

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

NATIONAL ASSEMBLY	
DATE:	22 NOV 2022
	Day: Tuesday
TABLED BY:	LOM
CLERK-AT THE TABLE:	Lernuno

THE AUDITOR-GENERAL

ON

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

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
REGISTRY
29 SEP 2021
RECEIVED



STAREHE 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)

***STAREHE 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 PREDETRMINED OBJECTIVES	7
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	7
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	12
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- STAREHE 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.....	19
XI. SIGNIFICANT ACCOUNTING POLICIES.....	24
XII. NOTES TO THE FINANCIAL STATEMENTS.....	27

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

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

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 STAREHE 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	Jane Wairimu Muchira
2.	Sub-County Accountant	Stephen Mugo Mbugua
3.	Chairman NGCDFC	George Mwenda Kirera
4.	Member NGCDFC	Regina Wanjau

(d) Fiduciary Oversight Arrangements

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

P.O. Box 33087-00600
 Starehe Ng-cdf Building, Starehe Sub-county headquarter Kariokor
 General Waruinge Road
 Nairobi, KENYA

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

(f) STAREHE Constituency NGCDF Contacts

Telephone:
E-mail: cdfstarehe@ngcdf.go.ke
Website: www.ngcdf.go.ke/starehe

(g) STAREHE Constituency NGCDF Bankers

STAREHE CONSTITUENCY DEVELOPMENT FUND
CO-OPERATIVE BANK
A/C No. 01120070407600
STIMA PLAZA Branch
P.o Box
STAREHE

(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



GEORGE MWENDA KIRERA

BACKGROUND OF THE CONSTITUENCY

Starehe Constituency is constituency number 289 out of the 290 elective constituencies in Kenya situated in Nairobi County. The constituency has 25 primary schools and 14 secondary schools as well as 13 police posts and police stations

1.0 ACHIEVEMENTS:

1.1 NEW DAY SECONDARY SCHOOL – NAIROBI SOUTH MIXED DAY SECONDARY SCHOOL

The demographic distribution in Starehe Constituency is uneven across the 3 divisions. South B Division which characterised by existence of informal settlement i.e. the slums and industries has the highest population during the day and during the night. This means that the population is characterised by high poverty levels and illiteracy.

It is worth noting that the division has 7 (seven) public primary schools which are highly populated. These schools have high population ranging from 650 pupils to 1020 pupils per school. Due to poverty, the children are not able to transit to the available boarding secondary schools. This has been a challenge to the government to achieve 100% transition and thus increase in drug and substance abuse as well as insecurity. Therefore, to solve this challenge, the NGCDFC resolved to construct a day secondary school to accommodate the pupils from these primary school.

Phase 1 of the school is almost complete and soon will be admitting pupils in form 1. The school is design upon total completion will have 32 classes, 4 Laboratories, 1 computer laboratory, 1 library, staffroom and other administrative offices.

1.2 RACECOURSE PRIMARY SCHOOL

Racecourse primary being one of the schools in Starehe constituency has had issues of land grabbing. Some individual developer had grabbed approximately 2 acres of land from the school. With help of stakeholders, the land has since been retrieved. On the other hand, the community had converted the school compound to be a dumping site. This was environmentally improper for the pupils to survive. The dumping site was even risky for the health of the pupils as well as the teachers. The dumping site became an entry point for thieves and criminals to gain entry to the school. NG-CDF Starehe has managed to construct a 1000m perimeter wall around the school and managed to keep intruders away from the school and the Pupils. The street urchins who had invaded the school compound have since been kept off since the wall had been constructed.

1.3 PERIMETER WALL AT PUMWANI GIRLS HIGH SCHOOL AND OTHER BUMP SCHOOLS

The perimeter wall was to be constructed on the rear side of the bump schools which include Pumwani girls high school, Pumwani primary school, Muslim primary school, Dr Aggrey primary school and St Brigit primary school . There had been cases of sexual molestation due to the dumping site that acts as home to the street families. Students would also be robbed off their items in the school making the area insecure. Its for these reasons that Ng-cdf Starehe decided to construct the perimeter wall.

2.0 CHALLENGES

2.1 LACK OF COMMUNITY LAND AND LAND GRABBING

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

This is the greatest challenge for implementation of the NGCDF projects. The NGCDFC may want to construct additional classes but the land is not available to achieve that. This has therefore been our greatest challenge as well land spaces of schools has been grabbed by private individuals.

