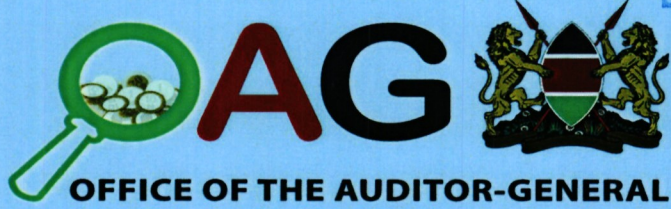



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 THE NATIONAL ASSEMBLY REPORT	
DATE:	15 FEB 2022
	DAY: Tuesday
TABLED BY:	LOM
CLERK-AT THE TABLE:	OF G. chebet

THE AUDITOR-GENERAL

ON

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND MATAYOS
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MATAYOS CONSTITUENCY
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

(b) Key Management

The NGCDF Matayos day-to-day management is under the following key organs:

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

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Fiduciary Management

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

No.	Designation	Name
1.	A.I.E holder	Allan Rotich Chemayiek
2.	Sub-County Accountant	Loyce Wanyama
3.	Chairman NGCDFC	Pascal B Sande
4.	Member NGCDFC	Caroline Atieno

(c) Fiduciary Oversight Arrangements

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

(d) NGCDF MATAYOS Constituency Headquarters

P.o Box 1055-50400
Busia (K)
Busia-Kisumu Road, Mundika Stage

(e) NGCDF MATAYOS Constituency Contacts

Telephone: (254) 721800337
E-mail: cdmatayos@ngcdf.go.ke
Website: www.matayos.co.ke

(f) NGCDF MATAYOS Constituency Bankers

Equity Bank
A/c No 0780266047486
P.o Box 553-50400
Busia Kenya

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(g) Independent Auditors

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

(h) Principal Legal Adviser

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

The NGCDFCs wish to have in summary the budget performance against actual amounts for current year based on economic classification and programmes. The constituency was allocated Kshs. 137,367,724.14 in the financial year 2019/2020. Education programmes were allocated Kshs. 64,541,957 which is 46.98% of the entire budget followed by Bursary schemes at Kshs. 41,458,000 or 30.18% of the total budget. The NG-CDF has improved the Education and Security infrastructures of Matayos. Literacy levels have gone up as a result of bursary disbursement. Other sectors under consideration included; security, sports, environment and NG-CDF Office.

The constituency successfully completed one lightening arrestor covering a radius of 5.8 kilometres, the constituency further managed to complete the following on-going projects; 14 classrooms, 1 kitchen, 6 administration blocks, purchase of 3 acres of land, 17 door toilet block, 3 libraries, 2 laboratories and 1 dormitory, ACC's Office and 6 Chiefs' Offices this was in conformity with article 201(d) of the constitution and section 46 (2) of the NG-CDF Act. The constituency constructed 6 new classrooms, 1 dormitory, purchase of 1 acre of land, purchase of two buses and borehole drilling.

However, there have been emerging issues like political, economic, social, legal and global challenges such as the COVID-19 Pandemic, which have negatively influenced the implementation of NG-CDF Projects. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals, resubmissions, reallocations and absence of technical persons within the constituency.

The NG-CDFC's wish that the NG-CDF Board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers. There was involvement of the public in project Identification which increased project ownership. This will be enhanced in the next financial year in order to achieve more citizen ownership.

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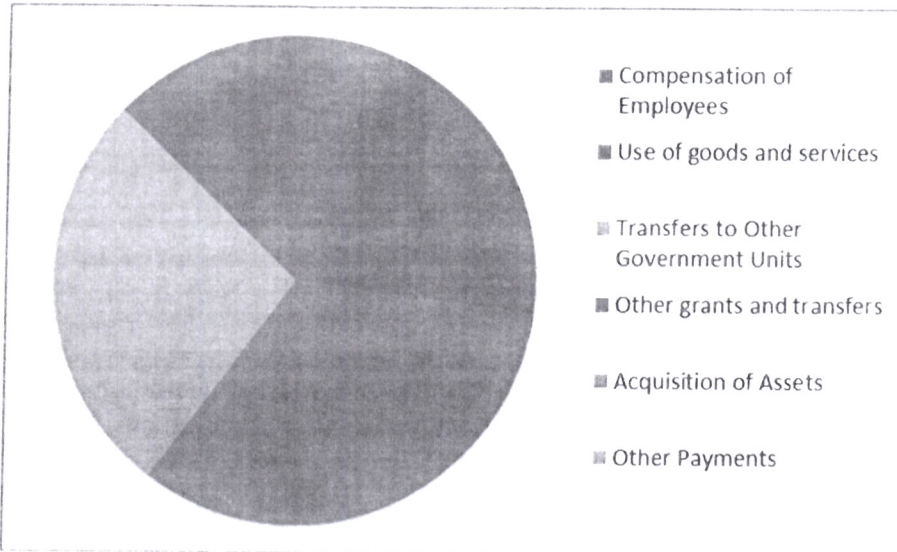


Fig 1: Budget allocation for 2019/2020 per sector. Use of goods and services had the highest allocation from the constituency followed by compensation of employees, transfers to other Government Units and lastly other grants and transfers.

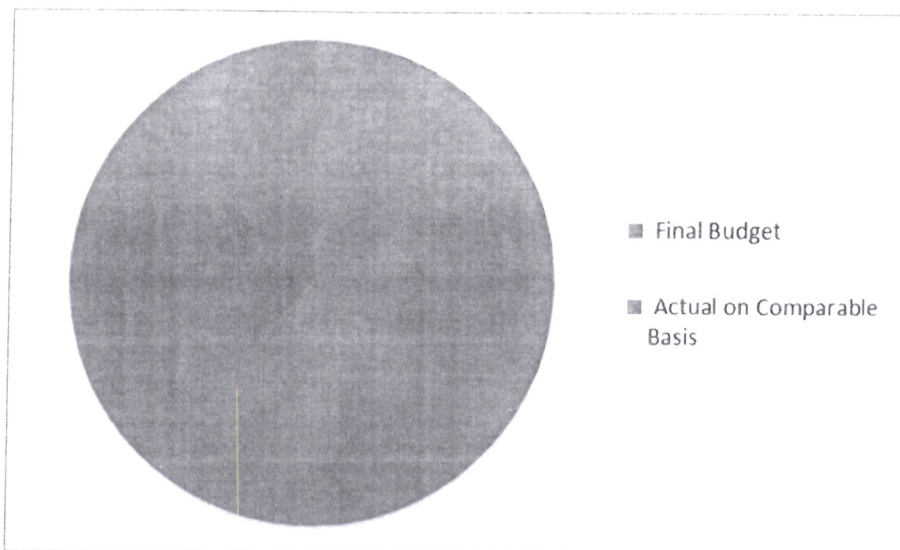


Fig 2: Shows the actual budgeted and received in the financial year 2019/2020

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Fig 3: Shows a newly constructed fence, borehole and construction of pipeline and two elevated tanks with a capacity of 10,000 litres at Dr. Daniel Wako Technical Training Institute financial year 2019 – 2020 Matayos Constituency for enhancing learning environment.

Sign



**CHAIRMAN NGCDF COMMITTEE
PASCAL B. SANDE**

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Section 81(1) of the Public Finance Management Act, 2012 states that at the end of each financial year, the accounting officer for a national government entity shall prepare financial statements in respect of the entity. Section 81 (2) (f) further requires that, at the end of each financial year, the Accounting officer when preparing financial statements 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.

