

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY

DATE: 01 MAR 2022

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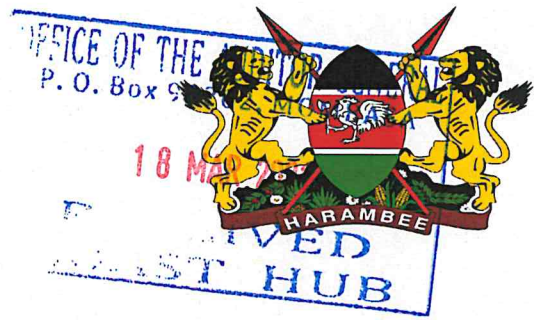
THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2020**





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

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
MVITA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

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Core Values

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

(b) Key Management

The NG-CDF MVITA Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG-CDFB)
- ii. National Government Constituency Development Fund Committee (NG-CDFC)

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	MONICA MWAI
2.	Sub-County Accountant	JULIUS MUGAMBI
3.	Chairman NG-CDFC	OMAR SHARRIFF
4.	Member NG-CDFC	JAMAL ALI

(d) Fiduciary Oversight Arrangements

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

(e) NG-CDF MVITA Constituency Headquarters

P.O. Box 43258-8010
MOMBASA HOUSE
Majengo, Behind Segal Market
Mombasa, KENYA

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(f) NG-CDF MVITA Constituency Contacts

Telephone: (254) 721862644

E-mail: cdfmvita@ngcdf.go.ke

Website: cdfmvita.go.ke

(g) NG-CDF MVITA Constituency Bankers

1. Equity Bank (Kenya)Limited -0460297599144
Mombasa Digo Road Branch
P.O. Box 90016
Mombasa, Kenya

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Mvita constituency is an electoral constituency in Kenya. It's one of six constituencies in Mombasa county. It has eleven location and it holds five county assembly wards namely old town(mji wa kale)Tudor, Tononoka, Shimanzi and Majengo Wards. The entire constituency is located within the municipality area and an island; many people come from neighbouring constituencies to work during the day while they live outside the constituency, as a result showing a higher number of registered voters compared to population. The Constituency was established for the 1988 elections.

We are glad to present to you financial statements for National Government Constituency Development Fund Mvita for year ending 30th June 2020. We have managed to complete quite a number of projects which were on going as well as start new ones. Most of the projects funded were mainly in education sector to meet 100% transition from primary to high school. We have so far received thirty-seven percent (37%) of the total allocation of funds and we are hoping to receive and consume the balance of it in the next few months.

The Ng-Cdf Mvita has purchased a 51 seater to star of the sea primary which will enable transport of students from home to school as this will reduce the hassle of boarding matatus and *bodabodas* . This ensures the kids are safe from exploitation caused by *bodaboda* riders, hence reduction of early pregnancies.

The Ng-Cdf Mvita has set aside funds to purchase water purifier machines (Reverse osmosis Plant) in our public school Mvita boys, Tudor day, Sheikh Abdallah Alfarsy girls and Makupa boys, the projects will benefit the entire schools.

Construction of a modern Kitchen at sparki primary school. This will serve over 850 students together with teachers and subordinate staff. This ensure all students attend class at the expected as no students will be going home for lunch.

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Image: sparki primary kitchen.

The Ng-Cdf Mvita had underutilization in its original budget as a result the projects which had been proposed had not been approved by board as they were conditional approved has a result their funds had not been released.

Challenges.

- Some of the challenges we have encountered are delay in receipt of funds from the NG-CDF Board, delay in receipt of bill of quantities from Regional Works Officers and delay in approving of proposed projects

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- Change of activity from the PMCS as a result in delay of funds at the time we have received fund the PMCS have changed their mind to another project.
- Lack of Land –this has been the greatest challenge since the constituency is small and available land is expensive and privately owned hence NG CDF cannot put up a new construction. This has seen some projects fail to take off.
- PMCS capacity –the CDF Act has tasked pmcs the duty to implement projects but their capacity is wanting,even though CDFC is trying to overcome it by frequent training,it is still a challenge.



Sign

16/09/2020

OMAR SHARRIFF-CHAIRMAN NGCDF COMMITTEE

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III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of NG-CDF-MVITA Constituency's 2017-2022 plan are to:

- a) To improve infrastructure in all learning institutions
- b) To increase retention levels in schools
- c) To increase enrolment in schools
- d) To establish educational administration centre
- e) To develop ICT capacity in all schools
- f) To improve security in the constituency
- g) Bursary to needy students
- h) To modernize security infrastructure
- i) To reduce crime
- j) To empower the NG -CDF Committee and PMC
- k) To increase the participation of the youth, women and special group in economic development

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school -Reduce distance travelled to access learning institutions	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels	In FY 19/20 -we have constructed 4 classrooms classrooms and 2 laboratoties - Bursary beneficiaries at all levels were as per the attached schedules

