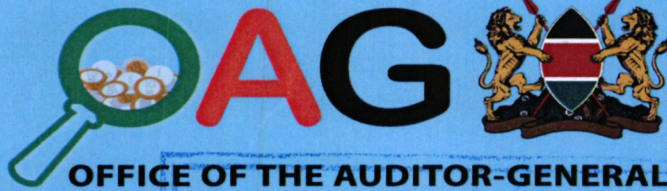


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

THE NATIONAL ASSEMBLY

DATE: 20 JUL 2023

DAY

WED

TAB  
BY:

REPORT

CLERK AT  
THE TAB

OF

HON Naomi Wago, MP  
Deputy Majority Whip  
OF Enclays Nairobi

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL GOVERNMENT CONSTITUENCIES  
DEVELOPMENT FUND – MT. ELGON  
CONSTITUENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**





---

**MT. ELGON CONSTITUENCY**  
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>th</sup> JUNE 2022**

---

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

***Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022***

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## **I. Key Constituency Information and Management**

### **(a) Background information**

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

### **Mandate**

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

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

**Mt. Elgon Constituency  
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The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2022 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	CPA Mrs. Carolyn Wanyonyi
2.	Sub- county accountant	CPA Mr. Filex Emolem
3.	Chairman NGCDFC	Mr. Julius Masaranja
4.	Member NGCDFC	Mrs. Nancy Kimachas

**(d) Fiduciary Oversight Arrangements**

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

**(e) Mt. Elgon Constituency NGCDF Headquarters**

P.O. Box 267  
Planning Building  
DCC office compound  
KAPSOKWONY

**(f) Mt. elgon Constituency NGCDF Contacts**

Telephone: (254) 769 78 19 34  
E-mail: [cdfmtelgon@ngcdf.go.ke](mailto:cdfmtelgon@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

*Mt. Elgon Constituency*

*National Government Constituencies Development Fund (NGCDF)*

*Annual Report and Financial Statements for The Year Ended June 30, 2022*

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**Core Values**

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

**Functions of NG-CDF Committee**

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

**(b) Key Management**

The Mt. Elgon Constituency NGCDF day-to-day management is under the following key organs:

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

**(c) Fiduciary Management**

***Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022***

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**(g) Mt. Elgon Constituency NGCDF Bankers**

Equity Bank Bungoma branch  
Bungoma Branch  
P.o Box  
**Bungoma**

**Independent Auditors**

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

**(h) Principal Legal Adviser**

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

## II. NG-CDFC Chairman's Report



*Mr. Julius masaranja*

Mt. Elgon constituency is one of the constituencies that make up the Bungoma County. The constituency borders the republic of Uganda to the north and west, Trans Nzoia County to the east, Sirisia and Kabuchai constituencies to the south. The constituency comprises of Mt Elgon and Cheptais sub counties, sub-divided into six wards, sixteen locations and further into 40 sub locations. The constituency occupy an area of 956.6sq. Km. Around 70% of the constituency area is covered by a gazetted forest reserve which is in the upper section of the constituency while the rest is under human settlement which is the lower region of the constituency. The constituency is inhabited by the majority Sabaot community, and the minority Bukusu and the Teso.

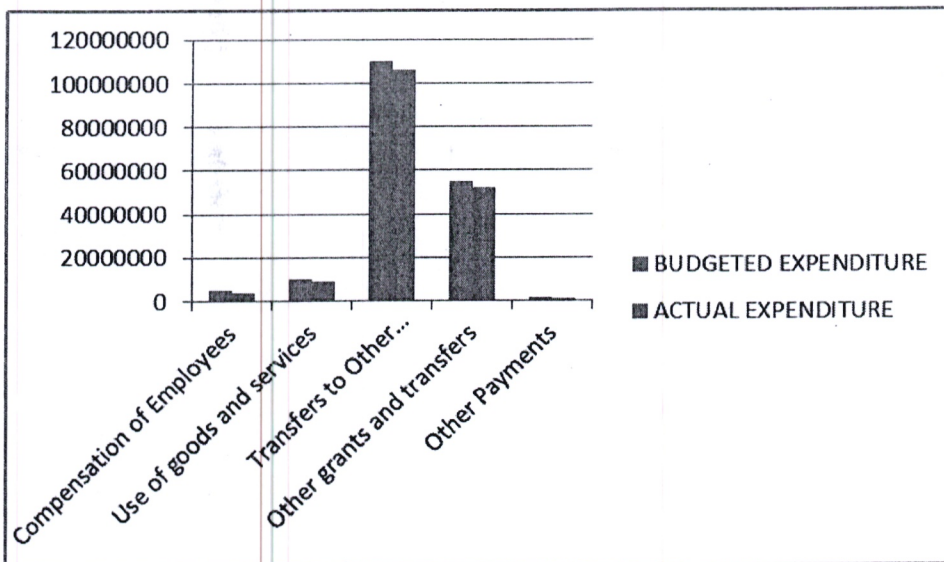
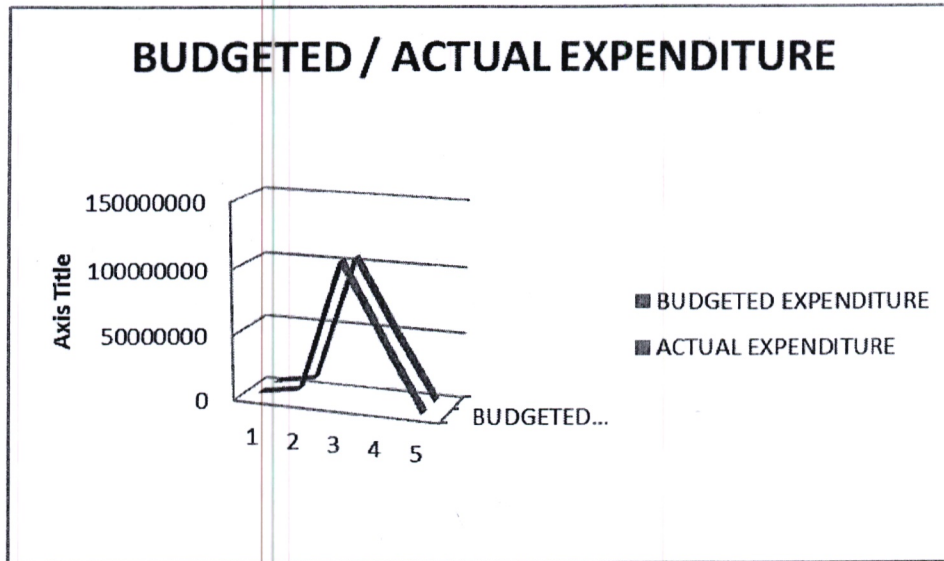
I want to thank the NGCDF board for the exemplary work they have done in our constituency. NG-CDF funds are the funds that are most felt by the community at grass root level. In our constituency the fund has improved the livelihood of the constituents to a greater extent. Children from poor families, orphans and destitute have been given the support in their education through this fund.