Matayos is based on the mandates, objectives and provisions of Section (3) of the NG-CDF Act, 2015 as amended in 2016. The constituency being the entry point between Kenya and Uganda, Busia town thrives in trade where livestock, agricultural products and manufactured goods are traded. With the additional development projects being undertaken through the NG-CDFC funds and the availability of natural and human resources, it has created a positive economic environment that will ultimately ensure the growth of the constituency. The NG-CDF Committee through the strategic plan 2019-2023 were cognisant of the fact through proper planning and recognition of the development needs within the constituency it would give the constituency a roadmap that aligns the NG-CDFC activities to achieve the set development goals.

The key development objectives of NGCDF-Matayos Constituency's 2019-2023 strategic plans are to;

In emphasizing the above, the key development objectives of NG-CDF Matayos Constituency's 2019-2023 plan include;

Strategic Area One; Education Programmes (Primary Schools)

Sector Priority;	Improvement of infrastructure in Primary Schools
Strategies/ Interventions;	Reduce of school dropouts, Improvement of performance in schools, increased enrollment in schools, and Increase performance in schools
Objective:	To ensure all boys and girls above five years access quality primary education
Outcome:	Enhanced access to quality primary education

Strategic Area Two; Education Programmes (Secondary Schools)

Sector Priority;	Improvement of infrastructure in Secondary schools
Strategies/ Interventions;	Reduction in school dropouts, Improvement of performance in schools, Increase enrollment schools and Increase performance in schools
Objective:	Improve access, equity, retention of Secondary Education
Outcome:	Improved enrolment, retention and transition rates

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Strategic Area Three: Security

Sector Priority; Reduce crime

Strategies/ Interventions; Installation of security lights, Security administrative centers, Improvement of security camps, Increasing number of security personnel, Capacity building for communities and Correctional/Rehabilitation and holding centers

Objective: To reduce the number of crimes

Outcome: Enjoyment of a peaceful and orderly society

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 ensure all boys and girls above five years access quality primary education Improve access, equity, retention of Secondary Education	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	Number of usable physical infrastructure build in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all level	Completion of 14 on-going classrooms Completion of 1 on-going kitchen block Completion of 6 administration blocks Completion of purchase of 3 acres Completion of 2 laboratories, 3 libraries and 1 dormitory Construction of

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Constituency Program	Objective	Outcome	Indicator	Performance
				6 new classrooms Purchase of 1 acre land Construction of 1 dormitory block Purchase of 2 buses Borehole drilling and distribution of water. Installation of a lightning arrestor Renovation of 3 classrooms 8,291 bursary beneficiaries
Security	To reduce the number of crimes	Developed and enhanced security organs	Number of usable physical infrastructure built in locations, sub locations and police stations	Completion of 6 Chiefs' Offices Completion of ACC's Office Renovation of DCC's Office Construction of 1 police post
Environment	Improve access to a more sustainable and conserved environment	Improved sanitation facilities in schools	Number of sanitation facilities built in schools	Completion of 1 on-going 17 door toilet block Purchase of

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Constituency Program	Objective	Outcome	Indicator	Performance
		Provision of tree seedlings to schools to improve the forest cover	Number of trees planted	12,000 tree seedlings
Sports	Empower youth and special groups in the constituency	Improved cohesion and enhanced economic growth through sports	Number of groups benefitting from the sports programme	300 youths benefitted from the program

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IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

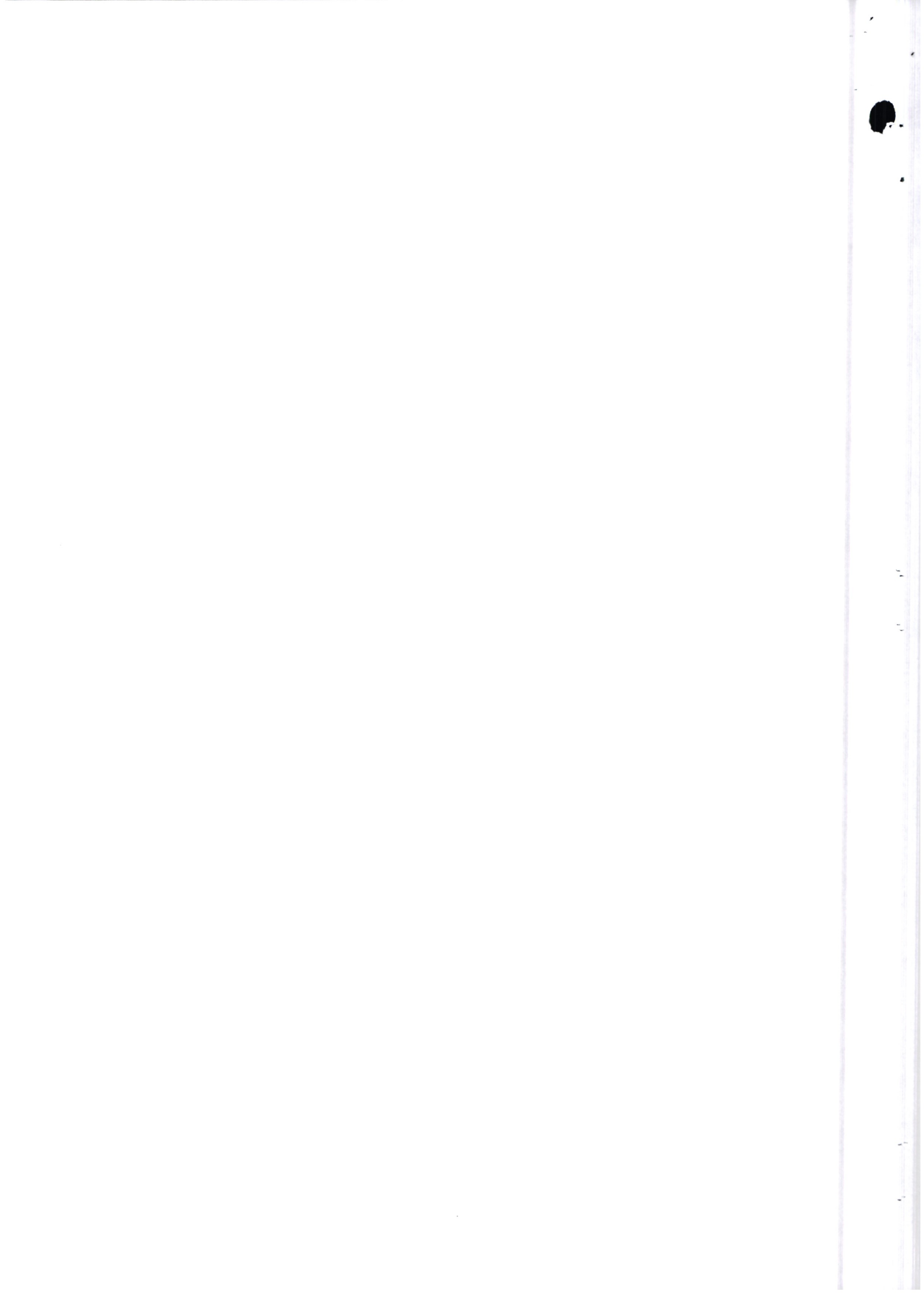
NGCDF – Matayos Constituency exists to transform the livelihood of its constituents through support of the grass-root development projects. The NG-CDF Committee is very keen on ensuring public involvement in the implementation of the projects to ensure project ownership, sustainability, effective and efficient management of public resources. Through conducting the public forums the constituents are able to identify the development projects which are within the provisions of the NG-CDF Act, the functions of the National Government, the National Development plans and policies as outlined in the vision 2030 and the Big Four Agenda