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Security	-To modernize security infrastructure -To reduce crime - to improve security in the constituency.	Crime will be reduced since the community police teams will consist of youths from the area familiar with the gangs and their hide outs.	-no of Ap camps constructed and providing them with furnitures. No of chiefs Camps Constructed	The Ng-cdf mvita has constructed three police booths in old towm , Majenjo and tudor.
Environment				
Sports	To reduce radicalization and crimes from youths	Realization of new talents		Construction of amodern foot ball pitch in Ronald ngala primary and a youth recreation centre in Mvita primary. Paying of participation fees to all football clubs in mvita subcounty who participate in FKF leagues
Disaster Management	To equip the constituents and preparedness of unforeseen disasters.	To reduce shock	Training and empowering	

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NG-CDF – MVITA Constituency 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 -

The Ng cdf Mvita has depicted how its dynamism will enable it to be the leading constituency in effective and efficient management. The desired achievement of mission has been anchored on five strategic directions; which holistically address key challenges facing.

The key performance indicators enable success of set strategic objectives under each strategic direction and justifies basis for monitoring and evaluation progress as the core value of passion for results

Vission: To be a leading constituency in the effective and efficient management of National government constituency development funds.

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Mission: To provide leadership and policy direction in the optimal utilization of National Government Constituency Development Funds for equitable development and poverty reduction at grass root level

Core Values: Transparency and Accountability
Professionalism and integrity
Passion for results
Networking and Timeliness
Excellence in service delivery
Advocacy for participating approaches
Collaboration and Team work
Commitment to welfare of our staff

2. Environmental performance

Ng-Cdf Mvita strives to be a leader in environmental sustainability and believes that a successful future for our constituents we serve depends on the sustainability of the environment which we operate.

As a responsible corporate citizen, we bear a responsibility to consider the impacts of our actions and how they affect the environment both directly and indirectly.

We are committed to reducing the impact of our operations on the environment and to representing leadership by assimilating environmental considerations into all our projects.

Our Policy

- Protect the environment, including preventing pollution, through responsible management of our operation.
- To reduce resource consumption, waste and pollution in our projects
- To design projects to reduce adverse environmental impact.
- Comply with all government guidelines and regulations.
- Encourage the contractors and project management committee on how recycle the waste
- Conduct training to raise awareness and create support employee creativity and enthusiasm with respect to implementing our environment policies.
- Encouraging the residents to use electronic means of communication to reduce the use of papers.

3. Employee welfare

The Ng -cdf Mvita contemplates that hiring competent personnel to fill positions in different sections contributes to the constituent overall success. Each employee is therefore engaged with the objective of making important influence to constituents.

Terms and Conditions

Most of the staffs are employed in a contract of three years renewable and are subjected to provisions of the employments Act,2007 and the Ng-Cdf office staff rules and regulations issue. The Ng- cdf Mvita has employed both genders in various department without considering race, religion and ethics.

Hiring Policy

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When apposition is newly created or replacement needs to be filled the fund manager place the advertisement in the notice board and in chief's office.

The advertisement consists the following

- I. Job profile
- II. Qualification and competence
- III. Place of work
- IV. Duties and Responsibilities
- V. Term of Employment
- Vi. Instruction on how to apply
- Vii. Date and time for the applicant to submit his or her application

Appointments of selection committee.

The fund account manager appoints two members from the Ng-Cdf Committee to sit and oversee the process of interview.

Appointment and signing of contract

The successful candidate receives appointment letter and the unsuccessful candidates a notified with the reason why they have not been considered.

A written contract is given to succesful candidate in his/her prenses dully Signed by the Fund Account Manager, The chairman Ng-cdf together with witness. The contracts contain, Position, main task and responsibilities, duration, renewal of appointment, place of work, remuneration package, confidentiality, Employment laws and staff rules and regulations, termination and acceptance

Orientation and Induction of employees

The Fund Account Manager ensures orientation and induction of new employees. This is carried out in order to familiarize the employees with the mandate and operations of the office. Induction and orientation is done within the first months of employment.

General safety

It's our commitment to protect the health and safety of our employees as well as the surrounding community

The Ng-cdf Mvita has put up safety tips for work place which has to be adhered by whoever enters the premises.

Disaster and management preparedness

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Every organisation depending on the nature of work and services shall plan for foreseeable incidents such as accidents, explosions, fire, earthquake, stampede.

The Ng-cdf Mvita has a four cycle stage in the cause of disaster namely Risk reduction, readiness, response and recovery through:

- Capacity building
- Prompt response to any threatening disaster situation
- Rehabilitation and reconstruction
- Evacuation, rescue and relief
- Assessing the severity or magnitude of effects of any disaster
- Mitigation or reduction of any disaster or its severity or consequence
- Preparedness to deal with any disaster.

