

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

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REPORT

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BY

CLERK-AT

THE-TABLE:

Deputy Majority
Whip

Benson Inzofu

OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – LAMU WEST
CONSTITUENCY

FOR THE YEAR ENDED
30 JUNE, 2023



LAMU WEST CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30th JUNE 2023

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

Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

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Lamu West Constituency

National Government Constituencies Development Fund (NGCDF)

Annual Report and Financial Statements for The Year Ended June 30, 2023

I. Acronyms and Abbreviations

NGCDF-National Government Constituency Development Fund

PFM-Public Finance Management

IPSAS-International Public Sector Accounting Standards.

PMC-Project Management Committee

FY-Financial Year

CBC- Competence-Based Curriculum

PWD- Persons with Disability

COC- Constituency Oversight Committee

KSHS- Kenya Shillings

II. 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 2022. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

- j) Provide mechanisms for the National Assembly to facilitate the involvement of the people in the identification and implementation of projects for funding by the national government at the constituency level; and
- k) Provide for mechanisms for supplementing infrastructure development at the constituency level in matters falling within the functions of the national government at that level in accordance with the Constitution

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

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

(b) Key Management

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

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

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Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Javan Mwandawiro
2.	Sub-County Accountant	Benjamin Kituku
3.	Chairman NGCDFC	Geofrey Kupata
4.	Member NGCDFC	Julia Njuguna

(c) Fiduciary Oversight Arrangements

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

(d) Lamu West Constituency NGCDF Headquarters

P.O. Box 277- 80500
NG- CDF Building
Adjacent to County Assembly Offices, Off Lamu- Garsen Road
Mokowe, Lamu

(e) Lamu West Constituency NGCDF Contacts B

Telephone: (254) 0112237514
E-mail: cdflamuwest@ngcdf.go.ke
Website: www.ngcdf.co.ke

(f) Lamu West Constituency NGCDF Bankers

Equity Bank Kenya Limited
Account Number: 1270263908321
Mpeketoni Branch
P.O Box
Mpeketoni, Lamu County

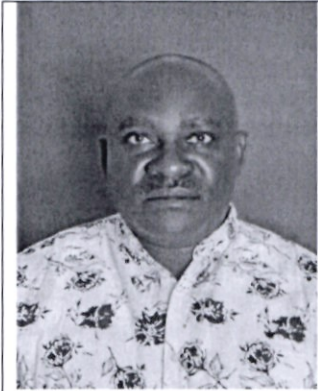
(g) Independent Auditors

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

(h) Principal Legal Adviser

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

NG-CDFC Chairman's Report



Mr. Geoffrey K. Charo

It is with great pleasure that I thank the people of NG- CDF Lamu West Constituency for the opportunity to serve them in this transformative, people-centred, nation-building position. The unaudited accounts and collaborative annual report for the year ended June 30th, 2023 are presented to you with great joy.

In the current period under review, the disbursements from the Board were affected by the political transition and legality of the Fund. These have delayed the implementation of proposed projects at the Constituency level. However, the Committee ensured best value for money for the funds disbursed, most of which was utilized in payment of bursaries to the needy constituents (Orphans, The Destitute and PWD Students). Our summary appropriation budget analysis and actual expenditure have been elaborated graphically as indicated below.

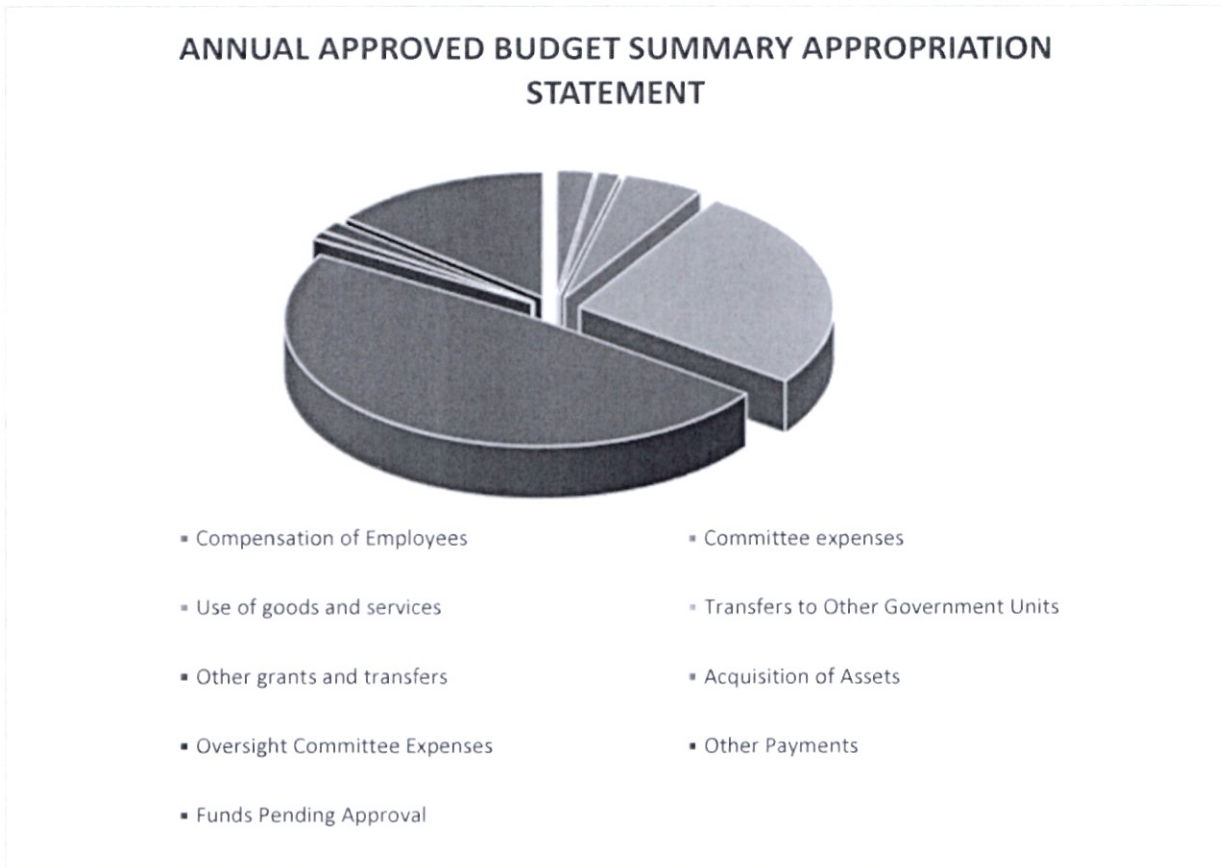
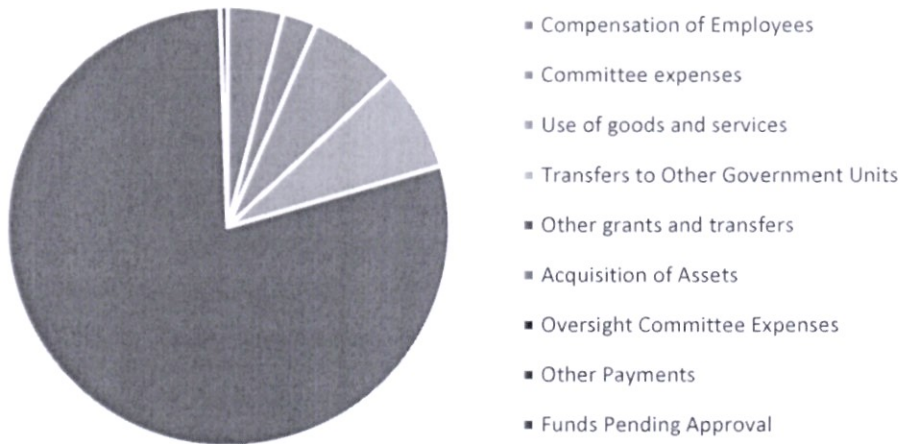


Figure 1: SUMMARY BUDGET FOR 2022/2023

SUMMARY ACTUAL UTILIZATION PER SECTOR



The spirit and tenets of devolution is also enshrouded in NG-CDF Act through peoples' participation in project identification and implementation is mandatory. The projects are implemented by the people through the Project Management Committees. We have been in the public eye for the entire period under review owing to our continued compliance with the fund's mandate. All we can say is, we continue ensuring service delivery beyond expectations by being transparent, open to criticism, involving the people in our project implementation, drawing lessons learned and above all, put to good and accountable use of all the resources entrusted us.

Summary of Key Achievements

1. Recorded the highest number of bursary applicants, and awards: The Committee supported a record 13,000 needy students through the bursary project;
2. Improvement of security support because of increased terror attacks in the region: The Committee is on the verge of completing a new Police Station (Pangani Police Station), a project started by NG- CDF Lamu West Constituency;
3. The Committee has modernised its Office at Mokowe with a view of enhancing a healthy working environment and building confidence in the community they serve and also has employed competent key staff from the Constituency thus the improved quality reporting and efficient operations;
4. The Committee has begun the implementation of a Strategic Plan for the Period 2023-2027. This will shade light on all stakeholders on the strategic direction and vision of the Constituency during the parliamentary term in question.