The Matayos NG-CDF Committee always highlights Corporate Social Responsibility as a tool with relevance for the actualization of the public policy with the ultimate goal of ensuring sustainable and inclusive development programmes in the constituency. This is our purpose; the driving force behind everything we do and it is what guides us to deliver our strategy, which is founded on social sector, namely; Education, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

a) Sustainability strategy and profile

Matayos NG-CDF Committee uses the guidelines and policies provided by the NG-CDF Board and the relevant Government Institutions in the management of the fund. The operations under Matayos NG-CDF are based on project identification, allocation of funds, implementation of projects and continuous monitoring and evaluation to achieve the set goals and objectives. The prioritized set of actions within the constituency are guided by the vision and mission statement in the strategic plan (2019-2023)

Model	Definition	Relevance to sustainable strategy
Vision	A transformative and progressive Constituency for sustainable and equitable development	The vision statement covers the prioritised set of actions to ensure sustainable and equitable development.
Mission	To provide, develop and execute well-managed development programmes and projects that focus on reduction of poverty, service delivery to Matayos Constituency residents	The prioritised set of actions within the constituency include; service delivery to the constituents, equitable resource distribution, and implementing programmes and projects that focus on reduction of poverty



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Model	Definition	Relevance to sustainable strategy
	through well organized and equitable resource distribution.	
Core Values	Transparency, Accountability, Integrity, Public Trust, Team work, Fairness for every resident in distribution of resources, Equity, Inclusiveness, Openness, Quality Service Delivery, Gender Equality , Public Participation, Quality Service delivery	The core values represent the values and principles that the constituency holds towards attainment of the goals and objectives

b) Environmental performance

Matayos NG-CDF Committee supports the improvement and maintenance of the environment by ensuring that at least 2% of the Constituency budget is spent on preserving and protection of the environment through enhanced tree planting. Matayos NG-CDF Committee recognises the provisions of the strategic plan (2019-2023) and the National Environmental Management Authority (NEMA) guidelines.

Matayos NG-CDF Committee is guided by an environment policy which commits to;

- Increase the forest cover in Matayos through planting of trees
- Protect the environment through minimizing our contribution to pollution of land, air and water and management of waste by ensuring proper waste disposal.
- Comply with the relevant environmental measures which have been put in place
- Encouraging and sensitizing on the importance of protecting the environment to the constituents.
- Regularly communicating our environmental performance to the relevant stakeholders

c) Employee welfare

Section 45 (1) of the NG-CDF Act, 2015 as amended in 2016 states that the Constituency Committee may engage staff as may be necessary for execution of its functions including persons

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with knowledge in information and communications technology, construction and basic accounting.

Hiring process

Matayos NG-CDF Committee follows the guidelines provided by the NG-CDF Board on the recruitment of staff. The recruitment process begins with the NG-CDF Committee approving the recruitment in a minuted resolution and afterwards an advertisement is made within the constituency and through the Fund Account Manager. The advertisement contains the job title, job description, job responsibilities, terms of work, education, experience, skills required and closing date for the application. A selection and interview Ad hoc committee is then appointed to oversee the selection and interview process. A letter of appointment is then awarded to the candidate of choice. The letter contains the job description, hours of work, date of commencement of job, form and duration of contract period, job pay, terminations and terms and conditions of employment. The NG-CDFC takes into account the gender ratio and in selecting candidates and for promotion, employees with higher merit and outstanding skills are given a higher priority. The NG-CDFC offers two employment contracts; 3 year contracts renewable and casual employments, which run for a period of 3 months. Using the Administration and Recurrent Expenditure vote, the NG-CDFC staffs are trained on issues relating to NG-CDF so as to improve their skills and enhance their knowledge.

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Health and Safety

Matayos NG-CDFC has put in place measures that adhere to the Occupational Safety and Health Act, 2007. The office is well maintained within the specifications of the Occupational Safety and Health Act, 2007 to ensure the safety of the staff as they undertake their daily tasks. Fire protection facilities have been provided both inside and outside the building, the exit signs have been indicated in case of any emergency and the fire fighting Equipments have been labelled.

Every employee is advised to report to the immediate supervisor in case of any situation which the employee has reasonable grounds to believe it presents an imminent or serious danger to the safety or health of that employee or of other employee in the same premises as set out in Section 14 (1) of the Occupational Safety and Health Act, 2007. The NG-CDFC staffs have been trained to ensure that no person engages in any improper activity or behaviour at the workplace, which might create or constitute a hazard to that person or any other person as set out in Section 16 (1) of the Occupational Safety and Health Act, 2007.

The NG-CDFC staffs, including their spouses and children are eligible to benefit from NHIF medical scheme as the deductions are done and paid on a monthly basis.

d) Market place practices

Matayos NG-CDF Committee main objective is to empower the locals while implementing the development projects within the constituency. The constituency implements projects through labour contracts and full contracts. Open tendering is used in award of all the tenders, advertisement is done publicly, and no form of discrimination is applied. The invitations for tenders are done within the specifications of Section 74 of the Public Procurement and Asset Disposal Act, 2015. During projects implementation and once funds are transferred to the Project Management Committee, the PMC is guided on the tendering process. In open tendering and in the instance that the tender is awarded to a non-constituent member, the contractor is advised to source for labour and the available materials within the constituency. Payments to suppliers are done after the presentation of requisite supporting documents. Payments to the contractors are done after presentation of payment certificates for works done which are prepared by the Public works office. In order to safeguard consumer rights and interests, Matayos NG-CDFC came up with a service charter and complaints handling policy. In cases where complaints arise, the complaints are resolved as quickly as possible.

e) Community Engagements

Section 27 (1) of the NG-CDF Act, 2015 as amended in 2016 states that the chairperson of the Constituency Committee shall, within the first year of the commencement of a new Parliament and

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at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency. Section 27 (2) further states that the Constituency Committee shall deliberate on project proposals from all the wards in the constituency and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from.

For the constituency's development project to have a high impact to the community and full ownership from the constituents there is need to have public participation. Matayos NG-CDF Committee is keen on ensuring that the public is involved in the decision making process. Public participation ensures that the actions taken by the Committee adequately reflect the needs of the people and it ensures that the benefits of development are equitably shared among the 5 wards in Matayos.

Matayos NG-CDF Committee is very passionate on promoting and enhancing education within the constituency. Needy students in secondary schools and tertiary institutions are awarded with bursary. However due to the Covid-19 pandemic and interruption of the academic calendar, the bursary disbursement process was affected.

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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Fund Account Manager in charge of the NGCDF-Matayos Constituency is responsible for the preparation and presentation of the Fund'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 ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

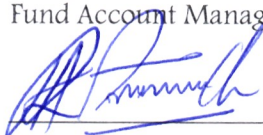
The Fund Account Manager in charge of the NGCDF-Matayos Constituency accepts responsibility for the Fund's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Fund Account Manager is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2020, and of the Fund's financial position as at that date. The Fund Account Manager in charge of the NGCDF-Matayos Constituency further confirms the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

The Fund Account Manager in charge of the NGCDF-Matayos Constituency confirms that the Fund has complied fully with applicable Government Regulations, and that the Fund'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 Fund Account Manager confirms that the Fund's financial statements have been prepared in a form that complies with the relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

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Approval of the financial statements

The NGCDF-Matayos Constituency amended financial statements were approved and signed by the Fund Account Manager on 31st March, 2021.