Sexual Harassment

Any staff of the office should not harass another officer sexually through directly or indirectly requests an employee for sexual intercourse, sexual contact or any other form of sexual activity that contains an implied or express, promise of preferential treatment in employment; threat of detrimental treatment in employment; or threat about the present or future employment status of the employee; uses language whether written or spoken of a sexual nature;

uses visual material of a sexual nature; or shows physical behavior of a sexual nature which directly or indirectly subjects the employee to behavior that is unwelcome or offensive to that employee and that by its nature has a detrimental effect on that employee's employment, job performance, or job satisfaction.

Any staff found with such vice is summoned by the complaints committee and disciplinary action is taken against him/her.

4. Market place practices-

The NG-CDF Fund was established in 2003 through the NGCDF Act. In the Kenya Gazette Supplement, no 107(Act No. 11) of 9th January 2004 with the primary objective of addressing poverty at grassroots level by dedicating a minimum of 2.5% of the Government ordinary revenue to grassroots development and the reduction of poverty. The NGCDF is funded through government grants (99.9%)

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a) Responsible competition practice.

The NG-CDF Mvita transfers the project funds (grant) to the Project Management Committee (PMC) and thereafter a capacity training is conducted to educate the PMC on the process of procuring. The residents are advised to submit the companies profile to the Sub county supply chain office where they will be prequalified and a contract is awarded to the persons who have qualified.

b) Responsible Supply chain and supplier relations

The supplier payments are done based on the certificates issued by the public works department together with the PMC authority minutes authorizing the same.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

Most of the tenders are open and means of advertisement used is through public newspapers to stimulate competition and minimize discrimination.

d) Product stewardship

The Ngcdf Mvita came up with a customized template leaflets where our customers fill what to be done or what to be included to fulfil our constituents needs. Also the suggestion and complain box available in the entrance helps us to responds for any complains and resolve the issues as soon as they come.

5. Community Engagements-

The Ng-Cdf Mvita engage community through public forum after every two years or on commencement of a new parliament where the constituents participate by exposure out their views and proposals.

The NG-CDFC shall then considered on project proposals from all the wards in the constituency and any other projects which the Constituency Committee deliberates beneficial to the constituency, including co-funding projects BOG/PTA and Ministry, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both ongoing and New, out of which the list of projects to be submitted in accordance with the Act shall be drawn from.

Community involvement is the process that directly involves the concerned stakeholders in decision making and gives full consideration to public input in making that decision.

When the public is involved in a project identification and implementation process, they feel encouraged to work together, distinguish the aids of their involvement and have ownership of the projects and the decision making process, which is key to a successful project outcome and their sustainability

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Importance of public Participation

- It's a catalyst for further development
- Encourages sense of responsibility
- Guarantees that a felt need is involved
- Ensures things are done the right way
- Uses valuable indigenous knowledge
- Frees people from dependence on others skills

Public Awareness

Is the public level of understanding about the importance and implications of certain activities? It involves explaining issues and disseminating knowledge to people so that they can make their own decision.

Covid-19 Mitigation Measures

The Ng-Cdf Mvita taking into consideration the current situation of Corona Virus pandemic, in line with the Governments directive on reducing the spread of the virus, the office committed in aiding by taking the following measures.

- Purchasing of 50 sanitising booths and installing them in all public offices and markets entrance worth Ksh 3 million the project was sustained by the Sharriff Nassir foundation.
- Distributing mask, fumigating market places and residential areas especially in old town ward which was most affected through sharriff Nassir foundation and county government of Mombasa.
- Supplying of fumigation chemicals through the county government of Mombasa
- Paying of Insurance cover for two thousand valuable families in the constituency for a period of one year at a cost of Ksh 12,000,000
- Through the sharriff Nassir foundation distributed 1000 handcarts, saloon kits, barber's kits to the youths of Mvita who had been forced to shut down their businesses
- Through the national government 2000 youth have been employed in the *Kazi Kwa vijana* program
- Through the area MP and County Government of Mombasa we have donated and distributed relief food and clothing to 5000 families who have been un employed during the covid 19 pandemic.
- Through the Sharriff Nassir Foundation we have drilled 5 boreholes in the five wards in Mvita constituency and providing tanks, soap and water in market entrance for washing hands in Covid 19 crises

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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NG-CDF MVITA 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, 2020. 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 NG-CDF MVITA 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 *funds's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NG-CDF MVITA Constituency further confirms the completeness of the accounting records maintained for the *funds*, 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.

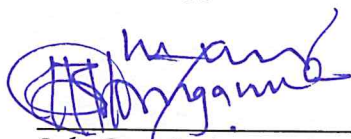
The Accounting Officer in charge of the NG-CDF MVITA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible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

Approval of the financial statements

The NG- CDF MVITA Constituency financial statements were approved and signed by the Accounting Officer on 16/09/2020.