2.2 DRUG AND SUBSTANCE ABUSE IN SCHOOLS AND SCHOOL DROPOUT

This cuts across the school going students, youths, as well as parents. This has been a serious challenge and has led to low productivity amongst the productive population. Young girls have dropped out of school due to early pregnancies as well as increased poverty. Lack of day schools in the community has led to these girls not able to continue school after child bearing. This has increased dependency and thus increases poverty.

2.3. OVER POPULATION

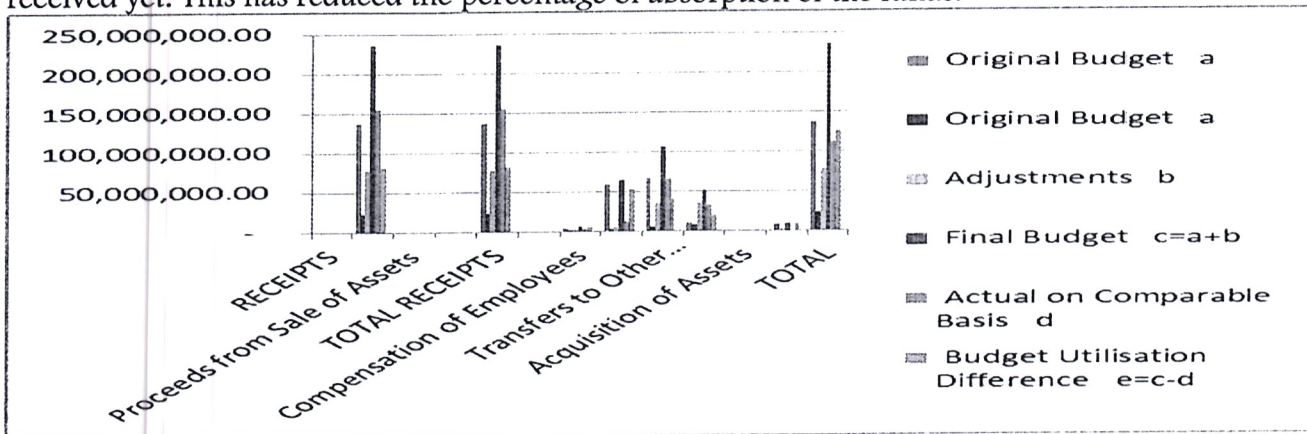
Increased population has led to overutilization of the available resources as well as overcrowding in schools yet there is no space for expansion in the schools.

2.4 RADICALIZATION

This has now been a serious concern among students especially high school students. This has even been evident with a recent case from Jamhuri High School in Ngara where there were religious clashes where seven (7) students were killed and others injured including the principal. The Ministry of education has worked hard to sensitize the students. The community therefore needs to be sensitized further on the effect of radicalization as well as early detection of radicalized students.

BUDGET UTILISATION

Under previous years funds not yet received from the board, there are funds which are dated back in 2010/2011 financial years. This has increased the receivables from the board yet they were not received yet. This has reduced the percentage of absorption of the funds.



Signature
CHAIRMAN NGCDF COMMITTEE

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

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 *STAREHE Constituency 2018-2022* plan are to:

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

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 and Training	To Improve Education Outcomes at all levels of Learning	Facilitate the face-lifting/ Renovation of Schools Construction of school Facilities Equipping of Schools Mainstreaming Special needs education in schools Bursaries for needy students Scholarships/ Sponsorship for Secondary and College students	number of usable physical infrastructure in schools that are renovated number of bursary beneficiaries at all levels number of institutions equipped Number of Special classes constructed for special schools Number of full scholarship students	In FY 19/20 -we increased the number of schools face lifted from 2 to 5 - Bursary beneficiaries under full scholarship increased by 66 in the F/Y 2019-2020 - furniture was bought for 7 more schools -6 students in KMTC were put on full scholarship program - 1 class for Cerebral palsy was constructed in Parklands Primary

STAREHE Constituency

National Government Constituencies Development Fund (NGCDF)