Fund Account Manager

Name: Allan R. Chemayiek



Sub-County Accountant

Name: Loyce Wanyama

ICPAK Member Number:19609

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Matayos Constituency set out on pages 21 to 52, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Matayos Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements

The progress on follow up of auditor recommendations included in the financial statements is not signed by the accounting officer contrary to the Public Sector Accounting Standard Board (PSASB) template issued in June, 2020 which requires the same to be signed by the accounting officer.

In the circumstances, the accuracy of the financial statements is in doubt.

2.0 Cash and Cash Equivalents - Stale Cheques

The statement of assets and liabilities shows a cash and cash equivalents balance of Kshs.848,731. The bank reconciliation statement provided in support of this balance shows total unrepresented cheques of Kshs.658,720 which include stale cheques totalling Kshs.550,535 which are not payable and have not been reversed in the cash book as at 30 June, 2020. This means that the cash and cash equivalents balance is understated by a similar amount.

In the circumstances, it was not possible to ascertain the accuracy and completeness of the cash and cash equivalents balance as at 30 June, 2020.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituency Development Fund - Matayos Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2019 shows that the Fund had budgeted receipts of Kshs.199,676,060 against actual receipts of Kshs.126,008,337. This shows that the Fund had under-collection of receipts of Kshs.73,667,723 or 37% of budgeted receipts.

Further, during the year under review, the Fund had an approved expenditure budget of Kshs.199,676,060 against actual total expenditure of Kshs.124,017,606 resulting to an under absorption of Kshs.75,658,455 or 62% of the budgeted amount.

The under-collection of receipts and under expenditure is an indication that services and approved projects/programmes were not delivered to the residents of Matayos Constituency and therefore the budget did not meet the intended objectives of improving the service delivery or the management may have over budgeted on its activities.

2. Project Performance

Review of the project implementation status report revealed that the Fund had planned to implement a total of 55 projects/programmes at a cost of Kshs.118,305,298 across different sectors during the financial year. However, further analysis noted that one (1) project with a budgeted cost of Kshs.2,000,000 had not started, thirty-six (36) projects budgeted at Kshs.54,042,960 were still on-going while eighteen (18) projects valued at Kshs.62,262,338 had been completed as at the time of audit in February, 2021 as tabulated below:

Sector	Budgeted Projects		Not Started		Ongoing		Completed	
	No.	(Kshs.)	No.	(Kshs.)	No.	(Kshs.)	No.	(Kshs.)
Primary School Project	27	20,379,210			18	15,160,310	9	5,218,900
Secondary School Project	12	33,535,550			11	32,535,550	1	1,000,000
Tertiary School Projects	2	10,627,197	1	2,000,000			1	8,627,197
Security Projects	9	7,647,100	-		7	6,347,100	2	1,300,000
Sports Activities	1	1,500,000	-	-			1	1,500,000
Environmental Activities	1	960,000	-	-			1	960,000
Emergency Activities	1	7,198,241			-	-	1	7,198,241
Bursaries	2	36,458,000	-				2	36,458,000
				-				
Total	55	118,305,298	1	2,000,000	36	54,042,960	18	62,262,338

In the circumstances, the Fund failed to implement all its planned projects as approved and subsequently did not achieve its set goals and programs for the benefit of the residents of Matayos Constituency.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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

1.0 Incomplete and Stalled Water Project at Daniel Wako Technical Training Institute

As disclosed in Note 4 to the financial statements, the statement of receipts and payments shows an amount of transfers to other government entities of Kshs.79,689,364 which includes an expenditure on transfers to tertiary institutions totalling to Kshs.8,627,197. Among the projects implemented by the Fund was the construction of an elevated water tank and community water kiosk at Dr. Daniel Wako Technical Training Institute at a total cost of Kshs.1,746,092. However, a physical verification carried out, revealed that the water project had not been completed as expected with one water tank with a 10,000-liter capacity not installed, and the community water Kiosk had not been constructed.

In the circumstances, it was not possible to ascertain whether value for money was achieved from the expenditure of Kshs.1,746,092 on the project.

2.0 Stalled Construction of an Administration Block at Mundika Secondary School

Further, included in the reported amount of transfers to other government entities of Kshs.79,689,364 as disclosed in Note 4 to the financial statements is transfers to secondary schools totalling to Kshs.46,054,707 for various projects. Among the projects being implemented by the Fund was the construction of an administration block at Mundika Secondary School at a contract sum of Kshs.32,603,087. The contract commenced on 15 December, 2016 with no specified expected completion date. The contractor had been paid a total of Kshs.22,558,042 and the last certificate was dated 03 January, 2020. However, a physical verification carried out and interviews with the relevant Fund officials, revealed that no construction works had been undertaken since January, 2020. It was also noted that there was no valid performance bond contrary to section 142 (1) of the Public Procurement and Asset Disposal Act, 2015 which states that subject to the regulations, a successful tenderer shall submit a performance security equivalent to not more than ten per cent of the contract amount before signing of the contract. In addition, it was noted that the contract did not have an enforceable contract duration.

In circumstances, it was not possible to confirm whether the resources were applied in an effective, way and whether value for money was attained on the expenditure of Kshs.32,603,087.

3.0 Non-Remittance of Statutory Deductions

Review of the Fund's bank reconciliation statement for June, 2020 revealed that a total of Kshs.364,220 being unremitted statutory deductions comprising of National Hospital Insurance Fund deductions of Kshs.113,552, National Social Security Fund (NSSF) deductions of Kshs.44,000 and of Pay as You Earn (PAYE) deductions of Kshs.78,140, and on withholding Value Added Tax (VAT) of Kshs.128,528 thus not complying with;

- Section 10(1) of the National Social Security Fund (NSSF) Act, 2010 which requires a contributing employer shall, to pay every month to the Fund the standard contribution specified in the Third Schedule in respect of that person
- Section 6(1) of the National Hospital Insurance Fund (NHIF) Act, 1998, which requires a contributing employer to pay every month to the Fund the standard specified contribution.
- Deduction of employment income tax is done in accordance with Section 5 Income Tax Act, 2010 and remittance of monthly PAYE made in line with Section 37(1) of the Income Tax Act, 2010.
- Section 42A(1) of Tax Procedures Act no. 29 of 2015 which requires the appointed agent to withhold six per cent of the taxable value on purchasing taxable supplies at the time of paying for the supplies and remit the same directly to the Commissioner.

Consequently, the Management was not in compliance with the law.

4.0 Irregular Procurement in Acquisition of School Buses

The statement of receipts and payments shows an amount of transfers to other government entities of Kshs.79,689,364. Further, Note 4 to the financial statements indicates that included in this amount are transfers to secondary schools totalling Kshs.46,054,707 for various projects and purchase of school buses.

Review of payment records provided revealed that the Fund disbursed Kshs.7,557,107 to various schools as co-funding for the purchase of school buses through hire purchase/asset financing, a method not specified under Part IX - Methods of Procurement of Goods, Works and Services of the Public Procurement and Asset Disposal Act, 2015. Further, Section 91(1) of the Act states that open tendering shall be the preferred procurement method for procurement of works and services. Further, the Management contravened the directive by NG-CDF board which advised that a bus project is purchased on a one-off basis and not through asset financing and any amount allocated is exclusive of insurance premiums or any other recurrent cost.