In the financial year 2021/2022, we received all the funding totalling to ksh. 128,788,879 being 94% of the total allocation. The balance of 6% being one of our un approved project costing ksh. 8,300, 000 as at the close of the financial year. The constituency has a myriad of challenges amid the corona virus pandemic.

As a constituency we have managed to improve the infrastructure to a great extent. Eight storied classrooms built during the financial year, has greatly improved the learning condition of students at Bukonoi primary school. To ease on transportation, the NGCDFC bought buses for seven secondary schools namely Kim girls, Kipsis girls, St Johns Chepyuk sec, St Teresa sec school cheptoror, Kebee sec school, Chemweisus sec school, Chesito sec.

**Mt. Elgon Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

The above receipts and expenditure can be represented in a pictorial form as shown below

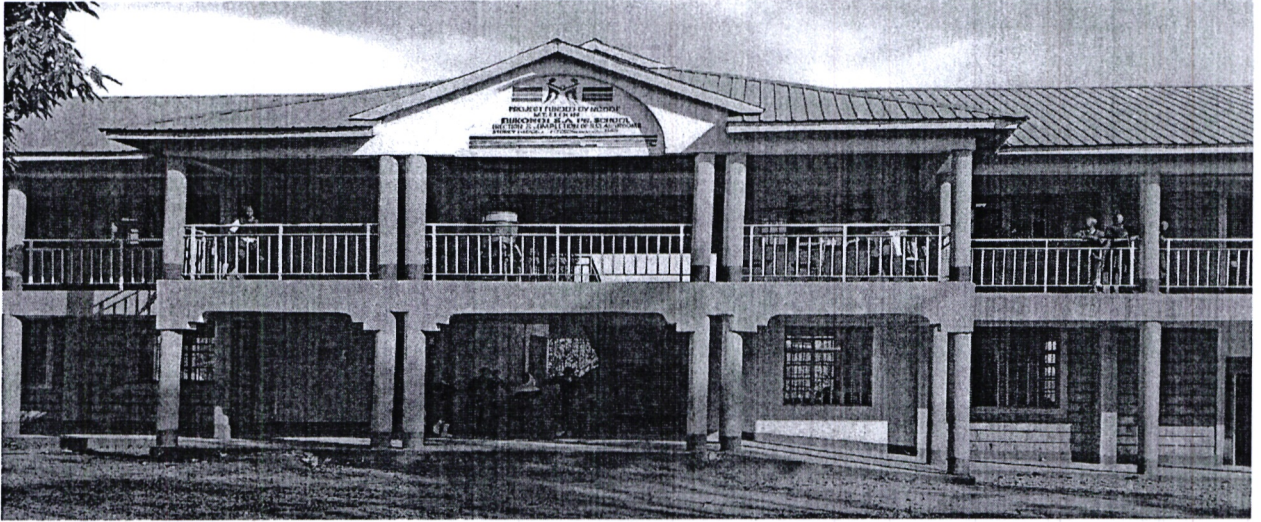


*The constituency success story can be depicted by the photos of the following best projects*

*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*

---

*Bukonoi primary*



7 Buses purchased for Kim girls ,Kipsis sec, St teresas cheptoror, St johns Chepyuk Sec, Kebee sec, Chemweisus and chesito sec school



**Mt. Elgon Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
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Mt. Elgon NG-CDF has the following Institutional challenges

The Mt. Elgon NG-CDFC is currently experiencing the following constraints:

- Poor terrain
- High insecurity
- Unstable loam soil which makes construction very expensive
- Inadequate office equipment and space especially in the field
- Low funding that makes it hard for the NG- CDFC to implement its programs
- vast constituency
- Devolution challenges which have led to possible duplication of development projects
- high poverty level which leads to early pregnancies and early marriages
- high poverty level has also strained bursary kitty.

The above challenges can be addressed through

- Co-operation between the county government and national government to improve road network
- Increase in NG-CDF allocation
- Improve in security network

Signature

.....*[Handwritten Signature]*.....

Julius Masaranja Chairman NGCDF Committee

*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*

III. Statement of Performance Against Predetermined Objectives for FY2021/22

**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 *Mt. Elgon Constituency 2018-2022* plan are to:  
*(Enumerate all the objectives of the constituency as per the Strategic Plan)*

**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 Sector	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"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary's beneficiaries at all levels</li> </ul>	In FY 20/22 we built a story building in Bukonoi primary school with a total of 8 classrooms. This increased their classrooms from 12 to 20. We supported 4500 students with bursaries
Security	To curb insecurity on the constituency	Reduced cases of insecurity in the constituency	Increased number of modern physical structures of police post and police stations	We have increased police station by 1 police station Kang'anga police post
Environment	To have a conducive ecosystem	Reduce soil erosion, increased water catchment areas.	Increased rain fall pattern and volume of water in catchment areas have increased	We planted tree of various type i.e. indigenous and exotic tree in 27 schools/institution
Sports	To have a sporty constituency with improved sporting	Increased morally upright and economically engaged	Identified and nature various talents in	We supported 10 schools in procurement of

#### **IV. Environmental and Sustainability Reporting**

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

##### **1. Sustainability strategy and profile -**

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

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

***Mt. Elgon Constituency***

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

***Annual Report and Financial Statements for The Year Ended June 30, 2022***

	environment where other sports not only football are encouraged. For example athletics	youth		uniforms
Emergency	To have a fund set aside for emergencies in the constituency	Responded to emergencies immediately	number of usable physical infrastructure build in primary, and institutions supported by emergency kitty	We supported 23 institutions with emergency funds

***Mt. Elgon Constituency  
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Annual Report and Financial Statements for The Year Ended June 30, 2022***

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

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 21/22 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

**2. Environmental performance**

- *NGCDF has supported students in tree planting once in every academic calendar*
- *Sensitization of youth/ community on the impact of drugs after by construction of police stations supported NG-CDF.*
- *NG-CDF sponsored sporting activities/ tournament bringing communities and sensitizing them on environmental conservation matters.*
- *NG-CDF staff Have at least one day in FY to sensitize the local communities on proper farming methods that lead to soil conservation as well as crop and animal husbandry of NGCDF supported projects.*

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**3. Employee welfare**

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

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

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of

movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

#### **4. Market place practices-**

Mt. Elgon NGCDF Constituency is committed to fair and ethical market practises.

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

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

NGCDF has put in efforts to ensure:

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

#### **5. Community Engagements-**

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

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

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

***Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022***

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

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

**Public Awareness**

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

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



.....

**CPA Carolyn wanyonyi**

**FAM**

## V. Statement of Management Responsibilities

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

The Accounting Officer in charge of the NGCDF- Mt.Elgon 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, 2022. 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- Mt. Elgon Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *constituency's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Mt. Elgon Constituency further confirms the completeness of the accounting records maintained for the *constituency*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

***Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022***

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

**Approval of the financial statements**

The NGCDF- Mt. Elgon Constituency financial statements were approved and signed by the Accounting Officer on 17/9/ 2022.

