


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

 THE NATIONAL ASSEMBLY	
P/...	
DATE:	08 MAR 2023
	DAY Wednesday
TABLED BY:	Hon Owen Baya, CBS, MP Deputy Majority Leader
CLERK-AT THE-TABLE:	Miriam Mudo

OF

THE AUDITOR-GENERAL

ON

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

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



VIHIGA CONSTITUENCY
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

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

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





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

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	Joe Godwin Oduor
2.	Sub-County Accountant	Annetty V.W.Angote
3.	Chairman NGCDFC	James Mundia
4.	Member NGCDFC	Claris Anaye

(d) Fiduciary Oversight Arrangements

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

Vihiga ACC's Office Grounds,
P.O. Box 198-50310,
Majengo-Luanda Highway
Vihiga, KENYA



Vihiga Constituency NGCDF Contacts

Telephone: (254) 725371259
E-mail: cdfvihiga@ngcdf.go.ke
Website: www.ngcdf.go.ke

(f) Vihiga Constituency NGCDF Bankers

Cooperative Bank of Kenya
A/c No. 01141471496600
P.O. Box 816-50300,
Maragoli, KENYA

(g) Independent Auditors

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

(h) Principal Legal Adviser

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



II. NG-CDFC CHAIRMAN’S REPORT



**Mr. James Mundia
NG-CDFC Chairman**

The NG-CDF Vihiga is grateful for the financial year that has been. The committee had a budget of Kes. 137,088,879.31 which is a 0.20% decrease from the previous financial year’s 137,367,724.14. This was to finance National Government projects in addition to other statutory. The NG-CDFC Vihiga in its budget, apportioned the funds per sector in comparison to the previous financial year as tabulated below;



The NG-CDF has improved education and security infrastructure in Vihiga besides bursaries allocation to needy and deserving students. This is evidenced by comparison on bursary allocation and disbursed of the last financial year.

However, emerging issues like political, economic, social, legal and global challenges influence the implementation of NG-CDF projects. Other issue include late disbursement of funds, re-allocation and late approval of project. As at 30th June, 2021, Kshs.45,088,879.3 had not been disbursed by the Board. Its worth noting that late disbursement of funds and the COVID-19 pandemic serious affected



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implementation of project as operations nearly came to a standstill. The committee requests the Board to kindly disburse the remaining amount early to enable Vihiga constituents realize the much needed development.

It is understood that projects proposal was submitted late thus the NG-CDFC did not receive its allocation in time which translated into delayed implementation of projects. The unutilized funds still remain with the NG-CDF Board.



.....
Sign

CHAIRMAN NGCDF COMMITTEE



III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

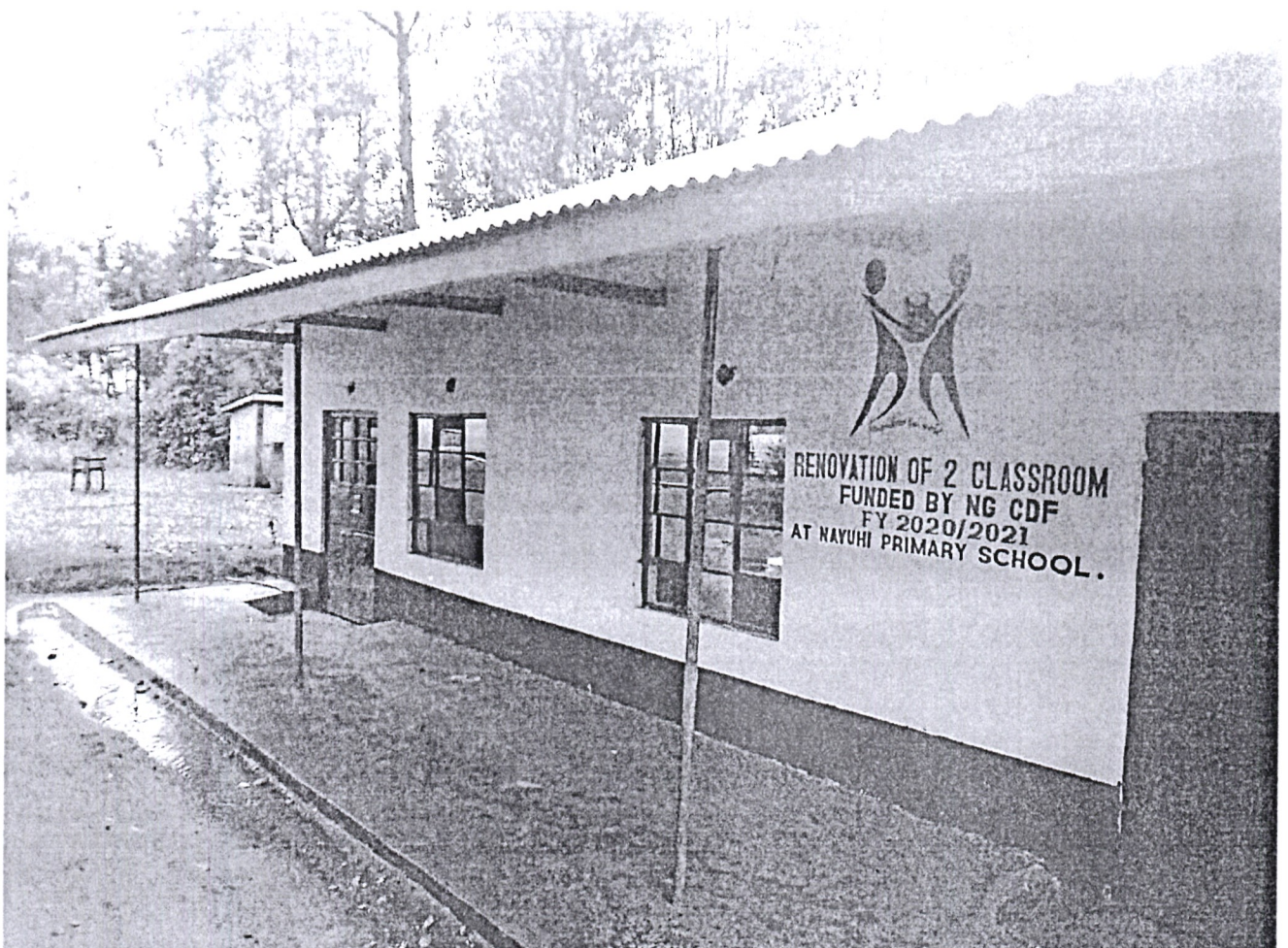
Introduction

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-Vihiga Constituency's *2018-2022* plan are to:

a) Education

The NG-CDF Vihiga takes education and matters education very serious components to achieve development. It has in the past improved existing infrastructure and put in both secondary and primary school. This has in turn improved performance among learners besides increased enrolment as learning environment in now conducive. To ensure 100% transition from one level of learning to another, Vihiga NG-CDFC has come with a bursary awarding system that's all inclusive. Bright but vulnerable students are identified through our bursary committee and fully sponsored.





b) Health care

It's said that a 'Healthy Nation is a Wealthy Nation, and as so Vihiga is not relenting on matters health. Our bursary committee working closely with area Chief's and other relevant bodies, has identified elderly persons within the Constituency and had them registered to benefit in our social health scheme that intends to pay for medical cover (NIIIF) through our soon to be implemented social security fund.

c) Environment, Water and Sanitation

The major environmental activity of Vihiga NG-CDF has been tree planting. This has been done over a period to increase forest cover, attract rain, provide habitat for other living things living in forests and of course to reduce pollution. We have started incorporating other activities like construction of toilets and purchase and installation of water tanks in environmental activities. These have gone a long way in keeping our environment clean and healthy besides providing clean water for drinking and domestic use.

d) Security

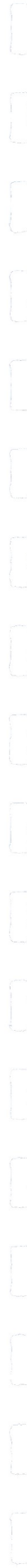
Development is achievable if its secure and put safe. The Vihiga NG-CDFC has improved infrastructure and put in place new ones at Chiefs' offices / camps, AP camps and police stations within the Constituency. NG-CDF is always ready to equip and facilitate the security agencies' activities if called upon.





e) Sports

Sports and sporting activities are incorporated in our development agenda because through sporting activities, youth realize their talents and able to display them for personal and communal gain. Youth groups, existing and new sports clubs are identified through such activities and empowered therefore reducing dependency. Sports keep the youth busy thus have no time for social evils seen to be on the rise.





