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REPORT

OF

THE AUDITOR-GENERAL

ON

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

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

Revised Template 30th June 2020



NGCDF BOARD

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BUTULA
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 (NGCDF)

BUTULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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 NGCDF BUTULA Constituency day-to-day management is under the following key organs:

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

NO	DESIGNATION	NAME
1	A.I.E holder	Locheria Nyikal Basil Perez Anyango
2	Sub-County Accountant	Lilian Amusolo
3	Chairman NGCDFC	Allan Odipo
4	Member NGCDFC	Collete Ayomba Ong'ong'o

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF BUTULA Constituency Headquarters

P.O. Box 53-50405
Butula CDF Building
Bumala-Ejinja Road
Butula

(f) NGCDF BUTULA Constituency Contacts

Telephone: (254) 722612112
E-mail: cdfbutula@ngcdf.go.ke
Website: www.butulangcdf.go.ke

(g) NGCDF BUTULA Constituency Bankers

National Bank of Kenya
Busia Branch
P.O BOX 264
Account Name: Butula NGCDF
Account Number: 0102037115600

(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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

This is a true reflection of Butula NGCDFC budget performance against actual amounts for current year based on economic classification and programmes. The NGCDF have improved the Education and Security infrastructure within the constituency which is evident from the Transfers to Other Government Entities and Other Grants and Transfers.

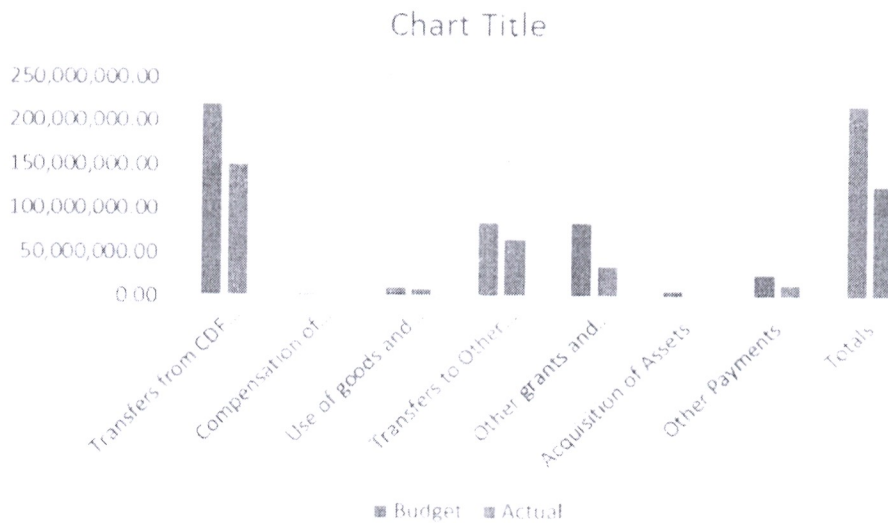
During the 2019/2020FY, Butula NGCDF budget allocation was KES 137,367,724.14.

The total funds received and spent during the 2019/2020FY was KES 128,516,730.00.

The budget performance was as follows;

• Compensation of employees	–	KES 1,476,262
• Use of goods and services	–	KES 9,550,107
• Transfers to other government units	–	KES 66,600,000
• Other grants and transfers	–	KES 35,806,131
• Acquisition of Assets	–	KES 319,500
• Other payments	-	KES 14,764,730

The budget performance against the actual amounts achieved an average of 59% utilization for the economic classification and programmes.



Key achievements of the fund

- It has led to initiation of development projects at the local level thereby availing financial resources at the grass root level, thus, empowering communities locally.
- It has led to improved learning environment through improvement of infrastructure in schools
- The Fund has helped to improve performance in our schools because of retention of learners in Schools due to payment of Bursaries.

- The Fund has also been an enabler in the achievement of the Big IV Agenda in the following categories:
 - Universal Health Care - Sponsorship of Medical Students in Universities and Colleges and allocation of Funds towards construction of Butula KMTC
 - Manufacturing – Sponsorship of Students undertaking Technical Courses, Initiation of Butula Technical Training Institute.
 - Food Security – Spurring the local economy hence enabling the local community, largely made up of subsistence farmers, afford farm inputs.

Challenges

- Inadequate funding.
- Frequent personnel changes in management leading to interruption of work during the transitions.
- Delays in disbursement of Funds hence affecting timely Project implementation.

Recommendations

- Increase in allocation of Funds in order to meet the needs of the Constituents at a wider level.
- Capacity build local stakeholders in order to improve management of the Fund.