.....

**Name: Julius Masaranja  
Chairman – NGCDF Committee**

.....

**Name: CPA Carolyne Wanyonyi  
Finance Account Manager**

# REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MT. ELGON CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Mt. Elgon Constituency set out on pages 1 to 38 which comprise of the statement of assets and liabilities as at 30 June, 2022 and the

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*Report of the Auditor-General on National Government Constituencies Development Fund - Mt. Elgon Constituency  
for the year ended 30 June, 2022*

statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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 National Government Constituencies Development Fund - Mt. Elgon Constituency as at 30 June, 2022 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

### **Basis for Qualified Opinion**

#### **Unsupported Receipts**

The statement of receipts and payments reflects an amount of Kshs.1,883,630 in respect of other receipts which, as disclosed in Note 3 to the financial statements, comprise of Kshs.31,000, Kshs.310, Kshs.900,000 and Kshs.952,000 relating to receipts from sale of tenders, balance adjustment, unutilized funds from PMCs and other receipts not classified elsewhere. However, the amount of Kshs.952,000 has not been supported by any documentation. In addition, a recast of Note 3 gives Kshs.1,883,310 resulting to a variance of Kshs.320.

In the circumstances, the accuracy and completeness of the other receipts amount of Kshs.1,883,630 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 - Mt. Elgon 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.

# 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 matter 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

### Poor Workmanship in Construction and Renovation of Primary Schools

The statement of receipts and payments reflects an amount of Kshs.102,836,450 in respect of transfers to other Government Units which, as disclosed in Note 6 to the financial statements, includes Kshs.32,200,000 being transfers to primary schools for implementation of projects. However, physical inspection of five (5) projects valued at Kshs.9,000,000 revealed the following unsatisfactory matters:

Project Name	Activity and Status	Amount (Kshs.)	Observation
Kibuk Primary School	Completion of work for 5 Classrooms	2,000,000	Complete and in use but with cracks on the walls and floors of the classrooms.
Kewangoi Primary School	Erection and completion of 1 classroom	1,000,000	Complete and in use but with concrete columns showing signs of sinking.
Chesikaki FYM Primary School	Renovation of 5 classrooms	2,000,000	Noticeable cracks on the walls of the classrooms.
Chesikaki Special School	Erection and completion of 2 classrooms	2,000,000	Noticeable cracks on the walls of the classrooms
Toroso Primary School	Renovation of 5 classrooms	2,000,000	Noticeable cracks on the walls of the classrooms.
<b>Total</b>		<b>9,000,000</b>	

In the circumstances, the value for money for the expenditure of Kshs.9,000,000 could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

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

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

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

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

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*Report of the Auditor-General on National Government Constituencies Development Fund - Mt. Elgon Constituency for the year ended 30 June, 2022*

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

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

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

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

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

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


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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to 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 June, 2023**

*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*

VII. Statement Of Receipts and Payments for the Year Ended 30th June 2022


	Note	2021 – 2022	2020- 2021
		Kshs	Kshs
Transfers from NGCDF Board	1	162,977,758	172,267,724
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	1,883,630	39,000
<b>TOTAL RECEIPTS</b>		<b>164,861,388</b>	<b>172,306,724</b>
<b>PAYMENTS</b>			
Compensation of employees	4	4,650,000	5,401,110
Use of goods and services	5	8,967,126	9,148,630
Transfers to Other Government Units	6	102,836,450	94,250,000
Other grants and transfers	7	51,814,000	63,131,600
Acquisition of Assets	8	-	800,000
Other Payments	9	-	-
<b>TOTAL PAYMENTS</b>		<b>168,267,576</b>	<b>172,731,340</b>
<b>SURPLUS/DEFICIT</b>		<b>(3,406,188)</b>	<b>(424,616)</b>

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

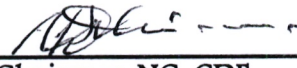
The Constituency financial statements were approved on 17/9 2022 and signed by:

  
Fund Account Manager

CPA Carolyne wanyonyi

  
National Sub-County  
Accountant

CPA Felix Emolem  
ICPAK M/No:

  
Chairman NG-CDF  
Committee

Julius Masaranja

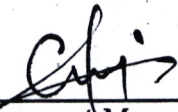
*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*


VIII. Statement of Assets and Liabilities As At 30<sup>th</sup> June, 2022

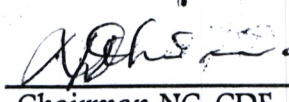
	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	6,208,271	9,614,459
Cash Balances (cash at hand)	10B	-	-
<b>Total Cash and Cash Equivalents</b>		<b>6,208,271</b>	<b>9,614,459</b>
<b>Accounts Receivable</b>			
Outstanding Imprests	11	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,208,271</b>	<b>9,614,459</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	12A	-	-
Gratuity	12B	-	-
<b>NET FINANCIAL SSETS</b>		<b>6,208,271</b>	<b>9,614,459</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	13	9,614,459	10,039,075
Prior year adjustments	14	-	
Surplus/Defict for the year		(3,406,188)	(424,616)
<b>NET FINANCIAL POSITION</b>		<b>6,208,271</b>	<b>9,614,459</b>

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

The Constituency financial statements were approved on 17/9/ 2022 and signed by:

  
Fund Account Manager

  
National Sub-County  
Accountant

  
Chairman NG-CDF  
Committee

CPA Carolyne Wanyonyi

CPA Felix Emolem  
ICPAK M/No:

Julius Masaranja


Mt. Elgon Constituency  
 National Government Constituencies Development Fund (NGCDF)  
 Annual Report and Financial Statements for The Year Ended June 30, 2022

IX. Statement of Cash Flows for the Year Ended 30th June 2022


	Notes	2021 - 2022	2021 - 2021
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	162,977,758	172,267,724
Other Receipts	3	1,883,630	39,000
		<b>164,861,388</b>	<b>172,306,724</b>
<b>Payments for operating activities</b>			
Compensation of Employees	4	4,650,000	5,401,110
Use of goods and services	5	8,967,126	9,148,630
Transfers to Other Government Units	6	102,836,450	94,250,000
Other grants and transfers	7	51,814,000	63,131,600
Other Payments	9	-	-
		<b>168,267,576</b>	<b>171,931,340</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
<b>Net Adjustments</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from operating activities</b>		<b>(3,406,188)</b>	<b>375,384</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	(800,000)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(800,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(3,406,188)</b>	<b>(424,616)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>10</b>	<b>9,614,459</b>	<b>10,039,075</b>
<b>Cash and cash equivalent at END of the year</b>		<b>6,208,271</b>	<b>9,614,459</b>

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

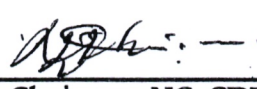
The Constituency financial statements were approved on 12/9/ 2022 and signed by:

  
 Fund Account Manager

CPA Carolyne Wanyonyi

  
 National Sub-County  
 Accountant

CPA Felix Emolem  
 ICPAK M/No:

  
 Chairman NG-CDF  
 Committee

Julius Masaranja

**Mt. Elgon Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

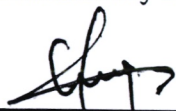
**X. Summary Statement of Appropriation for the Year Ended 30<sup>th</sup> June 2022**

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	A	B	C	D=A+B	E	F=D-E	G=D/E %
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding disbursements	2021/2022	30/06/2022		
Receipts	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from NG-CDF Board	137,088,879	9,614,459.05	34,188,879	180,892,217	172,592,217	8,300,000	
Proceeds from Sale of Assets				0	-	-	0.0%
Other Receipts		1883630		1,883,630	1,883,630	-	100.0%
<b>TOTAL RECEIPTS</b>	<b>137,088,879</b>	<b>11,498,089</b>	<b>34,188,879</b>	<b>182,775,847</b>	<b>174,475,847</b>	<b>8,300,000</b>	<b>95.5%</b>
<b>PAYMENTS</b>							
Compensation of Employees	3,697,680	2,085,707	0	5,783,387	4,650,000	1,133,387	80.4%
Use of goods and services	7,587,998	2,338,698	0	9,926,696	8,967,126	959,570	90.3%
Transfers to Other Government Units	69,936,450	900,000	32,000,000	102,836,450	102,836,450	0	100.0%
Other grants and transfers	46,614,431	6,027,584	2,188,879	54,830,894	51,814,000	3,016,894	94.5%
Acquisition of Assets	0	0	0	0	-	-	0.0%
Other Payments	952,320	0	0	952,320		952,320	0.0%
Un approved funds	8,300,000	146,100		8,446,100		8,446,100	
<b>TOTAL</b>	<b>137,088,879</b>	<b>11,498,089</b>	<b>34,188,879</b>	<b>182,775,847</b>	<b>168,267,576</b>	<b>14,508,271</b>	<b>92.1%</b>

*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	14,508,271
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2022	8,300,000
	6,208,271
Add Accounts payable	0
Less Accounts Receivable	0
Add/Less Prior Year Adjustments	0
Cash and Cash Equivalents at the end of the FY 2021/2022	6,208,271

The Constituency financial statements were approved on 17/9/ 2022 and signed by:



Fund Account Manager

CPA Carolyne Wanyonyi



National Sub-County Accountant

CPA Felix Emolem  
ICPAK M/No:



Chairman NG-CDF Committee

Julius Masaranja

*Mt. Elgon Constituency  
National Government Constituencies Development Fund (NGCDF)  
Annual Report and Financial Statements for The Year Ended June 30, 2022*

**X. Budget Execution by Sectors and Projects for the Year Ended 30<sup>th</sup> June 2022**

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference
	2021/2022	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2021/2022	30/06/2022	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	4,650,000	2,085,707		6,735,707	4,650,000	2,085,707
1.2 Committee allowances	1,500,000	808,685		2,308,685	<b>2,203,795</b>	104,890
1.3 Use of goods and services	2,075,332	361,714		2,437,046	2,342,281	94,765
<b>Total</b>	<b>8,225,332</b>	<b>3,256,106</b>	-	<b>11,481,438</b>	<b>9,196,076</b>	<b>2,285,362</b>
<b>2.0 Monitoring and evaluation</b>						-
2.1 Capacity building	1,650,000	130,000		1,780,000	1,066,000	714,000
2.2 Committee allowances	1,662,666	757,235		2,419,901	2,373,986	45,915
2.3 Use of goods and services	700,000	281,374		981,374	981,064	310
<b>Total</b>	<b>4,012,666</b>	<b>1,168,609</b>	-	<b>5,181,275</b>	<b>4,421,050</b>	<b>760,225</b>
<b>3.0 Emergency</b>						
3.1 Primary Schools	7,192,207	1,661,842	188,879	9,042,928	6,755,000	2,287,928
3.2 Secondary schools				-		-
3.3 Tertiary institutions				-		-
3.4 Security projects				-		-
3.5 Unutilised				-		-
<b>Total</b>	<b>7,192,207</b>	<b>1,661,842</b>	<b>188,879</b>	<b>9,042,928</b>	<b>6,755,000</b>	<b>2,287,928</b>
<b>4.0 Bursary and Social Security</b>						

**Mt. Elgon Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
4.1 Secondary Schools	18,322,224	3,708,440		22,030,664	21,618,000	412,664
4.2 Tertiary Institutions	11,000,000	317,302		11,317,302	11,061,000	256,302
4.3 Social Security				-		-
4.4 Special Needs	1,000,000	340,000		1,340,000	1,280,000	60,000
<b>Total</b>	<b>30,322,224</b>	<b>4,365,742</b>	<b>-</b>	<b>34,687,966</b>	<b>33,959,000</b>	<b>728,966</b>
5.0 Sports	2,700,000			2,700,000	2,700,000	-
<b>Total</b>	<b>2,700,000</b>			<b>2,700,000</b>	<b>2,700,000</b>	<b>-</b>
6.0 Environment						
	2,700,000			2,700,000	2,700,000	-
<b>Total</b>	<b>2,700,000</b>	<b>-</b>	<b>-</b>	<b>2,700,000</b>	<b>2,700,000</b>	<b>-</b>
7.0 Primary Schools Projects						
Kapkong Pri Sch PMC	600,000			600,000	600,000	-
Kamasong Pri sch Pmc	1,000,000			1,000,000	1,000,000	-
Banantega primary school			1,000,000		1,000,000	
Bandaptai pr. Sch			1,000,000		1,000,000	
Chemositet pr			800,000		800,000	
Chepchabai pri			500,000		500,000	
Chepkat pr			500,000		500,000	
Chepkowo pr			2,900,000		2,900,000	
Chepkui primary			2,000,000		2,000,000	
Cheskaki pr			2,000,000		2,000,000	

**Mt. Elgon Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
**Annual Report and Financial Statements for The Year Ended June 30, 2022**

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/BE) and AIA	Previous Years' Outstanding Disbursements			
Cheskaki special school			2,000,000		2,000,000	
Chebwek pri			750,000		750,000	
Chepsoikey pr			750,000		750,000	
Kamkata pr			1,000,000		1,000,000	
Kapchebuk pri			800,000		800,000	
Kewangoi pr			1,000,000		1,000,000	
Kibuk primary			1,000,000		1,000,000	
Kimorong pr			500,000		500,000	
Kipsis pr			500,000		500,000	
Kipsoen pr			2,000,000		2,000,000	
Kiptoitik			2,000,000		2,000,000	
Milimani pr			1,000,000	1,000,000	1,000,000	-
Namatotoa pr			600,000	600,000	600,000	-
Sirkoi pr			500,000	500,000	500,000	-
Toroso pr			2,000,000	2,000,000	2,000,000	-
Tulwo pr			500,000	500,000	500,000	-
Cheptaburbur pr			500,000	500,000	500,000	-
Kaboywo primary			2,000,000	2,000,000	2,000,000	-
Kananachi primary			500,000	500,000	500,000	-
<b>Total</b>	<b>1,600,000</b>	<b>-</b>	<b>30,600,000</b>	<b>32,200,000</b>	<b>32,200,000</b>	<b>-</b>
<b>8.0 Secondary Schools Projects</b>						-
KIM Girls	9,762,350			9,762,350	9,762,350	-