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

Security and Administration	Enhance security in the constituency	Facilitate the face-lifting/ Renovation of Police Stations, AP and Chief Camps Construction of Security Infrastructure Promote community policing Security Advocacy Discourage and fight consumption of illicit brews and drugs	No. of schools renovated No. of Police stations renovated No. of Chiefs camps renovated No. of security infrastructure constructed	school 1 child Protection unit was completed at Pangani Police Station Police housing was constructed at Kariokor AP Camp Ablution block at Ngara Police Station was Constructed A Chiefs Camp Was Constructed at Hazina
Employment Creation	To harness sporting and creative talents of the youth.	Facilitate Registration of sports teams from Ward level. Levelling of play grounds in public education institutions. Providing sporting equipment e.g. uniforms, balls, etc. Sponsor sports festivals. Promote excellent teams and individuals nationally and internationally. Organize talent shows and award the best talents. Assist the winners to link with organizations that can pay for their talents.	No. of sports ground repaired, levelled or constructed No. of sports teams funded or issued with sports kits and equipment. No. of sports festivals and activities carried out. No. of talent shows conducted.	Refurbished 1 No. sports field at Mariakani Primary School
Environment	To enhance Environmental Conservation	Construction of boreholes in educational institutions and police stations Provision of water tanks Construction of pit latrines in schools and other public places Initiate afforestation and re-forestation programme Establish tree nurseries Promote tree planting and beautification Identify and establish appropriate waste		Supplied water Tanks at 5 schools(Pangani Girls, Parkroad primary, Palins View Primary, CGHU Secondary) Constructed Drainage works at Our Lady Of Mercy Primary and Secondary Schools

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

		disposal sites Formulate prudent waste recycling strategies		
Emergency	To develop and operationalize a comprehensive and effective disaster preparedness and response programme	Participate in training of volunteers at ward level in Emergency Response. Participate in Risk mapping of vulnerable areas. Improve tracing and response to Emergency Response.	Participated in the Disaster Management Committee at the Sub county level	5 meetings were attended
Management	To ensure efficient and effective NG-CDF	Promote public participation in project identification and implementation; Promote timely submission and approval of project proposals; Promote prioritization of on-going projects in allocation of Funds; Improve collaboration with technical officers from relevant government agencies; Improve management of transition of NG-CDFCs in relation to resources and projects; and Widen projects scope.	Public participation conducted once per 2 years All project proposal submitted within 2 months of preparation of the allocation table All priorities made in the proposal must be within the community expectations Ongoing projects to be given a priority Technical teams from relevant departments to be engaged in the implementation of the NGCDFC proposal	Conducted one community participation as per the guidelines of the law Submitted the proposals within the set guidelines Completed all the ongoing projects Priorities in the project proposal were guided by the community participation Use of Technical team I.e. Procurement officer, Public Works were used to implement projects

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

a. Education and Training: STAREHE NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary

institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.

- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Employee welfare

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

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. STAREHE constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

3. Market place practices-

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

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from

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

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

4. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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

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-STAREHE Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 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-STAREHE Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- STAREHE Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

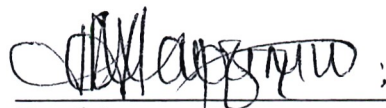
The Accounting Officer in charge of the NGCDF STAREHE Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for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

Approval of the financial statements

The NGCDF- STAREHE Constituency financial statements were approved and signed by the Accounting Officer on **September 15, 2021**



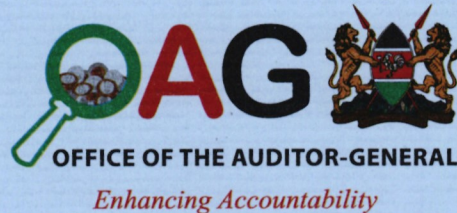
Chairman NGCDF Committee
George Mwenda Kirera



Fund Account Manager
Jane Wairimu Muchira

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 - STAREHE CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Starehe Constituency set out on pages 14 to 44,

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 provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Starehe Constituency as at 30 June, 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 Qualified Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of Receipts and Payments

The statement of receipts and payments reflects comparative amount of Kshs.28,568,336 under acquisition of assets which differs with an amount of Kshs.924,700 reflected under Note 8 to the financial statements and the audited financial statements for the year ended 30 June, 2020, by unexplained variance of Kshs.27,643,636 of receipts and payments.

Further, the statement reflects an amount of Kshs.32,040,664 in respect to acquisition of asset. However, Note 8 to the financial statements in respect to acquisition of assets reflects Nil amount.

1.2 Statement of Assets and Liabilities

The statement of assets and liabilities reflects Nil comparative balances for retention and gratuity. However, the audited financial statements for the year ended 30 June, 2020 reflects balances of Kshs.688,600 and Kshs.303,993 respectively for the two items.