Fund Account Manager
Name: Monica Mwai



Sub-County Accountant
Name: Julius Mgambi
ICPAK Member Number: R5569

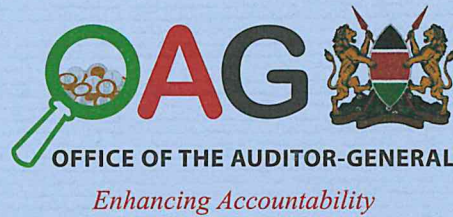
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VI. *REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF- MVITA CONSTITUENCY*

REPUBLIC OF KENYA

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



HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MVITA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mvita Constituency set out on pages 17 to 45, which comprise the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and summary statement of appropriation-recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the 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 - Mvita Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Unresolved Prior Year Matters

1.1. Inaccuracy of the Financial Statements

As reported in 2017/2018, the statement of assets and liabilities reflected comparative fund balance of Kshs.41,973,049 as at 01 July, 2016. However, the opening fund balance was at variance with audited closing balance for the year 2015/2016 of Kshs.52,703,219.28, resulting to unreconciled or explained variance of Kshs.10,730,170.28. In addition, the statement of cash flows reflected cash and cash equivalents balance of Kshs.41,973,050 as at 01 July, 2016 while the 2015/2016 audited accounts reflected cash and cash equivalents balance of Kshs.52,703,219 as at 30 June, 2016, resulting to unreconciled nor explained variance of Kshs.10,730,169. As a result, the statement of cash flows was not accurate.

In the circumstances, the accuracy and completeness of the fund balance brought forward of Kshs.34,629,174 and cash and cash equivalents balance of Kshs.41,552,873 as at 30 June, 2020 could not be confirmed.

1.2. Unconfirmed Bank Balances

As previously reported, the statement of assets and liabilities reflected bank balances of Kshs.41,552,873 as at 30 June, 2020 (2018/2019 - Kshs.34,629,174). Included in the bank reconciliation statement in the year 2017/2018 were casting errors amounting to Kshs.114,770.57 dating way back to the year 2012. However, the cash book figure is included in the Fund's expenditure returns as at 30 June, 2020 and as cashbook adjustments made in March, 2020. However, no journal entries were availed to explain or support the adjustments.

This is contrary to Regulation 103(1) and (2) of the Public Finance Management (National Government) Regulations, 2015 on Accounting Adjustments which states that '(1) Journal entries prepared for all adjustments shall be authorized by the accounting officer or an officer designated by him or her before posting them in a financial record (2). In all cases journal vouchers shall be supported by sufficient explanations, authorizations and documentation to facilitate accounting adjustments to be understood'.

In the circumstances, the accuracy and completeness of bank balance of Kshs.41,552,873 could not be ascertained.

2.0 Other Receipts

The statement of receipts and payments for the year ended 30 June, 2020 reflects other receipts(re-allocations) of Kshs.1,500,000. However, schedules, receipts and other relevant documents to support the re-allocation of Kshs.1,500,000 were not provided for audit review.

Consequently, the accuracy and completeness of receipts of Kshs.51,514,000 for the year ended 30 June, 2020 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 - Mvita Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.236,729,712 and Kshs.86,143,174 respectively resulting to an under funding of Kshs.150,586,538 or 64 of the budget.

Similarly, the actual expenditure reflects a balance of Kshs.44,590,301 against an approved budget of Kshs.236,648,712 resulting to an under-expenditure of Kshs.192,058,411 or 81% of the budget.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the constituents of Mvita Constituency.

2.0 Projects Implementation Status

According to the projects implementation status report as at 30 June, 2020, the Fund completed nine (9) projects with total budget allocation of Kshs.17,500,000, six (6) projects with budgetary allocation of Kshs.52,500,000 were on-going while four (4) projects allocated Kshs.20,355,763 had not been started.

No explanation was provided as to why projects which started in 2015/2016 financial year have not been completed to date.

The underperformance in the implementation of ten (10) ongoing and not started projects with an expenditure budget of Kshs.72,855,763 affected the planned activities and may have impacted negatively on service delivery to citizens.

Consequently, projects implementation as reported did not achieve the intended performance targets and so the public was denied the intended/planned benefits. Further, this casts doubts on the efficiency and effectiveness of the Fund's projects monitoring and evaluation system.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis of Conclusion

1.0 Project Management Committee Bank Balances

Annex 4 to the financial statements for the year ended 30 June, 2020 reflects project management committee bank balances amounting to Kshs.51,757,291, out of which

funds totalling to Kshs.19,100,000 belonging to three (3) schools were lying idle in the bank accounts since the projects were complete.

This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that 'all unutilized funds of the Project Management Committee shall be returned to the constituency account'.