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	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary	In FY 2020/21 -we increased number of classrooms, dormitories, laboratories - Bursary beneficiaries at all levels benefitted



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			beneficiaries at all levels	
Security	To ensure all Ass. chiefs, chiefs and the Ass. County Commissioners' have an office To have modern police stations and posts at the Constituency	Access to quality services Reduced crime rate	- number of usable physical infrastructure build at the locational levels - Number of crimes reported	4 Chiefs' offices renovated as budgeted for 2 AP camp facilities renovated as planned
Environment	To have health and clean environment	Access to good health and sanitation	- Number of Indigenous trees planted - Number of sanitary facilities constructed	12 plastic tanks (10,000 ltrs) distributed to public institutions as planned 20 pit latrines constructed in public institutions as planned
Sports	Harnessing youth and women talent	Increased youth and women talents	- Numbers of tournaments held	10 new youth groups identified and empowered
Disaster Management	Catering for any unforeseen occurrences in the Constituency	Preparedness to unforeseen occurrences	- Number of unforeseen occurrences in the constituency	Vihiga NGCDF committee allocated Kshs. 7,192,206.90, million under the emergency kitty to cater for unforeseen occurrences



IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Vihiga 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 Vihiga NG CDF, the committee funds the following key sectors with the following sustainable priorities.

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

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



2. Environmental performance

we operate in a physical environment that calls for concerted efforts to ensure its sustainability. We made commitments to our public to;

- Comply with all relevant environmental legislation, regulations and approved codes of practise protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water.
- Keep wastage to minimum and maximize the efficient use of materials and resources
- Management and disposal of all wastage in a responsible manner
- Provide training for our committee members and staff on issues of environment sustenance
- Communicate regularly our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation.
- Monitoring and continuously improving our environmental performance
- Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance.
- Promote environmental awareness by sensitizing the NG-CDF committee, NG-CDF staff and PMCs on good conservation practises
- To encourage, through regular communication to NG-CDFC staff and other stakeholders' changes in individual behaviour to reduce usage conservation of energy and resources to maximize use of available technologies to remove the need to use paper.

3. Employee welfare

We invest in providing the best working environment for our employees. Vihiga 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. Vihiga 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. Vihiga constituency also has bursary programs aligned to the NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

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-

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

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

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

NGCDF has put in efforts to ensure:

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

5. Community Engagements-

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

Public Participation in Project Identification and Implementation and Monitoring

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

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

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

Public Awareness

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

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

V. STATEMENT OF MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-Vihiga Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

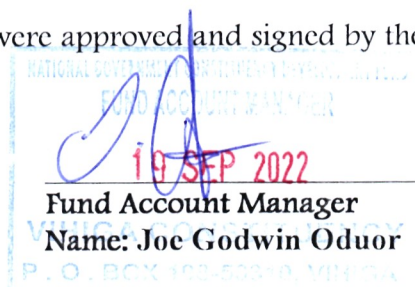
The Accounting Officer in charge of the NGCDF-Vihiga Constituency confirms that the *constituency* has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for 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-Vihiga Constituency financial statements were approved and signed by the Accounting Officer on 19 SEPTEMBER 2021.



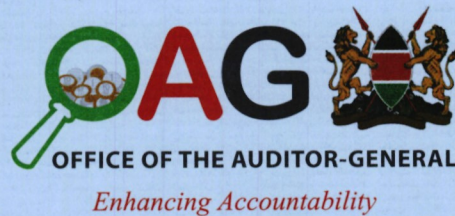
Chairman NGCDF Committee
Name: James Mundia



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
FUND ACCOUNT MANAGER
19 SEP 2022
Fund Account Manager
Name: Joe Godwin Oduor
P. O. BOX 102-500-0, MUKURUA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - VIHIGA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Vihiga Constituency set out on pages 18 to 53, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows, and summary statement of

Report of the Auditor-General on National Government Constituencies Development Fund - Vihiga Constituency for the year ended 30 June, 2021

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Vihiga Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

- 1.1** The statement of receipts and payments reflects other grants and transfers amounting to Kshs.72,991,000. However, Note 7 to the financial statements reflects other grants and transfers of Kshs.70,991,000 resulting to a difference of Kshs.2,000,000.
- 1.2** The statement of receipts and payments reflects transfer to other Government entities amount of Kshs.74,724,500. However, Note 6 to the financial statements reflects transfer to other Government entities of Kshs.76,724,500 resulting to a variance of Kshs.2,000,000.
- 1.3** The statement of budget execution by sectors and projects reflect comparative balances which differ from the audited balances for the financial year 2019/2020 as detailed below:

Items	Financial Statements 2020/2021 Amounts (Kshs.)	Audited Balances 2019/2020 (Kshs.)	Variance (Kshs.)
Administration and Recurrent			
Committee Allowances	1,408,562	808,562	600,000
Use of Goods and Services	585,890	2,681,890	(2,100,000)
Monitoring and Evaluation			
Capacity Building	285,874	1,285,874	(1,000,000)
Committee Allowances	3,050,000	550,000	2,500,000
Emergency	2,900,022	683,612	2,216,410
Transfers to Other Government Units			
Kegoye Primary	1,200,000	(1,200,000)	2,400,000
Masana Primary	1,700,000	(1,700,000)	3,400,000
Idavaga Muslim Secondary	7,162,250	762,250	7,000,000

Items	Financial Statements 2020/2021 Amounts (Kshs.)	Audited Balances 2019/2020 (Kshs.)	Variance (Kshs.)
Administration and Recurrent			
Other Grants and Transfers			
Angoya AP Camp	0	2,000,000	(2,000,000)
Lyavora AP Camp	2,000,000	0	2,000,000
Ideleri AP Camp	500,000	0	500,000

In the circumstances, the accuracy of balances reflected in the in the financial statements 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 - Vihiga 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 under the year under review.

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.213,151,731 and Kshs.168,058,852 respectively, resulting to an underfunding of Kshs.45,092,879 or 21% of the budget. Similarly, the Fund expended Kshs.159,944,478 against an approved budget of Kshs.213,151,731 resulting to an under-expenditure of Kshs.53,207,253,or 25% of the budget.

The underfunding and under-expenditure 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. Lack of Employment Contracts

The statement of receipts and payments reflects compensation of employees balance of Kshs.4,725,578, which includes payments to nine (9) employees totalling to Kshs.468,000. However, employment contracts for the nine employees had expired.

In the circumstances, the payment of Kshs.468,000 was irregular.

2. Poor Implementation of project

The statement of receipts and payments reflects transfer to other Government entities of Kshs.74,724,500 which includes amount transferred to Kidinye Secondary School of Kshs.4,300,000 for construction of four (4) classrooms and two (2) offices. Audit inspection of the project in April, 2022 revealed that the ground floor had been destroyed by rains due to poor implementation and workmanship.

In the circumstances, value for money was not obtained for the expenditure of Kshs.4,300,000.

3. Un-utilized Projects

The statement of receipts and payments reflects transfer to other Government entities of Kshs.74,724,500 which includes expenditure on construction of a three (3) bedroomed house at Lyvora Administration Police camp and four (4) rooms for Assistant Chiefs office at Vunandi at a cost of Kshs.2,000,000 for each project. However, audit inspection conducted in April, 2022 revealed that the projects were complete but had not been put to use.

In the circumstances, value for money was not obtained for the expenditure of Kshs.4,000,000.