CHAIRMAN NGCDF COMMITTEE

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

Reports and Financial Statements

For the year ended June 30, 2020

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 NGCDF-BUTULA Constituency's 2018-2022 plan are to:

- a) Increasing disposable income within the community
- b) Eco – friendly project implementation
- c) Improvement of marketing systems
- d) Improvement of education and access to training

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	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels 	In FY 19/20 -we increased number of classrooms, dormitories, laboratories etc. from 8 to 9 together with renovation of school infrastructures in the following schools/institutions as attached -Bursary provision reallocated to development

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BUTULA CONSTITUENCY

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For the year ended June 30, 2020

Security	To have police station and administrative police posts	Enhancement of security facilities	-increase employment levels -fast track dispute resolution Enhanced information access and communication	In FY 19/20 -we increased security facilities and enhanced working environment of the staff in the facilities through improved infrastructures in the following institutions as attached
Environment	To enhance environment preservation for the good of the community	Improved livelihood of the community and health	-Improved water harvesting and sanitation	-In FY 19/20 we constructed ultra – modern biogas digester latrines and water harvesting in various schools as attached.
Sports	To enhance development of co curriculum activities in the constituency	-Nurturing of talents among the youth	-Decreased level of idleness among the youth especially during the holidays - Encourage and motivate the youth	In FY 19/20 we organized constituency sports tournaments for primary and secondary schools teams & purchased sports kits
Disaster Management	To cater for unforeseen occurrences in the constituency	Ensure safety in the constituency	Improved safety in the constituency	In FY 19/20 we constructed several toilets in various schools that had been warned by the public health and the ones that had insufficient sanitation facilities

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Butula 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 -
2. Environmental performance
3. Employee welfare

Butula NG-CDF is guided by employment Act of 2007 and the NG-CDF Act of 2015 in the hiring process, taking into account the gender ratio.

4. Market place practices

- a) *Butula NG-CDF ensures responsible competition practice through tender advertisements for various projects where every interested individual has to bid by purchasing the bid and the best candidate who qualifies is awarded the tender.*
- b) *Supply chain and supplier relations are maintained to ensure good business practices through reference to contractual agreements for any services or goods delivered and procurement procedures adhered to.*

We have endeavoured to promote good relations not only with our suppliers but other stakeholders as well by promoting transparency and accountability in our engagements, making payments on time and encouraging feedback through our social media platforms.

- c) *To maintain ethical marketing practices, Butula NG-CDF abides by the procurement procedures as per the Public Procurement and Disposal Act 2015.*
- d) *To safeguard consumer rights and interests, Butula NG-CDF ensures public participation for the assessment of the public needs and in the end the deliverables are done as per the requirements of the public. Also the office involves the relevant professionals through the implementation of the projects to ensure quality and value for money for the works done.*

5. Community Engagements -

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

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

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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-BUTULA 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 2019/2020 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 NGCDF-BUTULA 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 *entity'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 in charge of the NGCDF-BUTULA Constituency further confirms the completeness of the accounting records maintained for the *entity*, 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.

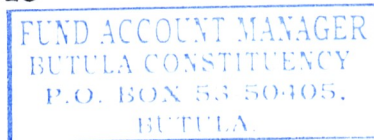
The Accounting Officer in charge of the NGCDF-BUTULA Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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 NGCDF-BUTULA Constituency financial statements were approved and signed by the Accounting Officer on 26-03-2021.



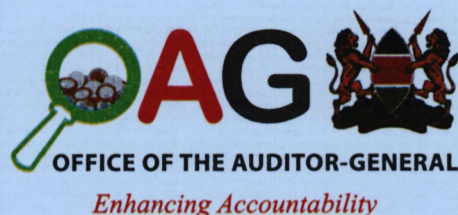
Fund Account Manager
Name: PETER O.OCHOKOLO



Sub-County Accountant
Name: LILIAN AMUSOLO
ICPAK Member Number:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BUTULA 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 - Butula Constituency set out on pages 12 to 36, which comprise of the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the 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 effects of the matter 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 - Butula Constituency as at 30 June, 2020, 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Summary Statement of Appropriation

The summary statement of appropriation - recurrent and development combined reflects proceeds from sale of assets amount of Kshs.146,000 under budget utilization difference. However, the balance is not reflected under final budget or actual. Further, the statement reflects budget utilization difference under total payments totalling to Kshs.90,013,039 instead of a total of Kshs.89,813,039 resulting to an unreconciled variance amounting to Kshs.200,000.

Consequently, the accuracy, completeness and validity of summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2020 could not be confirmed.

2. Lack of Land Title Deed

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects other grants and other payments totalling to Kshs.35,806,131. The balance includes security projects totalling to Kshs.18,800,000, out of which an amount of Kshs.10,000,000 was spent towards the construction of Burinda Chief's camp. However, land ownership documents were not provided.