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

2. Unsupported Transfers to Other Government Units

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects an amount of Kshs.65,700,000 in respect of transfers to other Government units. The transfers includes an amount of Kshs.3,600,000 for supply and delivery of 900 branded wooded lockers and 900 wooden branded chairs to six (6)

schools vide payment voucher No.28 dated 25 November, 2020. However, no evidence of delivery of the items was provided for audit.

In addition, Racecourse Primary School received total disbursements of Kshs.22,050,000 in the year under review for construction of 1,000 meters perimeter wall, removal of asbestos, reroofing and renovation of three (3) classrooms, repair of walls and floor screeding and painting of ten (10) classrooms. However, physical inspection carried out in the Institution on 7 April, 2022 revealed that, works on repair of walls and painting was only done in six (6) classrooms and not ten (10) as indicated on the payment records. Further, works on floor screeding were not done in any of the classrooms. No explanation was provided for failure to carry out the works valued at Kshs.3,075,000.

In the circumstances, the accuracy and validity of transfers to other Government units totalling to Kshs.6,675,000 could not be confirmed.

3. Unreconciled Bursary Funding

The statement of receipts and payments reflects other grants and transfers amount of Kshs.32,040,664 as disclosed in Note 7 to the financial statements which includes bursary payments totalling to Kshs.23,347,995. However, analysis provided in support of the bursary payments reflected a total amount of Kshs.21,849,224 resulting to an unreconciled variance of Kshs.1,498,771. Further, the analysis was not categorized into bursary to secondary and tertiary institutions and did not include admission numbers of the benefiting students.

In addition, the summary statement of appropriation reflects that an amount of Kshs.154,981,179 was received from the NG-CDF Board. However, Management spent a total amount of Kshs.23,347,995 or 15% of total receipts on bursary instead of Kshs.38,745,295 or 25% as required by Regulations 21(5) of the National Government Constituency Development Fund Regulations, 2016.

In the circumstances, the accuracy and completeness of other grants and transfers could not be confirmed and the Fund Management was in breach of law.

4. Unsupported Expenditure on Sports Projects

The statement of receipts and payments reflects other grants and transfers amount of Kshs.32,040,664 as disclosed in Note 7 to the financial statements. The transfers includes sports projects expenditure of Kshs.5,093,367 out of which an amount of Kshs.2,912,550 was incurred in purchase of sports equipment. Review of the payment vouchers revealed that although the inspection and acceptance committee signed the issue voucher (S11), the receipt voucher (S13) however, the signed list of beneficiary teams were not provided for audit.

In the circumstances, the validity and completeness of the amount spent on sports uniform and equipment could not be confirmed.

5. Variance in Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.43,176,686 as disclosed in Note 10 to the financial statements. However, the cash book and the bank reconciliation statement reflected a balance of Kshs.45,347,703 resulting to an unexplained variance of Kshs.2,171,017. Further, the bank reconciliation statements presented for audit included stale cheques totalling Kshs.3,304,141. No explanations were provided for failure to reverse the stale cheques.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.43,176,686 could not be confirmed.

6. Unreconciled Project Management Committee Bank Balances

Annex 5 to the financial statements reflects Project Management Committee balance of Kshs.60,887 in respect to Dr. Aggrey Primary School. However, the bank statement and bank certificate reflects a balance of Kshs.50,887 resulting to an unreconciled variance of Kshs.10,000. In addition, reconciliation statements for the bank account were not provided for audit.

Further, the bank certificates for Starehe Main Cooperative Bank Account, three (3) secondary schools and five (5) primary schools were not provided for audit review. Similarly, the bank statements for two (2) secondary schools and one (1) primary school were also not provided for audit review.

In the circumstances, the accuracy and existence of the PMC bank balances totalling to Kshs.38,876,415 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Starehe Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 reflects final receipts budget and actual on comparable basis of Kshs.236,333,060 and Kshs.154,981,179 respectively resulting to

underfunding of Kshs.81,251,881 or 34% of the budget. Similarly, the Fund spent Kshs.111,804,494 against an approved budget of Kshs.236,333,059, resulting to an under expenditure of Kshs.124,528,565 or 53% of the budget.

In the circumstances, the underfunding and underexpenditure may have affected 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 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. Non-Compliance with the Public Sector Accounting Standards Board Templates

Review of the financial statements presented for audit revealed the following errors;

- i) The statement of cash flows for the year ended 30 June, 2021, other important disclosures and annexes and progress on follow-up of Auditor Recommendations is omitted from the table of contents.
- ii) Section IV on Corporate Social Responsibility Statement/Sustainability Reporting, has omitted information on environmental performance.
- iii) Annex 5 to the financial statements on PMC Bank Balances omits a brought forward balance of Kshs.632,608 which constitute of Kshs.614,782 for Dr. Aggrey Primary School and Kshs.17,826 for Pangani Police Station.