*Mt. Elgon Constituency*

*National Government Constituencies Development Fund (NGCDF)*

*Annual Report and Financial Statements for The Year Ended June 30, 2022*

Programme/Sub-programme	Original Budget 2021/2022	Adjustments		Final Budget 2021/2022	Actual on comparable basis 30/06/2022	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
Kipsis sec	9,762,350			9,762,350	9,762,350	-
Kebee sec	9,762,350			9,762,350	9,762,350	-
St. Johns chepyuk sec	9,762,350			9,762,350	9,762,350	-
St teresa Girls	9,762,350			9,762,350	9,762,350	-
Chemweisis sec	9,762,350			9,762,350	9,762,350	-
Chesito sec	9,762,350			9,762,350	9,762,350	-
Toroso sec school		900,000	1,400,000	2,300,000	2,300,000	-
<b>Total</b>	<b>68,336,450</b>	<b>900,000</b>	<b>1,400,000</b>	<b>70,636,450</b>	<b>70,636,450</b>	<b>-</b>
<b>9.0 Tertiary institutions Projects</b>				-	-	-
<b>Total</b>	-		-	-	-	-
<b>10.0 Security Projects</b>				-	-	-
chemoge chiefs office			1,000,000	1,000,000	1,000,000	-
Rwanda chiefs office			1,000,000	1,000,000	1,000,000	-
Kanganga Police Post	3,700,000			3,700,000	3,700,000	-
<b>Total</b>	<b>3,700,000</b>	-	<b>2,000,000</b>	<b>5,700,000</b>	<b>5,700,000</b>	<b>-</b>
<b>11.0 Acquisition of assets</b>				-	-	-
<b>Total</b>	-		-	-	-	-
<b>12.0 Other payments</b>				-	-	-
<b>Total</b>	-		-	-	-	-
<b>13.0 unallocated fund</b>						
Unapproved projects	8,300,000			8,300,000		8,300,000
AIA		146,100		146,100		146,100
PMC savings						
<b>Total</b>	<b>8,300,000</b>	<b>146,100</b>		<b>8,446,100</b>	<b>-</b>	<b>8,446,100</b>
	<b>137,088,879</b>	<b>11,498,399</b>	<b>34,188,879</b>	<b>182,776,157</b>	<b>168,267,576</b>	<b>14,508,581</b>

## **XI. Significant Accounting Policies**

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

### **1. Statement of Compliance and Basis of Preparation**

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

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

### **2. Reporting Entity**

The financial statements are for the NGCDF-Mt. Elgon Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

***Significant Accounting Policies continued***

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

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

**Proceeds from Sale of Assets**

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

**Other receipts**

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

***Unutilized Funds from PMCs.***

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

**External Assistance**

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

**b) Recognition of payments**

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

***Significant Accounting Policies continued***

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**5. In-kind contributions**

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

***Significant Accounting Policies continued***

**6. Cash and Cash Equivalents.**

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

***Significant Accounting Policies continued***

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

***Significant Accounting Policies continued***

**9. Pending Bills**

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

**10. Unutilized Fund**

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

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on xx June 20xx for the period 1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

**12. Comparative Figures**

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

**13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June 2022.

***Mt. Elgon Constituency***

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***Annual Report and Financial Statements for The Year Ended June 30, 2022***

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***Significant Accounting Policies continued***

**14. Errors**

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

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

**15. Related Party Transactions**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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**XII. Notes to the Financial Statements**

**1. Transfers from NGCDF Board**

Description	2021-2022	2020-2021
	Kshs	Kshs
NGCDF Board		
B105222	34,188,879	
B105519	68,000,000	
B105982	10,000,000	
B128633	16,000,000	
B128947	26,000,000	
B154143	8,788,879	
B096985		18,000,000
B104649		28,000,000
A823691		8,367,724
B104904		15,000,000
B124621		9,000,000
B119582		12,000,000
B128215		6,900,000
B118974		15,000,000
B129177		8,000,000
B132271		6,000,000
B138940		15,000,000
B126232		6,000,000
B105027		10,000,000
B140670		15,000,000
<b>TOTAL</b>	<b>162,977,758</b>	<b>172,267,724</b>

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**2. Proceeds From Sale of Assets**

	2021-2022	2020-2021
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Others (specify)	-	-
<b>Total</b>	-	-

**3. Other Receipts**

	2021-2022	2020-2021
	Kshs	Kshs
Interest Received		
Rents		
Receipts Sale of Tender Documents	31,000	39,000
Balance adjustment	310	
Unutilized funds from PMCs	900,000	
Other Receipts Not Classified Elsewhere	952,000	
<b>TOTAL</b>	<b>1,883,630</b>	<b>39,000</b>

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*Notes To the Financial Statements (Continued)*

**4. Compensation Of Employees**

	2021-2022	2020-2021
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,072,000	3,449,190
Personal allowances paid as part of salary	468,000	
House Allowance	-	-
Transport Allowance	-	-
Leave allowance	-	-
Gratuity to contractual employees	952,320	1,794,240
Employer Contributions Compulsory national social security schemes	157,680	157,680
<b>Total</b>	<b>4,650,000</b>	<b>5,401,110</b>

**5. Use Of Goods and Services**

	2021-2022	2020-2021
	Kshs	Kshs
Committee Expenses	1,944,750	2,885,525
Utilities, supplies and services	60,000	527,037
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	9450
Rentals of produced assets	-	-
Training expenses	1,134,580	3,170,000
Hospitality supplies and services	-	-
Other committee expenses	-	-
Committee allowance	3,825,770	1,199,787
Insurance costs	-	-
Fuel , oil & lubricants	1,288,000	798,148
Office and general supplies and services	88,110	-
Other operating expenses	35,000	-
Routine maintenance – vehicles and other transport equipment	580,446	498,802
Bank service commission and charges	10,470	59,881
<b>Total</b>	<b>8,967,126</b>	<b>9,148,630</b>

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*Notes To The Financial Statements (Continued)*

**6. Transfer To Other Government Units**

Description	2021-2022	2020-2021
	Kshs	Kshs
Transfers To Primary Schools (See Attached List)	32,200,000	56,800,000
Transfers To Secondary Schools (See Attached List)	70,636,450	27,450,000
Transfers To Tertiary Institutions (See Attached List)	-	10,000,000
<b>Total</b>	<b>102,836,450</b>	<b>94,250,000</b>