Therefore, the Management was in breach of the law.

2.0 Information Technology Governance

As previously reported, the Fund had not established an approved IT security policy as at 30 June, 2020 and so the Fund's information and communication technology functional objectives and goals might have lacked strategic direction.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how 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 policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 February, 2022

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
MVITA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	50,000,000	107,548,276
Proceeds from Sale of Assets	2		
Other Receipts (AIA)	3	14,000	67,000
Other Receipt (Re-allocations)		<u>1,500,000</u>	
TOTAL RECEIPTS		51,514,000	107,615,276
PAYMENTS			
Compensation of employees	4	4,552,520	2,753,149
Use of goods and services	5	5,204,050	5,475,373
Transfers to Other Government Units	6	9,218,528	48,963,520
Other grants and transfers	7	23,800,000	30,532,590
Acquisition of Assets	8		
Other Payments	9	<u>1,815,203</u>	<u>1,692,567</u>
TOTAL PAYMENTS		44,590,301	89,417,077
SURPLUS/(DEFICIT)		<u>6,923,699</u>	<u>18,198,077</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF MVITA Constituency financial statements were approved on 16/09/2020 and signed by:



Fund Account Manager
Name: MONICA MWAI



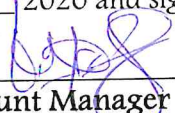
National Sub-County Accountant
Name: JULIUS MGAMBI
ICPAK Member Number: R5569

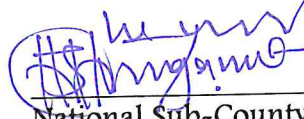
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
MVITA CONSTITUENCY
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For the year ended June 30, 2020

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	41,552,873	34,629,174
Cash Balances (cash at hand)	10B		
Total Cash and Cash Equivalents		41,552,873	34,629,174
Accounts Receivable			
Outstanding Imprests	11		
TOTAL FINANCIAL ASSETS			
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A		
Deposits (Gratuity)	12B		
TOTAL FINANCIAL LIABILITES			
NET FINANCIAL ASSETS		<u>41,552,873</u>	<u>34,629,174</u>
REPRESENTED BY			
Fund balance b/fwd	13	34,629,174	16,431,097
Prior year adjustments	14		
Surplus/Defict for the year		6,923,699	18,198,077
NET FINANCIAL POSITION		<u>41,552,873</u>	<u>34,629,174</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF MVITA Constituency financial statements were approved on 16/09/2020 and signed by:


Fund Account Manager
Name: Monica Mwai


National Sub-County Accountant
Name: Julius Mugambi
ICPAK Member Number: R5569

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF)
MVITA CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2020**

IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	50,000,000	107,548,276
Other Receipts (AIA)	3	14,000	67,000
Other Receipts (PMC Balances)		1,500,000	
Total receipts		50,514,000	107,615,276
Payments for operating expenses			
Compensation of Employees	4	4,552,520	2,753,149
Use of goods and services	5	5,204,050	5,475,373
Transfers to Other Government Units	6	9,218,528	48,963,520
Other grants and transfers	7	23,800,000	30,532,590
Other Payments	9	1,815,203	1,692,569
Total payments		(44,590,301)	(89,417,199)
Total Receipts Less Total Payments			
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14		
Net cash flow from operating activities		6,923,699	18,198,077
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9		
Net cash flows from Investing Activities		6,923,699	18,198,077
NET INCREASE IN CASH AND CASH EQUIVALENT		6,923,699	18,198,077
Cash and cash equivalent at BEGINNING of the year	13	34,629,174	16,431,097
Cash and cash equivalent at END of the year		<u>41,552,873</u>	<u>34,629,174</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG-CDF MVITA Constituency financial statements were approved on 16/09/2020 and signed by:

Fund Account Manager
Name: Monica Mwai

National Sub-County Accountant
Name: Julius Mugambi
ICPAK Member Number: R5569

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MYITA CONSTITUENCY
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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	97,847,988	235,215,712	84,629,174	150,586,638	36%
Proceeds from Sale of Assets						
Other Receipts (ALA)		14,000	14,000	14,000		100%
Other Receipts (PMC Balances)		1,500,000	1,500,000	1,500,000		
TOTAL RECEIPTS		99,361,988	236,729,712	86,143,174	150,586,638	36.4%
PAYMENTS						
Compensation of Employees	4,349,334.96	1,553,000	5,902,335	4,552,520	1,349,815	77.1%
Use of goods and services	8,013,760	3,355,472	11,369,232	5,204,050	6,165,182	45.8%
Transfers to Other Government Units	66,860,330	24,300,000	91,160,330	9,218,528	81,941,802	10.3%
Other grants and transfers	58,144,299	67,088,056	125,232,355	23,800,00	101,432,355	19%
Acquisition of Assets						
Other Payments		2,984,460	2,984,460	1,815,203	1,169,257	60.8%
Un Allocated funds		81,000	81,000		81,000	
TOTALS	137,367,724	99,361,988	236,648,712	44,590,301	192,139,411	19%


L GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MVITA CONSTITUENCY
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- i. *The underutilization of the original budget is caused by delay in approving of projects by the board and delay in disbursement of funds . This resulted to slow implementation of projects.*
Ii he Ngcdf mvita had allocated 35% of the funds received for bursaries but due to the pandemic of Covid 19 the issuance of bursaries was not done and as a result the funds lied idle in the account waiting for the schools to open.