Consequently, the financial statements for the year ended 30 June, 2021 did not comply with the Public Sector Accounting Standards Board Reporting Templates.

2. Implementation of Projects not in the Approved Projects Code List

Review of the financial statements revealed that the Fund undertook projects in both primary and secondary schools. However, projects amounting to Kshs.3,400,000 were implemented but were not part of the projects approved and scheduled for implementation as per the approved project code list for financial year 2020/2021. Failure to submit the projects to the Board for approval and funds allocation may result in implementation of the projects that are not a priority to the public.

The Fund Management is in breach of the law.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Approved Information Communication Technology Policy and Strategic Committee

Review of the Fund's Information Communication Technology (ICT) environment revealed that the Fund did not have an approved ICT Policy, an ICT Strategic Committee, a Data Security Management Policy or an approved Back Up Policy. Further, a review of the Fund's staff records revealed there was no Officer-In-Charge of ICT. In the circumstances, the effectiveness of the Fund's ICT controls could not be confirmed.

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 overall governance.

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 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

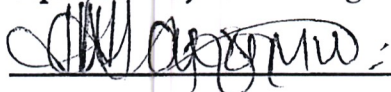
19 August, 2022

STAREHE 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
RECEIPTS			
Transfers from NGCDF Board	1	132,617,724	120,973,852
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	=	=
TOTAL RECEIPTS		132,617,724	120,973,852
PAYMENTS			
Compensation of employees	4	2,183,176	1,567,743
Use of goods and services	5	11,880,654	6,041,954
Transfers to Other Government Units	6	65,700,000	75,331,481
Other grants and transfers	7	32,040,664	28,568,336
Acquisition of Assets	8	32,040,664	28,568,336
Other Payments	9	-	1,744,125
TOTAL PAYMENTS		111,804,494	114,178,339
SURPLUS/(DEFICIT)		<u>20,813,230</u>	<u>6,795,513</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-STAREHE Constituency financial statements were approved on **September 15, 2021** and signed by:



Fund Account Manager
Jane Wairimu Muchira



National Sub-County
Accountant
Stephen Mugo Mbugua
ICPAK M/No: 14496



Chairman NG-CDF Committee
George Mwenda Kirera

STAREHE 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	43,176,686	22,363,455
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		43,176,686	22,363,455
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		43,176,686	22,363,455
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		43,176,686	22,363,455
REPRESENTED BY			
Fund balance b/fwd 1st July...		22,363,455	15,567,942
Prior year adjustments	14		
Surplus/Defict for the year		20,813,230	6,795,513
NET FINANCIAL POSITION		43,176,685	22,363,455


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-STAREHE Constituency financial statements were approved on **September 15, 2021** and signed by:



Fund Account Manager
Jane Wairimu Muchira



National Sub-County
Accountant
Stephen Mugo Mbugua
ICPAK M/No: 14496



Chairman NG-CDF Committee
George Mwenda Kirera

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

IX STATEMENT OF CASHFLOW

	2020-2021	2019 - 2020
	Kshs	Kshs
Receipts from operating activities		
Transfers from NGCDF Board	132,617,724	120,973,852
Other Receipts	-	-
	132,617,724	120,973,852
Payments for operating activities		
Compensation of Employees	2,183,176	1,567,743
Use of goods and services	11,880,654	6,041,954
Transfers to Other Government Units	65,700,000	75,331,481
Other grants and transfers	32,040,664	28,568,336
Other Payments	-	1,744,125
	111,804,494	113,253,639
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	20,813,230	7,720,213
CASHFLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Assets	2	-
Acquisition of Assets	8	(924,700)
Net cash flows from Investing Activities	-	(924,700)
NET INCREASE IN CASH AND CASH EQUIVALENT	20,813,230	6,795,513
Cash and cash equivalent at BEGINNING of the year	10	15,567,942
Cash and cash equivalent at END of the year	43,176,685	22,363,455

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-STAREHE Constituency financial statements were approved on September 15, 2021 and signed by:

Fund Account Manager
Jane Waitimu Muchira

National Sub-County
Accountant
Stephen Mugo Mbugua
ICPAK M/No: 14496

Chairman NG-CDF Committee
George Mwenda Kirera

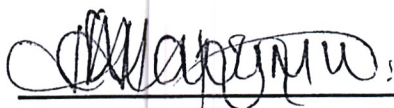
IX. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget		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		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879	22,363,455	76,880,725	236,333,060	154,981,179	81,351,880	65.6%
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts				0	-	-	
TOTAL RECEIPTS	137,088,879	22,363,455	76,880,725	236,333,060	154,981,179	81,351,880	#DIV/0!
PAYMENTS							
Compensation of Employees	3,368,795	199,356	2,248,559	5,816,710	2,183,176	3,633,534	37.5%
Use of goods and services	57,914,313	944,035	4,242,220	63,100,568	11,880,654	51,219,914	18.8%
Transfers to Other Government Units	66,859,000	6,045,988	34,750,000	107,654,988	65,700,000	41,954,988	61.0%
Other grants and transfers	8,946,770	15,140,577	34,739,946	58,827,293	32,040,664	26,786,629	54.5%
Acquisition of Assets				0	-	-	#DIV/0!
Other Payments	0	33,500	900,000	933,500	-	933,500	0.0%
TOTAL	137,088,878	22,363,456	76,880,725	236,333,059	111,804,494	124,528,565	47.3%

- i. Receipts from NG-CDF Board 66%-Kshs 154,981,179 was received in the financial year while Kshs. 22,363,455 was opening balance from the previous year. Kshs 81,351,880 had not been not received / not disbursed from the NG-CDF Board as at 30th June 2020. Out of this, Kshs. 900,000.00 was from F/Y 2010/2011 Kshs4,000,000.00 F/Y 2011/2012 Kshs 2,067,024.00 F/Y 2017/2018 and Kshs. 545,977.00 of F/Y 2016/2017
- ii. Compensation of Employees 34.3%- unspent balance of Kshs 4,179,229 being utilized for the same purpose in the subsequent financial year until exhaustion.
- iii. Use of goods and services-18.3% unspent balance being utilized for the same purpose in the subsequent financial year until exhaustion.
- iv. Transfers to Other Government Units – 61.9% unspent balance being utilized for the same purpose in the subsequent financial year until exhaustion
- v. Other grants and transfers – 63.2% unspent balance being utilized for the same purpose in the subsequent financial year until exhaustion

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	124,528,565
Less undisbursed funds receivable from the Board as at 30th June 2021	81,351,880
	43,176,685
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	43,176,685

The NGCDF-STAREHE Constituency financial statements were approved on **September 15, 2021** and signed by:



**Fund Account Manager
Jane Wairimu Muchira**



**National Sub-County
Accountant
Stephen Mugo Mbugua
ICPAK M/No:**



**Chairman NG-CDF Committee
George Mwenda Kirera**

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

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

- i. Transfers to Other Government Units-61.9%- The following projects had not been implemented as at 30th June 2021
- ii. Other Grants and Transfers -35%- The following projects had not been implemented as at 30th June 2021
- iii. Other Payments-0% Due to non- implementation of the following projects as at 30th June 2020

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements			
	Kshs		Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,368,794.59	199,356.00	2,248,559.04	5,816,709.63	2,183,176.00	3,633,533.63
1.2 Committee allowances	2,500,000.00	42,030.00	1,500,000.00	4,042,030.00	3,267,205.00	774,825.00
1.3 Use of goods and services	2,334,104.41	225,467.00	744,865.79	3,304,437.20	3,942,919.00	(638,481.80)
Total	8,202,899.00	466,853.00	4,493,424.83	13,163,176.83	9,999,300.00	3,769,876.83
2.0 Monitoring and evaluation						
2.1 Capacity building	2,765,666.00	85,143.00	650,354.48	3,501,163.48	2,706,900.00	794,263.48
2.2 Committee allowances	1,000,000.00	130,427.62	1,000,000.00	2,130,427.62	1,270,630.00	859,797.62
2.3 Use of goods and services	347,000.00	460,937.00	347,000.00	1,154,937.00	693,000.00	461,937.00
Total	4,112,666.00	676,507.62	1,997,354.48	6,786,528.10	4,670,530.00	2,115,998.10
3.0 Emergency						
3.1 Primary Schools	7,192,201.90			7,192,201.90	3,599,302.00	3,592,899.90