The school buses being purchased were as detailed below: -

Institution	Description	Amount (Kshs.)
Murende Secondary School	Co-funding for Purchase of a school bus	770,512
St. Peter's Budokomi	Co-funding for Purchase of a school bus	976,648
Mabunge Secondary School	Co-funding for Purchase of a school bus	3,104,747
Burumba Secondary School	Co-funding for Purchase of a school bus	2,705,200
Total		7,557,107

Consequently, the schools buses risks being repossessed which would result to wasteful expenditures of Kshs.7,557,107 on the project.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as 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 procedures performed, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue 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 abolish 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the entity 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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


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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

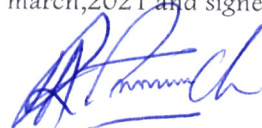
01 February, 2022

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MATAYOS CONSTITUENCY
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As at June 30, 2020**

VII.STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,240,876	60,879,310
TOTAL RECEIPTS		123,240,876	60,879,310
PAYMENTS			
Compensation of employees	2	3,487,361	5,062,095
Use of goods and services	3	6,749,193	10,609,610
Transfers to Other Government Units	4	79,689,364	36,245,700
Other grants and transfers	5	34,091,688	41,362,218
Other Payments	6	=	3,500,000
TOTAL PAYMENTS		124,017,606	96,779,623
SURPLUS/(DEFICIT)		(776,730)	(35,900,313)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Matayos Constituency financial statements were approved on 31st march, 2021 and signed by:



Fund Account Manager
Name: Allan R. Chemayiek



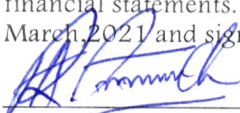
National Sub-County Accountant
Name: Loyce Wanyama
ICPAK Member Number: 19609


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MATAYOS CONSTITUENCY
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VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	848,731	2,767,461
Total Cash and Cash Equivalents		848,731	2,767,461
Current Receivables- Outstanding Imprest	9	1,142,000	-
TOTAL FINANCIAL ASSETS		1,990,731	2,767,461
NET FINANCIAL ASSETS		<u>1,990,731</u>	<u>2,767,461</u>
REPRESENTED BY			
Fund balance b/fwd	8	2,767,461	38,667,774
Surplus/Deficit for the year		(776,730)	(35,900,313)
NET FINANCIAL POSITION		<u>1,990,731</u>	<u>2,767,461</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Matayos Constituency financial statements were approved on 31st March 2021 and signed by:


Fund Account Manager
Name: Allan R. Chemayiek

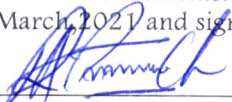

National Sub-County Accountant
Name: Loyce Wanyama
ICPAK Member Number: 19609

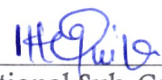
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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IX. STATEMENT OF CASHFLOW

		2019 – 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	123,240,876	60,879,310
Total receipts		123,240,876	60,879,310
Payments for operating expenses			
Compensation of Employees	2	(3,487,361)	5,062,095
Use of goods and services	3	(6,749,193)	10,609,610
Transfers to Other Government Units	4	(79,689,364)	36,245,700
Other grants and transfers	5	(34,091,688)	41,362,218
Other Payments	6	-	3,500,000
Adjusted for			
(Increase) in receivables	9	(1,142,000)	
Net cash flow from operating activities		(1,918,730)	(35,900,313)
NET INCREASE IN CASH AND CASH EQUIVALENT		(1,918,730)	(35,900,313)
Cash and cash equivalent at BEGINNING of the year	8	2,767,461	38,667,774
Cash and cash equivalent at END of the year		<u>848,731</u>	<u>2,767,461</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Matayos Constituency financial statements were approved on 31st March, 2021 and signed by:


Fund Account Manager
Name: Allan R. Chemayiek


National Sub-County Accountant
Name: Loyce Wanyama
ICPAK Member Number: 19609

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

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						
Transfers from NG-CDF Board	137,367,724	62,308,336	199,676,060	126,008,337	73,667,723	63.1%
TOTAL RECEIPTS	137,367,724	62,308,336	199,676,060	126,008,337	73,667,723	63.1%
PAYMENTS						
Compensation of Employees	4,243,000	6,748	4,249,748	3,487,361	762,387	82.1%
Use of goods and services	7,819,426	75,529	7,894,955	6,749,193	3,762	100.0%
Transfers to Other Government Units	64,541,957	34,204,300	98,746,257	79,689,364	19,056,893	80.7%
Other grants and transfers	58,763,341	28,021,760	86,785,101	34,091,688	52,693,413	39.3%
Other Payments	2,000,000	-	2,000,000	-	2,000,000	0.0%
TOTAL	137,367,724	62,308,336	199,676,060	125,159,606	74,516,454	62.7%

Notes

- Underutilization in compensation of employees 82.1%, Transfer to Other Government units 81.2%, and Other Grants and transfers 39% was because the Fund had not received all the allocation for the year in the financial year under review.

The NGCDF Matayos Constituency financial statements were approved on 31st March, 2021 and signed by:


Fund Account Manager
Name: Allan R. Chemayiek


Sub-County Accountant
Name: Loyce Wanyama
ICPAK Member Number: 19609

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration					
Employee Salaries	4,243,000	6,748	4,249,748	3,487,361	762,387
Goods and Services	1,996,000		1,996,000	1,992,238	3,762
Committee Expenses	1,902,394		1,902,394	1,902,394	-
Goods and Services		75,529	75,529	75,529	-
Sub-Total	8,141,394	82,277	8,223,671	7,457,522	766,149
2.0 Monitoring and Evaluation					
Goods and Services	1,000,000		1,000,000	1,000,000	-
Committee Expenses	1,048,000		1,048,000	1,048,000	-
NGCDF/PMC Capacity Building	1,873,032		1,873,032	1,873,032	-
Sub-Total	3,921,032	-	3,921,032	3,921,032	-
3.0 Emergency					
Emergency	7,198,241		7,198,241	-	-
Emergencies		1,102,015	1,102,015	-	252,839
Dr. Daniel Wako Technical Training Institute				150,000	8,150,256

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Mabale Secondary School				200,000	7,950,256
Busidibu Special School				700,000	7,250,256
Igwena Services Ltd				426,154	6,824,102
Lukonyi Boys Primary School				300,000	6,524,102
Khuduru Primary School				150,000	6,374,102
Khuduru Primary School				600,000	5,774,102
Igero Secondary School				800,000	4,974,102
Bugengi Primary School				400,000	4,574,102
Busidibu Primary School				300,000	4,274,102
Busidibu Special School				300,000	3,974,102
Nasewa Primary School				500,000	3,474,102
Korinda Police Station				91,000	3,383,102
Sub-Total	7,198,241	1,102,015	8,300,256	4,917,154	3,635,941
4.0 Bursary and Social Security Programme					
Bursary Secondary Schools	26,000,000		26,000,000	715,798	25,284,202
Bursary Tertiary Schools	15,458,000		15,458,000	337,734	15,120,266
Bursary Secondary Schools		9,932,202	9,932,202	9,932,202	-
Bursary Tertiary Schools		11,530,000	11,530,000	11,530,000	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Sub-Total		41,458,000	21,462,202	62,920,202	22,515,734	40,404,468
5.0 Sports						
Matayos Tournament		1,500,000		1,500,000	150,000	2,857,543
Matayos Sports PMC			1,507,543	1,507,543	1,500,000	1,357,543
		1,500,000	1,507,543	3,007,543	1,650,000	1,357,543
6.0 Environment						
Environmental Activities		960,000		960,000	958,800	1,200
Lwanyra Primary School			100,000	100,000	-	100,000
Igero Primary School			100,000	100,000	-	100,000
Muyafwa Primary School			100,000	100,000		100,000
Khuduru Boys Primary School			100,000	100,000		100,000
Mundika Boys Primary School			100,000	100,000		100,000
Burumba Secondary School			100,000	100,000		100,000
St. Mathias Secondary School			100,000	100,000		100,000
Nang'oma Secondary School			100,000	100,000		100,000
Mayenje Primary School			100,000	100,000		100,000
Buyosi Secondary School			100,000	100,000		100,000
Bulanda Primary School			100,000	100,000		100,000
Mabunge Secondary School			100,000	100,000	-	100,000