The NG-CDF Lamu West Constituency is currently working on a Strategic Plan for 2023-2027. The road map on how NGCDF Lamu West Constituency will execute its mandate for the period will be formalized by the strategic plan. The road map indicates the location of the Constituency, its destination, and the means by which it will arrive there. The plan shall be developed to guide NG-CDF Lamu West Constituency's operations in line with NG-CDF Act 2016 as amended in 2022, where it derives its mandate.

Challenges, Emerging Issues and Risk Affecting the Constituency Operation

- High level of terror attacks and their unconventional nature;

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- The Finance Act, 2023 has introduced higher tax regime resulting to high cost of projects implementation;
- Political transition and Legality of the Act operationalising the fund resulted to some delays in implementation of the projects;
- The Introduction Competency-Based Curriculum (CBC) has introduced more pressure on the fund making it inadequate to the demands of the Constituents;
- Poor educational infrastructural development: Most primary school have temporary classrooms, our secondary school lack key infrastructures like laboratories, Libraries, Fence (especially girls schools and primary school), and Kitchen and Dining Halls;
- Extreme Poverty: Most students rely entirely on support from the Government, more so bursaries from the County and Government and NG- CDF. The bursary allocation of the fund is incapable to sufficiently be relied on in meeting the need.

Recommendation and/or Mitigation Factors to the Challenges

- At all cost, eliminate political interference with the NG-CDF especially in awarding of the project contracts and recruitment;
- Ensuring that there's need to further strengthen public participation and inclusivity in need identification;
- With proper identification of very high-risk events per constituency the board needs to prioritize on the worst-case scenario to mitigate further risk extending;
- There is need of Regular capacity building on risk related areas e.g., procurement, project implementation, how to develop a procurement plan, monitoring plan and General Work plans and their action plans;
- Allocation for construction should vary according to accessibility, terrain and vicinity to construction materials;
- Involve relevant stakeholders during bursary recruitment such as PWDs representatives, local administrators e.g. chiefs and sub chiefs.


.....


Name
CHAIRMAN NGCDF COMMITTEE

III. Statement Of Performance Against Predetermined Objectives for FY 2022/2023

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 *Lamu West Constituency 2022-2027* plan are to:

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:

Sector	Objective	Outcome	Indicator	Performance
Education	To build 100 new classrooms, 10 dormitories, 12 Laboratories and renovate 20 schools	Increased enrolment in primary schools to accommodate Junior secondary school, improved transition to secondary schools and eliminate temporary classrooms in the constituency	To accomplish, the both primary and secondary schools: a) Constructed to completion 100 new classrooms b) Constructed to completion 10 dormitories c) Constructed to completion 12 laboratories. d) Renovated 20 schools to completion	In FY 2022/23: - We have built 10 new classrooms - 1 No. 200 capacity dormitory ready for construction
Security	To enhance security in the constituency by 2027, we plan to: 1. Renovate 2 police stations 2. Construct to completion 2 new police station 3. Construct to completion a Children	Increase the numbers and improve the conditions of police stations within the constituency to mitigate insecurity more so terror attacks	In order to enhancement security within the constituency by 2027: a) Two police stations renovated b) Complete a children Protection Unit c) Three Police station to be fenced	In FY 2022/23: - We have built 1 police station - Constructed 20 police units

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	<p>Protection Unit</p> <p>4. Fence 3 Police stations</p> <p>5. Construct 3 new police posts</p> <p>6. Construct 100 units of police house within various police stations</p>		<p>d) Constructed 100 Police housing units</p> <p>e) Have 3 new police stations as per the Gazette notice</p>	
Environment	To enhance environmental conservation and improvement in waste management, the constituency will construct 20 toilets and plant 2,000 seedlings in different institutions	Implement sanitary improvement projects at schools through construction of toilets and water harvesting units.	In order to achieve the environmental target, we plan to: a) Construct to completion 20 new toilets in different institutions b) Plant 2,000 seedlings in different institutions	In FY 2022/23: - Constructed 13 toilets in different institutions - Planted 200 seedlings in different institutions
Sports	To build and enhance youth skills through sports	Increased number of youths involved in sporting activities by rehabilitating sports facilities at schools	Conduct 2 sports activities in the Constituency and 2 participate in 2 regional football activity.	Organising regional and constituency tournament in FY 2022/2023
Emergency	To identify uncertain occurrences in the constituency and their mitigating actions	Facilitate reduction of risks in learning institutions by making funds available to counter any emergency occurrence	Putting up emergency fund at all times and having quick response mechanism for countering any unexpected eventuality.	Working with other units and departments dealing with emergency response in the constituency to ensure quick identification and response.

IV. Statement of Governance

Appointment and removal of Constituency Committee members:

The Current NG- CDF Lamu West Constituency Committee was appointed vide The Kenya Gazette Notice No. 14709, Vol. CXXIV—No. 254 NAIROBI, 29th November, 2022. The process is initiated through NG- CDF Act, 2015 as amended in 2022.

Regulation 5(2) creates a vacancy in the Office of Constituencies Committees, in the manner provided. Section 48(8) of the Act is succinct on the expiry of the term of the Committee. As per the provision of Section 43(3) of the NG-CDF Act, 2015 as amended in 2022, the seven persons referred to in Sub-section (2) (b), (c), (d), (e), (f) and (g) shall be selected in the manner prescribed in the Regulations. Regulation 5 and 6 of the NG- CDF Act, 2025 as amended in 2022, provide for the eligibility criteria and procedures for nomination.

Section 43 (13) (a), (b), (c), (d), (e), (f) and (g) provides the manner in which a member of the Constituency Committee may be removed from office, Section 44 of the Act elaborates the manner a Constituency Committee shall be dissolved, Regulation 10 lists the procedure for removal of a Constituency Committee Member and Regulation 5 (2) describes circumstance in which a vacancy may occur in the constituency committee.

Convening of Constituency Meetings

Section 43 (6) state that, “The first meeting of the Constituency Committee shall be convened within one hundred and twenty days of the commencement of a new term of Parliament or the date of the holding of a by-election, by the national government official at the constituency or in his or her absence, by an officer of the Board seconded to the constituency.”

After appointment of members of the NG- CDF Committee through publication in the Kenya Gazette, and within 120 days of the commencement of the thirteenth parliament, the Deputy County Commissioner (or in his/her absence) the Fund Account Manager shall convene the first meeting of the NG- CDF Committee, during which the members will elect the Chairperson and the Secretary. The Officer of the Board will then submit to the Board the names of the elected Chairperson and Secretary, attaching a certified copy of form four certificate and the academic certificates for the highest level of education attained and the minutes of the NG- CDF Committee that approved the appointment. As the management of NG- CDF Lamu West Constituency we complied with the Act and its regulations.

Tenure of the Constituency Committee

As per the provision of Section 43 (8) and (9) of the NG- CDF Act, the tenure of the members of NG- CDF Committee shall expire upon the appointment of a new Constituency Committee in the manner provided for in the Act and regulations, while the Fund Account Manager remain the custodian of all the records and equipment of the constituency. As per Regulation 24 of the Act, once the new committee members have been appointed, the Fund Account Manager in liaison with the Deputy County Commissioner, shall facilitate smooth handover between the outgoing and the newly gazetted NG- CDF Committee members. To facilitate this, the Fund Account Manager prepares a comprehensive handover report on behalf of the outgoing committee.

Functions and Operations of the Constituency Committee

Regulation 11 of NG- CDF Act outlines the functions of the Constituency Committee. Implementation of projects through the Projects Management Committees at the community level is one of the mandates. In addition, effective and efficient project management is cardinal achievement of the Fund's objective of poverty reduction while ensuring equitable development across the Constituency. In order to achieve this objective, the Fund Account Manager through the Board, continuously trains the NG- CDF Committee, the staff and the technical officers from relevant government departments on various projects management, pertinent issues to enable them facilitate Project management Committees. Regulation 11 (1) (a) is the function of the Constituency Committee to build capacity of the Project Management Committees and sensitize the community on the operations of the Fund.

Section 43 (11) of the Act provides that the Constituency Committee shall meet at least six times in a year but the committee shall not hold more than twenty-four meetings in the same financial year, including sub-committee meetings. Section 53(5) provides that a member of the Constituency Oversight Committee may attend meetings of the Constituency Committee or its sub-committees, to ensure fair distribution of the fund.

Constituency Oversight Committee

Pursuant to Section 53 of the Act, there is established a Constituency Oversight Committee for the projects undertaken under this Act. The Constituency Oversight Committee shall be comprised of the constituency member of the National Assembly and not more than four other members, appointed by the Member of National Assembly for the constituency in consultation with other stakeholders. Sub-section 3 of Section 53 of the Act provides the purpose of the COC in the Constituency.

V. Environmental and Sustainability Reporting

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

1. Sustainability strategy and profile -

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

- a. **Education and Training:** Lamu West NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.

- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 22/23 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

Trees come alongside a plethora of benefits, not only to the environment but also us, as humans. They are proven to improve overall health and well-being, making it more important than ever to utilise the natural resource to your advantage.

Planting trees is particularly beneficial to areas that focus on education; they can even be used as a handy addition to the curriculum for younger learners. With this in mind, we have devised a guide to the benefits of planting trees in schools:

- a) Improve Aesthetics
- b) Provide shade for learners
- c) Create outdoor learning space
- d) Improve air quality for learners and its neighbourhood
- e) Marks the season

3. Employee welfare

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

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

building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

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

4. Market place practices-

Lamu West NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interest

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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policies and the constituency strategic development plan. The identified list of priority projects, both 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.

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


..... P. O. Box 277 80500
Lamu
Name: Javan Mwanda wiro
Fund Account Manager.

VI. 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-Lamu West Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. 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-Lamu West Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *Constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Lamu West Constituency further confirms the completeness of the accounting records maintained for the *Constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.



The Accounting Officer in charge of the NGCDF Lamu West Constituency confirms that the *Constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted

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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- Lamu West Constituency financial statements were approved and signed by the Accounting Officer on 25/03/2024



Name: Geoffrey Charo
Chairman – NGCDF Committee



Name: Javan Mwandawiro
Fund Account Manager

REPUBLIC OF KENYA

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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LAMU WEST CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2023

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 the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the Fund 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 Fund.

An unmodified opinion does not necessarily mean that the Fund 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 - Lamu West Constituency set out on pages 1 to 44, which comprise the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation for the year then ended, and a summary of significant accounting policies

Report of the Auditor-General on National Government Constituencies Development Fund - Lamu West Constituency for the year ended 30 June, 2023

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Lamu West Constituency as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015 (Amended 2022).

Basis for Qualified Opinion

1. Unsupported Bursary Disbursements

The statement of receipts and payments reflects an amount of Kshs.72,040,909 in respect to other grants and transfers as disclosed in Note 8 to the financial statements. The amount includes bursary disbursements to secondary schools, tertiary institutions and special schools totalling Kshs.45,060,200, out of which Kshs.4,513,800 was not supported with acknowledgement receipts from the beneficiary institutions.

In the circumstances, the accuracy and completeness of bursary disbursement totalling Kshs.4,513,800 could not be confirmed.

2. Unsupported Project Management Committee Balances

Note 19.4 and Annex 5 to the financial statements reflects Project Management Committee (PMC) bank balances totalling Kshs.17,901,117. However, the cash books, bank reconciliation statements and certificates of bank balances for the individual PMC accounts were not provided for audit.

In the circumstances, the accuracy and completeness of the PMC bank balance of Kshs.17,901,117 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 - Lamu West Constituency 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.

Emphasis of Matter

Budgetary Control and Performance

The summary statement of appropriation reflects receipts final budget and actual on comparable basis of Kshs.168,048,704 and Kshs.98,215,959 respectively resulting to an

Report of the Auditor-General on National Government Constituencies Development Fund - Lamu West Constituency for the year ended 30 June, 2023

under-funding of Kshs.69,832,745 or 42% of budget. However, the Fund spent Kshs.91,304,303 against actual receipts of Kshs.98,215,959 resulting an under-utilization of Kshs.6,911,636 or 7% of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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

Unresolved Prior Year Matters

The audit report for the previous year highlighted several issues under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved the issues or provided explanation for failure to implement the recommendations.

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. Unimplemented Projects

Included in the approved estimates are nine (9) projects with an allocation of Kshs.64,346,655 that were not implemented by the Constituency due to delayed approvals and disbursement of funds. This was contrary to Section 40 of the National Government Constituencies Development Fund Act, 2015 which states that the Board shall ensure that the list of projects forwarded to it by each constituency is, upon approval, funded in accordance with the Act.

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

2. Delayed Construction of Pangani Police Station

The statement of receipts and payments reflects an amount of Kshs.70,040,909 in respect to other grants and transfers as disclosed in Note 8 to the financial statements. The amount includes Kshs.24,673,830 in respect to security projects out of which Kshs.20,438,657 was disbursed to Pangani Police Station for the construction to completion of twenty (20) units police houses, ten (10) door pit latrine and remodeling and extension of office block. However, by the close of the financial year the implementation of the project had not started and the Management was yet to obtain ownership documents of the land on which the project was to be implemented.

In the circumstances, value for money on the expenditure of Kshs.20,434,657 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of the 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 controls, risk management and governance.

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

to the 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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

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


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 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.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 June, 2024

*Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

VIII. Statement of Receipts and Payments for the Year Ended 30th June, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Transfers From NGCDF Board	1	89,000,000	200,819,295
Proceeds From Sale of Assets	2	0	0
Other Receipts	3	1,288,057	0
Total Receipts		90,288,057	200,819,295
Payments			
Compensation Of Employees	4	3,652,023	2,954,155
Committee expenses	5	2,291,755	3,930,020
Use Of Goods and Services	6	5,970,364	5,874,711
Transfers To Other Government Units	7	6,838,925	119,930,927
Other Grants and Transfers	8	72,040,909	63,036,889
Acquisition Of Assets	9	0	6,820,750
Oversight Committee Expenses	10	510,327	0
Other Payments	11	0	0
Total Payments		91,304,303	202,547,452
Surplus/ (Deficit)		(1,016,246)	(1,728,157)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by the NGCDFC on 25/03/2024 and signed by:

Fund Account Manager

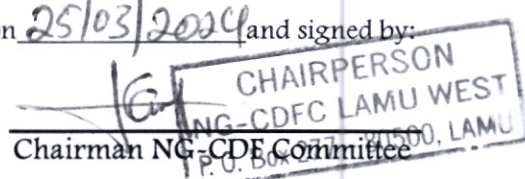
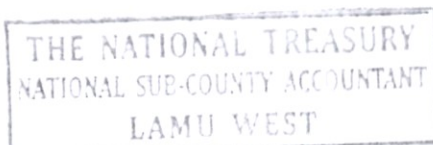
Name: Javan Mwandawiro

National Sub-County
Accountant

Name: Benjamin Kituku
ICPAK M/No:

Chairman NG-CDF Committee

Name: Geoffrey Kupata



*Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

IX. Statement of Assets and Liabilities As At 30th June, 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances (As Per the Cash Book)	12A	6,911,656	7,927,902
Cash Balances (Cash at Hand)	12B	0	0
Total Cash and Cash Equivalents		6,911,656	7,927,902
Accounts Receivable			
Outstanding Imprests	13	0	0
Total Financial Assets		6,911,656	7,927,902
Financial Liabilities			
Accounts Payable (Deposits)			
Retention	14A	198,867	595,707
Gratuity	14B	437,102	0
Total Financial Liabilities		635,971	595,707
Net Financial Assets		6,275,687	7,332,195
Represented By			
Fund Balance B/Fwd	15	7,332,194	9,060,351
Prior Year Adjustments	16	(40,262)	0
Surplus/Deficit for The Year		(1,016,245)	(1,721,157)
Net Financial Position		6,275,687	7,332,194

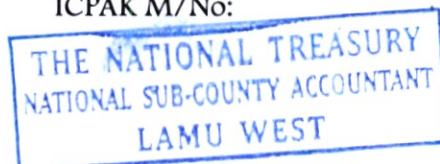
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 25/03/2023 and signed by:

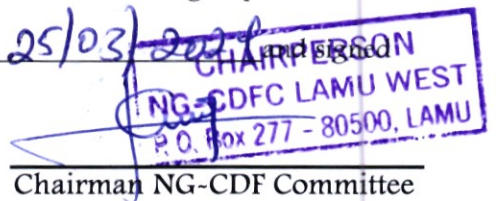
Fund Account Manager
Name: Javan Mwandawiro



National Sub-County Accountant
Name: Benjamin Kituku
ICPAK M/No:



Chairman NG-CDF Committee
Name: Geoffrey Charo



Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
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X. Statement of Cash Flows for the Year Ended 30th June, 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Receipts From Operating Activities			
Transfers From NGCDF Board	1	89,000,000	200,819,295
Other Receipts	3	1,288,057	0
Total Receipts		90,288,057	200,819,295
Payments			
Compensation Of Employees	4	3,652,023	2,954,155
Committee Expenses	5	2,291,755	3,930,020
Use Of Goods and Services	6	5,970,364	5,874,711
Transfers To Other Government Units	7	6,838,925	119,930,927
Other Grants and Transfers	8	72,040,909	63,036,889
Oversight Committee Expenses	10	510,327	0
Other Payments	11	0	0
Total Payments		91,304,303	195,726,702
Total Receipts Less Total Payments		(1,016,246)	5,092,593
Adjusted For:			
Prior Year Adjustments	17	(40,262)	0
Decrease/(Increase) In Accounts Receivable	18	0	(308,400)
Increase/(Decrease) In Accounts Payable	16	40,262	0
Net Cash Flow from Operating Activities		(1,016,246)	4,784,193
Cashflow From Investing Activities			
Proceeds From Sale of Assets	2	0	0
Acquisition Of Assets	9	0	(6,820,750)
Net Cash Flows from Investing Activities		0	(6,820,750)
Net Increase In Cash And Cash Equivalent		(1,016,246)	(2,036,557)
Cash & Cash Equivalent At Start Of The Year	12	7,927,901	9,964,457
Cash & Cash Equivalent At End Of The Year	12	6,911,655	7,927,901