**7. Other Grants and Other transfers**

	2021-2022	2020-2021
	Kshs	Kshs
Bursary – secondary schools (see attached list)	21,618,000	23,119,000
Bursary – tertiary institutions (see attached list)	11,061,000	21,447,000
Bursary – special schools (see attached list)	1,280,000	660,000
Mock & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	-
Security projects (see attached list)	5,700,000	5,200,000
Sports projects (see attached list)	2,700,000	5,000,000
Environment projects (see attached list)	2,700,000	5,000,000
Emergency projects (see attached list)	6,755,000	2,705,600
<b>Total</b>	<b>51,814,000</b>	<b>63,131,600</b>

**8. Acquisition Of Assets**

	2021-2022	2020-2021
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	800,000
Purchase of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Acquisition of Land	-	-
<b>Total</b>	<b>-</b>	<b>800,000</b>

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*Notes To the Financial Statements (Continued)*

**9. Other Payments**

	2021-2022	2020-2021
	Kshs	Kshs
Strategic plan	-	-
Gratuity – provision	-	-

**10: Cash Book Bank Balance**

Name Of Bank, Account No. & Currency	2021-2022	2020-2021
	Kshs	Kshs
<b>10A: Bank Accounts (Cash Book Bank Balance)</b>	-	-
<i>EQUITY BANK BUNGOMA BRANCH MT- ELGON NGCDF ACCOUNT A/C No 0480278995270</i>	6,208,271	9,614,459
<b>Total</b>	<b>6,208,271</b>	<b>9,614,459</b>
<b>10 B: Cash on Hand</b>		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

**11: Outstanding Imprests**

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

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**12A. Retention**

	2021-2022	2020-2021
	KShs	KShs
Retention as at 1 <sup>st</sup> July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30 <sup>th</sup> June D= A+B-C	-	-

**12B. Gratuity**

	2021-2022	2020-2021
	KShs	KShs
Gratuity as at 1 <sup>st</sup> July (A)	-	-
Gratuity held during the year (B)	952,320	-
Gratuity paid during the Year (C)	952,320	-
Closing Gratuity as at 30 <sup>th</sup> June D= A+B-C	-	-

**13. Balances Brought Forward**

	2021-2022 (1 <sup>st</sup> July 2021)	2020-2021 (1 <sup>st</sup> July 2020)
	Kshs	Kshs
Bank accounts	9,614,459	10,039,075
Cash in hand		
Imprest		
<b>Total</b>	<b>9,614,459</b>	<b>10,039,075</b>

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**14. Prior Year Adjustments**

Description of the error	Balance b/f FY 2020/2021 as per Audited Financial statements Kshs	Adjustments Kshs	Adjusted Balance** b/f FY 2021/2022 Kshs
Bank account Balances	-	310	310
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> ) Received from chesrup primary	-	900,000	717,176
<b>Total</b>		<b>900,310</b>	-

**15. Changes in Accounts Receivable – Outstanding Imprests**

	2021-2022 KShs	2020-2021 KShs
Outstanding Imprest as at 1 <sup>st</sup> July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-
Changes in Account Receivables E= D-A	-	-

**16. Changes in Accounts Payable – Deposits and Retentions**

	2021 – 2022 KShs	2020 – 2021 KShs
Deposit and Retentions as at 1 <sup>st</sup> July (A)	-	-
Deposit and Retentions held during the year (B)	952,320	1,794,240
Deposit and Retentions paid during the Year (C)	-	1,794,240
closing account payables D= A+B-C	<b>952,320</b>	-
Net changes in accounts payables A-D	<b>952,320</b>	-

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**Notes to the Financial Statements (Continued)**

**17. Other Important Disclosures**

**17.1: Pending Accounts Payable (See Annex 1)**

	2021-2022	2020-2021
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
<b>Total</b>	-	-

**17.2: Pending Staff Payables (See Annex 2)**

	2021-2022	2020-2021
	Kshs	Kshs
NGCDFC Staff	-	-
Others ( <i>specify</i> )	-	-
<b>Total</b>	-	-

**17.3: Unutilized Fund (See Annex 3)**

	2021-2022	2020-2021
	Kshs	Kshs
Compensation of employees	2,085,707	1,133,387
Committee allowances	104,890	808,685
Use of goods and services	94,765	361,714
Capacity building	714,000	130,000
Committee allowances M/E	45,915	757,235
Use of goods and services M/E	-	281,064
Amounts due to other Government entities (see attached list)	3,016,893	8,216,153
Amounts due to other grants and other transfers (see attached list)	-	31500000
Acquisition of assets	-	-
Others ( <i>specify</i> )	-	-
AIA	146,100	115,100
Funds pending approval	8,300,000	-
<b>Totals</b>	<b>14,508,270</b>	<b>43,303,338</b>

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17.4: PMC account balances (See Annex 5)

	2021-2022	2020-2021
	Kshs	Kshs
PMC account balances (see attached list)	9,527,257	54,061,790
<b>Total</b>	<b>9,527,257</b>	<b>54,061,790</b>

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**Annexes**

**Annexes: 1 Analysis of Pending Accounts Payable**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022	Comments
	a	b	C	d=a-c	
<b>Construction of buildings</b>					
1.					
2.					
3.					
<b>Sub-Total</b>					
<b>Construction of civil works</b>					
4.					
5.					
6.					
<b>Sub-Total</b>					
<b>Supply of goods</b>					
7.					
8.					
9.					
<b>Sub-Total</b>					
<b>Supply of services</b>					
10.					
<b>Sub-Total</b>					
<b>Grand Total</b>					

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**Annex 2 - Analysis of Pending Staff Payables**

<b>Name of Staff</b>	<b>Designation</b>	<b>Date employed</b>	<b>Outstanding Balance 30<sup>th</sup> June 2022</b>	<b>Comments</b>
<b>NG-CDFC Staff</b>				
1.				
2.				
3.				
<b>Sub-Total</b>				
<b>Grand Total</b>				

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**Annex 3 – Unutilized Fund**

Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Name	Brief Transaction Description	Outstanding Balance 2021/2022	Outstanding Balance 2020/2021	Comments
Compensation of employees		2,085,707	1,133,387	
Committee allowances		104,890	808,685	
Use of goods and services		94,765	361,714	
Capacity building		714,000	130,000	
Committee allowances		45,915	757,235	
Use of goods and services			281,064	
<b>Sub-Total</b>		<b>2,092,957</b>	<b>3,472,085</b>	
<b>Amounts due to other Government entities</b>				
Bursary to Secondary Schools		412,664	708130	
Burasary to Tertiary Institutions		256,302	317302	
Bursary to special schools		60,000	340000	
Emergency		2,287,927	4850721	
Chemoge Chiefs office	construction of chiefs office	-	1000000	
Rwanda chiefs office	construction of chiefs office	-	1000000	
<b>Sub-Total</b>		<b>3,016,893</b>	<b>8216153</b>	
<b>Amounts due to other grants and other transfers</b>				
Banantega pr	renovations of classrooms.	-	1,000,000	
Bandaptai pr	Renovation of 2 no. classrooms	-	1,000,000	
Chemositet pr	completion of two classrooms	-	800,000	
Chepchabai pr	completions of two classrooms.	-	500,000	
Chepkat pr	completions of two classrooms.	-	500,000	
Chepkowo pr	Construction of 2 classrooms	-	2,900,000	
Chepkui pr	Construction of 2 classrooms	-	2,000,000	