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Purchase PMC								
Sub-Total	960,000	1,200,000	2,160,000	958,800	1,201,200			
7.0 Primary School Projects								
Lwanyá Special School	1,200,000		1,200,000					1,200,000
Nasewa Primary School	1,400,000		1,400,000					1,400,000
Luliba Primary School				800,000				
Mundika Boys Primary school	440,000		440,000	440,000				643,700
Sigwata Primary School	700,000		700,000	700,000				-
Budokomi Primary School	708,210		708,210	708,210				-
Mundika Girls Primary School	236,000		236,000	236,000				-
Siwongo Primary School	300,000		300,000	300,000				-
Khuduru Primary School	320,000		320,000	320,000				-
Busendebala Primary	354,300		354,300	354,300				-
Bukalama Primary School	1,000,000		1,000,000	1,000,000				-
Lunga Primary School	447,500		447,500					
Siwongo Primary School	441,000		441,000	441,000				447,500
Khuduru Primary School	998,800		998,800	998,000				-
Mundika Special School	261,800		261,800	261,800				800
Luliba Primary School	771,300		771,300	771,300				-
Alungoli Primary School	1,000,000		1,000,000	1,000,000				-
Mujuru Primary School	1,276,850		1,276,850	1,276,850				-
Nasewa Primary School	350,000		350,000	350,000				-

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St. Joseph's Girls Primary School	5,179,750		5,179,750		5,179,750	
St. Eugene's Primary School	500,000		500,000		500,000	
Mabale Primary School	350,000		350,000		350,000	
Esirisia Primary School	700,000		700,000		700,000	
Munongo Primary School		200,000	200,000		200,000	
Mabale Primary School		300,000	300,000		-	300,000
Muyafywa Primary School		700,000	700,000		700,000	
Buyama Primary School		700,000	700,000		700,000	
Buyende Primary School		400,000	400,000		400,000	
Luliba Primary School		800,000	800,000		800,000	
Mundika Boys Primary School		200,000	200,000		200,000	
Mabunge Primary School		400,000	400,000		400,000	
Bugengi Special School		1,000,000	1,000,000		1,000,000	
Nasira RC Primary School		400,000	400,000		400,000	
Lwanyana Primary School		400,000	400,000		400,000	
Sigwata Primary School		500,000	500,000		500,000	
Esikulu Primary School		400,000	400,000		400,000	
Nang'oma Secondary School		300,000	300,000		300,000	

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Bungengi Primary School								
Burumba Primary School		400,000	400,000	400,000	400,000			-
Busibwabo Primary School		800,000	800,000	800,000	800,000	800,000		-
Busidibu Special School		400,000	400,000	400,000	400,000	400,000		-
Siwongo Primary School		600,000	600,000	600,000	600,000	600,000		-
Khuduru Boys Primary School		600,000	600,000	600,000	600,000	600,000		-
Bukalama Primary School		800,000	800,000	800,000	800,000	800,000		-
Mundulusia Primary School		800,000	800,000	800,000	800,000	800,000		-
Lunga Primary School		400,000	400,000	400,000	400,000	400,000		-
Khuduru Boys Primary School		600,000	600,000	600,000	600,000		600,000	
Busendabala Primary School		600,000	600,000	600,000	600,000	600,000		-
Nambere Primary School		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		-
Siteko Primary School		500,000	500,000	500,000	500,000	500,000		-
Bulanda Primary School		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		-
Sub-Total		400,000	400,000	400,000	400,000	400,000		-
8.0 Secondary School Projects		20,379,210	15,600,000	35,979,210	25,007,460	10,971,750		-
Buyosi Secondary School		7,162,250	7,162,250	7,162,250	7,162,250			-
Esirisia Secondary School		1,000,000	1,000,000	1,000,000	1,000,000			-
Mundika Secondary School		10,200,000	10,200,000	10,200,000	10,200,000			-

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Lwany'a Girls Sec School	1,547,000		1,547,000	1,547,000		-
Mabungge Secondary School	2,360,600		2,360,600	2,360,600		-
Buyende Secondary School	640,700		640,700			640,700
Bulanda Primary School	1,000,000		1,000,000			1,000,000
Our Lady of Mercy Secondary School	4,000,000		4,000,000			4,000,000
St Jude Nangoma Secondary	500,000		500,000			-
Mundika Secondary School	1,625,000		1,625,000			-
Lunga Secondary School	1,000,000		1,000,000			-
Nang'oma Secondary School	2,500,000		2,500,000			-
Murende Secondary School				770,512		
St. Peters Budokorni Secondary				976,648		
Mabungge Secondary School				1,104,747		(1,104,747)
Burumba Secondary School				2,105,200		(2,105,200)
Mabungge Secondary School				-		(2,000,000)
Burumba Secondary School				-		(600,000)
Our Lady of Mercy Sec School		800,000	800,000			-
St. Mathias Boys Sec School		300,000	300,000			-
Muyafwa Secondary School		800,000	800,000			-
Mundika Secondary School		4,000,000	4,000,000			-
Buyende Secondary School						-

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		1,000,000	1,000,000	1,000,000	
Mabunge Secondary School		600,000	600,000	600,000	-
Muyafwa Secondary School		465,000	465,000	465,000	-
St. Augustine Nasira Sec School		1,000,000	1,000,000	1,000,000	-
Mayenje Secondary School		800,000	800,000	800,000	-
Igero Secondary School		1,339,300	1,339,300	1,500,000	(160,700)
Burumba Secondary School		2,500,000	2,500,000	2,500,000	-
Budokomi Secondary School		2,500,000	2,500,000	2,500,000	-
Alungoli Secondary School		2,500,000	2,500,000	2,500,000	-
Sub-Total		33,535,550	18,604,300	52,139,850	7,832,303
9.0 Tertiary institutions projects					
Dr. Daniel Wako Technical Training Institute		8,627,197	8,627,197	8,627,197	-
Kenya Medical Training College - Busia Campus		2,000,000	2,000,000	-	2,000,000
Sub-Total		10,627,197	10,627,197	8,627,197	2,000,000
10.0 Security Projects					
Bukhayo West Chiefs Office		1,000,000	1,000,000		-
Bungengi Asst. Chiefs Office		750,000	750,000		1,000,000
Burumba Police Post		2,000,000	2,000,000		750,000
Asst. Chiefs Office Murende		900,000	900,000		2,000,000
Asst. Chiefs Office Mabunge		500,000	500,000	900,000	-