Lamu West Constituency
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Annual Report and Financial Statements for The Year Ended June 30, 2023

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Constituency financial statements were approved by NG CDFC on 25/03/2024 and signed by:

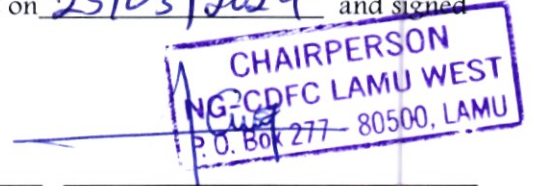
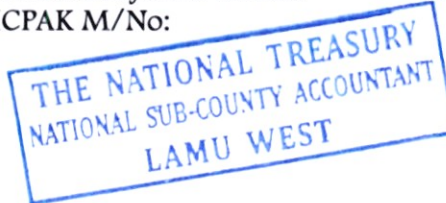


Fund Account Manager

Name: Javan Mwandawiro

National Sub-County Accountant

Name: Benjamin Kituku
ICPAK M/No:



Chairman NG-CDF Committee

Name: Geoffrey Charo

*Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XI. Summary Statement of Appropriation for The Year Ended 30th June 2023

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
	2022/2023	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2022-2023	2022-2023	2022-2023	
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers From NGCDF Board	158,832,745	7,927,902	0	166,760,647	96,927,902	69,832,745	58%
Proceeds From Sale of Assets	0	0	0	0	0	0	0%
Other Receipts	0	1,288,057	0	1,288,057	1,288,057	0	100%
Totals	158,832,745	9,215,959	0	168,048,704	98,215,959	69,832,745	58%
Payments							
Compensation Of Employees	3,815,557	453,079	0	4,268,636	3,652,023	616,613	86%
Committee Expenses	2,291,755	0	0	2,291,755	2,291,755	0	100%
Use Of Goods and Services	8,187,635	0	0	8,187,635	5,970,364	2,217,271	73%
Transfers To Other Government	41,319,000	0	0	41,319,000	6,838,925	34,480,075	17%
Other Grants and Transfers	77,070,471	7,332,194	0	84,402,665	72,040,909	12,361,756	85%
Acquisition Of Assets	0	0	0	0	0	0	0
Oversight Committee Expenses	1,588,327	0	0	1,588,327	510,327	1,078,000	32%
Other Payments	2,200,000	142,628	0	2,342,628	0	2,342,628	0%
PMC Savings	0	1,288,057	0	1,288,057	0	1,288,057	0%
Funds Pending Approval**	22,360,000	0	0	22,360,000	0	22,360,000	0%
Totals	158,832,745	9,215,958	0	168,048,703	91,304,303	76,744,400	54%

Funds pending approval are sums not yet approved by the board for utilisation and include:

Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023

- i) Mpeketoni Girls Secondary School- Kshs. 22,300,000
- ii) Tree Planting Activities:
 - a) Lake Kenyatta Secondary School- Kshs. 20,000
 - b) Hindi Secondary School- Kshs. 20,000
 - c) Lamu Special School for Mentally Challenged- Kshs. 20,000
- iii) Included in opening balance brought forward under Other Grants and Transfers of Kshs. 7,332,194.00:
 - a) Emergency Funds Kshs. 6,894,487.00
 - b) Bursary Funds Kshs. 393,707
 - c) AIA Utilised on Secondary Schools Bursary Kshs. 44,000.00

Explanatory Notes.

- (a) The revenue received during the year does not include AIA. However, there is PMC savings of Kshs. 1,288,057 as other income.
- (b) Except for Compensation to Employees (96.2%), all other sectors realised underutilization due to the funds disbursement delays from the Board.
- (c) The changes between the original and final budget are as a result of reallocations within the budget and opening balances brought forward from the previous financial year 2021/2022. The actual on a comparable basis in the Summary Statement of Appropriation.

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	76,744,700
Less undisbursed funds receivable from the Board as at 30 th June 2023	(69,832,745)
	6,911,655
Increase/(decrease) Accounts payable	0
(Decrease)/Increase Accounts Receivable	40,262
Add/Less Prior Year Adjustments	(40,262)
Cash and Cash Equivalents at the end of the 30 th June 2023	6,911,655

The Constituency financial statements were approved by NGCDFC on 25/03/2024 and signed by:

Fund Account Manager
 Name: Javan Mwandawiro

National Sub-County Accountant
 Name: Benjamin Kituku
 ICPAK M/No:

Chairman NG-CDF Committee
 Name: Geoffrey Charo

CHAIRPERSON
 NGCDFC LAMU WEST
 P. O. Box 277 - 80500, LAMU

THE NATIONAL TREASURY
 NATIONAL SUB-COUNTY ACCOUNTANT
 LAMU WEST

*Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

XII. Budget Execution By Sectors And Projects For The Year Ended 30th June 2023

Programme /Sub-Programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
		Kshs	Kshs			
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,815,557	453,079	0	4,268,636	3,652,023	616,613
1.2 Committee allowances	1,101,687	0		1,101,687	1,101,687	-
1.3 Use of goods and services	4,612,721	0		4,612,721	3,186,950	1,425,771
	9,529,965	453,079	0	9,983,044	7,940,660	2,042,384
2.0 Monitoring and evaluation						
2.1 Capacity building	2,916,391	0	0	2,916,391	2,124,891	791,500
2.2 Committee allowances	1,190,068	0	0	1,190,068	1,190,068	-
2.3 Use of goods and services	658,523	0	0	658,523	658,523	-
Total	4,674,982	0	0	4,674,982	3,973,482	791,500
3.0 Emergency						
3.1 Budhei Junction primary Schools	2,306,879	0	0	2,306,879	2,306,879	-
3.2 Unutilised	5,329,311	0	0	5,329,311	0	5,329,311
Total	7,636,190	0	-	7,636,190	2,306,879	5,329,311
4.0 Bursary and Social Security						
4.1 Secondary Schools	21,509,460	94,934	0	21,604,394	21,550,000	54,394
4.2 Secondary Schools	1,400,000	0	0	1,400,000	440,000	960,000

**Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023**

Programme /Sub-Programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.3 Tertiary Institutions	20,928,775	342,822	0	21,271,597	21,270,200	1,397
4.4 Social Security	0	0	0	0	0	0
4.5 Special needs	1,800,000	0	0	1,800,000	1,800,000	0
Total	45,638,236	437,756	0	46,075,992	45,060,200	1,015,792
5.0 Sports						
5.1 NGCDF Constituency football sports	2,764,808	0	0	2,764,808	0	2,764,808
5.2 NGCDF Regional Sports tournament	411,847	0	0	411,847	0	411,847
Total	3,176,655	0	0	3,176,655	0	3,176,655
6.0 Environment						
6.1 Lamu Police Line	900,000	-	0	900,000	0	900,000
6.2 Matondoni Primary School	900,000	-	0	900,000	0	900,000
6.3 Mkunumbi Secondary School	900,000	-	0	900,000	0	900,000
6.4 Witu Secondary School	30,000	-	0	30,000	0	30,000
6.5 Witu Mjimi Secondary School	30,000	-	0	30,000	0	30,000
6.6 Mpeketoni Girls Secondary School	40,000	-	0	40,000	0	40,000
6.7 Bahari Primary School	20,000	-	0	20,000	0	20,000
6.8 Arid Zone Primary School	20,000	-	0	20,000	0	20,000
Total	2,840,000	-	0	2,840,000	0	2,840,000
7.0 Primary Schools Projects						
7.1 Holly Angel Primary School	3,825,000	-	-	3,825,000	-	3,825,000
7.2 Kakathe Primary School	2,550,000	-	-	2,550,000	2,550,000	-

*Lamu West Constituency
National Government Constituencies Development Fund (NGCDF)
Annual Report and Financial Statements for The Year Ended June 30, 2023*