The NG-CDF MVITA Constituency financial statements were approved on 16/09/ 2020 and signed by:



Fund Account Manager
Name: MONICA MWAI



Sub-County Accountant
Name: JULIUS MGHAMBI
ICPAK Member Number: R5569

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Reports and Financial Statements

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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,349,334.96	1,553,000	5,902,334.96	4,552,520	13,49,814.96
1.2 Committee allowances	1,128,000	134,000	1,262,000	1,622,000	
1.3 Use of goods and services	2,76,728.49	720,926	3,485,654.49	2,263,490	1,222,164.49
Sub-totals	8,242,063.45	2,407,926	10,649,989.45	8,078,010	2,571,979
2.0 Monitoring and evaluation					
2.1 Capacity building	1,200,000		1,200,000		1,200,000
2.2 Committee allowances	2,321,031.72	1,998,546	4,319,577.72	1,678,560	2,641,017.72
2.3 Use of goods and services	600,000	400,000	600,000		1,000,000
Sub Total	4,121,031.72	1,998,546	6,119,577.72		4,441,017
3.0 Emergency	7,198,241.38	7,637,930	14,836,171.38	3,000,000	11,836,171.38
3.1 Primary Schools					
3.2 Secondary schools					
3.3 Tertiary institutions					
3.4 Security projects					
3.5 others Sanitazation boooths				3,000,000	
Sub Totals	7,198,241.38	7,637,930	14,836,171.38		11,836,171.38
4.0 Bursary and Social Security					
4.1 Primary Schools					
4.2 Secondary Schools	23,078,703.45	18,199,268	41,277,971.45	8,800,000	32,477,971.45
4.3 Tertiary Institutions	13,000,000	34,472,920	47,592,920		47,592,920
4.4 Universities					

L GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MVITA CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
4.5 Social Security	12,000,000		12,000,000	12,000,000	
Sub totals	48,078,703.45	52,672,188	108,870,891	20,800,000	80,070,891.45
5.0 Sports	2,747,354.48		2,747,354.48		2,747,354.48
5.1					
5.2					
Sub Totals	2,747,354.48		2,747,354.48		2,747,354.48
6.0 Environment					
6.1Fahari primary	30,000		30,000		30,000
6.2Star of the sea Primary	30,000		30,000		30,000
6.3Makupa Primary	30,000		30,000		30,000
6.4 Tudor Day High school	30,000		30,000		30,000
6.5 Allidina Visram		102,000	102,000		102,000
6.6 Tudor Beach		1,736,207	1,736,207		1,736,207
6.7		837,931	837,931		837,931
Sub totals	120,000	2,676,138	2,796,138		2,796,138
7.0 Primary Schools Projects (List all the Projects)					
7.1 Star of the sea primary	2,300,000		2,300,000	2,300,000	
7.2Mbeheni Bondeni complex	8,400,000		8,400,000		8,400,000
7.3 Star of the sea primary	513,500		513,500		513,500
7.4 Ronald Ngala primary	9,500,000		9,500,000		9,500,000
7.5Ganjoni primary	513,500		513,500		513,500
7.6 Sparki primary	6,000,000		6,000,000		6,000,000
7.7 Bahari preparatory	520,000		520,000		520,000
7.8 Bondeni primary	513,500		513,500		513,500

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For the year ended June 30, 2020

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.9 Ziwani for the deaf	1,000,000		1,000,000		1,000,000
7.10 Central girls	513,500		513,500		513,500
7.11 Ganjoni primary	3,000,000	3,000,000	6,000,000		6,000,000
7.13 Fahari primary	513,500		513,500		513,500
7.14 Serani primary		2,300,000	2,300,000		2,300,000
7.15 Mvita Primary		12,500,000	12,500,000		12,500,000
7.16 Majengo Primary		1,000,000	1,000,000		1,000,000
Sub Totals	33,287,500	18,800,000	52,087,500	2,300,000	49,787,500
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Makande girls	2,918,528.11		2,918,528.11	2,918,528	
8.2 Tudor day	1,600,000		1,600,000		1,600,000
8.3 Mvita Boys	1,600,000		1,600,000		1,600,000
8.4 Makupa Boys	1,600,000		1,600,000		1,600,000
8.5 Sheikh Abdallah alfarsy	1,600,000		1,600,000		1,600,000
8.6 Allidina Visram	4,000,000		4,000,000		4,000,000
8.7 Mekatiliili wa menza	8,254,301.55		8,254,301.55		8,254,301.55
8.8 Sheikh Abdalla Alfarsy	6,000,000		6,000,000		6,000,000
8.9 Shariff Nassir Girls		1,000,000	1,000,000	1,000,000	
8.10 Coast Girls		1,000,000	1,000,000	1,000,000	
8.11 Serani Boys		2,000,000	2,000,000	2,000,000	
Sub Totals	22,572,829.66	4,000,000	31,572,829.66	6,918,528.11	24,654,301.55
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 Mvita KNTC	6,000,000		6,000,000		6,000,000

L GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MVITA CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
9.2					
9.3					
9.4					
Sub Totals	6,000,000		6,000,000		6,000,000
10.0 Security Projects					
10.1					
10.2					
10.3					
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)					
11.2 Construction of CDF office					
11.3 Purchase of furniture and equipment					
11.4 Purchase of computers					
11.5 Purchase of land					
12.0 Others					
12.1 Strategic Plan					
12.2 Innovation Hub					
12.2 Mvita juakali Shade		2,984,460	2,984,460	1,815,203	1,169,257
12.3 Audit Fees		1,103,800	1,103,800		1,103,800
12.4 Gates		500,000	500,000		500,000
12.5 Un Allocated Funds		3,000,000	3,000,000		3,000,000
Sub Totals		9,169,260	9,169,260		81,000
GRAND TOTALS	137,367,724.14	99,361,988	236,729,712	44,590,301	192,139,411

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
MVITA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

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SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and 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 and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

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

10. Unutilized Fund

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

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SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

12. Comparative Figures

Where necessary, comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

13. Subsequent Events

- There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2020

14. Errors

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

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

15. Related Party Transactions

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) –
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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF Board		
AIE NO B041153	4,000,000	
AIE NO B047787	16,000,000	
AIE NO B104107	10,000,000	
AIE NO B104423	10,000,000	
AIE NO B096625	10,000,000	
AIE NO B005366		53,048,276.25
AIE NOB030282		10,000,000
AIE NO B005423		13,000,000
AIE NO B006470		6,000,000
AIE NO B042695		500,000
AIE NO B047094		12,000,000
AIE NO B047529		13,000,000
TOTAL	50,000,000	107,548,276

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received		
Rents		
Receipts from Sale of tender documents	14,000	67,000
Other Receipts PMC balances	1,500,000	
Total	1,514,000	67,000

3. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,793,578	2,453,570
Personal allowances paid as part of salary	50,000	
Pension and other social security contributions (Gratuity)	1,011,238	286,979
Employer Contributions Compulsory national social security schemes	12,600	12,600
Commuter Allowances	352,500	
Extraneous Allowances	259,500	
House Allowances	573,000	
Staff insurance	500,104	
Total	4,552,520	2,753,149

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	2,940,560	2,691,200
Utilities, supplies and services	150,000	100,000
Communication, supplies and services	9,450	9,450
Domestic travel and subsistence		
Printing, advertising and information supplies & services	291,520	391,540
Rentals of Offices	496,810	510,000
Training expenses		545,500
Hospitality supplies and services	220,000	450,000
Insurance costs		
Specialized materials and services		
Office and general supplies and services	576,190	536,170
Other operating expenses	485,010	241,513
Routine maintenance – vehicles and other transport equipment		
Routine maintenance – other assets		
Total	5,204,050	5,475,373

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	2,300,000	27,407,757
Transfers to secondary schools (see attached list)	6,918,528	21,555,763
Transfers to tertiary institutions (see attached list)		
Transfers to health institutions (see attached list)		
TOTAL	9,218,528	48,963,520

6. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	8,800,000	
Bursary – tertiary institutions (see attached list)		24,410,140
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)		
Sports projects (see attached list)		3,537,450
Environment projects (see attached list)		2,585,000
Emergency projects (see attached list)	3,000,000	
Social Security	12,000,000	
Total	23,800,000	30,532,590

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan		
ICT Hub	1,815,203	1,692,567
	1,815,203	1,692,567

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Equity Bank Ltd Digo Road Branch, Mombasa Account No 0460297599144</i>	41,552,873	34,629,174
Total	41,552,873	34,629,174
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (<i>specify</i>)		
Total		
<i>[Provide cash count certificates for each]</i>		

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9. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	41,552,873	34,629,174
Cash in hand		
Imprest		
Total	41,552,873	34,629,174

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER IMPORTANT DISCLOSURES

10.1: PENDING STAFF PAYABLES (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	441,739	483,124
Others (<i>specify</i>)		
	441,739	483,124