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Deputy County Commissioner- Busia	300,000				500,000
Mundika Sub-Location Assistant Chiefs Office	897,100				-
Assistant Chiefs Office Lunga	900,000				897,100
Asst. County Comm. Office Matayos	400,000				-
Bukhayo West Chiefs Office					-
Bugengi Asst. Chiefs Office		500,000			-
AP House Mjini		350,000			-
Maduwa Police Post		800,000			800,000
Lwanyana Chiefs Office		300,000			-
Matayos Police Division		800,000			800,000
Sub-Total	7,647,100	2,750,000			800,000
11.0 Acquisitions of Assets					6,347,100
12.0 Others					-
NG- CDF office					-
NG- CDF office	2,000,000				2,000,000
NG- CDF office					-
Sub-Total	2,000,000				2,000,000
GRAND TOTAL	137,367,724	62,308,336	199,676,061	125,159,606	74,516,454

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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XII.SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Transfers from the Exchequer

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

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External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

9. Pending Bills

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

10. Unutilized Fund

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

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SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

15. Related Party Transactions

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

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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO B005078	1		6,879,310
AIE NO B030275	2		10,000,000
AIE NO B005402	3		12,000,000
AIE NO B006449	4		8,000,000
AIE NO A724477	5		11,000,000
AIE NO B047528	6		13,000,000
AIE NO B041091	1	55,240,876	
AIE NO B041130	2	4,000,000	
AIE NO B047611	3	20,000,000	
AIE NO B0479774	4	6,000,000	
AIE NO B049378	5	14,000,000	
AIE NO B104401	6	15,000,000	
AIE NO B096611	7	9,000,000	
TOTAL		123,240,876	60,879,310

2. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	3,026,086	2,600,175
Pension and other social security contributions (Gratuity)	-	2,316,120
Employer Contributions Compulsory national social security schemes	461,275	145,800
Total	3,487,361	5,062,095

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,730,000	3,24,870
Utilities, supplies and services	414,000	-
Communication, supplies and services	111,760	455,000
Domestic travel and subsistence	324,500	1,247,200
Printing, advertising and information supplies & services	516,000	323,042
Training expenses	764,000	-
Hospitality supplies and services	345,700	1,776,000
Office and general supplies and services	636,000	825,498
Fuel, oil & lubricants	875,000	400,000
Other operating expenses	575,600	1,728,000
Routine maintenance – vehicles and other transport equipment	324,000	-
Routine maintenance – other assets	132,633	330,000
Total	6,749,193	10,609,610

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	25,007,460	12,470,000
Transfers to secondary schools	46,054,707	23,775,700
Transfers to tertiary institutions	8,627,197	-
TOTAL	79,689,364	36,245,700

5. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	10,648,000	26,017,907
Bursary – tertiary institutions	11,867,734	4,570,000
Security projects	4,050,000	3,768,367
Sports projects	1,650,000	600,000
Environment projects	958,800	1,200,000
Emergency projects	4,917,154	5,205,944
Total	34,091,688	41,362,218

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6. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	3,500,000
Total	-	3,500,000

7. BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Equity Bank Busia Branch, Account No. 0780266047486 KSHS	848,731	2,767,462
Total	848,731	2,767,462

8. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	2,767,462	38,667,774
Total	2,767,462	38,667,774

9. OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Matayos NG-CDFC	-	1,142,000	-	1,142,000
Total				1,142,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER IMPORTANT DISCLOSURES

10.1: PENDING STAFF PAYABLES (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	228,855	228,855
	228,855	228,855

10.2: UNUTILIZED FUND (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	762,387	6,748
Use of goods and services	3,762	75,529
Amounts due to other Government entities (see attached list)	19,056,893	34,204,300
Amounts due to other grants and other transfers (see attached list)	52,693,413	28,021,760
Others (NG-CDF Office Landscaping and Car park)	2,000,000	-
	74,516,454	62,308,336

10.3: PMC account balances (See Annex 4)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances	4,705,953	4,535,027
	4,705,953	4,535,027

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XIV. ANNEXURES

ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		A	b	c	d=a-c	
NG CDFC staff Gratuity						
1. Godfrey Makokha	H	39,668	04/01/2022	-	39,668	
2. Yohana opyo	G	34,964	15/12/2018	-	34,964	
3. Phaustine Anyango	G	39,053	15/02/2017	-	39,053	
4. Moses Wandera	E	46,357	30/03/2019	-	46,357	
5. Rosemary N Juma	E	39,053	30/10/2016	70,000	39,053	
6. Mercyline Okaya	F	29,760	28/02/2017	-	29,760	
Sub-Total		228,855			228,855	
Grand Total		228,855			228,855	

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ANNEX 2 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/2020	Outstanding Balance 2018/2019	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Lwanya Special School		762,387	-	
Nasewa Primary School		3,762	-	
Luliba Primary School		1,200,000	-	
Lunga Primary School		1,400,000	-	
St. Joseph's Girls Primary School		643,700	-	
St. Eugene's Primary School		447,500	-	
Eisirisia Primary School		5,179,750	-	
Mabale Primary School		500,000	-	
Lunga Primary School		700,000	-	
Buyosi Secondary School		300,000	-	
Eisirisia Secondary School		600,000	-	
Buyende Secondary School		7,162,250	-	
Bulanda Primary School		1,000,000	-	
Our Lady Of Mercy Secondary School		640,700	-	
Siwongo Primary School		1,000,000	-	
Khuduru Boys Primary School		4,000,000	-	
Bukalama Primary School		600,000	600,000	
Mundulusia Primary School		800,000	800,000	
Lunga Primary School		800,000	800,000	
Khuduru Boys Primary School		400,000	400,000	
Busendabala Primary School		600,000	600,000	
Nambere Primary School		600,000	600,000	
		1,000,000	1,000,000	
		500,000	500,000	

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St. Mathias Boys Sec School			300,000	
Muyafwa Secondary School			800,000	
Mundika Secondary School			4,000,000	
Buyende Secondary School			1,000,000	
Lwanya Girls Sec School			1,000,000	
Mabunge Secondary School			600,000	
Muyafwa Secondary School			465,000	
St. Augustine Nasira Sec School			1,000,000	
Mayenje Secondary School			800,000	
Igero Secondary School			1,500,000	
Sub-Total		18,456,893	27,772,961	
Amounts due to other grants and other transfers				
Bursary university and college				
Assistant Chiefs Office Lutachö		40,404,468	21,462,202	
Chiefs Office Maraka			2,000,000	
Environment activity			4,496,154	
Sports activity		1,201,200	1,200,000	
Emergency		1,357,543	1,507,543	
		3,635,941	1,102,015	
Sub-Total		53,293,412	31,767,914	
Grand Total		74,516,454	59,540,875	

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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/2019	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/2020
Land	1,200,000			1,200,000
Buildings and structures	23,823,780	-	-	23,823,780
Transport equipment	4,500,000	-	-	4,500,000
Office equipment, furniture and fittings	3,537,225	-	-	3,537,225
ICT Equipment, Software and Other ICT Assets	1,538,995	-	-	1,538,995
Total	34,600,000	-	-	34,600,000