4. Unapproved Reallocation of Funds

The Fund paid a contractor an amount of Kshs.1,900,000 for renovation of administration block at Kenya Medical Training College, Vihiga. However, audit inspection carried out in April, 2022 revealed that the funds were used to put up makeshift tents in the College which were later condemned by the Kenya Medical Training College Management. Management did not provide an explanation for the diversion of funds without the approval of the Board contrary to Regulation 25(2) of the National Government Constituencies Development Fund Regulations, 2016, which provides that a constituency Committee shall not incur expenditure unless such expenditure is supported by an approved work plan, a procurement plan and a budget.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 controls.
- 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 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

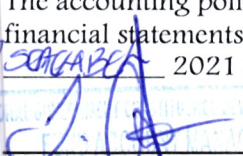
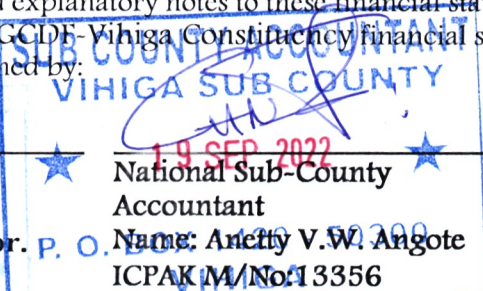

Nairobi

28 September, 2022

VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 - 2021	2019 - 2020
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	163,848,542	120,560,058
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	4,000	-
TOTAL RECEIPTS		163,852,542	120,560,058
PAYMENTS			
Compensation of employees	4	4,725,578	3,096,594
Use of goods and services	5	7,503,400	6,407,045
Transfers to Other Government Units	6	74,724,500	72,760,000
Other grants and transfers	7	72,991,000	43,315,578
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		159,944,478	125,579,217
SURPLUS/DEFICIT		3,908,064	(5,019,159)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Vihiga Constituency financial statements were approved on 19 SEP 2021 and signed by:


 Fund Account Manager Name: Joe Godwin Oduor.	 National Sub-County Accountant Name: Anetty V.W. Angote ICPAK/M/No: 13356	 Chairman NG-CDF Committee Name: James Mundia
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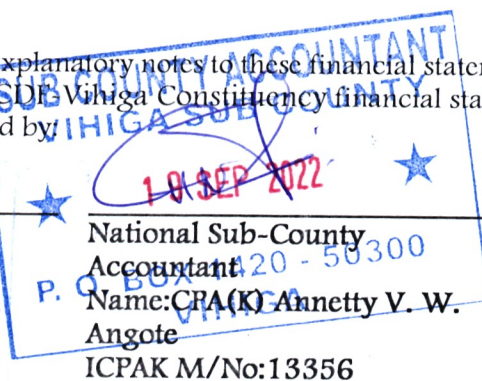


VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 - 2021 Kshs	2019 - 2020 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	8,118,373	4,210,310
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		8,118,373	4,210,310
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		8,118,373	4,210,310
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		8,118,373	4,210,310
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	4,210,310	9,229,468
Prior year adjustments	14	-	-
Surplus/Deficit for the year		3,908,064	(5,019,159)
NET FINANCIAL POSITION		8,118,373	4,210,310

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


Fund Account Manager
Name: Joe Godwin Oduor.
13 SEP 2022
VIHIGA CONSTITUENCY
P. O. BOX 100 00118 VIHIGA


National Sub-County
Accountant
Name: CPA (K) Annetty V. W.
Angote
ICPAK M/No:13356

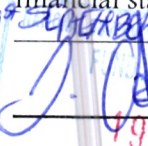

Chairman NG-CDF Committee
Name: James Mundia

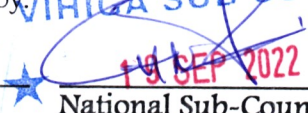


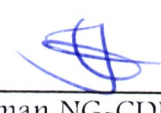
STATEMENT OF CASHFLOW

		2020-2021	2019-2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	163,848,542	120,560,058
Other Receipts	3	4,000	-
		163,852,542	120,560,058
Payments for operating activities			
Compensation of Employees	4	4,725,578	3,096,594
Use of goods and services	5	7,503,400	6,407,045
Transfers to Other Government Units	6	74,724,500	72,760,000
Other grants and transfers	7	72,991,000	43,315,578
Other Payments	9	-	-
		159,944,478	125,579,217
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		3,908,064	(5,019,159)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		3,908,064	(5,019,159)
Cash and cash equivalent at BEGINNING of the year	10	4,210,310	9,229,468
Cash and cash equivalent at END of the year		8,118,374	4,210,310

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF Vihiga Constituency financial statements were approved on 19 SEP 2022 and signed by:


Fund Account Manager
Name: Joe Godwin Oduor.


National Sub-County
Accountant
Name: CPA(K) Annetty V.W
Angote
ICPAK M/No:13356


Chairman NG-CDF Committee
Name: James Mundia



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

IX. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget	Adjustments		Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a		b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879	4,210,310	71,848,542	213,151,731	168,058,852	45,092,879	79%
Proceeds from Sale of Assets	-	-	-	-	-	-	
Other Receipts	-	-	-	-	-	-	
Other Payments pending approval		4,000					
TOTAL RECEIPTS	137,088,879	4,214,310	71,848,542	213,151,731	168,058,852	45,092,879	79%
PAYMENTS							
Compensation of Employees	3,742,063	452,810	693,675	4,888,548	4,725,578	162,970	97%
Use of goods and services	8,497,301	4,000	6,081,317	14,532,618	7,503,400	7,029,219	52%
Transfers to Other Government Units	67,300,000	2,000,000	37,824,500	107,124,500	74,724,500	32,400,000	70%
Other grants and transfers	51,549,515	-	22,622,023	74,171,538	72,991,000	1,180,537	98%
Acquisition of Assets	6,000,000	-	-	6,000,000	-	6,000,000	0%
Other Payments	-	1,757,500	4,677,027	6,434,527	-	6,434,527	0%
TOTAL	137,088,879	4,214,310	71,848,542	213,151,731	159,944,478	53,207,253	75%

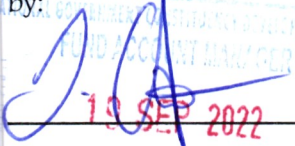
**Funds pending approval are sums not yet approved by the board for utilisation and include approved allocations and/or AIA not yet allocated for specific projects.
The budget utilization difference of Kshs. 45,092,879 is the amount owed by the Constituency as at 30th June 2021.

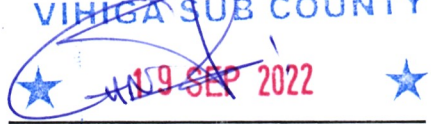



**Vihiga Constituency
National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	53,207,253
Less undisbursed funds receivable from the Board as at 30th June 2021	45,088,879
	8,118,374
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 2020/21	8,118,374

The NGCDF-Vihiga Constituency financial statements were approved on 19th SEPTEMBER 2021 and signed by:


Fund Account Manager
Name: Joe Godwin Oduor.

SUB-COUNTY ACCOUNTANT
VIHIGA SUB-COUNTY

National Sub-County Accountant
Name: CPA(K) Annetty V.W
Angote
ICPAK M/No:13356


Chairman NG-CDF Committee
Name: James Mundia

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

X. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Unutilized Funds
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
	Kshs		Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent						
1.1 Compensation of employees	3,742,063	452,810	693,675	4,888,548	4,725,578	162,970
1.2 Committee allowances	1,483,269	-	1,408,562	2,891,831	2,760,000	131,831
1.3 Use of goods and services	3,000,000	4,000	581,890	3,585,890	963,400	2,622,490
2.0 Monitoring and evaluation						
2.1 Capacity building	1,600,000	-	285,874	1,885,874	-	1,885,874
2.2 Committee allowances	900,000	-	3,050,000	3,950,000	3,780,000	170,000
2.3 Use of goods and services	1,514,032	-	704,991	2,219,023	-	2,219,023
3.0 Emergency						
3.1 Primary Schools	7,192,207	-	2,900,022	10,092,229	9,927,276	164,953
3.2 Secondary schools						
3.3 Tertiary institutions						
3.4 Security projects						

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

6.13 Vihiga Police Station	-	-	200,000	200,000	200,000	200,000	-
6.14 Mbale Police Station	-	-	200,000	200,000	200,000	200,000	-
6.15 Kagoye Chief's Office	-	-	200,000	200,000	200,000	200,000	-
6.16 Navuhi Primary School	-	-	200,000	200,000	200,000	200,000	-
6.17 Kigadahi Primary School	-	-	200,000	200,000	200,000	200,000	-
6.18 Wumulale Secondary School	-	-	200,000	200,000	200,000	200,000	-
6.19 Kitumba Secondary School	-	-	200,000	200,000	200,000	200,000	-
6.20 Chonda Primary School	-	-	200,000	200,000	200,000	200,000	-
7.0 Primary Schools Projects							
7.1 Inavi Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-
7.2 Kerongo Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-
7.3 Ihiagalo Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-
7.4 Lyamagale Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	1,200,000
7.5 Kidinye Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-
7.6 Chango Primary School	1,200,000	-	1,200,000	2,400,000	2,400,000	2,400,000	-
7.7 Navuhi Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-
7.8 Lyamidi Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	1,200,000
7.9 Gavalagi Primary School	1,200,000	-	-	1,200,000	1,200,000	1,200,000	-