Consequently, the accuracy, completeness and validity of the expenditure totalling to Kshs.10,000,000 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 - Butula Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.219,329,769 and Kshs.149,962,045 respectively, resulting to an under-funding amounting to Kshs.69,994,733 or 32% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.219,329,769 and Kshs.129,516,730 respectively, resulting to an under expenditure amounting to Kshs.89,813,039 or 41% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delay in Project Implementation

Review of records for the forty-seven (47) projects budgeted to be implemented at a total cost of Kshs.137,367,724 during the year under review revealed that twelve (12) projects with a total cost of Kshs.37,647,300 had not started, thirty-one (31) of the projects at Kshs.88,073,124 were still on going and four (4) of the projects at Kshs.8,500,000 had been completed.

In the circumstances, I am unable to confirm whether the public obtained value for money for the expenditure totalling to Kshs.88,073,124 on the ongoing and Kshs.37,647,300 on projects not started for the year ended 30 June, 2020.

2. Unsatisfactory Implementation of Projects

As disclosed in Note 5 to the financial statements, the statement of receipts and payments reflects transfers to other Government Units totalling to Kshs.66,600,000. The balance includes transfers to secondary and primary schools totalling to Kshs.10,750,000. However, review of the project documents, monitoring and evaluation reports by the Chief of Works and physical verification during the audit, revealed significant instances of incomplete and sub-standard works as detailed in **Appendix I**.

Consequently, I am unable to confirm whether the public obtained value for money from the expenditure totalling to Kshs.10,750,000 incurred on the projects.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 December, 2021

Appendix I: Unsatisfactory Implemented Projects

Beneficiary	Project Details	Amount (Kshs.)	Observation
Bumala AC Secondary School	Completion of storey tuition block housing four (4) classrooms with an office up to 1st floor, walling, roofing, fixing of doors and windows, finishes, flooring and branding	3,000,000	-Project was incomplete, -The contractor was not on site, -The floor was not well inclined -There was no proper drainage thus rain water stagnates on floor of veranda and leaks into lower floors
Busiada Girls Secondary School	Completion of the administration block	3,000,000	-Wall had cracks, -The project was incomplete -The contractor was not on site, -The floor did not have a proper drainage thus rain water stagnates on floor of veranda
Bulwani Secondary School	Construction of two (2) classrooms	2,000,000	-The floors had cracked
Khunyangu Primary School	Construction of latrines	450,000	-Steel door grills were not fitted as per the bills of quantities (BQ)
Bukhalalire Chief's Office	Completion of Chief's Office	2,000,000	-The floor had cracked
Bukati Primary School	Construction of latrines	300,000	-There was evidence of termite infestation an indication of lack of termite treatment
Total		10,750,000	

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BUTULA CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS

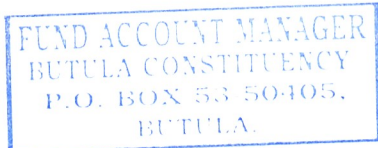
	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	146,252,674	74,784,483
Other Receipts	2	146,000	0
TOTAL RECEIPTS		146,398,673	74,784,483
PAYMENTS			
Compensation of employees	3	1,476,262	2,340,058
Use of goods and services	4	9,550,107	10,003,797
Transfers to Other Government Units	5	66,600,000	36,537,500
Other grants and transfers	6	35,806,131	57,232,639
Acquisition of Assets	7	319,500	2,162,421
Other Payments	8	14,764,730	4,677,027
TOTAL PAYMENTS		128,516,730	112,953,442
SURPLUS/ (DEFICIT)		17,881,944	(38,168,959)

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

26-03- 2021 and signed by:

Fund Account Manager
Name: PETER O.OCHOKOLO

National Sub-County Accountant
Name: LILIAN AMUSOLO
ICPAK Member Number:



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

Reports and Financial Statements

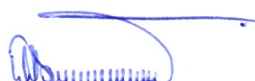
For the year ended June 30, 2020

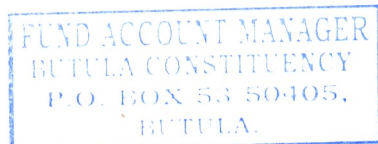
VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	21,885,270	3,709,372
Total Cash and Cash Equivalents		21,885,270	3,709,372
TOTAL FINANCIAL ASSETS		21,885,270	3,709,372
NET FINANCIAL ASSETS		<u>21,885,270</u>	<u>3,709,372</u>
REPRESENTED BY			
Fund balance b/fwd	10	3,709,372	41,878,331
Prior Year Adjustment	11	293,954	
Surplus/Deficit for the year		17,881,944	(38,168,959)
NET FINANCIAL POSITION		<u>21,885,269.50</u>	<u>3,709,371.60</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUTULA Constituency financial statements were approved on 26-03-2021 and signed by:


Fund Account Manager
Name: PETER O. OCHOKOLO


National Sub-County Accountant
Name: LILIAN AMUSOLO
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BUTULA CONSTITUENCY

Reports and Financial Statements

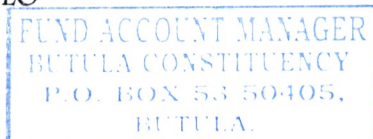
For the year ended June 30, 2020

IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	146,252,674	74,784,483
Other Receipts	2	<u>146,000</u>	<u>0</u>
Total receipts		146,398,673	74,784,483
Payments for operating expenses			
Compensation of Employees	3	1,476,262	2,340,058
Use of goods and services	4	9,550,107	10,003,797
Transfers to Other Government Units	5	66,600,000	36,537,500
Other grants and transfers	6	35,806,131	57,232,639
Other Payments	8	14,764,730	4,677,027
Total payments		128,197,230	110,791,021
Total Receipts Less Total Payments		18,201,444	(36,006,538)
Net cash flow from operating activities		18,201,444	(36,006,538)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(319,500)	(2,162,421)
Net cash flows from Investing Activities		(319,500)	(2,162,421)
NET INCREASE IN CASH AND CASH EQUIVALENT		17,881,944	(38,168,959)
Cash and cash equivalent at BEGINNING of the year	9	3,709,372	41,878,331
Prior Year Adjustment	11	293,954	
Cash and cash equivalent at END of the year		<u>21,885,270</u>	<u>3,709,372</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUTULA Constituency financial statements were approved on 26-03-2021 and signed by:

Pmk
Fund Account Manager
Name: PETER O. OCHOKOLO



Lilian Amusolo
National Sub-County Accountant
Name: LILIAN AMUSOLO
ICPAK Member Number:

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 Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	81,962,045	219,329,769	149,962,045	69,367,724	68%
Proceeds from Sale of Assets					(146,000)	
TOTAL RECEIPTS	137,367,724	81,962,045	219,329,769	150,402,000	69,221,724	69%
PAYMENTS						
Compensation of Employees	2,800,000	1,331,681	4,131,681	1,476,262	2,655,419	36%
Use of goods and services	9,532,983	880,240	10,413,223	9,550,107	863,116	92%
Transfers to Other Government Units	59,700,000	25,700,000	85,400,000	66,600,000	18,800,000	78%
Other grants and transfers	53,834,741	29,230,624	83,065,365	35,806,131	47,459,234	43%
Acquisition of Assets	0	7,819,500	7,819,500	1,319,500	6,500,000	17%
Other Payments	11,500,000	17,000,000	28,500,000	14,764,730	13,735,270	52%
TOTALS	137,367,724	81,962,045	219,329,769	129,516,730	90,013,039	59%

(a) The underutilization is as a result of delays in disbursement of Funds by the Board.

(b) The difference between the original and the final budget is due to Funds for the previous Financial Years that were received during the Financial Year under review as summarized below.

Out of the 81,962,045.05 Adjustments on Transfers from the Board		
3,709,371.60	Balance b/f	Opening C B Bal.
6,000,000.00	B047142	2017/2018FY
13,000,000.00	B041005	2018/2019FY
24,752,673.45	B041356	2018/2019FY
24,500,000.00	B041401	2018/2019FY
10,000,000.00	B104141	2017/2018FY

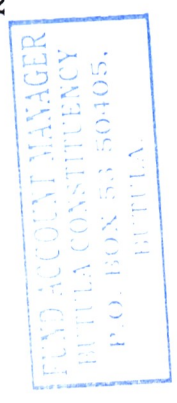
FUND ACCOUNT MANAGER
 BUTULA CONSTITUENCY
 P.O. BOX 53 50405,
 BUTULA

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

The NGCDF-BUTULA Constituency financial statements were approved on 26-03-2021 and signed by:

Peter
Fund Account Manager
Name: PETER O.OCHOKOLO

Lillian Amusolo
Sub-County Accountant
Name: LILIAN AMUSOLO
ICPAK Member Number:



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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020		Adjustments		Final Budget 2019/2020		Actual on comparable basis 30/06/2020		Budget utilization difference	
	Kshs		Kshs		Kshs		Kshs		Kshs	
1.0 Administration and Recurrent										
1.1 Compensation of employees	2,800,000		1,331,681		4,131,681		1,476,262		2,655,419	
1.2 Committee allowances	2,500,000		27,638		2,527,638		2,354,590		173,048	
1.3 Use of goods and services	2,911,983		438,852		3,350,835		2,673,345		677,490	
2.0 Monitoring and evaluation										
2.1 Capacity building	1,800,000		34,060		1,834,060		1,829,062		4,998	
2.2 Committee allowances	1,000,000		379,690		1,379,690.50		1,372,550		7,141	
2.3 Use of goods and services	1,321,000		0		1,321,000		1,320,560		440	
3.0 Emergency										
3.1 Primary schools	7,198,241		4,050,593		11,248,834		3,720,000		6,278,834	
3.2 Secondary schools							930,000.00			
3.4 Security projects							320,000.00			
4.0 Bursary and Social Security										
4.2 Secondary Schools	18,000,000		1,013,531		19,013,531		1,013,531		18,000,000	
4.3 Tertiary Institutions	16,341,900		6,166,500		22,508,400		10,822,600		11,685,800	
5.0 Sports	2,747,300		0		2,747,300		0		2,747,300	
6.0 Environment										
6.1 Butula Boys High School	800,000		0		800,000		0.00		800,000	
6.2 Busiada Girls Secondary School	800,000		0		800,000		0.00		800,000	
6.3 Bumala AC Mixed Secondary School	800,000		0		800,000		0.00		800,000	
6.4 St. Augustine Boys Primary School	200,000		0		200,000		0.00		200,000	
6.5 Butula NG-CDF Office	147,300		0		147,300		0.00		147,300	
7.0 Primary Schools Projects (List all the Projects)										

Reports and Financial Statements

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
7.1 Burinda Primary School	0	500,000	500,000	500,000	0
7.2 Sirandala Primary School	3,500,000	0	3,500,000	3,500,000	0
7.3 Eluche Primary School	2,000,000	0	2,000,000	0	2,000,000
7.4 Butula Boys Primary School	1,000,000	0	1,000,000	1,000,000	0
8.0 Secondary Schools Projects (List all the Projects)					
8.1 Bulwani secondary school	0	2,000,000	2,000,000	2,000,000	0
8.2 Buriya secondary school	0	600,000	600,000	600,000	0
8.3 Sibembe secondary school	0	500,000	500,000	500,000	0
8.4 Esimuli secondary school	0.00	500,000.00	500,000	500,000	0
8.5 Buduma girls secondary school	0.00	2,000,000	2,000,000.00	2,000,000.00	0
8.6 Kingandole secondary school	2,000,000	1,000,000	3,000,000	1,000,000	2,000,000
8.7 Buhuyi secondary school	3,000,000	2,000,000	5,000,000	2,000,000	3,000,000
8.8 Busiada girls secondary school	3,000,000	0	3,000,000	3,000,000	0
8.9 Bumala AC secondary school	3,000,000	0	3,000,000	3,000,000.00	0
9.0 Lugulu AC secondary school	3,000,000	0	3,000,000	0	3,000,000
9.1 Mungabo Secondary school	1,200,000	0	1,200,000	0	1,200,000
9.2 Elukhari secondary school	1,200,000	0	1,200,000	1,200,000	0
9.3 Ikonzo secondary school	1,000,000	0	1,000,000	1,000,000	0
9.4 Bumuturu secondary school	1,300,000	0	1,300,000	1,200,000	100,000
9.5 Bwaliro girls secondary school	1,000,000	0	1,000,000	1,000,000	0
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 Butula KMTC	25,000,000	0	25,000,000	21,500,000	3,500,000
9.2 Benga Technical Training Institute	4,000,000	2,100,000	6,100,000	2,100,000	4,000,000
9.3 Butula Technical and Vocational Training Institute	4,500,000	14,500,000	19,000,000	19,000,000	0
10.0 Security Projects					

Reports and Financial Statements
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
10.1 Bukhalalire Chiefs Camp	0	2,000,000	2,000,000	2,000,000	0
10.2 Burinda Chiefs Office	0	16,000,000	16,000,000	10,000,000	6,000,000
10.3 Butula Deputy County Commissioner Official Residence	3,000,000	0	3,000,000	3,000,000	0
10.4 Butula Police Station	3,800,000	0	3,800,000	3,800,000	0
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)	0	6,500,000	6,500,000	0	6,500,000
11.3 Purchase of furniture and equipment	0	1,000,000	1,000,000	1,000,000	0
11.4 Purchase of computers	0	319,500	319,500	319,500	0
12.0 Others					
12.1 Strategic Plan	0	3,500,000	3,500,000	1,264,730	2,235,270
12.2 GIS	6,500,000	3,500,000	10,000,000	3,500,000	6,500,000
12.2 REA	5,000,000	10,000,000	15,000,000	10,000,000	5,000,000
TOTAL	137,367,724	81,962,045	219,329,769	129,316,730	90,013,039

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

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 NGCDF-BUTULA 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.