Programme / Sub-Programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.3 Maleli Primary School	2,550,000	-	-	2,550,000	0	2,550,000
7.4 Jericho Primary School	2,550,000	-	-	2,550,000	0	2,550,000
7.5 Kizuke Primary School	3,825,000	-	-	3,825,000	3,114,925	710,075
7.6 Taku Taku Primary School	3,825,000	-	-	3,825,000	0	3,825,000
7.7 Bahati Njema Primary School	3,825,000	-	-	3,825,000	0	3,825,000
7.8 Amkeni Primary School	1,200,000	-	-	1,200,000	0	1,200,000
7.9 Ndeu Primary School	1,095,000	-	-	1,095,000	0	1,095,000
Total	25,245,000	-	-	25,245,000	5,664,925	19,580,075
8.0 Secondary Schools Projects						
8.1 Maisha Masha Secondary School	6,550,000	-	-	6,550,000	0	6,550,000
8.2 Matondoni Secondary School	4,000,000	-	-	4,000,000	0	4,000,000
8.3 Manda Airport Secondary School	2,550,000	-	-	2,550,000	0	2,550,000
8.4 Bright Shella Girls Secondary School	1,174,000	-	-	1,174,000	1,174,000	0
8.5 Majembeni Secondary School	900,000	-	-	900,000	0	900,000
8.6 Hindi Secondary School	900,000	-	-	900,000	0	900,000
Total	16,074,000	-	-	16,074,000	1,174,000	14,900,000
9.0 Tertiary institutions Projects						
9.1	-	-	-	-	-	-
10.0 Security Projects						
10.1 Pangani Police Station	17,779,391	2,659,313	-	20,438,704	20,438,656	48
10.2 Kibaoni Police Station	0	740,858	-	740,858	740,858	0

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Programme /Sub-Programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
10.3 Hongwe Administrative Police Post	0	931,206		931,206	931,206	0
10.4 Mpeketoni OCPD Office	0	1,314,565		1,314,565	1,314,565	0
10.5 Mokowe CIPU Office		1,248,545		1,248,545	1,248,545	0
Total	17,779,391	6,894,487	-	24,673,878	24,673,830	48
11.0 Acquisition of assets						
Total	-	-	-	-	-	-
12.0 Oversight Committee Expenses						
12.1 COC Members allowance	270,000	-	-	270,000	60,000	210,000
12.2 Other COC expenses	1,318,327	-	-	1,318,327	450,327	868,000
Total	1,588,327	-	-	1,588,327	510,327	1,078,000
13.0 Others						
13.1 Strategic Plan	2,200,000	-	-	2,200,000	0	2,200,000
13.2 Construction of NGCDF office	0	142,579		142,579	0	142,579
Total	2,200,000	142,579	-	2,342,579	0	2,342,579
13.0 Unallocated fund						
13.1 Unapproved projects						
13.11 Mpeketoni Girls Secondary School	22,300,000			22,300,000	0	22,300,000
13.12 Lake Kenyatta Secondary School	20,000			20,000	0	20,000
13.13 Hindi Secondary School	20,000			20,000	0	20,000
13.14 Lamu Special School for Mentally Challenged	20,000			20,000	0	20,000

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Programme /Sub-Programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
AIA	0		-	-		-
PMC Savings	0	1,288,057	-	1,288,057		1,288,057
Total	22,360,000	1,288,057	-	23,648,057	0	23,648,057
TOTAL	158,832,745	9,215,958	-	168,048,703	91,304,303	76,744,400

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Significant Accounting Policies continued

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.

Significant Accounting Policies continued

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.

Significant Accounting Policies continued

6. Cash and Cash Equivalent.

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

7. Accounts Receivable

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

8. Accounts Payable

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

Significant Accounting Policies continued

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 8th June, 2022 for the period 1st July 2022 to 30th June 2023 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.

Significant Accounting Policies Continued

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 2023.

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.

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XIV. Notes To the Financial Statements

1. Transfers from NGCDF Board

Description	2022/2023	2021/2022
NGCDF Board	Kshs	Kshs
AIE NO.B140977	00	33,000,000
AIE NO.B105394	00	34,000,000
AIE NO B105609	00	10,000,000
AIE NO B105840	00	22,000,000
AIE NO B128588	00	6,000,000
AIE NO B128900	00	12,000,000
AIE NO B151097	00	15,000,000
AIE NO B164432	00	38,088,879
AIE NO A895070	00	19,541,537
AIE NO B155983	00	11,188,879
AIE NO B185144	7,000,000	00
AIE NO B185546	6,000,000	00
AIE NO B185680	15,000,000	00
AIE NO B206180	5,000,000	00
AIE NO B206445	12,000,000	00
AIE NO B205955	12,000,000	00
AIE NO B207552	16,000,000	00
AIE NO B207834	16,000,000	00
TOTAL	89,000,000	200,819,295

2. Proceeds From Sale of Assets

	2022/2023	2021/2022
	Kshs	Kshs
Receipts from sale of Buildings	000	000
Receipts from the Sale of Vehicles and Transport Equipment	000	000
Receipts from sale of office and general equipment	000	000
Receipts from the Sale Plant Machinery and Equipment	000	000
Others (specify)	000	000
Total	000	000

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3. Other Receipts

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Interest Received	000	000
Rents	000	000
Receipts from sale of tender documents	000	000
Hire of plant/equipment/facilities	000	000
Unutilized funds from PMCs	1,288,057	000
Other Receipts Not Classified Elsewhere	000	000
Total	1,288,057	000

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es To the Financial Statements (Continued)

4. Compensation Of Employees

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,342,319	2,145,885
Personal allowances paid as part of salary		
Basic wages of casual labour	315,000	-
House Allowance	250,000	193,000
Transport Allowance	250,000	193,000
Leave allowance	16,002	25,000
Gratuity to contractual employees	437,102	353,270
Employer Contributions Compulsory national social security schemes	41,600	44,000
Total	3,652,023	2,954,155

5. Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Sitting allowance	1,786,000	635,000
Other committee expenses	505,755	3,295,020
Total	2,291,755	3,930,020

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6. Use of Goods and services

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Utilities, supplies and services	-	0
Electricity	22,450	14,450
Water & sewerage charges	80,000	11,800
Office rent	-	-
Communication, supplies and services	181,000	2,050
Domestic travel and subsistence	730,600	643,391
Printing, advertising and information supplies & services	375,523	0
Rentals of produced assets	-	-
Training expenses	1,936,591	2,013,200
Hospitality supplies and services	350,000	0
Other committee expenses	-	0
Committee allowance	-	0
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	1,087,200	1,258,634
Fuel , oil & lubricants	-	0
Bank service commission and charges	9,601	7,971
Other Operating Expenses	248,759	1,565,285
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	219,640	-
Routine maintenance- other assets	729,000	357,930
Total	5,970,364	

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Notes To The Financial Statements (Continued)

7. Transfer To Other Government Units

Description	2022/2023	2021/2022
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	5,664,925	56,597,184
Transfers To Secondary Schools (See Attached List)	1,174,000	63,333,743
Transfers To Tertiary Institutions (See Attached List)	-	-
Total	6,838,925	119,930,927

8. Other Grants and Other transfers

	2022/2023	2021/2022
	Kshs	Kshs
Bursary – secondary schools (see attached list)	21,990,000	20,039,800
Bursary – tertiary institutions (see attached list)	21,270,200	19,987,690
Bursary – special schools (see attached list)	1,800,000	1,126,000
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	24,673,830	16,143,902
Sports projects (see attached list)	-	2,741,777
Environment projects (see attached list)	-	2,700,000
Emergency projects (see attached list)	2,306,879	297,720
Roads projects (see attached list)	-	-
Total	72,040,909	63,036,889

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Notes To the Financial Statements (Continued)

9. Acquisition Of Assets

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	2,996,212
Refurbishment of Buildings	-	3,824,538
Purchase 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 equipment	-	-
Acquisition of Land	-	-
Acquisition Intangible Assets	-	-
Total	-	6,820,750

10. Oversight Committee Expenses

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
COC Members allowance	60,000	-
Other COC expenses	450,327	-
Total	510,327	-

11. Other Payments

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-

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12. Cash Book Bank Balance

Name Of Bank, Account No. & Currency	2022/2023	2021/2022
	Kshs	Kshs
12A: Bank Accounts (Cash Book Bank Balance)		
<i>EQUITY BANK(KENYA) LIMITED,A/C NO:1270263908321</i>	6,911,656	7,927,902
<i>Name of Bank, account No. (Deposits account)</i>	000	000
Total	6,911,656	7,927,902
12 B: Cash on Hand		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>Specify</i>)	-	-
Total	-	-
<i>[Cash Count Certificate and Certificate of balance provided]</i>		

13. Outstanding Imprests

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
<i>Name of Officer</i>	N/A	000	000	000
Total		000	000	000

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Notes to the Financial Statement Continued

14. Retention and Gratuity

14A Retention

	2022/2023	2021/2022
	KShs	KShs
Retention as at 1 st July (A)	595,707	451,028
Retention held during the year (B)	198,869	595,707
Retention paid during the Year (C)	595,709	451,028
Closing Retention as at 30 th June D= A+B-C	198,867	595,707

14B Gratuity

	2022/2023	2021/2022
	KShs	KShs
Gratuity as at 1 st July (A)	000	453,079
Gratuity held during the year (B)	437,102	353,270
Gratuity paid during the Year (C)	000	806,349
Closing Gratuity as at 30 th June D= A+B-C	437,102	000