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

7.10 Ideleri Primary School	1,200,000	-	-	-	1,200,000	1,200,000	-
7.11 Got Kabindi Primary School	1,000,000	-	-	-	1,000,000	1,000,000	-
7.12 Chandolo Primary School	1,200,000	-	-	-	1,200,000	1,200,000	-
7.13 Hamasana Primary School	1,200,000	-	-	-	1,200,000	1,200,000	-
7.14 Chandugunyi Primary School	1,200,000	-	-	-	1,200,000	1,200,000	-
7.15 Matagaro Primary School	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000
7.16 Vihiga Educational Center	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000
7.17 Chambiti Primary School	1,200,000	-	-	-	1,200,000	1,200,000	-
7.18 Mbihi Primary School	1,200,000	-	-	1,200,000	2,400,000	2,400,000	2,400,000
7.19 Chanda Primary School				1,300,000	1,300,000	1,300,000	-
7.21 Chavungami Primary School				1,500,000	1,500,000	1,500,000	-
7.22 Idukhu Primary School				1,200,000	1,200,000	-	1,200,000
7.23 Magaka Primary School				1,400,000	1,400,000	1,400,000	-
7.24 Vigina Primary School				1,000,000	1,000,000	1,000,000	-
7.25 Kegoye Primary school	-	-	-	1,200,000	1,200,000	-	1,200,000
7.25 Masana Primary School	-	-	-	1,700,000	1,700,000	-	1,700,000
8.0 Secondary Schools Projects							
8.1 Chango Secondary School	3,000,000	2,000,000	1,000,000	6,000,000	3,800,000	2,200,000	

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

8.2 Chavavo Secondary School	2,000,000	-	800,000	2,800,000	-	2,800,000
8.3 Ikumba Secondary School	2,500,000	-	-	2,500,000	2,500,000	-
8.4 Kidinye Secondary School	4,300,000	-	-	4,300,000	4,300,000	-
8.5 Madira Girls Secondary School	2,000,000	-	-	2,000,000	-	2,000,000
8.6 Masana Secondary School	5,000,000	-	3,000,000	8,000,000	8,000,000	-
8.7 Madzuu Secondary School	4,000,000	-	-	4,000,000	2,000,000	2,000,000
8.8 Vigna Secondary School	2,000,000	-	-	2,000,000	-	2,000,000
8.9 Kitumba Secondary School	3,000,000	-	-	3,000,000	-	3,000,000
8.10 Idavaga Secondary School			7,162,250	7,162,250	7,162,250	-
8.11 Kerongo Secondary School			7,162,250	7,162,250	7,162,250	-
8.12 Kisiyena Secondary School			500,000	500,000	-	500,000
8.13 Kitumba Secondary School			1,000,000	1,000,000	1,000,000	-
8.14 Mbihi Girls Secondary School			2,500,000	2,500,000	2,500,000	-
8.15 St. Claire Maragoli Girls Sec. School			3,000,000	3,000,000	3,000,000	-
9.0 Tertiary institutions Projects (List all the Projects)						
9.1 KMTC Vihiga	17,000,000	-	-	17,000,000	11,500,000	5,500,000
10.0 Security Projects						
10.1 Angoya Administration Police Camp	1,200,000	-	-	1,200,000	1,200,000	-

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

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

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

Proceeds from Sale of Assets

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

Other receipts

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

Unutilized Funds from PMCs.

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

External Assistance

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Cash and Cash Equivalents.

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

7. Accounts Receivable

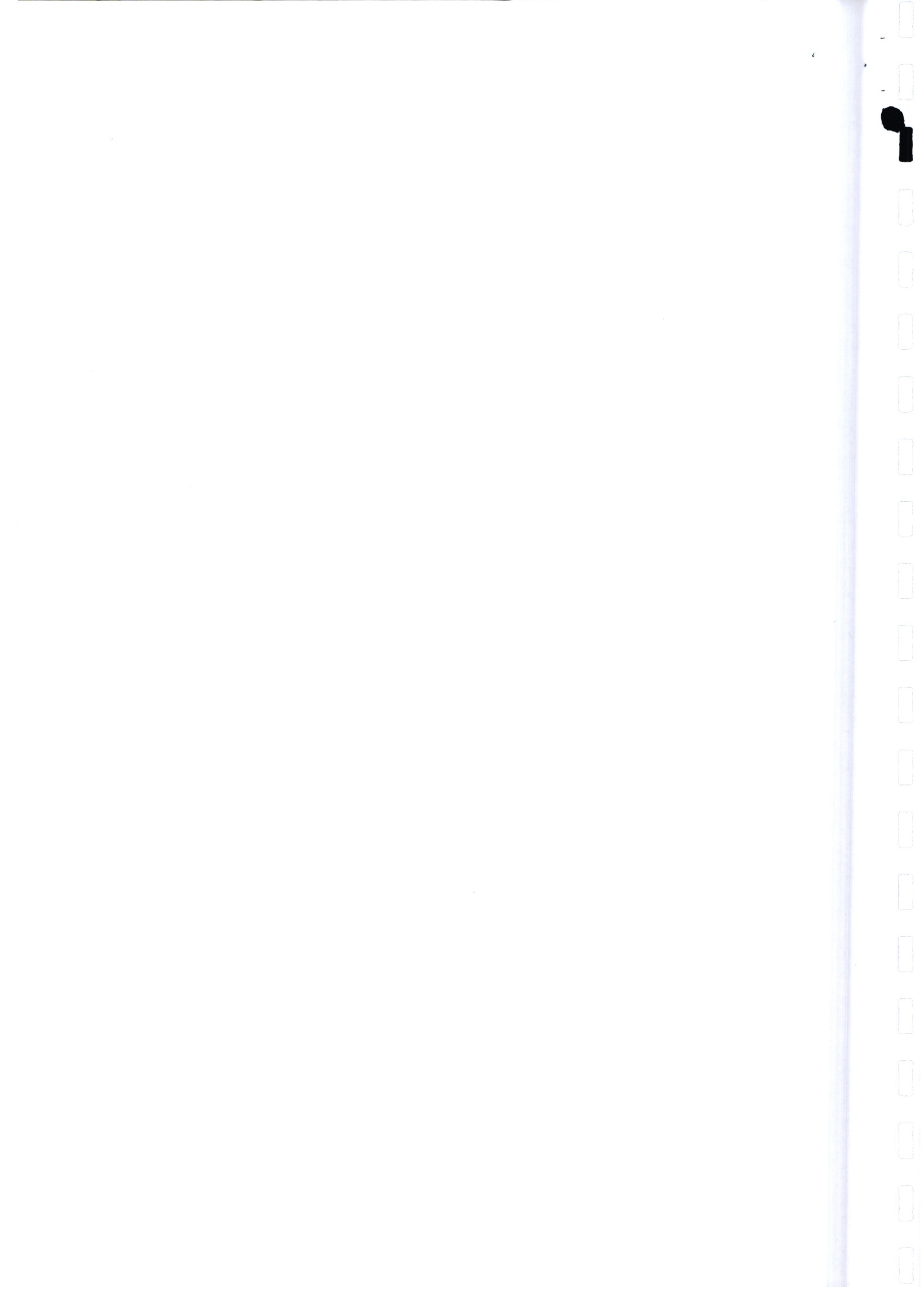
For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments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



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10.2 Lyavora Administration Police Camp	2,000,000	-	2,000,000	4,000,000	4,000,000	-
10.3 Vihiga Criminal Investigation Department offices	1,006,034	-	1,006,034	1,006,034	1,006,034	1,006,034
10.4 Lugaga Chiefs Office	600,000	-	600,000	600,000	600,000	-
10.5 Vunandi Assistant Chiefs office	2,000,000	-	2,000,000	2,000,000	2,000,000	-
10.6 Ideleri AP Camp		-	500,000	500,000	500,000	-
11.0 Acquisition of assets						
11.1 Motor Vehicles (including motorbikes)	6,000,000	-	6,000,000	6,000,000	6,000,000	6,000,000
11.2 Construction of CDF office		-				-
11.3 Purchase of furniture and equipment						-
11.4 Purchase of computers						-
11.5 Purchase of land						-
12.0 Others						
12.1 Strategic Plan		1,757,500		1,757,500	1,757,500	1,757,500
12.2 Innovation Hub		-	4,677,027	4,677,027	4,677,027	4,677,027
Funds pending approval**		-				-
Total	137,088,879	4,214,310	71,848,542	213,151,731	159,944,478	53,207,253

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



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.