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Matayos NG-CDFC Main Account	EQUITY	0780266047486	1,313,171	3,609,850
Mabunge Primary School	NBK	01242036711400	2,228	1,868
Luliba Primary School	EQUITY	0780279233038	2,440	-
Buyama Primary School	EQUITY	0780279226591	1,280	-
Lwanya Primary School	KCB	1146746466	2,629	200
Nambere Primary School	EQUITY	0780270362773	80	60
Busendebala Primary School	EQUITY	0780279223002	6,820	-
Khuduru Primary Schl	EQUITY	0780279223002	220	-
Bugengi Primary Schl	EQUITY	0780279213792	2,800	-
Nasira Primary Schl	EQUITY	0780279251536	220	-
Buranda Primary Schl	NBK	01242037196700	1,640	402
Mundulusia Primary Schl	EQUITY	0780279223226	2,220	-
Bukalama primary Schl	NBK	01022036652600	6,263	5,425
Siwongo Primary Schl	NBK	01047018009800	260	420
Busibwabo Primary Schl	EQUITY	0780279210139	340	-
Khuduru Primary School	EQUITY	0780279223002	2,620	-
Mundika Boys Primary Schl	KCB	1146745567	442,240	2,240
Buyende Primary Schl	FAMILY	079000025438	329	50
Luliba Primary School	EQUITY	0780279233038	2,440	-
Mujuru Primary School	EQUITY	0780279531654	10	-
Nasewa Pri Schl	EQUITY	0780279718812	1,040	520
Mundika Boys Pri Schl	KCB	1146745567	442,240	2,240
Budokomi Primary Schl	CO-OP	01139235935700	2,760	1,550
Mundika Girls Pri Schl	NBK	01047036524600	70	-
Khuduru Primary Schl	EQUITY	0780279223002	2,620	-
Khuduka Primary Schl	EQUITY	0780279223003	260	420

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PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Mundika Special Schl	FAMILY	079000025410	1	2,078
Alungoli Pri Schl (Equity Bank)	NBK	01243037192700	3,025	-
Mabale Pri Schl	EQUITY	0780261655215	3,770	1,750
Murende Secondary School	KCB	1152934309	433	-
St. Peter's Budokomi Secondary School	KCB	1174535342	289	289
Mabunge Secondary School	KCB	1209076608	4,660	4,660
Budokomi Secondary School	SIDIAN	01032030000095	137,453	-
St. Mary's Mundika High School	NBK	01242037199300	237,164	208,569
Alung'oli Secondary School	SIDIAN	01032030000085	316	-
St. Pauls Mabunge Secondary School	EQUITY	0780279235110	14,760	-
Burumba Secondary School	SIDIAN	01032030000135	10,314	-
St Mathias Boys Sec Schl	NBK	01242037200600	28,302	64,472
Our Lady of Mercy Sec Schl	KCB	1264226020	149	3,905
Mayenje Secondary School	KCB	1176735683	3,160	-
Burumba Security Post	EQUITY	0780279210039	76,655	-
Buyende Secondary School	EQUITY	0780279767064	1,000,000	-
Lwanya Girls Secondary Shl	FAMILY	079000025712	359	845
St Jude Nangoma Sec(Equity Bank)	EQUITY	0780279754327	52,104	-
Igero Secondary School	EQUITY	0780279226695	2,060	-
Mundika Sec Schl	NBK	01242037199300	237,164	208,569
St Jude Nangoma Sec	NBK	01242038172501	5,080	-
Bukhayo West Chiefs Office	EQUITY	0780261655272	2,188	2,1880
Assistant Chief Mujini	EQUITY	0780261655312	147,964	137,964
Bugengi Ass Chief Office	EQUITY	0780279812064	193	-
Ass Chiefs office Murende	EQUITY	0780279773368	1,800	-

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PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
ACC Office Matayos	EQUITY	0780279275451	383,970	4,560
Matayos Sports PMC	EQUITY	0780270748303	1,081	250,241
Dr. Daniel Wako TTI	EQUITY	0780279492531	112,299	-
TOTAL			4,705,953	4,535,027

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XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Budgetary Performance</p> <p>During the year under review, the Fund spent Kshs. 96,779,623 against a budgeted amount of Kshs. 159,087,959 resulting in under-absorption of Kshs. 62,308,336 or 39.17%</p> <p>In addition, the National Assembly approved an allocation of Kshs. 109,040,875.52 to Matayos NG-CDF for appropriation in the 2018/19 financial year. However, the statement of receipts and payments indicated that the National Government Constituency Development Fund Board had only disbursed Kshs. 60,879,310 to Matayos NG-CDF. This resulted in an underfunding of receipts by Kshs. 48,161,565.52.</p>	<p>The under-absorption of 39% is as a result of the board delaying in releasing the funds to the constituency during the financial year under review. The management followed up with the board and the board released the funds on 25th July 2019.</p>	Fund Account Manager	Resolved	30 th June 2020
	<p>Consequently, the Constituency failed to implement projects and programmes amounting to Kshs.62,308,336 thus denying the citizens the services they are entitled to.</p>				

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	Summary of Fixed Assets Register Annexure 4 to the financial statements reflects that the Fund had total fixed assets of Kshs.34,600,000. However, the original title deed for a parcel of land valued at Kshs.1,200,000 was not availed for audit verification. In the circumstances, the ownership of the parcel of land as at 30 June, 2019 could not be ascertained				
1	Failure to achieve value for money in environmental projects Included in the reported balance of other grants and payments of Kshs. 41,362,218 under note 5 is expenditure on environmental activities totalling to Kshs. 1,200,000 that involved tree planting across the constituency. However, physical verification revealed that only 12% of the trees survived thus it was not prudent to implement the project with such a high failure rate. In the circumstances, it was not possible to ascertain whether value for money was achieved from the expenditure of Kshs.1,200,000 on the project.	The management implemented the project but unfortunately the institutions where trees were planted did not take care of them. Also most of the trees planted were affected by termites. The management has initiated the process of gapping.	Fund Account Manager	Not resolved	31 st October 2020

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p>Wasteful procurement in acquisition of school buses</p> <p>Included in the reported balance of transfers to other government entities of Kshs. 36,245,700 under note 4 is transfers to secondary schools totalling Kshs. 23,775,700.</p> <p>However, review of payment records revealed that Burumba Secondary School and Mabunge Secondary School purchased school buses through hire purchase/asset financing, a method not specified under Part IX to the Public Procurement and Asset Disposal Act, 2015 because hire purchase of the buses escalated the purchase price of the buses considerably.</p> <p>The initial cost for purchase of the bus for Burumba Secondary School was Kshs. 6,775,000.00 while the hire purchase price is Kshs. 7,853,198.00. Further, the initial cost for purchase of the bus for Mabunge Secondary School was Kshs. 6,775,000.00 while the hire purchase price is Kshs. 7,842,198.00.</p> <p>However, these unutilized balances had not been transferred back to the Constituency Bank Account as at the time of audit as required by Section 12 (8) of the National Government Constituencies Development Fund Act, 2015.</p> <p>Though the Board approved financing of the purchase cost of the buses without the interest,</p>	<p>The management noticed this mistake after the procurement and assets acquisition by the respective institutions had taken place. The Board has now approved the cost of the bus without the interest. This means interests on hire purchase will borne by the respective institutions.</p>	<p>Fund Account Manager</p> <p>And respective head of institutions</p>	<p>Not resolved</p>	<p>31st October 2020</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the school management have not been able to fully honour the payment obligations. Consequently, the buses risks being repossessed thus resulting to wasteful expenditures of Kshs. 13,510,000 on the project.				

