143 against unrepresented cheques which includes stale cheques amounting Kshs.88,600. However, no explanation has been given for failure to reverse stale cheques in the cashbook contrary to section 90(3) of Public Finance Management Act, regulation 2015.	Prudence accounting concept requires stale cheques be reversed in the cashbook since such cheques cannot transact. The Cheques in question have since been reversed in the cashbook in the subsequent month of July 2018 and issued to other beneficiaries. Find attached cash book extract detailing the same	Alfred N Mwangi, Fund Accounts Manager	Resolved	30/08/2018

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe: (Put a date when you expect the issue to be resolved)
				(Resolved / Not Resolved)	
2. Budget Performance	During the year under review, Embakasi West NG-CDF had budgeted to spend Kshs. 141, 374, 168 against actual expenditure of Kshs. 85, 200, 957 or 60% of the total Budget resulting in under expenditure of Kshs. 56, 173, 213 or 40% of the budget which has not been explained.	The outstanding balance of Kshs 56,173,213.00 was released to the constituency in the subsequent financial year by AIE NO B005239 issued on the 20/08/2018 of Kshs. 45,784,483.15. The balance of Kshs. 11,379,310.3 was a result of supplementary budget of 2017/2018. Find attached the AIE and letter form the NGCDF Board detailing the same	NGCDF Board	Resolved	30/11/2018