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

					125,064.00			125,064.00
Total								
11.0 Acquisition of assets								
11.1 Motor Vehicles								
11.2 Construction of CDF office								
11.3 Purchase of furniture and equipment								
11.4 Purchase of computers								
Total								
12.0 Other payments								
Ngara foot bridge				900,000.00				
KARIOKOR NGCDF TOILET					2,625.00			2,625.00
Constituency Strategic Plan						30,875.00		30,875.00
Total				900,000.00		30,875.00		933,500.00
13.0 unallocated fund								
Unapproved projects								
AIA								
PMC savings								
Total								
	137,088,874.31	22,363,458.00	76,880,725.14	236,333,057.45	111,804,494.00	124,528,563.45		

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

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

***STAREHE 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 30TH 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.

*STAREHE 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
	B124755	3,000,000.00	
Normal Allocation	B119649	10,000,000.00	
	B128323	42,617,724.00	
	B128281	6,900,000.00	
	B128038	12,000,000.00	
	B132041	8,000,000.00	
	B126004	12,000,000.00	
	B132335	6,000,000.00	
	B126296	9,000,000.00	
	B105091	11,100,000.00	
	B125012	12,000,000.00	
	AIE NO B 041212		4,000,000
	AIE NO B 047307		52,973,852
	AIE NO B 047654		20,000,000
	AIE NO B104482		24,000,000
	AIE NO B 104099		14,000,000
	AIE NO B 049179		6,000,000
Conditional Grants			
	AIE NO...		
Receipt from other Constituency			
TOTAL		132,617,724	120,973,852

2. PROCEEDS FROM SALE OF ASSETS

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,081,746	1,567,743
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	-	-
NHIF	61,350	
Employer Contributions Compulsory national social security schemes	40,080	-
TOTAL	2,183,176	1,567,743

STAREHE 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

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Utilities, supplies and services	0	0
Electricity	0	0
Water & sewerage charges	-	-
Office rent		-
Communication, supplies and services	292,200	78,260
Domestic travel and subsistence	147,060	60,000
Printing, advertising and information supplies & services	1,377,212	84,000
Rentals of produced assets		-
Training expenses	2,706,900	1,788,700
Hospitality supplies and services	593,000	293,490
Other committee expenses	0	714,500
Committee allowance	4,537,835	2,205,500
Insurance costs		-
Specialised materials and services		-
Office and general supplies and services	0	130,300
Fuel , oil & lubricants	1,000,000	550,000
Other operating expenses	0	0
Bank service commission and charges	528,447	0
Other Operating Expenses	200,000	-
Security operations		-
Routine maintenance - vehicles and other transport equipment	0	118,904
Routine maintenance- other assets	498,000	18,300
TOTAL	11,880,654	6,041,954

STAREHE 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	37,350,000	38,902,781
Transfers to Secondary Schools	28,350,000	36,428,700
Transfers to Tertiary Institutions		
TOTAL	65,700,000	75,331,481

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	18,978,174	11,037,791
Bursary -Tertiary (see attached list)	4,369,821	7,087,783
Bursary- Special Schools	-	-
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)		
Security Projects (see attached list)	-	7,942,762
Sports Projects (see attached list)	5,093,367	-
Environment Projects (see attached list)	-	2,500,000
Emergency Projects (see attached list)	3,599,302	-
TOTAL	32,040,664	28,568,336

STAREHE 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

Non Financial Assets	2020 - 2021	2019 - 2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles Vehicles and Other Transport Equipment	-	-
Purchase of Bicycles & Motorcycles	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment		
Purchase of office furniture and and General Equipment	-	-
Purchase of computers ,printers and other IT equipments	-	924,700
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets		
TOTAL	0	924,700

9. OTHER PAYMENTS

	2020-2021	2019-2020
Strategic Plan	-	1,744,125
ICT Hubs	-	-
		-
TOTAL	-	1,744,125

STAREHE 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)

10A: Bank Balances (cash book bank balance)		
Name of Bank, Account No. & currency	2020 - 2021	2019 - 20
Closing cash book bank balance	Kshs (30/6/2021)	Kshs (30/6/2020)
<i>cooperative Bank - stima Plaza Account No: 01120070407600</i>	43,176,686	22,363,455
Equity Bank	-	-
	-	-
TOTAL	43,176,686	22,363,455
10B: CASH IN HAND)		
	2020 - 2021	2019 - 2020
	Kshs (30/6/2021)	Kshs (30/6/2020)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts (specify)	-	-
TOTAL	-	-
		<i>[Provide cash count certificates for eac</i>