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Name	Brief Transaction Description	Outstanding Balance 2021/22	Outstanding Balance 2020/2021	Comments
Cheeskaki pr	renovations of 5 classrooms.	-	2,000,000	
Cheskaki special school	Construction of 2 classrooms	-	2,000,000	
Chesrup Pr	Construction of 2 classrooms	-	2,900,000	
Kamkata pr	completion of two classrooms	-	1,000,000	
Kapchebuk	renovations of 3 classrooms	-	800,000	
Kewangoi pr	completion of two classrooms	-	1,000,000	
Kibuk pr	completion of four classrooms	-	1,000,000	
Kimorong pr	purchase of 1 acre land	-	500,000	
kipsis pr	completion of 1 classroom	-	500,000	
Kipsoen pr	Construction of 2 classrooms	-	2,000,000	
Kiptoitik pr	Construction of 2 classrooms	-	2,000,000	
Milimani pr	renovations of 3 classrooms	-	1,000,000	
Namatoatoa pr	renovations of 3 classrooms	-	600,000	
Sirkoi pr	completion of 3 classrooms	-	500,000	
Toroso pr	Renovation of 5 classrooms	-	2,000,000	
Tulwo pr	completion of 3 classrooms	-	500,000	
Cheptaburbur pr	completion of 3 classrooms	-	500,000	
Kaboywo pr	Renovation of 5 classrooms	-	2,000,000	
<b>Sub-Total</b>		-	<b>31,500,000</b>	
<b>Acquisition of assets</b>				
<b>Others (specify)</b>				
AIA		146,100	115100	
<b>Sub-Total</b>		<b>1,098,420</b>	<b>115100</b>	
Funds pending approval		<b>8,300,000</b>	<b>500000</b>	
<b>Grand Total</b>		<b>14,508,270</b>	<b>43,803,338</b>	

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**Annex 4 – Summary of Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2020/21</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2021/22</b>
Land	1,000,000			1,000,000
Buildings and structures	10,500,000			10,500,000
Transport equipment	5,500,000			5,500,000
Office equipment, furniture and fittings	701,000			701,000
ICT Equipment, Software and Other ICT Assets	916,945			916,945
Other Machinery and Equipment				
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>18,617,945</b>			<b>18,617,945</b>

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**Annex 5 –PMC Bank Balances As At 30<sup>th</sup> June 2022**

	PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21	Date Opened
1	Toroso Pr School	0480294445378	Equity Bank of Kenya	889	51,589	18/9/2018
2	Kananachi Primary School	0480277386540	Equity Bank of Kenya	19,805	882,829	27/2/2018
3	Emgwen Primary School	0480277386500	Equity Bank of Kenya	6,018	240,833	5/2/2018
4	Kimorong Primary School	0480277386450	Equity Bank of Kenya	15,256	2,256	6/2/2018
5	Cheptonon Police Station	0480279007696	Equity Bank of Kenya	41,907	41,907	5/4/2018
6	Kaberwa Primary School	0480296581524	Equity Bank of Kenya	1,615	1615	3/2/2019
7	Kopsiro Do	0480277386525	Equity Bank of Kenya	4,433	103,933	7/3/2018
8	Kiptii Primary School	0480278971728	Equity Bank of Kenya	192,523	1,256,522	18/4/2021
9	Saria Primary School	0480278976934	Equity Bank of Kenya	320	320	26/4/2019
10	Cheptais Police Station	0480278914451	Equity Bank of Kenya	5,146	1,300,000	6/7/2021
11	Chemta Primary School	0480278965512	Equity Bank of Kenya	1,820	861,985	5/2/2019
12	Busanja Primary School	0480278913623	Equity Bank of Kenya	3,236	333,689	9/2/2019
13	Kiptoitik Primary School	0480278995850	Equity Bank of Kenya	1,097,549	277,880	13/3/2021
14	Masaek Sec School	0480278913147	Equity Bank of Kenya	1,281	245,401	7/2/2018
15	Cheptonon Sec	0480277129064	Equity Bank of Kenya	2,040	1,301,991	13/2/2018
16	Chebin Primary School	01139290435800	Co-op Bank of Kenya	1,260	1,260	18/2/2028

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	PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21	Date Opened
17	Kimerin Primary School	01139290610600	Co-op Bank of Kenya	768	768	26/2/2019
18	Kapchoiywo Primary School	01141469948600	Co-op Bank of Kenya	1,480	1,480	3/2/2019
19	Masaek Primary	01141050030400	Co-op Bank of Kenya	2,050	32,050	3/2/2019
20	Toroso Sec	1139469414000	Co-op Bank of Kenya	8,000	1,328,000	7/3/2018
21	Chesikaki Special School	01141688715500	Co-op Bank of Kenya	500	500	18/4/2021
22	Kabero Primary School	01141687955000	Co-op Bank of Kenya	2,572	2,572	26/4/2019
23	Toywondet primary school	480278976662	Equity Bank of Kenya	128,932	42,367.50	3/2/2018
24	Chepkui primary school	0480280030791	Equity Bank of Kenya	415,372	555,727.50	7/3/2021
25	Kapkong primary school	0480280088128	Equity Bank of Kenya	656,481	1,000,000.00	18/4/2021
26	Chesrup primary school	0480280321642	Equity Bank of Kenya	-	2,999,550.00	26/4/2019
27	Yembekho primary school	0480280321636	Equity Bank of Kenya	2,693	1,963,430.00	7/3/2018
28	Serek primary school	0480280574972	Equity Bank of Kenya	1,070	9,778,218.00	18/4/2021
29	Bukonoi primary school	0480280430591	Equity Bank of Kenya	3,550	1,963,430.00	26/4/2019
30	Rwanda primary school	0480280574972	Equity Bank of Kenya	1,070	499,100.00	3/2/2020
31	Chemondi primary school	0480280906129	Equity Bank of Kenya	500	2,317,747.50	7/3/2021
32	Chemeger primary school	0480279802524	Equity Bank of Kenya	448,396	1,199,550.00	18/4/2021
33	Chemses primary school	0480280839896	Equity Bank of Kenya	2,964	1,999,550.00	26/4/2019
34	Chemses primary school	0480280884778	Equity Bank of Kenya	234,433	999,550.00	7/3/2020