15. Fund Balance B/F

	(1 st July 2023)	(1 st July 2022)
	Kshs	Kshs
Bank accounts	7,927,902	9,060,351
Cash in hand	000	000
Imprest	000	000
Total	7,927,902	9,060,351
Less		
Payables:-Retention	595,707	
Payables: Gratuity	-	
Fund Balance Brought Forward	7,332,194	9,060,351

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16. Prior Year Adjustments

	Balance b/f as per Audited Financial statements	Adjustments	Adjusted Balance** BF
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	7,927,902	(40,262)	7,887,639
Cash in hand	000	000	000
Accounts Payables	000	000	000
Receivables	000	000	000
Others (<i>specify</i>)	000	000	000
Total	7,927,902	(40,262)	7,887,639

The adjusted balance is an error in the cash book carried forward from the previous financial period

17. Changes In Accounts Receivable – Outstanding Imprests

	2022/2023	2021/2022
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	000	000
Imprest issued during the year (B)	000	000
Imprest surrendered during the Year (C)	000	000
closing accounts in account receivables D= A+B-C	000	000
Net changes in accounts Receivables D - A	000	000

18. Changes In Accounts Payable – Deposits and Retentions

	2022/2023	2021/2022
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	595,707	904,107
Deposit and Retentions held during the year (B)	635,971	948,977
Deposit and Retentions paid during the Year (C)	595,709	1,237,377
closing account payables D= A+B-C	635,969	595,707
Net changes in accounts payables D-A	(40,262)	308,400

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Notes To the Financial Statements (Continued)

19. Other Important Disclosures

19.1: Pending Accounts Payable (See Annex 1)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Construction of buildings	000	000
Construction of civil works	000	000
Supply of goods	000	000
Supply of services	000	000
Total	000	000

19.2: Pending Staff Payables (See Annex 2)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
NGCDFC Staff-	000	000
Others (<i>Staff Gratuity</i>)	437,102	000
Total	437,102	000

19.3: Unutilized Fund (See Annex 3)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Compensation of employees	616,613	000
Use of goods and services	2,217,271	000
Amounts due to other Government entities (see attached list)	34,480,075	000
Amounts due to other grants and other transfers (see attached list)	12,361,756	6,945,370
Acquisition of assets	000	000
Oversight Committee expenses	1,078,000	000
Other Payments (Strategic Plan)	2,342,628	000
Funds pending approval	23,648,400	000
Total	76,744,400	6,945,370

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19.4: PMC account balances (See Annex 5)

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
PMC account balances (see attached list)	17,901,117	86,339,690
Total	17,901,117	86,339,690

19.5: Related Party Transactions

	<i>2022/2023</i>	<i>2021/2022</i>
	Kshs	Kshs
Committee Members Remuneration		
Sitting allowance of committee Members during the year	1,786,000	635,000
Transaction with the NGCDF Board		
Receipts from the NGCDF Board during the year	89,000,000	200,819,295
Total	90,786,000	201,454,295

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XV. Annexes

Annexes: I Analysis of Pending Accounts Payable

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	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.					
Sub-Total					
Grand Total					

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Annex 2 - Analysis of Pending Staff Payables

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2023	Comments
NG-CDFC Staff				
1. UMI AZIZI LALI SHEE	DRIVER	01/12/2022	34,003	1 YEAR CONTRACT
2. KALUME M. KADZONDO	SECURITY GUARD	01/12/2022	32,810	1 YEAR CONTRACT
3. GERALD M. MUTISYA	ICT, M&E AND RECORDS	01/12/2022	90,640	3 YEARS CONTRACT
4. GLADYS F. KARISA	OFFICE ASSISTANT	01/12/2022	53,338	3 YEARS CONTRACT
5. TIMA ADI MOHAMED	SECURITY GUARD	01/12/2022	30.705	1 YEAR CONTRACT
6. KADRA IBRAHIM ALI	CLEANER	01/12/2022	30.705	1 YEAR CONTRACT
7. TIMOTHY KEA KENGA	SECURITY GUARD	01/12/2022	30.705	1 YEAR CONTRACT
8. ALI GURE AHMED	SECURITY GUARD	01/12/2022	30.705	1 YEAR CONTRACT
9. ABDIKADIR G. AHMED	SECURITY GUARD	01/12/2022	30.705	1 YEAR CONTRACT
10. JOSEPH N. NGIGE	CLERK OF WORKS	01/03/2023	45,523	3 YEARS CONTRACT
11. BENADETTE NERIMA JUMA	ACCOUNTS ASSISTANT	01/04/2023	28,058	3 YEARS CONTRACT
Sub-Total			437,102	
Grand Total			437,102	

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Annex 3 – Unutilized Fund

Name	Brief Transaction Description	Outstanding Balance	Outstanding Balance	Comments
		2022/23	2021/22	
1.0 Administration and Recurrent				
1.1 Compensation of employees	Staff salaries	616,613	453,079	Allocation for 2023/24
1.3 Use of goods and services	Administration Expenses	1,425,771	-	Motor vehicle expense
Total		2,042,384	453,079	
2.0 Monitoring and evaluation				
2.1 Capacity building	M&E Expenses	791,500	-	Motor vehicle expense
2.2 Committee allowances	Administration Expenses	-	-	Fully Utilized
2.3 Use of goods and services	Administration Expenses	-	-	Fully Utilized
Total		791,500	-	
3.0 Emergency				
3.5 Unutilized	Emergency Projects	5,329,311	6,894,487	Unallocated fund
Total		5,329,311	6,894,487	
4.0 Bursary and Social Security				
4.1 Secondary Schools	Bursary to Needy students	54,394	-	Balance for 2023/24
4.2 Secondary Schools	Bursary to Needy students	960,000	-	Education day balance
4.2 Tertiary Institutions	Bursary to Needy students	1,397	342,822	Balance for 2023/24
4.4 Special Needs	Bursary to Needy students	-	50,883	Balance for 2023/24
Total		1,015,791	393,705	
5.0 Sports				
5.1 NGCDF Constituency football sports tournament	Football Sports Tournaments.	2,764,808	-	Delayed disbursement
5.2 NGCDF Regional sports tournament	Football Sports Tournaments.	411,847	-	Delayed disbursement
Total		3,176,655	-	
6.0 Environment				

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6.1 Lamu Police Line	Construction of Latrine	900,000	-	Delayed disbursement
6.2 Matondoni Primary School	Construction of Latrine	900,000	-	Delayed disbursement
6.3 Mkunumbi Secondary School	Construction of Latrine	900,000	-	Delayed disbursement
6.4 Witu Secondary School	Tree Planting	30,000	-	Delayed disbursement
6.5 Witu Mjini Secondary School	Tree Planting	30,000	-	Delayed disbursement
6.6 Mpeketoni Girls Secondary School	Tree Planting	40,000	-	Delayed disbursement
6.7 Bahari Primary School	Tree Planting	20,000	-	Delayed disbursement
6.8 Arid Zone Primary School	Tree Planting	20,000	-	Delayed disbursement
Total		2,840,000	-	
7.0 Primary Schools Projects				
7.1 Holly Angel Primary School	Construction to completion of 3 classrooms	3,825,000	-	Delayed disbursement
7.3 Maleli Primary School	Construction to completion of 2 classrooms	2,550,000	-	Delayed disbursement
7.4 Jericho Primary School	Construction to completion of 2 classrooms	2,550,000	-	Delayed disbursement
7.5 Kizuke Primary School	Construction to completion of 3 classrooms	710,075	-	Delayed disbursement
7.6 Taku Taku Primary School	Construction to completion of 3 classrooms	3,825,000	-	Delayed disbursement
7.7 Bahati Njema Primary School	Construction to completion of 3 classrooms	3,825,000	-	Delayed disbursement
7.8 Amkeni Primary School	Construction to completion of 2 units 2 Door Pit Latrine	1,200,000	-	Delayed disbursement
7.9 Ndeu Primary School	Equipping of Computer Laboratory.	1,095,000	-	Delayed disbursement
Total		19,580,075	-	
8.0 Secondary Schools Projects				
8.1 Maisha Masha Secondary School	Construction of Administration Block.	6,550,000	-	Delayed disbursement
8.2 Matondoni Secondary School	Construction of Administration Block.	4,000,000	-	Delayed disbursement
8.3 Manda Airport Secondary School	Construction to completion of 2 classrooms	2,550,000	-	Delayed disbursement
8.5 Majembeni Secondary School	Construction to completion of Basketball pitch.	900,000	-	Delayed disbursement
8.6 Hindi Secondary School	Construction to completion of Basketball pitch.	900,000	-	Delayed disbursement

