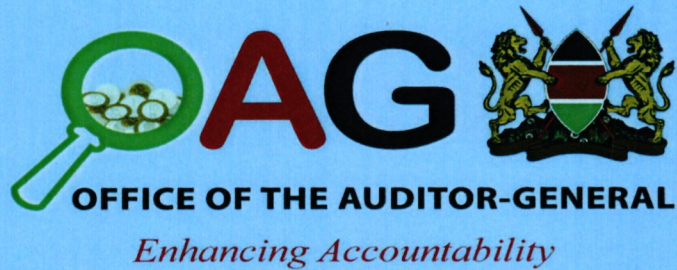


REPUBLIC OF KENYA



**REPORT**

DATE: 24 NOV 2022

DAY:  
Thursday

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

TABLED  
BY:  
CLERK-AT  
THE-TABLE:

LOM

Enginyo

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT  
FUND – NYALI CONSTITUENCY**

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

*Revised Template 30<sup>th</sup> June 2021*



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NYALI CONSTITUENCY

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021

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

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	2
II. NG-CDFC CHAIRMAN’S REPORT.....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY’S PREDETERMINED OBJECTIVES... 7	7
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	9
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES .....	12
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- NYALI CONSTITUENCY</i> .....	13
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	14
VIII. STATEMENT OF ASSETS AND LIABILITIES .....	15
IX. SUMMARY STATEMENT OF APPROPRIATION .....	17
X BUDGET EXECUTION BY SECTORS AND PROJECTS .....	20
XI. SIGNIFICANT ACCOUNTING POLICIES.....	28
XII. NOTES TO THE FINANCIAL STATEMENTS.....	31

## ***Nyali Constituency***

### ***National Government Constituencies Development Fund (NGCDF)***

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

## **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

## *Nyali Constituency*

### *National Government Constituencies Development Fund (NGCDF)*

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

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#### **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 NYALI 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 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Stella Tayo
2.	Sub-County Accountant	Peter Kamande
3.	Chairman NGCDFC	Boniface Munyifwa

#### **(d) Fiduciary Oversight Arrangements**

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

P.O. Box 31-80122  
NGCDF Building  
Kongowea Chiefs Camp.  
Kengeleni, Mombasa, KENYA

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

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**(f) Nyali Constituency NGCDF Contacts**

E-mail: [cdfnyali@ngcdf.go.ke](mailto:cdfnyali@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) Nyali Constituency NGCDF Bankers**

Equity Bank Account no.1140261189476  
Kengeleni Branch  
P.o Box 155-80122  
Kengeleni.

**(h) Independent Auditors**

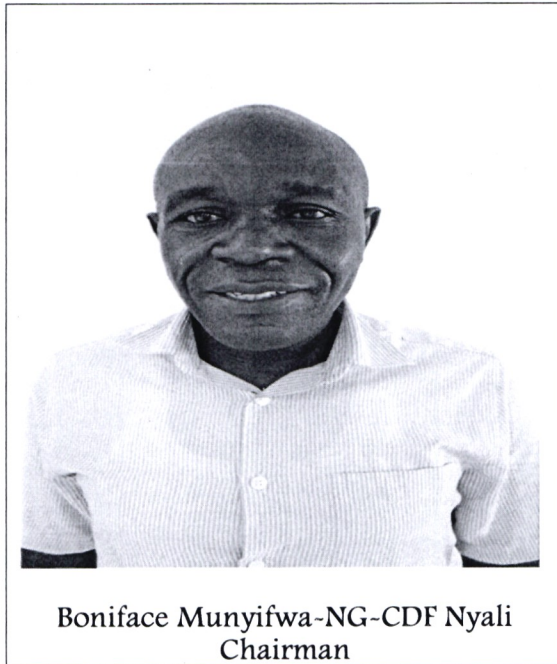
Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(i) Principal Legal Adviser**

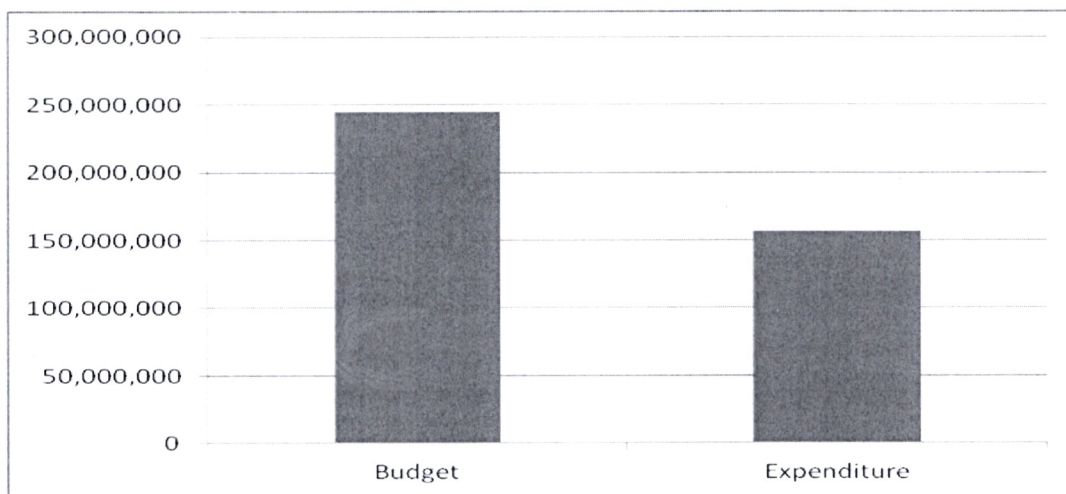
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

## II. NG-CDFC CHAIRMAN'S REPORT

Include among others the following:



NG-CDF Nyali was allocated Kshs.137,088,879 in Financial Year 2019/2020. The total Budget to be spent in Financial year 2019/2020 including the funds not received from NG-CDF Board other receipts and balance brought forward totalled to Kshs.244,857,170. Total Expenditure for the Financial Year totalled to Kshs.157,019,431 which is 64.1% of the total budget.