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	PMC	Bank	Account number	Bank Balance 2021/22	Bank Balance 2020/21	Date Opened
35	Chesito primary school	0480280884948	Equity Bank of Kenya	258,610	999,550.00	18/4/2021
36	Chemoge primary school	0480280858859	Equity Bank of Kenya	2,062	1,000,550.00	26/4/2019
37	Kiptungururwo primary school	0480281005721	Equity Bank of Kenya	121,210	2,599,550.00	3/2/2018
38	Kamabus primary school	0480281016511	Equity Bank of Kenya	28,434	1,999,550.00	7/3/2021
39	Koshok primary school	0480281043368	Equity Bank of Kenya	28,000	2,999,550.00	18/4/2021
40	Chemoikut primary school	0480281008991	Equity Bank of Kenya	236,260	157.50	26/4/2010
41	Kimabole sec school	0480280216783	Equity Bank of Kenya	158	999,487.50	7/3/2018
42	Terem sec school	0480280229145	Equity Bank of Kenya	999,488	5,735.00	18/4/2021
43	St. Teresa cheptoror sec school	0480280218527	Equity Bank of Kenya	5,735	5,203.50	26/4/2019
44	Kubura sec school	0480280204378	Equity Bank of Kenya	5,204	10,875,439.85	3/2/2020
45	Kaptama Boys	0480293646916	Equity Bank of Kenya	3,689	1,013,410.00	7/3/2018
46	Cherendio primary school	0480277141685	Equity Bank of Kenya	1,013,410	1,013,410.00	18/4/2019
47	Kamasong primary school	480281008121	Equity Bank of Kenya	6,570		8/9/2021
48	kapkong primary school	0480280216763	Equity Bank of Kenya	12,500		1/7/2021
49	Kanganga police	0480280229275	Equity Bank of Kenya	3,500,000		3/7/2021
	<b>TOTAL</b>			<b>9,527,257</b>	<b>54,061,790</b>	

**Annex 6: Progress On Follow Up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Irregular Contract at Cheptais Police Post</b>                      The statement of receipts and payment for Mt. Elgon Constituency National Government Constituencies Development Fund shows Kshs.63,131,600 as other grants and transfers. Included in the figure is Kshs.3,800,000 paid to Makobeki Ventures Ltd for a contract for construction of Cheptais Police Post awarded vide tender number CPS/TN/01/2021. It was observed that Makobeki Ventures was paid Kshs.2,191,933 on 16 August 2021 through payment certificate number one (01) and Kshs.1,228,094 through payment certificate number two (02) on 29 September 2021 and retention money released on 28 August 2021 of Kshs.380,001 totaling Kshs.3,800,028.</p>	<p>a. The management noted with concern that all the forms will filled in the subsequent tendering process.                      b. The anomaly of the contract agreement not stating the contract period, commencement date and completion date has been noted with concern and will be addressed in other projects henceforth. Otherwise all the dates of commencement, and completion were shown in the contractors work plan                      c. The committee tasked the fund account to do a letter to the contractor for repairs of all listed areas of defaults.                      d. The management found it fit to request for certificate of</p>	Resolved	2 months

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The following anomalies were note:</p> <ul style="list-style-type: none"> <li>i. The form of tender security was not filled and signed.</li> <li>ii. The performance bank guarantee was not filled and signed by the bank.</li> <li>iii. The contract agreement does not state the contract period, commencement date and completion dates.</li> <li>iv. All the wooden doors had broken locks</li> <li>v. The roof was leaking damaging the ceiling board.</li> <li>vi. The toilets inside the office of the Officer Commanding Station (OCS) and the male and female cell were not completed and therefore could not be used.</li> <li>vii. The retention money was paid before the lapse of the defects liability period of six months and before the final certificate of payment of Kshs.1,228,094.</li> </ul>	<p>completion from public works once the defaults have been rectified.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>viii. The payment was in excess by Kshs.28.</p> <p>ix. No certificate of completion or inspection and acceptance report for the project was provided.</p> <p>No explanations were given for the above anomalies. Without this information the occurrence, validity and value for money for Kshs.63,131,600 could not be confirmed.</p> <p><b>Risks</b></p> <p>i. The contract award may have breached procurement Law</p> <p>ii. The government may not have received value for money.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p><b>Doubtful Expenditure on bursary vetting exercise</b></p> <p>The statement of receipts and payment for Mt. Elgon Constituency National Government Constituencies Development Fund for the year ended 30 June 2021 shows Kshs.9,148,630 as use of goods and services. Included in this figure is Kshs.500,000 paid through Imprest Warrants No. 29991 of Kshs.200,000 and 29994 of Kshs.300,000 respectively for bursary vetting exercises in various wards of the constituency.</p> <p>It was noted that from the documents provided it was not possible to verify in which wards the vetting exercises happened and on which dates, the list of those vetted and those who qualified from the vetting exercise was not</p>	<p>Vetting of bursary was done for all the wards.</p> <p>List of the qualified applicants was annexed for the auditors reference</p> <p>All the files with bursary applicants are in the office for auditors confirmation</p>	resolved	2months

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	provided. No explanation was provided for these anomalies. without this information the validity, occurrence and propriety of the Kshs.500,000 could not be confirmed.			
3	<p><b>Doubtful Expenditure on Other Grants and Transfers</b>                      The statement of receipts and payments for the year ended 30 June 2021 shows Kshs.63,131,600 as other grants and transfers. Included in the figure is Kshs.444,000 paid to Mantis Driving School through payment voucher number 140 being tertiary bursary for training of thirty-seven (37) bodaboda riders on road safety and driving skills. Examination of the documents revealed the following anomalies: -</p> <ul style="list-style-type: none"> <li>i. There were no tender documents availed for audit verification.</li> </ul>	<p>Normal process of vetting was followed, and the beneficiaries identified accordingly. Because of the status of the beneficiaries, the committee resolved that they be enrolled in a local driving school to avoid expenses such as accommodation and meals signed contract agreement between the supplier and the Fund management was availed to the audit office                      copies of enrolment of the riders involved were availed.                      class attendance sheets of the riders were availed.</p>	Resolved	
	<ul style="list-style-type: none"> <li>ii. No signed contract agreement between the supplier and the Fund management.</li> <li>iii. No copies of enrolment of the riders involved were</li> </ul>	<p>Sample Copies of the trainer's license were provided                      vi. Minutes showing the criteria used to identify the sponsored riders were availed                      Copy of interim licenses were annexed</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>availed.</p> <p>iv. No class attendance sheets of the riders were availed.</p> <p>v. No Copies of the trainer's license were provided</p> <p>vi. No details and criteria used to identify the sponsored riders was provided for audit verification.</p> <p>vii. Detailed returns on the numbers achieved and confirmation that licenses has been issued.</p> <p>Without this information it was not possible to confirm the occurrence, validity and value for money of the expenditure.</p>			

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Name  
Fund Account Manager.