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Total		14,900,000	-	
10.0 Security Projects				
10.1 Pangani Police Station	Construction of Police Station	48	-	Fully Utilized
Total		48	-	
11.0 Oversight Committee Expenses				
COC Members allowance	COC Expenses	210,000	0	Fully Utilized
Other COC expenses	COC Expenses	868,000	0	Fully Utilized
Total		1,078,000		
12.0 Other payments				
12.1 Lamu West NGCDF Strategic plan	Strategic plan for the constituency	2,200,000	-	Delayed disbursement
12.2 Construction of NGCDF office	Refurbishment and Extension Of Office	142,579	451,028	Fully Utilized
12.3 Funds pending approval	AIA Allocation	-	44,000	Fully Utilized
Total		2,342,579	495,028	
13.0 Unallocated fund				
13.11 Mpeketoni Girls Secondary School	Construction of classrooms and dormitory	22,300,000	-	Delayed disbursement
13.12 Lake Kenyatta Secondary School	Tree Planting	20,000	-	Delayed disbursement
13.13 Hindi Secondary School	Tree Planting	20,000	-	Delayed disbursement
13.14 Lamu Special School for Mentally Challenged	Tree Planting	20,000	-	Delayed disbursement
PMA SAVINGS		1,288,057		
Total		23,648,057	-	
TOTAL		76,744,400	8,236,299	

Note: Part of the balance for financial year 2021/2022 included in the Kshs. 8,236,299 is third party monies:

- a) Cumulative Staff Gratuity of Kshs. 453,079.00
- b) Cumulative retention money of Kshs. 451,028.00
- c) The actual fund balance is Kshs. 7,332,192.00

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Annex 4 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals/Adjustments during the year (Kshs)	Historical Cost (Kshs) At Year End
Land	000	000	000	000
Buildings and structures	13,007,240	000	000	13,007,240
Transport equipment	11,229,170	000	000	11,229,170
Office equipment, furniture and fittings	1,435,210	000	000	1,435,210
ICT Equipment, Software and Other ICT Assets	847,568	000	000	847,568
Other Machinery and Equipment	000	000	000	000
Heritage and cultural assets	000	000	000	000
Intangible assets	000	000	000	000
Total	26,519,188	000	000	26,519,188

Note: The reduction in assets value in assets register was due to removal of some assets from the register which were obsolete:

- a) Office equipment and fittings of Kshs. 1,442,150.00
- b) ICT equipment and other ICT assets of Kshs. 1,061,152.00

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 Annex 5 –PMC Bank Balances As At 30th June 2023

PMC BANK ACCOUNT NAME	ACCOUNT NUMBER	BANK NAME	BANK BALANCE	BANK BALANCE
			(KSHS)	(KSHS)
			2022/2023	2021/2022
AMKENI PRIMARY SCHOOL	1270280292359	Equity Bank		0
BAHARI PRIMARY SCHOOL- NGCDF PROJECT	1270282608647	Equity Bank	0	4,000,000
BAHARI SECONDARY SCHOOL	1270276337377	Equity Bank		0
CHALALUMA PRI. SCHOOL	1274198704	KCB Bank	622	218,995
COAST ARID SECONDARY SCHOOL	1270279700889	Equity Bank		7,262,619
CRITICAL INFRASTRUCTURE PROTECTION UNIT (CIPU)	1590281710196	Equity Bank	1,263,990	539,003
DIDE WARIDE PRI. SCHOOL	1274197406	KCB Bank	3,908	2,134
FIRE EXTINGUISHERS FOR SEC. SCHOOLS	1590276346522	Equity Bank		0
FURAHA PRIMARY SCHOOL	1270277803162	Equity Bank	542	0
HINDI POLICE STATION	1590277815292	Equity Bank	4,729,290	4,729,290
HINDI PRIMARY SCHOOL	1590276348333	Equity Bank		204,931
HINDI SECONDARY SCHOOL	1590282774092	Equity Bank		4,500,000
HONGWE POLICE POST	1270279678876	Equity Bank	932,595	0
JERICHO PRIMARY SCHOOL	1270281763241	Equity Bank	419	208,638
JIPENDENI PRIMARY SCHOOL	1270281037451	Equity Bank	1,400	315,737
JUHUDI PRIMARY SCHOOL	1270277804440	Equity Bank	1,000	0
KAKATHE PRIMARY SCHOOL	1270277804440	Equity Bank		207,290
KAUTHARA PRIMARY SCHOOL	1590281019236	Equity Bank		0
KATSAKAIRU PRIMARY SCHOOL	1270280795901	Equity Bank		153,178
KIBAONI POLICE STATION	1141562016400	Co-Op Bank	702	0
KIONGWE PRIMARY SCHOOL	1270268937278	Equity Bank		0
KIONGWE SECONDARY SCHOOL	1139562513300	Co-Op Bank	985	0
KIONGWE SECONDARY SCHOOL	1270276328445	Equity Bank		125,170
KMTC-LAMU CAMPUS	1273839374	KCB Bank	0	170,719
KORENI PRIMARY SCHOOL	1270282658071	Equity Bank	83	4,000,000
LAKE AMU PRIMARY SCHOOL	1270277803443	Equity Bank	80	0
LAKE KENYATTA SECONDARY SCHOOL	1270282815893	Equity Bank		6,500,000
LAMU GIRLS SECONDARY SCHOOL	1590276347507	Equity Bank	621	234,361

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PMC BANK ACCOUNT NAME	ACCOUNT NUMBER	BANK NAME	BANK BALANCE (KSHS)	BANK BALANCE (KSHS)
LAMU WEST NG-CDF FURNITURE PROJECT	1270269043971	Equity Bank	1,090	0
LANGONI CHIEFS OFFICE	1590277808485	Equity Bank	1,054	0
LUMSHI PRIMARY SCHOOL	1270277910131	Equity Bank	40	0
MAHMOUD BIN FADHIL BOYS PRIMARY SCHOOL	1590281255925	Equity Bank		288,641
MAHMOUD BIN FADHIL GIRLS PRIMARY SCHOOL	1590280218295	Equity Bank	11,175	0
MAISHA MASHA SECONDARY SCHOOL	1270282610628	Equity Bank	513,291	6,350,000
MAJEMBENI SECONDARY SCHOOL	1270276260563	Equity Bank		39,796
MALELI POLICE POST	1590277815292	Equity Bank		2,002,516
MALELI PRIMARY SCHOOL	1270281759631	Equity Bank		1,468,693
MANDA MAWENI PRIMARY SCHOOL	1590277829113	Equity Bank	59,840	0
MANDA SECONDARY SCHOOL	1590279647904	Equity Bank	631,207	7,251,125
MANYATTA PRIMARY SCHOOL- DESKS	1270277829113	Equity Bank	60	0
MANYATTA PRIMARY SCHOOL	1590278907645	Equity Bank	904	0
MIKINDUNI PRIMARY SCHOOL	1270281746478	Equity Bank		318,621
MKUNGUNI PRIMARY SCHOOL	1590281407432	Equity Bank		211,849
MKUNUMBI PRIMARY SCHOOL	1270281746478	Equity Bank	3,524	0
MOA PRIMARY SCHOOL	1274197031	KCB Bank	241	85,419
MOKOWE ARID ZONE PRIMARY SCHOOL	1590279730004	Equity Bank		2,899
MPEKETONI GIRLS SECONDARY SCHOOL	1270277817551	Equity Bank		12,698,838
MPEKETONI SUB-COUNTY EDUCATION OFFICE	1270279596564	Equity Bank	181	223,384
NDAMBWE PRIMARY SCHOOL	1272300668	KCB Bank	235	235
NGCDF ENVIRONMENT PROJECT	1590277563809	Equity Bank	588,229	5,444,501
NGCDF SPORTS ACTIVITY	1590272699813	Equity Bank	376,117	4,130,118
PANGANI POLICE STATION	1270281343351	Equity Bank	322,387	604,683
PANGANI PRIMARY SCHOOL	1270277828190	Equity Bank		0
POROMOKO PRIMARY SCHOOL	1270277815736	Equity Bank		312,261
ROKA KIBONI PROMARY SCHOOL	1270282626504	Equity Bank	600	4,000,000
SAFIRISI PRIMARY SCHOOL	1590280795402	Equity Bank	9,816	861,054
SALAMA PRIMARY SCHOOL	1270276338975	Equity Bank	822	0
SHELLA BRIGHT GIRLS SECONDARY SCHOOL	1590276348168	Equity Bank	395,298	0
SHELLA BRIGHT GIRLS SECONDARY SCHOOL	1590262385327	Equity Bank	13,058	0

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PMC BANK ACCOUNT NAME	ACCOUNT NUMBER	BANK NAME	BANK BALANCE (KSHS)	BANK BALANCE (KSHS)
SIKOMANI PRIMARY SCHOOL	1270276349116	Equity Bank		433,331
SOROKO PRIMARY SCHOOL	1270282610225	Equity Bank		1,500,000
SWABAHA PRIMARY SCHOOL	1270281051333	Equity Bank	222,351	2,399,550
TEWE CHIEF'S OFFICE	1270277803557	Equity Bank	7,263	656,220
UMOJA PRIMARY SCHOOL	1139562081300	Co-Op Bank	1,374	0
UNGU PRIMARY SCHOOL	1590277815025	Equity Bank		700,031
WADHAJIR KILIMANI PRIMARY SCHOOL	1590281752547	Equity Bank		211,329
WITU PRIMARY SCHOOL	1270281441567	Equity Bank	10,322	339,673
WITU SECONDARY SCHOOL	1270279730141	Equity Bank	12,976	224,248
WIYONI SECONDARY SCHOOL	1590276349385	Equity Bank	1,843	
TOTAL			17,901,117	86,339,689

NOTE:

1. Changes in closing balances at the end of the financial period were as a result of corrections done prior to closure of the PMC bank account by the NG- CDFC
2. Equity Bank (k) Ltd erroneously transfer Kshs. 241,431 for Ungu Primary School, a project of NG-CDF Lamu West Constituency to NG-CDF Lamu East Constituency.
3. Explanations regarding balances above Kshs, 1,000,000.00 as at 30th June, 2023:
 - a) Hindi Police Station- The users of the project requested for change of project name and activities.
 - b) Hindi Secondary School- The project is complete about a year ago. However, the contractor has not requested for payment through the public works officer.
 - c) Mpeketoni Girls Secondary School- The final MOET of contractor's retention was not due for payment.
 - d) CIPU Office- Contractor's payment was not due for payment.