Among key successful projects implemented during the financial year include construction of a new secondary and primary schools at Kwa Bullo in Kadzandani Ward that are the first secondary and second primary schools in the Ward.

Among the normal Challenges NG-CDF Nyali has faced the following challenges

*Nyali Constituency*

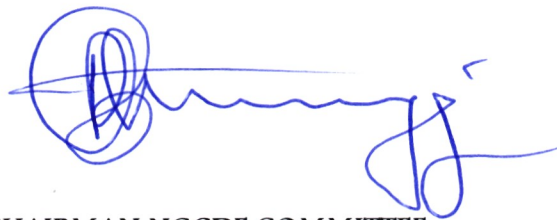
*National Government Constituencies Development Fund (NGCDF)*

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

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- Delay in receipt of Funds from the Board. I urge the Board to expedite release of funds for timely execution of projects.
- Land Scarcity that has led to construction of storeyed buildings in order to economically utilise the little space available for projects. This has however come with additional costs to projects
- Non implementation of two proposed projects due to land conflict. This made the committee to reallocate these funds to other viable projects

Finally, May I take this opportunity to thank the NG-CDF Board for the support they have extended to the constituency and look forward to the same in the new Financial Year. I would also like to thank the Nyali Member of National Assembly for his dedicated leadership and my fellow NG-CDFC Members, the relevant Government Departmental Heads and NG-CDFC Staff with Whom we have worked cordially. We look forward to improve lives of Nyali Constituents.

A handwritten signature in blue ink, consisting of a large circular flourish on the left and a series of connected loops and lines extending to the right.

CHAIRMAN NGCDF COMMITTEE



### III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

#### Introduction

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

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

#### **STRATEGIC OBJECTIVES AND STRATEGIES**

##### **Strategic Objective 1: To improve access to education**

Strategy 1: Increasing provision of bursaries to needy secondary school students

Strategy 2: Increase provision of bursaries to college and university students

Strategy 3: Increase provision of bursaries to students in vocational schools

##### **STRATEGIC OBJECTIVE 2: To improve learning environment**

Strategy 1: To improve infrastructure in primary and secondary schools

Strategy 2: To equip schools with learning materials

Strategy 3: Construction of new physical facilities in schools and rehabilitation of old ones

##### **STRATEGIC OBJECTIVE 3: To improve poor working conditions for security personnel**

Strategy 1: Improving working conditions of security personnel

Strategy 2: Improving the relations between the police and the residents

##### **STRATEGIC OBJECTIVE 4: To improve access to ICT infrastructure**

Strategy 1: Provision of ICT infrastructure to schools and vocational centres.

##### **STRATEGIC OBJECTIVE 5: Enhance Youth Empowerment through Sports and Recreation Development.**

Strategy 1: To enhance youth skills through sports Strategy 2: Establishment of a Constituency Youth Empowerment Centre

##### **STRATEGIC OBJECTIVE 6: Enhance Environmental Conservation**

Strategy 1: Adopt Environmental Friendly Practises

#### **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 improve access to education	Increased provision of bursaries to needy	Number of bursary beneficiaries at all levels	Over 10,000 students have benefitted from Bursary

*Nyali Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

		secondary school students, college university, vocational schools		
	To improve learning environment	Improved infrastructure in primary and secondary schools	Number of usable physical infrastructure built in primary, secondary, and tertiary institutions	4 New Secondary schools constructed and equipped with furniture and are currently operational. One library constructed. 1 New primary school constructed and equipped with furniture and currently operational. Additional classrooms constructed in two primary school. 7 primary schools renovated. 4 primary school equipped with desks.
Security	To improve working conditions of security personnel	Improved working conditions of security personnel.	Number of usable physical infrastructure	One sub county police headquarters constructed and equipped with furniture. Two police posts equipped with furniture and computers. Construction of a toilet for one police post.
Information Communication and Technology (ICT)	To improve access to ICT infrastructure	Improved provision of ICT infrastructure to schools and vocational centres	No of schools with computers and usable Internet connectivity	One ICT Hub operational.

*Nyali Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

Environment	To enhance Environmental Conservation	Drill sock pits to prevent flooding  Equip schools and public facilities with sanitation facilities	No of Sock Pits drilled  No of sanitation facilities built in primary and secondary schools.	8 sock pits drilled and currently in use
Sports	To enhance Youth Empowerment through Sports and Recreation Development.	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	24 youth teams benefitted from Nyali NG-CDF sports tournament event.

**IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

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

a. **Education and Training:** NYALI 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**

Nyali NG-CDF commits to:

- Comply with all relevant environmental legislation, regulations and approved codes of Practice
- Protecting the environment by striving to prevent and minimize our contribution to Pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and Resources
- Managing and disposing of all wastage in a responsible manner;
- Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- Regularly communicating our environmental programs to all stakeholders
- Ensure that environmental projects are considered during planning ie project proposal development
- Monitoring and continuously improving our environmental performance.