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on 30th June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

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

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

15. Related Party Transactions

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

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020 - 2021	2019 - 2020
		Kshs	Kshs
	B104513	15,000,000	
Normal Allocation	B104688	19,000,000	
	A823741	28,167,724	
	B124737	8,000,000	
	B124815	2,480,818	
	B124879	4,200,000	
	B119676	8,500,000	
	B119715	12,000,000	
	B128308	6,900,000	
	B132069	7,000,000	
	B132362	6,000,000	
	B126031	12,000,000	
	B126323	7,000,000	
	B105118	12,600,000	
	B105166	3,000,000	
	B140762	12,000,000	
	A.I.E. NO. B047195		52,560,058
	A.I.E. NO. B 041238		4,000,000
	A.I.E. NO. B 047822		18,000,000
	A.I.E. NO. B 104513		15,000,000
	A.I.E. NO. B 104177		15,000,000
	A.I.E. NO. B 096649		16,000,000
TOTAL		163,848,542	120,560,058



2. PROCEEDS FROM SALE OF ASSETS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Receipts from the Sale of Office and General Equipment	-	-
TOTAL	-	-

3. OTHER RECEIPTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts Sale of Tender Documents	4,000	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs		-
Other Receipts Not Classified Elsewhere	-	-
TOTAL	4,000	-

4. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	3,100,370	2,935,746
Personal allowances paid as part of salary	-	-
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	1,536,468	-
Employer Contributions Compulsory national social security schemes	88,740	160,848
TOTAL	4,725,578	3,096,594



5. USE OF GOODS AND SERVICES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Utilities, supplies and services	-	350,000
Electricity	58,500	6,500
Water & sewerage charges	-	-
Office rent	-	-
Communication, supplies and services	-	55,360
Domestic travel and subsistence	-	38,925
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	-	1,400,000
Hospitality supplies and services	-	-
Other committee expenses	3,780,000	900,000
Committee allowance	2,760,000	1,190,000
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	677,160	250,000
Fuel , oil & lubricants	-	-
Other operating expenses	-	380,000
Bank service commission and charges	28,240	182,260
Other Operating Expenses	-	336,000
Security operations	199,500	-
Routine maintenance - vehicles and other transport equipment	-	638,000
Routine maintenance- other assets	-	680,000
TOTAL	7,503,400	6,407,045

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Transfers to Primary Schools	21,800,000	37,600,000
Transfers to Secondary Schools	41,424,500	35,160,000
Transfers to Tertiary Institutions	13,500,000	-
TOTAL	76,724,500	72,760,000

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	25,806,000	13,987,618
Bursary -Tertiary (see attached list)	19,505,370	4,929,000
Bursary- Special Schools	706,000	515,000
Mocks & CAT (see attached list)	-	-
Social Security programmes (NHIF)	-	
Security Projects (see attached list)	8,300,000	9,203,142
Sports Projects (see attached list)	2,746,354	2,180,818
Environment Projects (see attached list)	4,000,000	2,000,000
Emergency Projects (see attached list)	9,927,276	10,500,000
TOTAL	70,991,000	43,315,578

8. ACQUISITION OF ASSETS

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

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9. OTHER PAYMENTS

	2020 - 2021	2019 - 2020
	Kshs	Kshs
Strategic Plan	-	-
ICT Hubs	-	-
TOTAL	-	-

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2020 - 2021	2019 - 2020
		Kshs (30/6/2021)	Kshs (30/6/2020)
<i>Cooperative Bank, Mbale Branch, VIHIGA NG-CDF</i>	<i>A/C no. 01141471496600</i>	8,118,373	4,210,310
		-	-
		-	-
TOTAL		8,118,373	4,210,310

10B: CASH IN HAND)

	2020 - 2021	2019 - 2020
	Kshs (30/6/2021)	Kshs (30/6/2020)
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other receipts	-	-
TOTAL	-	-

11: OUTSTANDING IMPRESTS

Name of Officer		Amount Taken	Amount Surrendered	Balance (30/6/2021)
	Date imprest taken	Kshs	Kshs	Kshs
		-	-	-
		-	-	-
TOTAL		-	-	-

12A. RETENTION

	2020-2021	2019-2020
	KShs	KShs
Retention as at 1st July (A)	-	-
Retention held during the year (B)	-	-
Retention paid during the Year (C)	-	-
Closing Retention as at 30th June D= A+B-C	-	-

12B. GRATUITY

	2020-2021	2019-2020
	KShs	KShs
Gratuity as at 1 st July (A)	-	-
Gratuity held during the year (B)	1,536,468	-
Gratuity paid during the Year (C)	1,536,468	-
Closing Gratuity as at 30 th June D= A+B-C	-	-

13. BALANCES BROUGHT FORWARD

	2020- 2021	2019- 2020
	Kshs (1/7/2020)	Kshs (1/7/2019)
Bank accounts	4,210,310	9,229,468
Cash in hand		
Imprest		
TOTAL	4,210,310	9,229,468

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance** b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank accounts balances	-	-	-
Cash in hand	-	-	-
Accounts Payable	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
Total	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

	2020- 2021	2019- 2020
	Kshs	Kshs
Outstanding Imprest as at 1st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in accounts receivables (D=A+B-C)	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020- 2021	2019- 2020
	Kshs	Kshs
Deposits and Retention as a t 1st July 2019 (A)	-	-
Deposits and Retention held during the year (B)	-	-
Deposits and Retention paid during the year ©	-	-
Closing accounts payable at 30th June (D=A+B-C)	-	-

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	-	-
Others	-	-
	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2020- 2021	2019- 2020
	Kshs	Kshs
Compensation of employees	162,970	1,146,485
Use of goods and services	7,029,219	6,035,317
Amounts due to other Government entities (see attached list)	32,400,000	16,824,500
Amounts due to other grants and other transfers (see attached list)	1,180,537	45,622,023
Acquisition of assets	6,000,000	-
Others	6,434,527	6,434,527
Funds pending approval	-	-
	53,207,253	76,062,852

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17.4: PMC account balances (See Annex 5)

		2020- 2021	2019- 2020
		Kshs	Kshs
PMC account balances (see attached list)		10,624,045	7,982,570
		10,624,045	7,982,570

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
Construction of buildings	a	b	c	d=a-c	
1.					
2.					
3.					
Sub-Total					
Construction of civil works					
4.					
5.					
6.					
Sub-Total					
Supply of goods					
7.					
8.					
9.					
Sub-Total					
Supply of services					
10.					
11.					
12.					
Sub-Total					
Grand Total					

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

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



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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance		Comments
		2020/21	2019/20	
Administration and Recurrent				
Compensation of employees	Payment of staff salaries and gratuity	162,970	1,146,485	
Committee allowance	Payment of committee allowances,transport,conferences	131,831	1,408,562	
Use of goods & services	Purchase of fuel,printing and stationery,water,airtime,travel and subsistence.	2,622,490	585,890	
Monitoring and Evaluation				
Capacity Building	Undertake training of PMCs/NG-CDFCs on NG-CDF related issues.	1,885,874	285,874	
Committee allowance	Payment of committee allowances,transport,conferences	170,000	3,050,000	
Use of goods & services	Purchase of fuel,printing and stationery,water,airtime,travel and subsistence	2,219,023	704,991	
Amounts due to other Government entities				
Primary School Project		12,400,000	11,700,000	
Secondary School Project		14,500,000	28,124,500	
Tertiary School Project		5,500,000	-	
	Sub-Total	32,400,000		
Amounts due to other grants and other transfers				