10.2: UNUTILIZED FUND (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,349,815	2,421,975
Use of goods and services	6,165,182	3,691,879
Amounts due to other Government entities (see attached list)	81,941,802	25,963,912
Amounts due to other grants and other transfers (see attached list)	101,432,355	65,704,121
Other Payments	1,169,257	
Others (<i>specify</i>) AIA	81,000	67,000
	192,139,411	97,847,987

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.3: PMC account balances (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	51,757,291	83,383,985
	51,757,291	83,383,985

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ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
Senior Management						
1.						
2.						
3.						
Middle Management						
4. Mtudu Bakari	j		Apri-2020		37,034	
5. Mohamed Hussein	J		Apri-2020		30,526	
6. Stella Matunda	J		Feb-2019		143,490	
7. Evelyn Tatu	h		Jan -2020		31,305	
8. Wahida Abdalla	H		Feb-2018		176,449	
9. Fadya Khalil	j		Apri-2020		22,936	
Sub-Total			m		441,739	
Unionisable Employees						
10.						
11.						
12.						
Sub-Total						
Others (specify)						
13.						
14.						
15.						
Sub-Total						
Grand Total					441,739	

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Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Sports				
Environment			2,676,138	Reallocated waiting for board approval
Audit fees			500,000	Reallocated waiting for board approval
Gates			3,000,000	Reallocated waiting for board approval
Mvita Juakali shade			1,103,800	Reallocated waiting for board approval
AIA		81,000	81,000	
	Sub-Total	1,250,257	18,047,122	
	Grand Total	192,139,411	97,847,987	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MVITA CONSTITUENCY
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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land				
Buildings and structures				
Transport equipment	176,320			176,320
Office equipment, furniture and fittings	556,148			556,148
ICT Equipment, Software and Other ICT Assets	1,482,910			1,482,910
Other Machinery and Equipment	135,000			135,000
Heritage and cultural assets				
Intangible assets				
Total	2,350,378			2,350,378

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ANNEX 4 – PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank Account No.	Bank	Bank Balance 2019/20	Bank Balance 2018/19
Sparki Kitchen	0460278673191		1,818,000	4,918,000
Ronald Ngala Football pitch	0460276219089		9,843,000	19,843,000
Sheikh Abdalla aAlfarsy	0460279966209		1,918,000	5,918,000
Ronald Ngala social hall	0250001		22,000	3,500,000
Khamis high	0460278841673		1,600,000	1,600,000
Makande Girls	0460278999072		9,474,291	6,755,763
Star of the sea Primary	0460278999100		7,300,000	5,000,000
Mbeheni Bondeni Complex	0460269745194		10,000	2,000,000
Tudor day secondary school	0460279999425		1,800,000	3,260,000
Mvita Primary	04602773888194		7,500,000	7,500,000
Mvita secondary school	0460271320996		10,000,000	10,000,000
Sharriff Nassir girl	0460273189219		220,000	2,500,000
Sharriff nassir lab	0460262543534		200,000	600,000
Tudor primary fish pond	0460272104043		12,000	1,305,000
Makande primary Fish pond	0460272431963		40,000	800,000
Total			51,757,291	83,383,985

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MSA/NG-CDF MVITA 2018/2019(2)	Overstatement of use of goods and services – ksh500.00	The overstatement of ksh 500 was as a result of error of omission in the hospitality and the same has been rectified in the financial statement	FAM	Resolved	By 21 st feb 2020
	Overstatement of compensation of employees- kshs 12,300	The overstatement of kshs 12,300 if payment of employer contribution to NSSF Aand has now been corrected	FAM	resolved	21 st february 2020
	Unsupported cash book adjustment kshs 114,670.47	Cash book errors of kshs 114,670.47 had remained outstanding for sometime as this occurred when the cdtc were moving their accounts from KCB to Equity bank and this resulted to cash bookovercast of kshs 22,280 and cash book errors of ksh 92390 and this had appeared as receipts in the cash book and not in bank statement and the same was posted as	FAM	Resolved	21 st February 2020

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NG-CDF) – MVITA CONSTITUENCY

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		payments as adjustments to write off errors with the authority of accounting officer			
	Lack of Approved Risk Management framework	The mvita Ng-cdf has a risk management frame work and normally we update risk register monthly and quarterly and forward the same to the head office		FAM- Monica Mwai	21 st February 2020
	Un – Implemented(n ot started project as Pis for year 2016/2017	Environment project of planting trees and beautification of Tudor beach was declined by the board and the same has been reallocated and we are waiting for Boards approval and release of funds. Social security funds amounting to ksh 8,189,55 for social security programme the funds were reallocated to tertiary bursary and they were fully utilized as per attached NG-CDFC minutes and Boards Approved code list	FAM Monica Mwai	Resolved	21 st February 2020