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.

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.

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 as indicated in note 11 Prior Year Adjustments (Bank Balance), note 12 Prior Year Adjustments (unutilized funds) and note 13(Summary of Fixed Asset Register).

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 (NGCDF) –
BUTULA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO B047142	1	6,000,000	
AIE NO B041005	2	13,000,000	
AIE NO B047382	3	4,000,000	
AIE NO B041356	4	24,752,674	
AIE NO B041401	5	24,500,000	
AIE NO B041448	6	20,000,000	
AIE NO B047867	7	6,000,000	
AIE NO B049244	8	15,000,000	
AIE NO B104255	9	15,000,000	
AIE NO B104141	10	10,000,000	
AIE NO B096542	11	8,000,000	
AIE NO B005335	1		33,784,483
AIE NO B030326	2		10,000,000
AIE NO B030364	3		13,000,000
AIE NO B006307	4		7,000,000
AIE NO A699029	5		11,000,000
TOTAL		146,252,674	74,784,483

2. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from Sale of tender documents	146,000	0
Total	146,000	0

3. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,375,534	1,337,177
Employer Contributions Compulsory national social security schemes	100,728	206,700
Gratuity-Paid	0	796,181
Total	1,476,262	2,340,415

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUTULA CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Allowances	4,602,652	4,543,580
Utilities, supplies and services	22,053	80,296
Communication, supplies and services	0	11,000
Hospitality supplies and services	0	30,050
Office and general supplies and services	3,512,852	1,794,645
Other committee expenses	1,372,550	1,003,311
Routine maintenance – vehicles and other transport equipment	0	80,145
Bank service commission and charges	40,000	0
Fuel, oil & lubricants	0	15,500
Other operating expenses	0	310,000
Strategic Plan		2,135,270
Total	9,550,107	10,003,797

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	5,000,000	15,037,500
Transfers to secondary schools	19,000,000	9,000,000
Transfers to tertiary institutions	42,600,000	12,500,000
TOTAL	66,600,000	36,537,500

6. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	1,013,531	17,241,376
Bursary – tertiary institutions	10,822,600	14,100,450
Security projects	18,800,000	18,000,000
Sports projects	0	1,736,207
Environment projects	200,000	1,736,206
Emergency projects	4,970,000	4,418,400
Total	35,806,131	57,232,639

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUTULA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Refurbishment of Buildings	0	2,162,421
Purchase of ICT Equipment, Software and Other ICT Assets	319,500	0
Total	319,500	2,162,421

8. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	1,264,730	
GIS	10,000,000	0
REA	3,500,000	0
ICT Hub		4,677,027
	14,764,730	4,677,027

9. Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>National Bank of Kenya, Busia Branch. Butula NG-CDF A/C no.01021037115600</i>	21,885,270	3,709,372
Total	21,885,269.50	3,709,372

10. BALANCES BROUGHT FORWARD

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	3,709,372	41,878,331
Total	3,709,372	41,878,331

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUTULA CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

11. Prior Year Adjustments (Bank Balance)

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances (Savings from stale bursary cheques reversed)	3,709,372	293,954	4,003,326
Total	3,709,372	293,954	4,003,326

NB: -The reversed cheques were re-issued to needy students

12. Prior year Adjustments (Unutilised Funds)

Description of Error	Balances b/f FY 2018/2019 as per financial Statements	Adjustments	Adjusted Balances b/f FY 2018/19
Compensation of employees	1,911,039	579,358	1,331,681
Use of goods and services	1,681,107	800,867	880,240
Amounts due to other Government entities	25,662,500	(37,500)	25,700,000
Amounts due to other grants and other transfers	53,914,414	24,683,790	29,230,624
Acquisition of assets	7,864,000	44,500	7,819,500
Other payments	14,973,580	((2,026,420)	17,000,000
	106,006,639	24,044,594	81,962,045

NB: -The adjustment rectifies cumulative errors in the reported balance of unremitted exchequer balances

13. Prior year Adjustments (Summary of Fixed Asset Register)

Description of Error	Balances b/f FY 2019/2020 as per financial Statements	Adjustments	Adjusted Balances b/f FY 2018/19
Land	250,000		250,000
Buildings and structures	8,463,074	(4,262,420)	4,200,654
Transport equipment	4,565,000		4,565,000
Office equipment, furniture and fittings	487,388	(15,000)	472,388
ICT Equipment, Software and Other ICT Assets	1,228,129	470,000	1,698,129
Other Machinery and Equipment	18,005,520		18,005,520
TOTAL	32,999,111	(3,807,420)	29,191,691