## **3. Employee welfare**

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

Employees are encouraged and supported to continually build on their skills and knowledge. Nyali 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-**

Nyali 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.

## *Nyali Constituency*

### *National Government Constituencies Development Fund (NGCDF)*

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

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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-**

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

##### **Public Participation in Project Identification and Implementation and Monitoring**

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

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

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

##### **Public Awareness**

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

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

*Nyali Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

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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.

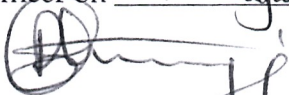
The Accounting Officer in charge of the NGCDF-NYALI Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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-NYALI 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- NYALI 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 NYALI 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- NYALI Constituency financial statements were approved and signed by the Accounting Officer on 19<sup>th</sup> August 2022



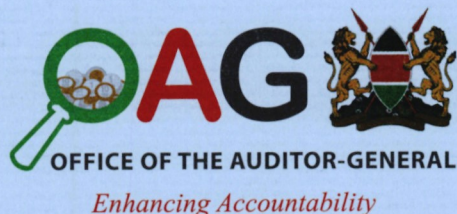
Chairman NGCDF Committee  
Name: Boniface Munyifwa



Fund Account Manager  
Name: Stella Tayo

# 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 - NYALI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

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### 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 - Nyali Constituency set out on pages 14 to 51, which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement

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

of receipts and payments, statement of cash flows and a 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 the National Government Constituencies Development Fund - Nyali 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management 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 - Nyali 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**

#### **1. Budgetary Control and Performance**

The summary statement of appropriation reflects a final receipts budget of Kshs.226,867,066 and actual receipts of Kshs.159,988,085, resulting to an under-funding of Kshs.66,878,981 or 29% of the budget. Further, the Fund had an expenditure budget of Kshs.244,857,170 and actual expenditure of Kshs.157,019,431, resulting to under-expenditure of Kshs.87,837,739 or 36% of the budget. Management explained the under-absorption of funds as having been occasioned by late release of funds by the Board.

Further, with a receipts budget of Kshs.226,867,066 and expenditure budget of Kshs.244,857,170, the budget was not balanced. Management did not explain how the excess expenditure budget of Kshs.17,990,104 was to be financed.

#### **2. Project Implementation Status**

Review of the projects implementation status report, revealed eleven (11) projects with a total budget of Kshs.35,499,592 that were completed, nine (9) projects with a total budget of Kshs.71,516,338 were ongoing and three (3) with a budget of Kshs.20,192,207 had not been started as at 30 June, 2021.



In the circumstance, the benefits that the still-born projects budgeted at Kshs.20,192,207 were expected to provide to the residents of Nyali Constituency were not realized.

### **3. Unresolved Prior Year Matters**

The audit report for the year ended 30 June, 2020 raised several issues relating to balances reflected in the financial statements, and lawfulness and effectiveness in use of funds. In the report on follow-up on Auditor's recommendations appended to the financial statements for the year under review, Management has indicated that the issues had since been resolved. However, audit verification review of the matters has indicated that they are yet to be resolved. Therefore, the information provided in the report is misleading.

## **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. Irregular Composition of National Government Constituency Development Committee**

Records provided for audit indicated that the National Government Constituency Development Fund Committee for Nyali Constituency was comprised of only seven (7) members, contrary to Section 43 of the National Government Constituencies Development Fund Act, 2015 which provides for ten (10) members.

In the circumstances, the Committee may not be lawfully constituted.

#### **2. Idle Project Funds**

As similarly reported in the previous year, and as disclosed under Note 17.4 to the financial statements, the Project Management Committee (PMC) bank accounts had a balance of Kshs.29,875,627 as at 30 June, 2021, out of which Kshs.4,482,539 was for Bamburi Health Centre held since 2013/2014 financial year. No explanation was provided for failure to utilize the funds or reallocate them to other needy projects.

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

# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis and for maintaining effective internal 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 Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

## **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 Fund's 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**22 September, 2022**

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

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

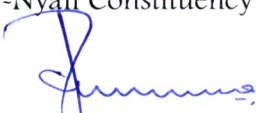
	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	157,567,724	125,040,876
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	<u>2,420,361</u>	<u>40,000</u>
			-
<b>TOTAL RECEIPTS</b>		<b>159,988,085</b>	<b>125,080,876</b>
<b>PAYMENTS</b>			
Compensation of employees	4	4,943,360	3,062,888
Use of goods and services	5	10,376,658	7,866,831
Transfers to Other Government Units	6	85,557,369	48,668,870
Other grants and transfers	7	54,142,044	56,480,578
Acquisition of Assets	8	-	-
Other Payments	9	<u>2,000,000</u>	-
<b>TOTAL PAYMENTS</b>		<b>157,019,431</b>	<b>116,079,167</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>2,968,654</u></b>	<b><u>9,001,709</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Nyali Constituency financial statements were approved on

19<sup>th</sup> Aug 2022 and signed by:

  
Fund Account Manager

Name: Stella Tayo

  
National Sub-County  
Accountant

Name: Peter Kamande  
ICPAK M/No: 12030

  
Chairman NG-CDF Committee

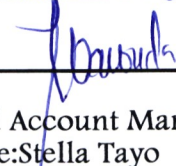
Name: Boniface Munyiwa


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

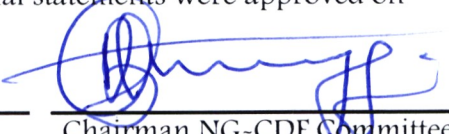
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	10A	20,958,756	17,990,102
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>20,958,756</b>	<b>17,990,102</b>
Accounts Receivable			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>20,958,756</b>	<b>17,990,102</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
<b>TOTAL FINANCIAL LIABILITES</b>		<b>-</b>	<b>-</b>
<b>NET FINANCIAL ASSETS</b>		<b><u>20,958,756</u></b>	<b><u>17,990,102</u></b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	17,990,102	8,988,394
Prior year adjustments	14	-	-
Surplus/Deficit for the year		2,968,654	9,001,709
<b>NET FINANCIAL POSITION</b>		<b><u>20,958,756</u></b>	<b><u>17,990,102</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Nyali Constituency financial statements were approved on 19<sup>th</sup> Aug 2021 and signed by:

  
Fund Account Manager  
Name: Stella Tayo

  
National Sub-County  
Accountant  
Name: Peter Kamande  
ICPAK M/No: 12030

  
Chairman NG-CDF Committee  
Name: Boniface Munyifwa

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

STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	157,567,724	125,040,876
Other Receipts	3	2,420,361	40,0000
<b>Total receipts</b>		<b>159,988,085</b>	<b>125,080,876</b>
<b>Payments for operating activities</b>			
Compensation of Employees	4	4,943,360	3,062,888
Use of goods and services	5	10,376,658	7,866,831
Transfers to Other Government Units	6	85,557,369	48,668,870
Other grants and transfers	7	54,142,044	56,480,578
Other Payments	9	2,000,000	-
<b>Total payments</b>		<b>157,019,431</b>	<b>116,079,167</b>
<b>Total Receipts Less Total Payments</b>		<b>-</b>	<b>-</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	-
Prior year adjustments	14	-	-
<b>Net cash flow from operating activities</b>		<b>2,968,654</b>	<b>9,001,709</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	(-)	(-)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>2,968,654</b>	<b>9,001,709</b>
Cash and cash equivalent at BEGINNING of the year	10	17,990,102	8,988,394
Cash and cash equivalent at END of the year		<u>20,958,756</u>	<u>17,990,102</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Nyali Constituency financial statements were approved on 19<sup>th</sup> Aug 2021 and signed by:

Fund Account Manager

Name: Stella Tayo

National Sub-County Accountant

Name: Peter Kamande  
ICPAK M/No: 12030

Chairman NG-CDF Committee

Name: Boniface Munyifwa

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

**IX. SUMMARY STATEMENT OF APPROPRIATION**

Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	a	b		c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>							
Transfers from NG-CDF Board	137,088,879	17,990,102	69,367,724	224,446,705	157,567,724	66,878,981	70.2%
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts		2,420,361		2,420,361	2,420,361	-	100.0%
<b>TOTAL RECEIPTS</b>	<b>137,088,879</b>	<b>20,410,463</b>	<b>69,367,724</b>	<b>226,867,066</b>	<b>159,988,085</b>	<b>66,878,981</b>	<b>70.5%</b>
<b>PAYMENTS</b>							
Compensation of Employees	5,203,949	794,057	4,834,903	10,832,909	4,943,360	5,889,549	45.6%
Use of goods and services	6,274,386	528,595	4,034,958	10,837,939	10,376,658	461,281	95.7%
Transfers to Other Government Units	82,954,026	11,000,000	56,881,816	150,835,842	85,557,369	65,278,473	56.7%
Other grants and transfers	42,656,519	5,667,450	21,461,150	69,785,119	54,142,044	15,643,075	77.6%
Acquisition of Assets	0	0	0	0	-	-	-
Other Payments	0	2,375,361	0	2,375,361	2,000,000	375,361	84.2%
Unallocated AIA	0	45,000	145,000	190,000	-	190,000	0.0%
<b>TOTAL</b>	<b>137,088,879</b>	<b>20,410,463</b>	<b>87,357,827</b>	<b>244,857,170</b>	<b>157,019,431</b>	<b>87,837,739</b>	<b>64.1%</b>



**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	87,837,739
Less undisbursed funds receivable from the Board as at 30th June 2021	66,878,981
	20,958,757
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	20,958,757

**Reconciliation of Budget Appropriation to Statement of Assets and Liabilities introduced**

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

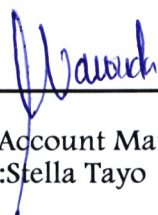
Nyali Constituency

National Government Constituencies Development Fund (NGCDF)

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

ITEM	% OF UTILISATION	COMMENT
Transfers from NG – CDF Board	70.2	Delay in release of funds from NG – CDF Board
Compensation of employees	45.6	The vote head had a balance brought forward from the previous year, The balance of the money allocated for this vote head had not been received from NG-CDF Board,
Transfers to other Government Units	56.7	The balance of the money allocated for this vote head had not been received from the NG-CDF Board.
Other Grants and Transfers	77.6	The balance of the money allocated for this vote head had not been received from the NG-CDF Board.
Other Payments	84.2	
Acquisition of Assets	0	No Asset was acquired during the financial year.
Unallocated AIA	0	These are funds received from AIA(Sale of tender documents)and the constituency has not been given authority to spend the funds.