Annex 6: 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)
	<p>Other Grants and Transfers- Bursaries:</p> <p>The statement of receipts and payments reflects a balance of Kshs. 63,036,889 for other grants and transfers. Included in the balance are bursary disbursements of Kshs. 20,039,800, Kshs. 19,987,690 and Kshs. 1,126,000 for Secondary schools, Tertiary institutions and Special schools respectively. However, the following anomalies were noted:</p> <p>i. Bursaries amounting to Kshs. 440,000 were awarded to applicants studying at tertiary institutions who had no admission numbers and thus the genuineness of the expenditure could not be confirmed.</p> <p>ii. Bursaries amounting to Kshs. 87,000 and Kshs. 16,000 were awarded to beneficiaries in secondary schools and special schools respectively who did not have admission numbers and thus the expenditure appeared doubtful.</p>	<p>The Committee acknowledges the issues raised by the auditor regarding the bursary management.</p> <p>As a Management, we are making a following ups with the recipient institutions by requesting for acknowledgement document in relation to the beneficiaries for both Tertiary, Secondary and Special schools, and for the bursaries without proper acknowledgment.</p> <p>In the sub-sequent bursary disbursement, students who will have no admission numbers will not be considered beneficiaries until such a time they produce the prerequisite admission numbers and/or</p>	<p>Not Resolved: Matter partially resolved through internal measures.</p>	<p>30th October, 2024</p>
	<p>iii. Bursaries awarded to beneficiaries amounting to Kshs. 976,500 were not</p>	<p>NEMIS.</p>		

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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)
	<p>supported with acknowledgment letters from the respective institutions as confirmation of actual receipts.</p> <p>In the circumstances, bursary disbursements amounting to Kshs. 1,519,500 could not be confirmed.</p>			
	<p>Budgetary Control and Performance:</p> <p>The statement of comparison of budget and actual amounts revealed that the Fund had budgeted to receive Kshs.210,783,754 and was able to actualize all the budgeted receipts. Similarly, the Fund budgeted to spend Kshs.210,783,753 against actual expenditure of Kshs.202,547,452 resulting in a budget under absorption of Kshs.8,236,301 or 4%. The under-absorption may have affected the implementation of the Fund's planned activities and may have impacted negatively on service delivery to the Constituents.</p>	<p>The statement of Budgetary Control and Performance indicated a underperformance of 4%, consisting of:</p> <ul style="list-style-type: none"> i. Bursary amount of Kshs. 437,756 ii. Third party monies of Kshs. 904,107 iii. Unallocated fund (Emergency fund) of Kshs. 6,894,487 <p>The Emergency funds will be utilized upon approval of new projects, Third party monies will be disbursed when due for payment and Bursary will be paid in the subsequent financial period.</p>	<p>Not Resolved: Matter partially resolved through internal measures.</p>	<p>30th October, 2024</p>
	<p>Mpeketoni Girls Secondary:</p>			

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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)
	<p>The statement of receipts and payments for the year ended 30 June, 2022 reflects a balance of Kshs. 119,930,927 for transfers to other government units. Included in the balance is an expenditure of Kshs. 63,333,744 for transfers to Project Management Committees for implementation of projects in various secondary schools. Review of payment records and projects files among other records revealed that transfers totaling to Kshs. 31,233,743. However, review of records and physical inspection of Mpeketoni Girls Secondary School revealed that the tender for construction of twelve (12) classroom block, borehole and ablution block at Mpeketoni Girls Secondary at a total contract sum of Kshs.54,498,139 was awarded during the financial year 2019/2020. The entire contract sum was transferred by the Constituency Development Committee (CDC) to the Project Management Committee (PMC), out of which an amount of Kshs.46,370,219 had been paid to the contractor during the year under review.</p> <p>Audit inspection conducted on the project on 11 March, 2023 revealed that the project was complete and in use</p>	<p>The project Manager (Public Works Officer) ensured the project was completed and handed over to the School Management.</p>	<p>Not Resolved: Matter partially resolved through internal measures.</p>	<p>30th October, 2024</p>

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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)
	<p>use but had not been formally handed over to the school by the PMC and the CDC. It was also noted that the septic tank constructed was left open while exposing the water to dust and other foreign bodies which may pose danger to the users in school. In addition, the site clearance was not done as debris was left at the site. Further, the hand wash sinks' pipes in the ablution block had deteriorated causing water leakages, a sign of poor workmanship.</p> <p>In the circumstances, the Fund had not achieved value for its money</p>			
	<p>Hindi Police Station</p> <p>The CDC transferred Kshs.3,500,000 to Hindi Police Station PMC for the construction of 3-acre perimeter chain link fence, construction to completion of one 1 no. block with two (2) pit latrines and construction to completion of additional cells with concrete ceiling. However, the Management did not provide key tender documents such as advertisements of the projects, tender opening minutes, evaluation and awarding minutes, inspection and acceptance reports, site meeting minutes, project status report, certificate of practical completion and</p>	<p>The committee received and approval for change of project name as requested by the users. In addition, the committee plans to put up a complete police station in the financial year 2023/2024. This will ensure the funds earlier allocated will be put to effective utilization without further waste.</p>	<p>Not Resolved: Matter partially resolved through internal measures.</p>	<p>30th October, 2024</p>

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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)
	<p>handing over report. Site visits of the project done by the auditors on 11 March, 2023 revealed that the project was not implemented due to a request by Project Management Committee to restructure the project design from police post to police station whose approval is being sought from the NG – CDF Board.</p> <p>In the absence of proper tender documents, it was not possible to confirm whether the NG-CDF Lamu West Constituency got full value for its money.</p>			
	<p>Pangani Police Station</p> <p>The Constituency Development Committee transferred Kshs.5,000,000.00 to the Project Management Committee of Pangani Police Station in respect of the construction to completion of police station. It was, however, noted that all security projects did not have cost estimates prepared by engineer to act as a guide to the evaluation committees on determining as to whether the bidders quoted price were reasonable to avoid huge discrepancies which may lead to loss of public funds. In addition, certificates of practical completion were</p>	<p>The Cost Estimates were later made available to the auditor.</p> <p>At the time of Audit, the Project Manager (Public Works Officer) had not issued the certificate of practical completion. This has however been issued and shared with auditors.</p>	<p>Not Resolved: Matter partially resolved through internal measures.</p>	<p>30th October, 2024</p>

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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)
	not provided. In the circumstances, it was not possible to confirm whether the work was done satisfactory.			
	<p>Project Management Committee Balances</p> <p>Annex 5 of the financial statements reflects a balance of Kshs. 86,339,690 comprising of Projects Management Committees' unutilized bank balances. The Management of NG CDF- Lamu West Constituency did not provide an explanation for failure to close all the dormant accounts of the PMC's and transfer the unutilized balances to the NG-CDF Account thus contravening Section 12(8) of the National Government Constituencies Development Fund Act, 2015.</p> <p>In the circumstance, the Management was in breach of the law.</p>	The Fund Account Manager, has with the approval of the NG- CDF Committee, written to the bank and ensured all dormant PMC bank accounts are closed.	Not Resolved: Matter partially resolved through internal measures.	30 th October, 2024
	<p>Ownership, Valuation and Existence of Fixed Assets</p> <p>The Fund discloses assets totalling Kshs. 29,022,490 as at 30 June, 2022 as disclosed under Annex 4 of the financial statements. Included in the</p>	The Committee has written to the registrar of Land, Lamu County for issuance of Land Title deed. However, the Office has allotment letters which	Not Resolved: Matter partially resolved through internal measures.	30 th October, 2024

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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)
	<p>summary of assets register is the historical costs of the fund office block worth Kshs.13,007,240. However, the Management did not disclose the costs of the land where the Fund offices are built and did not provide ownership documents like the title deed or allotment letter for the land.</p> <p>In the circumstances, the ownership of the Constituency land could not be confirmed.</p>	<p>were shared with the auditor at the time of Audit.</p>		



.....
Name
Fund Account Manager.