NB: -The adjustment rectifies errors made in the asset register

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER IMPORTANT DISCLOSURES

14.1: UNUTILIZED FUND (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	2,655,419	1,331,681
Use of goods and services	863,116	880,240
Amounts due to other Government entities	18,800,000	25,700,000
Amounts due to other grants and other transfers	47,459,234	29,230,624
Acquisition of assets	6,500,000	7,819,500
Others	13,735,270	17,000,000
	90,013,039	81,962,045

14.2: PMC account balances (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances	56,941,012	44,213,234
	56,941,012	44,213,234

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XIV. ANNEXURES

ANNEX 1 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
Compensation of employees		2,655,419	1,331,681	
Use of goods & services		863,116	880,240	
Amounts due to other Government entities			25,700,000	
	Eluche Primary School	2,000,000		
	Kingandole Secondary School	2,000,000		
	Buhuyi Secondary School	3,000,000		
	Lugulu AC Secondary School	3,000,000		
	Mungabo Secondary School	1,200,000		
	Bumuturu Secondary School	100,000		
	Butula KMTC	3,500,000		
	Benga Technical Training Institute	4,000,000		
Amounts due to other grants and other transfers			29,230,624	
	Bursary Secondary Schools	18,000,000		
	Bursary Tertiary Schools	11,685,800		
	Burinda Chiefs Office	6,000,000		
	Butula Boys High School	800,000		
	Busiada Girls Secondary School	800,000		

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	Bumala AC Mixed Secondary School	800,000	
	St-Augustine Butunyi Primary School	200,000	
	Butula NGCDF Office	147,300	
	Emergency	6,278,834	
	Sports	2,747,300	
Acquisition of assets			7,819,500
	NGCDF Vehicle	6,500,000	
Others			17,000,000
	Strategic Plan	2,235,270	
	GIS	6,500,000	
	REA	5,000,000	
Grand Total		90,018,039	81,962,045

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ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f		Additions during the year (Kshs)	Disposals during the year (Kshs)	Adjustments Historical Cost	
	(Kshs)				(Kshs)	
	2019/20	2018/19				
Land	250,000				250,000	
Buildings and structures	4,200,654				4,200,654	
Transport equipment	4,565,000				4,565,000	
Office equipment, furniture and fittings	472,388				472,388	
ICT Equipment, Software and Other ICT Assets	1,698,129				1,698,129	
Other Machinery and Equipment	18,005,520				18,005,520	
Total	29,191,691				29,191,691	

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ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Bumala A.C Mixed Sec	NBK	1242036877902	1,863	-
Nyalwanda Dispensary	NBK	1245076687700	263	-
Bujumba Girls Sec	NBK	1243076668900	380	-
Bujumba Boys Sec	NBK	1242036500601	14,219	1,500,000
Busire Primary Sch	NBK	1022225479400	810	-
Ikonzo Mixed Sec	NBK	1242037592702	350	-
Butula Water	NBK	1001114560800	40	-
Butula Roads	NBK	1021038985800	2,420	-
Butula Sports PMC	NBK	1071216963300	598,430	1,736,207
Butula ICT Hubs PMC	NBK	1071216963800	4,677,027	4,677,027
Musibiriri Primary School	NBK	1022221694100	35,025	-
Esibembe AC Girls Secondary School	NBK	1022225737200	2,150	-
Simuli Mixed Secondary School	NBK	1022225730800	2,275	-
Burinda Chiefs Camp	NBK	1060221767400	5,089,695	-
Butula Police Station	NBK	1022225737500	562,476	-
KMTC Butula Campus	NBK	1022226003300	20,426,550	-
Butula DCC Residence	NBK	1022226364300	111,027	-
Bulwani AC Secondary School	NBK	1022222037900	111,118.00	-
Bukhalalire Chiefs Office	NBK	1060221549500	9,411	-
Bulwani Primary School	NBK	1022222013400	663	-
St. Catherine SP for M.H	NBK	4236501800	9,348	-
Butula NGCDF Office	NBK	1071211914100	32,197.00	-
Madola Secondary School	NBK	1022212425201	275	700,000
Bwaliro Primary School	NBK	1022036810300	1,900	-