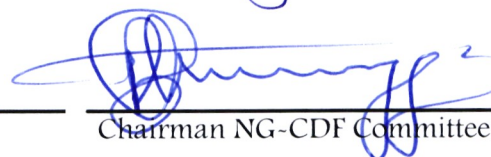
The NGCDF-Nyali Constituency financial statements were approved on 19<sup>th</sup> Aug 2020 and signed by:



Fund Account Manager  
Name: Stella Tayo



National Sub-County  
Accountant  
Name: Peter Kamande  
ICPAK M/No: 12030



Chairman NG-CDF Committee  
Name: Boniface Munyifwa

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation (f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2020/2021			2020/2021	30/06/2021		
	Kshs			Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	5,203,949	794,057	4,834,903	10,832,909	4,943,360	5,889,549	46
1.2 Committee allowances	1,248,000	123,488	1,002,400	2,373,888	2,307,000	66,888	97
1.3 Use of goods and services	1,787,063	8,138	-	1,795,201	1,787,063	8,138	100
<b>Total</b>	<b>8,239,013</b>	<b>925,683</b>	<b>5,837,303</b>	<b>15,001,999</b>	<b>9,037,423</b>	<b>5,964,576</b>	





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

7.0 Primary Schools Projects													
7.1 Kadzandani Kwa Bullo Primary School	1,500,000	3,000,000	7,397,355	11,897,355	8,897,355	3,000,000							75
7.2 Kisauni Primary School		-	4,620,000	4,620,000	4,500,000	120,000							
7.3 Maweni Primary School	5,500,000	-	5,500,000	11,000,000	11,000,000	-							100
7.5 Ziwa La Ngombe Primary School	3,000,000	-	5,411,679	8,411,679	6,911,679	1,500,000							82
7.6 Azhar Shariff Primary School		-	50,000	50,000	50,000	-							100
7.7 Mlaleo Primary School	7,000,000	-		7,000,000	5,343,592	1,656,408							76
7.8 Kadzandani Kwa Bullo Primary School wall	-	-	4,778,800	4,778,800	4,778,800	-							100
7.9 Freretown Primary School	12,000,000	-	-	12,000,000	3,638,165	8,361,835							30
7.10 Kongowea Primary School	1,002,000	-	-	1,002,000	-	1,002,000							
<b>Total</b>	<b>30,002,000</b>	<b>3,000,000</b>	<b>27,757,834</b>	<b>60,759,834</b>	<b>45,119,591</b>	<b>15,640,243</b>							

8.0 Secondary Schools Projects													
8.1 Kongwea Secondary School	1,500,000	2,500,000	8,337,500	12,337,500	7,300,000	5,037,500						59	
8.2 Mlaleo Secondary School	1,500,000	-	6,399,604	7,899,604	7,899,604	-						100	
8.3 Freretown Secondary School		-	7,000,000	7,000,000	-	7,000,000							
8.4 Mombasa Secondary Sch.for the Physically		-	1,550,000	1,550,000	1,550,000	-						100	
8.5 Kadzandani Kwa Bullo Secondary School	1,500,000	-	7,200,000	8,700,000	7,971,778	728,222						92	
8.7 Kongwea Secondary School	6,000,000	2,500,000		8,500,000	6,000,000	2,500,000						71	
8.8 Mohamed Ali Girls Secondary School	6,000,000			6,000,000	3,716,396	2,283,604						62	
8.9 Kadzandani Kwa Bullo Secondary School	7,000,000	3,000,000		10,000,000	6,000,000	4,000,000						60	
<b>Total</b>	<b>23,500,000</b>	<b>8,000,000</b>	<b>30,487,104</b>	<b>61,987,104</b>	<b>40,437,778</b>	<b>21,549,326</b>						<b>259</b>	

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

9.0 Tertiary institutions Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.0 Security Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10.1 Kadzandani Mwatamba Police Station	6,000,000	-	-	6,000,000	-	-	2,250,000	3,750,000	-	-	-	-	-	-	-	-	-	-	-	-	38
10.2 Khadija Police Post	7,000,000	-	-	7,000,000	-	-	2,250,000	4,750,000	-	-	-	-	-	-	-	-	-	-	-	-	32
10.3 Nyali Deputy County Com.HQS	6,000,000	-	-	6,000,000	-	-	-	6,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19,000,000	-	-	19,000,000	-	-	4,500,000	14,500,000	-	-	-	-	-	-	-	-	-	-	-	-	24
11.0 Acquisition of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Construction of CDF office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Purchase of furniture and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



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

11.4 Purchase of computers	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
12.0 Other payments												
12.1 ICT Innovation Hub		500,000	3,507,770	4,007,770	-	4,007,770	-	4,007,770	-	4,007,770	-	-
12.2 Kongowea Youth & Women Empowe	400,000	-	2,000,000	2,400,000	2,000,000	2,400,000	2,000,000	400,000	83			
Total	400,000	500,000	5,507,770	6,407,770	2,000,000	6,407,770	2,000,000	4,407,770				
13.0 unallocated fund												
Unapproved projects												
AIA		45,000	40,000	85,000	-	85,000	-	85,000	-	85,000	-	-
PMC savings		2,375,361	-	2,375,361	-	2,375,361	-	2,375,361	-	2,375,361	-	-
Total	-	2,420,361	40,000	2,460,361	-	2,460,361	-	2,460,361	-	2,460,361	-	-
	137,088,879	20,410,463	87,357,827	244,857,169	157,019,431	244,857,169	157,019,431	87,837,739		87,837,739		