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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f		Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost	
	(Kshs)	2020/21			(Kshs)	2019/20
Land	-	-	-	-	-	-
Buildings and structures	10,500,000	-	-	-	10,500,000	-
Transport equipment	4,000,000	-	-	-	4,000,000	-
Office equipment, furniture and fittings	2,019,280	-	-	-	2,019,280	-
ICT Equipment, Software and Other ICT Assets	281,928	-	-	-	281,928	-
Other Machinery and Equipment	261,000	-	-	-	261,000	-
Heritage and cultural assets	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Total	17,062,208				17,062,208	

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Angoya A.P Camp PMC	KCB	1239918658	61475	-
Ceca Inyanza Secondary School PMC	KCB	1259550451	-	62,290
Chambiti Secondary School PMC	KCB	1255579218	-	1,442
Chandolo S.A Secondary School PMC	KCB	1255366168	-	61,395
Chanda primary school PMC	coop bank	01141246286000	34,200	-
Chandugunyi primary school PMC	KCB	1255366168	1395	-
Chango Primary School PMC	Coop bank	1141015000900	146,975	38,975
Chango Sec. School PMC	KCB	1259459322	16,430	46,790
Chanzeywe Primary School	KCB	1205545212	-	3,250
Chanzoka Primary School	KCB	1210291614	-	4,855
Chanzuvu Primary School PMC	KCB	1237327490	-	63,930
Chavavo secondary school PMC	Coop bank	01141471197600	55,144	523,344
Chavugami primary school PMC	Coop bank	01141246286100	22,950	-
DCI Vihiga PMC	KCB	1288149530	-	-
Emanda Secondary School PMC	KCB	1257881019	-	1,499,269
Enanga Primary School PMC	Coop Bank	01141471048400	-	18,975
Gavalagi primary school PMC	KCB	1209098806	2,325	-
Gilwatzi Secondary School PMC	KCB	1235074463	-	53,273
Got Kabindi primary school PMC	KCB	1273775333	403,975	-
Hamasana primary school PMC	Coop bank	01141246300100	582,948	-
Idavaga Muslim secondary PMC	KCB	1241374805	295	-
Ideleri primary school PMC	KCB	1237352665	4214	-
Ideleri Secondary School	KCB	1209512688	-	68,765
Ideleri AP Camp	Coop Bank	01141471151500	-	44,822
Igakala Primary School PMC	KCB	1255631007	-	81,975
Ihygalo primary school PMC	Coop bank	01141246300300	527,950	-

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Ikumba secondary school PMC	KCB	1273528050	411,155	105,395
Ingidi Primary School PMC	KCB	1255322888	-	59,495
Itengi Primary School	KCB	1210291614	-	97,760
Kidinye secondary school PMC	KCB	1265874662	667,755	-
Kerongo primary school PMC	Coop bank	01141246283700	22,950	-
Kerongo secondary school PMC	coop bank	01141246206200	375	375
Kidinye Primary School PMC	Coop bank	01141246300800	552,950	-
Kidinye Secondary School PMC	KCB	1102297941	-	1,402
Kijienya Secondary School PMC	KCB	1255188154	-	99,395
Kitumba secondary school PMC	Coop bank	01141471317500	-	-
Kmtc Vihiga PMC	Coop bank	01141246294900	1,990,172	8,975
Komulalu Secondary School PMC	Coop Bank	01141471125800	-	538,973
Lyamagale primary school PMC	KCB	1288927878	-	-
Lyamidi primary school PMC	KCB	1255732644	24,998	25,124
Lyavora A.P Camp PMC	Coop bank	01141471316200	48,885	123,975
Madira Primary School PMC	KCB	1205545069	-	5,267
Madira Girls Secondary school PMC	KCB	1108010342	561,783	3,003,009
Madzugi Primary School PMC	Coop Bank	01141471111500	-	38,975
Madzuu Primary School PMC	KCB	1237498015	-	111,400
Madzuu secondary school PMC	KCB	1238554792	312,524	-
Magaka primary school PMC	KCB	1255578971	12,655	1,025
Mahanga primary school PMC	Coop bank	01141471128700	48,975	48,975
Malindi Primary School	KCB	1209393360	-	142,433
Masana Primary School PMC	KCB	1255365781	-	20,395
Masana secondary school PMC	KCB	1209519372	2,027,136	231,256
Matagaro primary school PMC	KCB	1288128258	-	-
Matsigulu Primary School PMC	Coop Bank	01141471099500	-	58,855

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PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Mbale Police Station PMC	KCB	1240784554	-	76,797
Mbihi primary school PMC	KCB	1209468891	335	-
Mkombozi Magaka Primary	KCB	1205545115	-	12,655
Mudavadi Girls High School PMC	KCB	1238554792	-	62,391
Mukuli Primary School	KCB	1210249162	-	40,376
Musunguti Primary School PMC	Coop Bank	01141471084400	-	47,532
Navuhi primary school PMC	Coop bank	01141246310600	-	-
St. Clares Maragoli Girls PMC	coop bank	01141246304600	2,050	-
Vigina secondary school PMC	KCB	1255579250	19,645	139,769
Vihiga Education Centre PMC	Coop bank	01141246310400	-	-
Vihiga Primary School	Coop Bank	01141471048800	-	38,961
Vihiga Police Station	KCB	1268052043	-	49,631
Visiru Primary School	Coop Bank	01141471152400	-	38,975
Vumale Primary School PMC	KCB	1252400535	-	179,675
Vunandi sub location PMC	Coop bank	01141246301000	1,997,950	-
			10,624,045	7,982,570

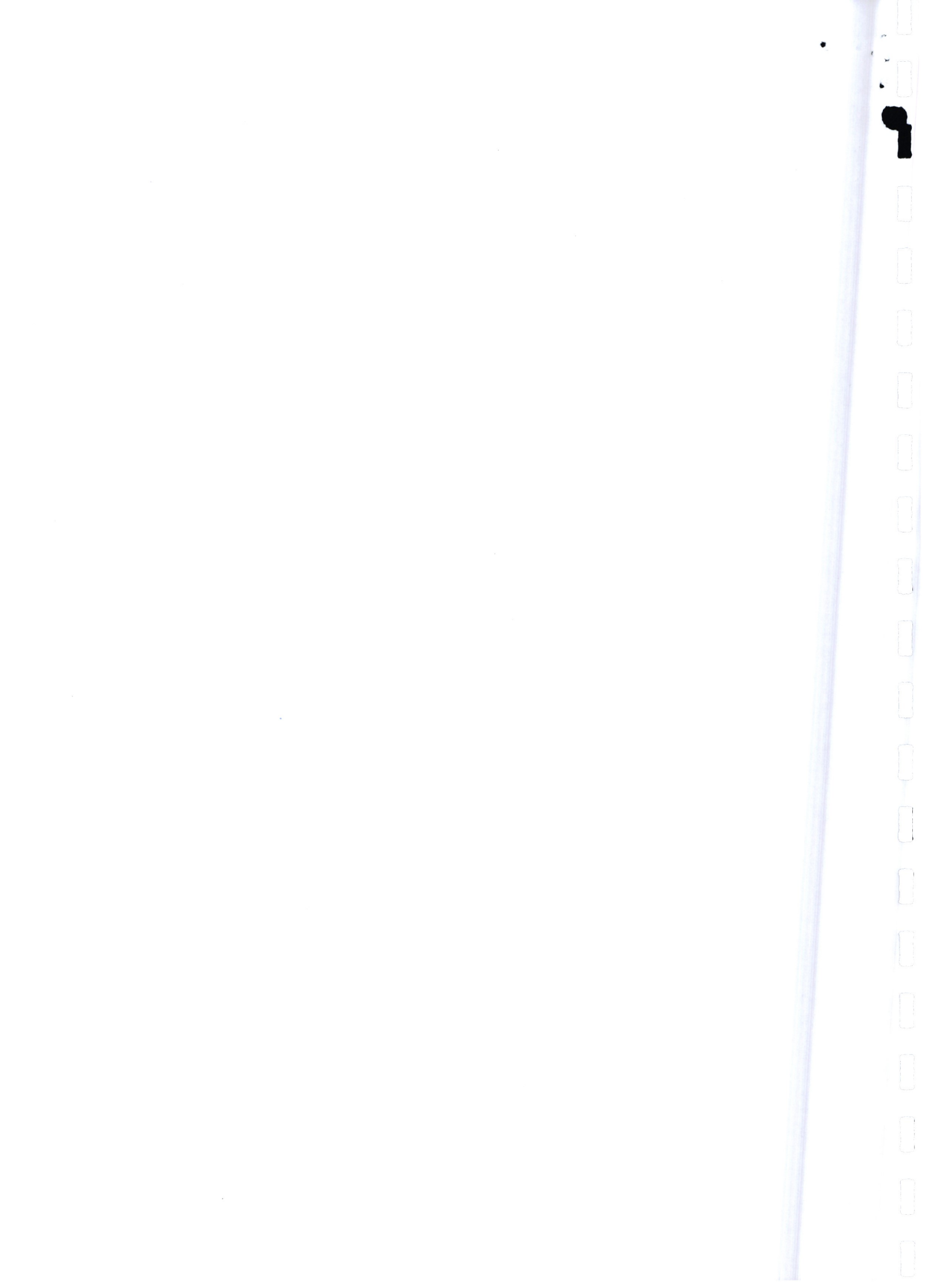
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>1.0 Inaccuracies in the Financial Statements</p> <p>1.1 Statement by the Chairman</p> <p>The forward statement by the Chairman at Note II, paragraph 3 states that as at 30 June 2020 Kshs. 69,367,724 had not been disbursed but in the summary statement of appropriation – recurrent and development combined reflects budget underutilization figure of Kshs. 76,058,852 resulting to a variance of Kshs. 6,691,128 which has not been explained or reconciled</p>	<p>During the preparation of the financial statement, on the Chairman's report it was erroneously typed that as at 30th June 2020 Kshs. 69,367,724 had not been disbursed. The financial statements had been corrected</p>	Resolved	
CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>1.2 Unsupported Project Management Committee Bank Balances</p> <p>The financial statement reflects under note 17.4 a balance of Kshs. 7,982,570 as PMC bank balances. However, bank confirmation certificates for eight (8) PMC bank balances totalling Kshs. 375,361 were not provided and the balance disclosed in the financial statements were not supported. This is contrary to section 100 of the Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cashbook showing the receipts and payments and shall maintain such other books and</p>	<p>❖ The PMCs bank certificate balances are available for your perusal.</p>	Resolved	