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Butula Boys Primary School	NBK	1022222084600	2,700	
St. Augustine Butunyi Primary School	NBK	1022036621600	201,000	
Burinda Primary	KCB	1161038329	3,150	-
Madola Secondary	NBK	1176167235	7,970	-
Busiada Girls Sec	KCB	1119914752	3,001,906	-
Esibembe Primary	KCB	1148418482	2,223	-
St. Joseph Ogongo	KCB	1147599009	61,045	-
Khunyangu Primary School	KCB	1266622136	5,575	
Igula Primary School	KCB	1267110244	975	
Sikura Primary School	KCB	1148827633	1,525	
Elukhari Secondary School	KCB	1266243216	1,525,811	800,000
Buriya Secondary School	KCB	1267405740	305,395	1,000,000
Sirandala Primary School	KCB	1267414227	3,304,061	
Siribo Primary School	KCB	1266701362	32,824	
Bumala AC Secondary School	KCB	1267772085	1,018,705	2,000,000
Sirandala Primary School	Sidian Bank - Busia Branch	1032150018130	-	4,000,000
Bukhakhala Primary School	Sidian Bank	1032150018130	-	700,000
Busibi Primary School	Sidian Bank	4238113900		700,000
St. Augustine Butunyi Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Khunyangu Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Ekanjala Primary School	Sidian Bank	1032030000155	55,751	700,000
Butula Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Musibiriri Primary School	Sidian Bank	1032150018130	397,187	700,000
Siribo Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Mungabwa Primary School	Sidian Bank	1022036974900		700,000
Bwaliro Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Siunga Primary School	Sidian Bank	1032030000165	3,830	700,000
Igula Primary School	Sidian Bank - Busia Branch	1032150018130		700,000

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Burinda Primary School	Sidian Bank	1032150018130	-	700,000
Sikura Primary School	Sidian Bank - Busia Branch	1032150018130		700,000
Buduma Girls Secondary School	Sidian Bank	1032150018120	-	1,500,000
Kingandole Secondary School	Sidian Bank	1032150018120	-	2,000,000
Bumala B Secondary School	Sidian Bank	1032150018120	1,044,127	2,000,000
Benga TTI	Equity Bank	780277313332	14,275,340	12,500,000
			56,941,012	44,213,234

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XV. 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	Status:	Timeframe :
1	<p>Budget Performance During the year under review, the Fund spent Kshs.112,953,442 against a budgeted amount of Kshs.218,960,081, resulting in an under absorption of Kshs.106,006,639 representing 48%</p> <p>In addition, the budgeted receipts totalled to Kshs.218,960,082 comprising of unspent balances brought forward of Kshs.109,919,206 and an approved allocation by the National Assembly of Kshs.109,040,876 to the Fund for appropriation in the year under review. However, the statement of receipts and payments indicated that the National Government Constituency Development Fund Board had only disbursed Kshs.74,784,483, resulting in an underfunding of receipts by Kshs.34,256,093.</p> <p>Consequently, the Fund failed to implement projects and programmes amounting to Kshs.34,256,093 thus denying the constituents the services they are entitled to.</p>	The under-utilization of budgeted funds resulted to delays of disbursement of fund from NG-CDF Board and Under-absorption of funds is due to receipt of fund towards the end of closure of financial year which has been expent in the subsequent year	FAM	Resolved	Continuous
2	<p>Project Performance Analysis of twenty-eight (28) projects budgeted to be implemented at a total cost of Kshs.64,669,021 during the year under review revealed that three (3) projects with a total cost of Kshs.8,926,568 had not started, seven (7) of the projects at Kshs.22,200,000</p>		FAM	Resolved	Continuous

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Referen ce No. on the externa l audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolv e the issue	Status:	Timeframe :
	were still on going and eighteen (18) of the projects at Kshs.33,542,453 had been completed as at the time of audit				
3	Delayed Completion of Administration Block at Lugulu AC Secondary School Review of the project implementation status report and physical verification revealed that the works of completion of administration block at Lugulu AC Secondary School initiated during the 2013/2014 financial year at a cost of Kshs.1,000,000 remained stalled and incomplete. Though in the deliberations of the Fund's committee it was agreed that the project should receive additional funding of Kshs.3,000,000 to ensure its logical completion, no allocation in the 2019/2020 approved projects code list. Consequently, it was not possible to ascertain whether the value for money was achieved from the expenditure of Kshs.1,000,000 on the project	It is noted and the NGCDFC have undertaken to strictly follow up in liase with Works officer so that the project is fully implemented	FAM	Resolved	30 th June,2021
4	Sub-Standard Refurbishment Works at Butula NG-CDF Office Included in the balance of acquisition of assets of Kshs.2,162,421 is refurbishment works at Butula NG-CDF Office at a contract sum of Kshs.2,076,421. Review of project documents, monitoring and evaluation reports by the Chief of Works and physical verification, it was noted that the contractor had vacated the site and the works had only been completed to 56% of the contract sum. Consequently, it was not possible to ascertain whether the value for money was achieved from the expenditure of Kshs.2,076,421 spent on the project.	It is noted and the NGCDFC have under taken the initiate of employing the clerks of works to assist Public Works Officer on daily supervision and monitoring of all NGCDF Projects to minimize shoddy work thus the public works officer has sermon all contractors to rectify on anomalies	FAM	Resolved	30 th June,2021