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

**STATEMENT OF APPROPRIATION EXTRACT (FOR COMPARISON OF APPROPRIATION STATEMENT PAYMENTS TOTALS AND BUDGET EXECUTION TOTALS)**

Receipt/Expense Item	Original Budget a	Opening Balance (C/Bk) and AIA	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>PAYMENTS</b>							
Compensation of Employees	5,203,949	794,057	4,834,903	10,832,909	4,943,360	5,889,549	1
Use of goods and services	6,274,386	528,595	4,184,960	10,987,941	10,376,658	611,284	1
Transfers to Other Government Units	53,502,000	11,000,000	58,244,938	122,746,938	85,557,369	37,189,569	1
Other grants and transfers	71,708,544	5,167,450	14,545,256	91,421,250	54,142,044	37,279,206	1
Acquisition of Assets	-	-	-	-	-	-	-
Other payments	400,000	500,000	5,507,770	6,407,770	2,000,000	4,407,770	0
UNALLOCATED FUND	-	2,420,361	40,000	2,460,361	-	2,460,361	
<b>TOTAL</b>	<b>137,088,879</b>	<b>20,410,463</b>	<b>87,357,827</b>	<b>244,857,169</b>	<b>157,019,431</b>	<b>87,837,739</b>	<b>1</b>

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

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

**3. Reporting Currency**

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

**4. Significant Accounting Policies**

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

**a) Recognition of Receipts**

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

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

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

**Proceeds from Sale of Assets**

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

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents.**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

*Nyali Constituency*

*National Government Constituencies Development Fund (NGCDF)*

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

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

**9. Pending Bills**

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

**10. Unutilized Fund**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 11<sup>th</sup> June 2020 for the period 1<sup>st</sup> July 2020 to 30<sup>th</sup> 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 30<sup>th</sup> 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.

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

**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO. B 041062	1		55,040,876
AIE NO. B 041178	2		4,000,000
AIE NO. B 041331	3		18,000,000
AIE NO. B 041366	4		2,000,000
AIE NO. B 047748	5		5,000,000
AIE NO. B 049154	6		7,000,000
AIE NO. B 104068	7		14,000,000
AIE NO. B 104448	8		20,000,000
AIE NO. B 104745	1	20,000,000	
AIE NO. A 823708	2	35,000,000	
AIE NO. B 104962	3	10,567,724	
AIE NO. B 124644	4	9,000,000	
AIE NO. B 119614	5	10,000,000	
AIE NO. B 128245	6	6,900,000	
AIE NO. B 128004	7	13,000,000	
AIE NO. B 132007	8	6,000,000	
AIE NO. B 132301	9	6,000,000	
AIE NO. B138970	10	13,000,000	
AIE NO. B 126262	11	6,100,000	
AIE NO. B105057	12	10,000,000	
AIE NO. B 140701	13	12,000,000	
<b>TOTAL</b>		<b>157,567,724</b>	<b>125,040,876</b>

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

2. PROCEEDS FROM SALE OF ASSETS

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

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. OTHER RECEIPTS**

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	45,000	40,000
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	2,375,361	-
Other Receipts Not Classified Elsewhere	-	-
<b>Total</b>	<b>2,420,361</b>	<b>40,000</b>

**4. COMPENSATION OF EMPLOYEES**

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,986,024	1,725,632
<b>Personal allowances paid as part of salary</b>		
House Allowance	882,008	575,208
Transport Allowance	882,008	575,208
Leave allowance	-	-
Gratuity to contractual employees	-	55,800
Employer Contributions Compulsory national social security schemes	193,320	131,040
<b>Total</b>	<b>4,943,360</b>	<b>3,062,888</b>



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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

5. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	3,465,000	4,954,170
Utilities, supplies and services	2,274,794	1,758,961
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	3,599,500	-
Hospitality supplies and services	-	-
Insurance costs	182,357	-
Specialized materials and services	-	-
Office and general supplies and services	300,000	712,000
Other operating expenses	299,999	300,000
Routine maintenance – vehicles and other transport equipment	181,508	141,700
Bank service commission and charges	73,500	-
Routine maintenance – other assets	-	-
<b>Total</b>	<b>10,376,658</b>	<b>7,866,831</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**6. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools (see attached list)	48,188,591	11,412,620
Transfers to secondary schools (see attached list)	37,368,778	37,256,250
Transfers to tertiary institutions (see attached list)	-	-
<b>TOTAL</b>	<b>85,557,369</b>	<b>48,668,870</b>

**7. OTHER GRANTS AND OTHER PAYMENTS**

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools (see attached list)	23,966,000	23,153,700
Bursary – tertiary institutions (see attached list)	15,732,200	15,345,000
Bursary – special schools (see attached list)	-	-
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	3,432,000	-
Security projects (see attached list)	4,500,000	7,328,908
Sports projects (see attached list)	2,896,844	2,192,456
Environment projects (see attached list)	620,000	2,060,514
Emergency projects (see attached list)	2,995,000	-
Cultural projects (see attached list)	-	6,400,000
<b>Total</b>	<b>54,142,044</b>	<b>56,480,578</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**8. ACQUISITION OF ASSETS**