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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)
CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>officers' registers as may be necessary for the proper maintenance and production of the accounts of the vote for which he or she is responsible</p> <p>1.3 Summary Statement of Appropriation The summary statement of appropriation reflects the payments final budget of Kshs. 202,732,450 which differs from the computed figure of Kshs. 201,638,068 resulting to a variance of Kshs. 1,094,382 that has not been explained. Consequently, the accuracy of the financial statements for the year ended 30 June 2020 could not be confirmed</p>	<p>❖ The variance of Kshs. 1,094,382 was the reversed bursary stale cheques</p>	Resolved	
CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>2.0 Unsupported Expenditure on Transfer to Other Government Entities Included in the statement of receipts and payments under Note 6 to the financial statements is transfer to other government units balance of Kshs. 72,760,000 which includes transfers to secondary schools of Kshs. 35,600,000 out of which Kshs. 14,300,000 was disbursed to various schools which however, were not supported by payment vouchers. This is contrary to section 100 of public finance management (National Government) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cashbook showing the receipts and payments and shall maintain such other books and officers registers as may be necessary for the</p>	<p>❖ The supporting documents were later presented to Audit office for Audit verification.</p>	Resolved	

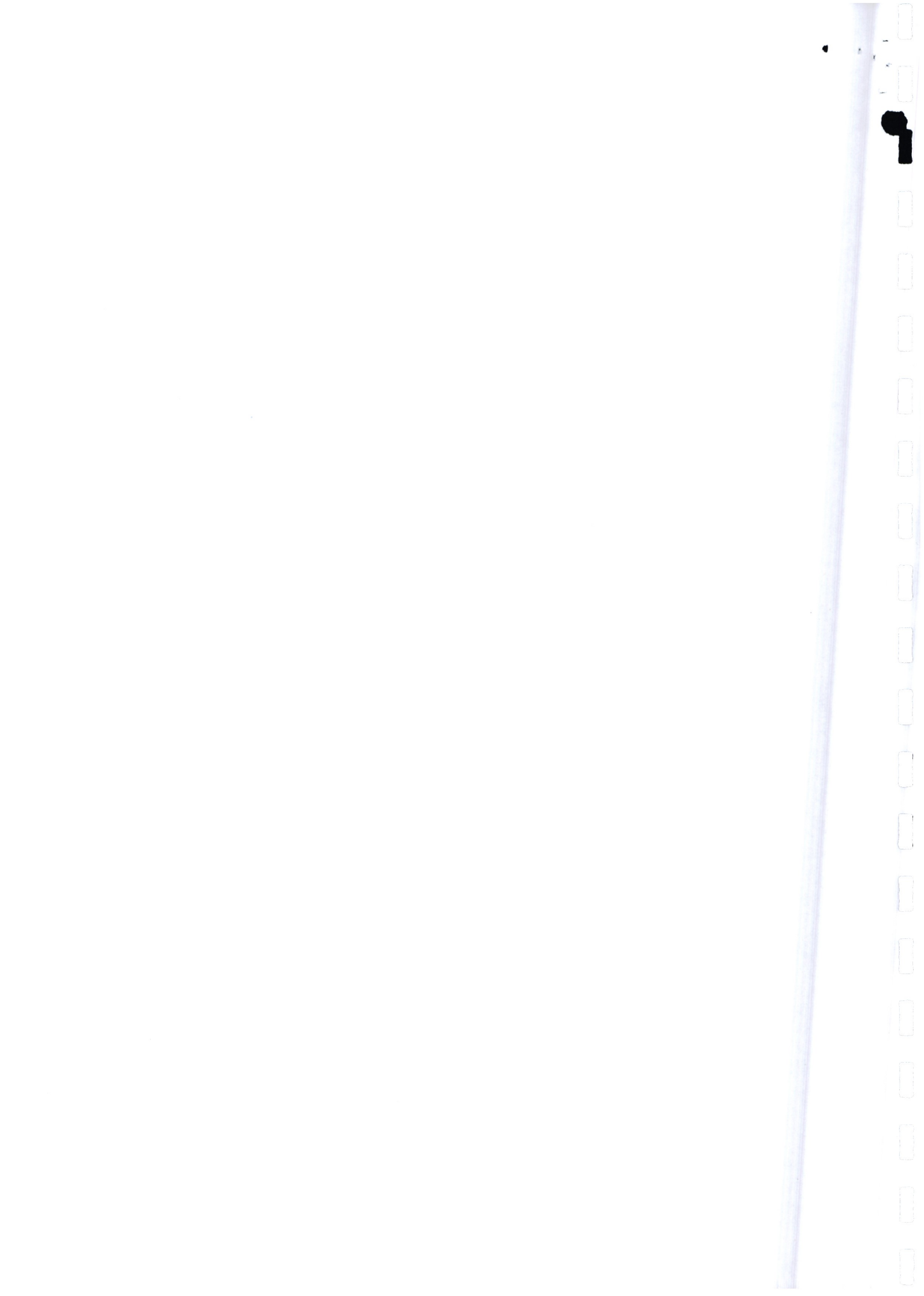


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	<p>proper maintenance and production of the accounts of the vote for which he or she is responsible. Consequently, the accuracy of the expenditure Kshs. 14,300,000 as at 30 June 2020 could not be confirmed.</p>			
<p>CNRO/VIHIGA NG-CDF /2019 / 2020(34)</p>	<p>3.0 Unsupported Bursary to Secondary Schools Included in the statement of receipts and payments under Note 7 to the financial statements is other grants and transfers balance of Kshs.43,315,578 which includes bursaries to secondary schools of Kshs. 13,987,618 out of which an amount of Kshs.3,430,000 was disbursed to Vihiga High School and Kshs.800,000 to Ikumba secondary school. However, the schools' managements have acknowledged receipt of Kshs. 3,020,000 and Kshs.406,000, leading to unexplained variance of Kshs.410,000 and Kshs.394,000 respectively all totaling to Kshs. 804,000. This is contrary to section 100 of Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers shall keep in all offices concerned with receiving cash or making payments a cash book showing the receipts and payments and shall maintain such other books and officers registers as may be necessary for the proper maintenance and production of the accounts of the vote for which he or she is responsible. Consequently, the accuracy of the expenditure of Kshs.804,000 for the year ended 30 June 2020 could not be confirmed.</p>	<p>❖ The acknowledgement receipts have been received from the institutions and attached for audit verification.</p>	<p>Resolved</p>	