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS		
	2020 – 2019	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
closing account payables D= A+B-C	-	-

STAREHE 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
Retention	359,930	688,600
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
TOTAL	359,930	688,600

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020- 2021	2019- 2020
	Kshs	Kshs
NGCDF Staff	-	-
Others (specify)	-	303,993
	-	303,993

17.3: UNUTILIZED FUND (See Annex 3)

	2020- 2021	2019- 2020
	Kshs	Kshs
Compensation of employees	3,633,534	2,447,915
Use of goods and services	2,252,341	5,730,292
Amounts due to other Government entities (see attached list)	41,954,988	28,318,931
Amounts due to other grants and other transfers (see attached list)	75,754,200	49,984,915
Acquisition of assets	-	-
Others (specify)	933,500	7,510,527
Funds pending approval		
	124,528,563	93,992,580

STAREHE 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)	38,876,415	632,608
Totals	38,876,415	632,608

STAREHE 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	
Construction of buildings					
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1.				
2.				
3.				

*STAREHE 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	0	0	0	0
Buildings and structures	7,610,000	0	0	7,610,000
Transport equipment	4,083,226	0	0	4,083,226
Office equipment, furniture and fittings	1,243,482	0	0	1,243,482
ICT Equipment, Software and Other ICT Assets	1,316,000	0	0	1,316,000
Other Machinery and Equipment	3,817,292	0	0	3,817,292
Heritage and cultural assets		0	0	
Intangible assets		0	0	
Total	18,070,000			18,070,000

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

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 202xx

NO.	PMC NAME	BANK	ACCOUNT NUMBER	BALANCE AS AT 30/6/2021
1	PUMWANI GIRLS SECONDARY SCHOOL	KCB BANK	1276002653	205,248.00
2	NAIROBI SOUTH PRIMARY SCHOOL	KCB BANK	1275702171	149,746.00
3	MAIROBI SOUTH SECONDARY SCHOOL	KCB BANK	1011392179	11,165,878.00
4	DR AGGREY PRIMARY SCHOOL PMC	EQUITY	910279143304	60,887.00
5	RACECOURSE PRIMARY SCHOOL PMC	EQUITY	910280769520	22,050,000.00
6	OUR LADY OF MERCY PRIMARY SCHOOL	KCB BANK	1275797466	580,036.00
7	OUR LADY OF MERCY SECONDARY SCHOOL	KCB BANK	1275874495	56,404.00
8	ISLAMIA PRIMARY SCHOOL PMC ACCOUNT	KCB BANK	1276727364	95,436.00
9	PAKLANDS PRIMARY SCHOOL PMC ACCOUNT	CO-OP BANK		-
10	MARIAKANI PRIMARY SCHOOL PMC ACCOUNT	EQUITY	1770279183141	4,512,780.00
				38,876,415.00

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

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	The financial statements presented for audit review did not include all information as required in the format prescribed by public sector accounting standard PSASB.	The template used in the reporting was as per the prescription by the NGCDF Board as amended in June 2020.	Not Resolved	
2. (i)	The statement of financial assets reflects Gratuity of Kshs 303,983 instead of Kshs 303,993 as per note 12B, further, the comparative figure reflects nil while 2018/2019 reflects Kshs 231,916.	This has hence been amended accordingly.	Not Resolved	
2(ii)	The comparative figure for Use of Goods and Services reflects 5,103,127 while the year 2018/2019 actual reflects Kshs 6,828,127.	This error has been noted and has hence been amended accordingly.	Not Resolved	
2 (iii)	The summary of fixed assets for the year 2018/2019 reflects closing	This error has been noted and has hence been amended	Not Resolved	

STAREHE 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	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	balance of Kshs 18,070,000 however in the year 2019/2020 the opening reflects balance of Kshs 17,298,356.	accordingly.		
2(iv)	Annex 5 reflects PMC Bank Accounts balances as at 30 June 2020 with no comparatives yet in the year 2018/2019 PMC had a closing comparative of Kshs. 3,000,000.	As per the Template, the PMC Balances were not to be disclosed on comparative basis	Not Resolved	
2(v)	The statements of financial assets is not balanced as net financial assets reflects Kshs. 21,654,990 while net financial position reflects Kshs. 22,647,573 resulting in unreconciled difference of Kshs 992,538.	This error has been noted and has hence been amended accordingly.	Not Resolved	