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

**9. OTHER PAYMENTS**

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
Youth & Women Empowerment Resource Centre	2,000,000	-
	2,000,000	-

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10: CASH BOOK BANK BALANCE**

**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity Bank Kengeleni A/c.no.1140261189476</i>	20,958,756	17,990,102
<i>Name of Bank, Account No.</i>	-	-
<i>Name of Bank, Account No.</i>	-	-
	-	-
<b>Total</b>	<b>20,958,756</b>	<b>17,990,102</b>
<b>10B: CASH IN HAND</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>specify</i> )	-	-
	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>[Provide cash count certificates for each]</i>		

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**11: OUTSTANDING IMPRESTS**

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

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

**12A. RETENTION**

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

*[Provide short appropriate explanations as necessary.]*

**12B. GRATUITY**

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

*[Provide short appropriate explanations as necessary]*

13. BALANCES BROUGHT FORWARD

	2020-2021 (1 <sup>st</sup> July 2020)	2019-2020 (1 <sup>st</sup> July 2019)
	Kshs	Kshs
Bank accounts	17,990,102	8,988,394
Cash in hand	-	-
Imprest	-	-
<b>Total</b>	<b>17,990,102</b>	<b>8,988,394</b>

*[Provide short appropriate explanations as necessary]*

14. PRIOR YEAR ADJUSTMENTS

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

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

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-

**16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

	2020 – 2021	2019 - 2020
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Closing Account Payable D= A+B-C	-	-
Net Changes in Accounts Payable E=A-D	-	-

*Nyali 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. OTHER IMPORTANT DISCLOSURES**

**17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

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

**17.2: PENDING STAFF PAYABLES (See Annex 2)**

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	812,827	640,595
Others ( <i>specify</i> )	-	-
	812,827	640,595

**17.3: UNUTILIZED FUND (See Annex 3)**

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	5,889,549	4,834,903
Use of goods and services	461,281	4,034,958
Amounts due to other Government entities (see attached list)	65,278,473	56,881,816
Amounts due to other grants and other transfers (see attached list)	15,643,075	21,461,150
Acquisition of assets	-	-
Others ( <i>AIA</i> )	375,361	145,000
Funds pending approval	190,000	
	87,837,739	87,357,827



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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	29,875,627	17,142,682
	29,875,627	17,142,682

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

**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

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

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

**ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Designation	Date employed	Outstanding Balance 30 <sup>th</sup> June 2021	Comments
<b>NG-CDFC Staff</b>				
1. Jumaa Mwema		01.04.2019	59,334	
2. Esha Mohamed		01.04.2019	77,190	
3. Tembo Sanga		01.04.2019	57,295	
4. Memwinyi Rashid		01.04.2019	44,640	
5. Kenneth Jagongo		01.04.2019	89,280	
6. Evans Ondusi		01.04.2019	44,640	
7. George Okelo		01.04.2019	44,640	
8. Job Situma		01.04.2019	40,920	
9. James Nzamba		01.04.2019	44,640	
10. Abdulnassir Faraj		01.08.2018	60,264	
11. Alois Asembo		01.03.2020	44,640	
12. Daniel Ndonj		01.04.2020	44,640	
13. .Laurent M.Mwauri		01.04.2020	44,640	
14. Alwiya Husein Shamut		01.06.2020	71,424	
15. Antony Mang'eni		01.07.2020	44,640	
			<b>812,827</b>	
<b>Sub-Total</b>				
<b>Grand Total</b>				



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

**ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	-	-	-	-
Buildings and structures	29,150,000	-	-	-
Transport equipment	4,084,500	-	-	4,084,500
Office equipment, furniture and fittings	5,166,765	-	-	5,166,765
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	418,991	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
<b>Total</b>	<b>38,820,256</b>	-	-	<b>38,820,256</b>

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

**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2021**

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
NYALI NGDF GENERAL PROJECTS	EQUITY	1140261189498	12,100	12,100
KONGOWEA PRIMARY SCHOOL	EQUITY	1140262479404	122,560	1,972,856
FRERETOWN HEALTH CENTRE	EQUITY	1140263452297	0	2,833
BAMBURI HEALTH CENTRE	EQUITY	1140263575806	4,482,539	4,482,539
KADZANDANI PRIMARY SCHOOL	EQUITY	1140263575887	0	1,168
MLALEO PRIMARY SCHOOL	EQUITY	1140263642803	0	16,816
FRERETOWN SECONDARY SCHOOL	EQUITY	1140266106756	678,488	2,635,701
FRERETOWN PUBLIC TOILETS	EQUITY	1140266134844	0	2,379
ZIWA LA NGOMBE SOCIAL HALL	EQUITY	1140266458642	0	21,055
AZHAR SHARIFF PRIMARY SCHOOL	EQUITY	1140266526252	161	500,001
KENGELENI PRIMARY SCHOOL	EQUITY	1140269094252	0	475
FRERETOWN POLICE POST	EQUITY	1140271058881	0	146,267
KADZANDANI KWA BULLO POLICE POST	EQUITY	1140271329420	22,069	22,069
NYALI POLICE STATION	EQUITY	1140272235384	0	285,250
KONGOWEA PRIMARY SCHOOL	EQUITY	1140272620624	0	213,425
KISAUNI PRIMARY SCHOOL	EQUITY	1140272883580	394,908	4,330
KONGOWEA YOUTH & WOMEN EMPOWERMENT	EQUITY	1140276136387	2,177,587	2,768,097
ZIWA LA NG'OMBE PRIMARY SCHOOL	EQUITY	1140280059376	2,028,617	-
FRERETOWN PRIMARY SCHOOL	EQUITY	1140277349649	0	5
MBUNGONI POLICE POST	EQUITY	1140278895237	0	78,751
PENTROSE COMMUNITY PRIMARY SCHOOL	EQUITY	1140277630469	114,323	686,863
MLALEO SECONDARY SCHOOL	EQUITY	1140278738993	414,544	901,252
MAWENI PRIMARY SCHOOL	EQUITY	1140278811554	7,034,170	388,450
KADZANDANI KWA BULLO PRIMARY	EQUITY	1140279801350	957,139	-
KADZANDANI KWA BULLO SEC.SCH	EQUITY	1140279801438	1,588,811	-
KONGOWEA SECONDARY SCHOOL	EQUITY	1140279963039	5,733,411	-
MOHAMED ALI GIRLS SEC.SCHOOL	EQUITY	1140280870608	4,114,200	-
MOMBASA SEC.SCH.FOR THE PHYSICALLY HANDICAPPED	KCB BANK	1274869072	0	2,000,000
<b>Total</b>			<b>29,875,627</b>	<b>17,142,682</b>