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CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>4.0 Unsupported Unutilized Fund Budget The financial statements under note 17.3 reflects unutilized fund balance of Kshs.76,058,852 as at 30 June, 2020. However, the figure is not supported by detailed schedules of the beneficiaries of the un-utilized funds as required by the reporting format recommended by the Public Sector Accounting Standard Board (PSASB). Consequently, the accuracy, validity and completeness of the unutilized fund balance of Kshs.76,058,852 as at 30 June 2020 could not be confirmed.</p>	<p>❖ Attached find copies of detailed schedules of the beneficiaries for Audit verification.</p>	Resolved													
CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>5.0 Unexplained Adjustments The financial statements were revised but they were however not supported as shown below:-</p> <table border="1" data-bbox="654 918 869 1220"> <thead> <tr> <th></th> <th>Revised Financial Statement dated June 30 2020 Kshs.</th> <th>Unsupported Balance Kshs.</th> </tr> </thead> <tbody> <tr> <td>Use of Goods and Services</td> <td>6,407,045</td> <td>239,385</td> </tr> <tr> <td>Compensation of Employees</td> <td>3,096,594</td> <td>551,412</td> </tr> <tr> <td>Other Grants and Transfers</td> <td>43,315,578</td> <td>1,532,675</td> </tr> </tbody> </table> <p>Consequently, the accuracy of the financial statements could not be confirmed for the year ended 30 June 2020</p>		Revised Financial Statement dated June 30 2020 Kshs.	Unsupported Balance Kshs.	Use of Goods and Services	6,407,045	239,385	Compensation of Employees	3,096,594	551,412	Other Grants and Transfers	43,315,578	1,532,675	<p>❖ The supporting documents were later presented to Audit office for Audit verification.</p>	Resolved	
	Revised Financial Statement dated June 30 2020 Kshs.	Unsupported Balance Kshs.														
Use of Goods and Services	6,407,045	239,385														
Compensation of Employees	3,096,594	551,412														
Other Grants and Transfers	43,315,578	1,532,675														



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>CNRO/VIHIGA NG-CDF /2019 / 2020(34)</p>	<p>Other Matter 1.0 Budgetary Control and Performance The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 202,732,450 and Kshs. 120,560,058 respectively resulting to an under-funding of Kshs. 82,172,392, or 41% of the budget. Similarly, the actual expenditure reflects a balance of Kshs. 125,579,217 against an approved budget of Kshs. 202,732,450 resulting to an under-expenditure of Kshs. 77,153,233 or 38% of the budget. The under-funding and under performance affected the planned activities and may have impacted negatively on service delivery to the people of Vihiga.</p>	<p>❖ The under expenditure was as a result of late disbursements of funds by the board. The funds were later utilized in the current financial year.</p>	<p>Resolved</p>	
<p>CNRO/VIHIGA NG-CDF /2019 / 2020(34)</p>	<p>2.0 Projects Implementation Status The project implementation status report made available for audit review shows that eighteen (18) projects valued at Kshs. 19,980,817 were not fully implemented during the year under review. Of the eighteen (18) projects, eight (8) projects valued at Kshs. 4,480,818 had not yet started while ten (10) projects valued at Kshs. 15,500,000 were still ongoing at various levels of completion as at 30 June 2020. The under-performance in project implementation affected the planned activities and may have impacted negatively on service delivery to the people of Vihiga.</p>	<p>❖ Vihiga National Government Constituency Development Fund Committee has allocated funds in the current financial year 2020/2021 to complete all ongoing projects.</p>	<p>Resolved</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>Basis of Conclusion</p> <p>1.0 Construction of Classrooms at Mahanga Primary School Included in the financial statements under transfer to other government entities balance of Kshs.72,760,000 as disclosed in Note 6 to primary schools of Kshs.37,600,000 out of which Kshs.1,200,000 was disbursed to Mahanga Primary School for construction of 2 No. classrooms at contract price of Kshs.1,200,948. However, no contract agreement and acceptance letter were provided for audit review In addition, payment certificates availed for audit were not detailed as per the works done from the bill of quantity (BQ) instead a block figure is reflected in the payment certificate thus not possible to ascertain the works being certified for payment. A physical verification carried out in the month of March, 2021 revealed that the floor was poorly done and the walls of the classrooms had developed cracks. This is contrary to section 150 (1) of the Public Procurement and Asset Disposal Act 2015 which states that an Accounting officer or his or her appointed representative shall be responsible for ensuring that the goods, works and services are of the right quality and quantity. Further section 150 (2) states that the head of the procurement function shall be responsible for assisting the accounting officer to confirm that the right quality and quantity of goods, works and services have</p>	<p>❖ The contract agreement and acceptance for Construction of 2 No. classrooms at Mahanga primary school by Limpid ventures Limited is available for Audit verification.</p> <p>❖ The Management has liaised with works officer from Vihiga to make sure the quantity the works done before issuance of the payment certificates. The management to form an Inspection and acceptance committee which will foresee the works done before payments. The contractor has been recalled to repair the defects done under the supervision of works officer</p>	Resolved		



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CNRO/VIHIGA NG-CDF /2019 / 2020(34)	<p>been delivered to the procuring entity and shall issue a certificate of acceptance to the accounting officer except where technical specifications are from another technical department or professionals engaged to work.</p> <p>Consequently, the residents of Vihiga Constituency did not get value for money.</p> <p>2.0 Incomplete Works at the Children Detention Center</p> <p>Included in other grants and transfers balance of Kshs. 43,315,578 is security expenditure of Kshs. 9,203,142 as disclosed under Note 7 to the financial statements which include a payment of Kshs. 1,000,000 for the construction of a Children Detention Centre at a contract sum of Kshs. 1,745,357. However, acceptance letter and signed contract agreement were not provided for audit. Physical verification of the project carried out in the month of March, 2021 revealed that the construction works had stalled and the contractor was not on site. Roofing had been done though, there was no ridge caps, hence the roofing timber is exposed to rains and may be damaged before the completion of the building. Consequently, the residents of Vihiga Constituency did not get value for money so far spent on the project.</p>	<p>❖ The project is now complete awaiting handing over.</p>	Resolved	

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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)
CNRO/VIHIGA NG-CDF / 2019 / 2020(34)	<p>3.0 Unlabeled Primary Schools</p> <p>Included in the financial statement under Note 6 is transfers to other government entities balance of Kshs.72,760,000 which includes transfer to primary schools of Kshs.37,600,000 out of which Kshs.2,700,000 was disbursed to three (3) primary schools for various activities. A physical verification carried out in the month of March, 2021 revealed that the schools were completed but not labeled hence it was not possible to ascertain if the activities were done by the Fund. Consequently, the accountability of the funding could not be confirmed.</p>	<p>Management comments</p> <ul style="list-style-type: none"> ❖ All the completed projects have now been labeled. 	Resolved	
CNRO/VIHIGA NG-CDF / 2019 / 2020(34)	<p>4.0 Unlabeled Kegoye Administrative Police Camp</p> <p>Included in the financial statement under note 7 is other grants and transfers balance of Kshs.43,315,578 which includes security balance of Kshs.9,203,142, out of which Kshs.2,000,000 was disbursed to Kegoye Administrative Police Camp for the purchase of land and construction of a police camp. A physical verification carried out in the month of March, 2021 revealed that the camp was completed but not labeled and therefore, it was not possible to ascertain if the activities were done by the Fund. Consequently, the accountability of the funding could not be confirmed.</p>	<ul style="list-style-type: none"> ❖ Kegoye administrative police camp was funded by Vihiga NG-CDF. The project has now been labeled. 	Resolved	