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

**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
	<p><b>1.0 Other Grants and Transfers</b> The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and transfers balance of Kshs.38,723, 751 as detailed in note 7. Included in this amount is security expense of Kshs.5,482,091 which includes Kshs.582,091 being transfers to Nyali Police Station. This resulted to cumulative transfers to project Management committee bank account totalling Kshs.8, 581, 141 as at 30 June 2018. A review of the records availed for audit revealed the following anomalies. <b>1.1</b> A contract agreement dated 23 June 2017 was signed by both parties but contract period was not indicated <b>1.2</b> On 19<sup>th</sup> July 2017 the contractors was paid Kshs.6, 820,150 based on two sets of project management committee minutes. However the payment was not supported with a signed certificate of actual works undertaken by the contractor from the supervising technical department. <b>1.3</b> On 26 September 2017 a payment of kshs.700, 000 was made without supporting minutes of the project management committee minutes.</p>	<p>Valuation of work done to support the payment done from the Director of public works was availed.  A new contractor has been engaged to finish the pending works as per the BOQ specifications.</p>	<p>Stella Tayo(Fund Account Manager)</p>	<p>Resolved.</p>	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
	<p>Further, site visit in the month of January 2019 revealed that the contractor was not on site yet some works had not been carried out as per the BQ. Under the circumstances, the propriety of expenditure of Kshs.582, 091 for the year ended 30<sup>th</sup> June 2018 and previous year balance of Kshs.6, 820,150 for renovation of Nyali Police station could not be confirmed.</p>				
	<p><b>Transfer to other Government Entities</b> The statement of receipts and payments for the year ended 30 June 2018 reflect a transfer to other government entities balance of Kshs.53,128,613 as detailed in note 6 to the financial statements. Included in this amount is Kshs.31,953,585 being transfers to primary school out of which Kshs.8,800,000 was transferred to a project management committee for refurbishment works at Kongowea Primary School. Records availed for audit revealed the following. 2.1 The contractor was paid Kshs.6, 661,940 supported by three certificates revealed that they were not signed by the project supervising officer from the public works. 2.2 The projects Bill of quantities included Provisional sums amounting to Kshs. 500,000 for plumbing and drainage works, which could have been itemized to allow for competitive bidding. Further, the provisional amount was utilized but there was no evidence of what contingency the funds</p>	<p>Valuation of work done to support the payment done from the Director of public works was availed.</p>	<p>Stella Tayo(Fund Account Manager)</p>	<p>Resolved</p>	



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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
	were applied to contrary to section 139 (2) c and e of the public procurement and Assets Disposal Act, 2015 which requires that the procuring entity shall justify the use of contingencies and provisional sums.				
	<p><b>Other Matter</b></p> <p><b>1. Budgetary Control and Performance</b>                      The summary statement of appropriation recurrent and development combined reflects a final budget of Kshs.166,179,855 and actual expenditure was Kshs.126,145,396 resulting to under absorption of Kshs.40,034,459</p>	The Under absorption is as a result of delays in funding from NG – CDF Board of the budgeted amount.	Stella Tayo	Resolved	
	<p><b>2. Project Implementation</b>                      According to the project implementation status report as at 30 June 2018, the fund budgeted for 21 projects with a total budget of Kshs.59,214,659. A review of the project status report indicated that:</p> <p>a) Four (4) projects of Kshs.9,217,023 were complete and in use</p> <p>b) Three (3) projects with a total allocation of Kshs.19,359,646 were on-going</p> <p>c) Thirteen(13) projects allocated Kshs.30,640987.89 had not been started despite funding..</p>	Project Implementation Status Reports are prepared quarterly documenting all the approved projects in the financial year both funded and not funded. As at 30 <sup>th</sup> June 2018 the constituency had only received Kshs.37.905,172 for	Stella Tayo	Resolved	

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
		<p>2017/2018 through AIE No.A892986 Received in May 2018.The projects documented as not started had just received funding before the closure of the financial year i.e May 2018 hence were in the process of starting and the rest had not received funding to commence.</p>			