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CLERK-AT THE TABLE: Joyce Lemerelle	

REPORT

THE AUDITOR-GENERAL

ON

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

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



Revised Template 30th June 2021



**NAVAKHOLO 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)

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	iii
II. NG-CDFC CHAIRMAN'S REPORT.....	vi
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES.....	x
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING.....	xii
V. STATEMENT OF MANAGEMENT RESPONSIBILITIES.....	xv
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- NAVAKHOLO CONSTITUENCY</i>	xvi
VII. STATEMENT OF RECEIPTS AND PAYMENTS.....	1
VIII. STATEMENT OF ASSETS AND LIABILITIES.....	2
X.SUMMARY STATEMENT OF APPROPRIATION.....	4
XI. BUDGET EXECUTION BY SECTORS AND PROJECTS.....	6
XII. SIGNIFICANT ACCOUNTING POLICIES.....	12
XIII. NOTES TO THE FINANCIAL STATEMENTS.....	15

Navakholo Constituency

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

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

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

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 Navakholo 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	Thomas Moracha Ontweka
2.	Sub-County Accountant	Juliet Lubanga
3.	Chairman NGCDFC	Kennedy Barasa Ngao
4.	Member NGCDFC	Mary Imbwaka Macheso

(d) Fiduciary Oversight Arrangements

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

P.O. Box 14 - 50127
Navakholo NGCDF Office
Navakholo-Muhuni-Chebuyusi Road
NAMBACHA, KENYA

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

(f) Navakholo Constituency NGCDF Contacts

Telephone: (254) 0722288499/0722325799
E-mail: cdfnavakholo@ngcdf.go.ke
Website: www.go.ke

(g) Navakholo Constituency NGCDF Bankers

1. Equity Bank (Kenya) Limited
Kakamega Branch
P.O. Box 2512 - 50100
Kakamega

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

II. NG-CDFC CHAIRMAN'S REPORT

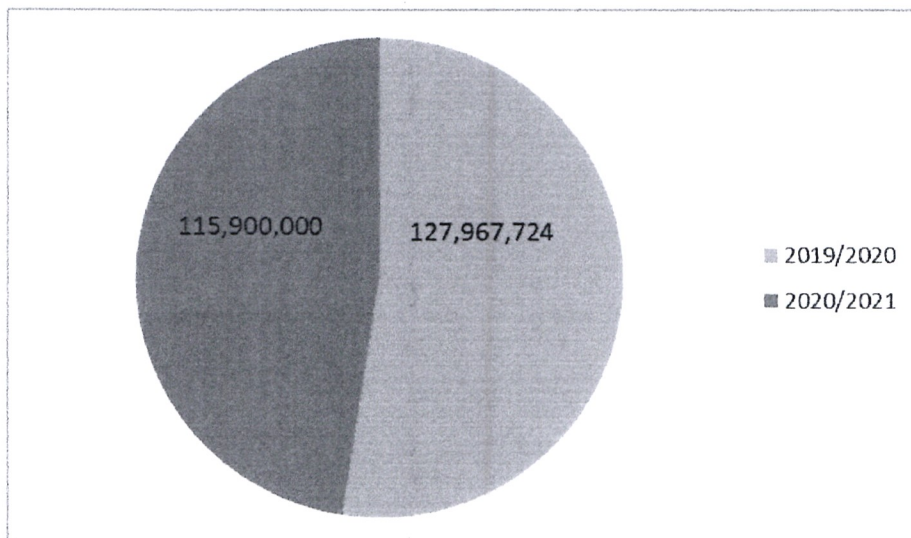
Include among others the following:



Mr. Kennedy Barasa Ngao – NGCDFC Chairman, Navakholo Constituency

In the financial year under review (2020/2021), Navakholo Constituency received part of the budgeted allocation by 30th June 2021. The actual amount received by close of the financial year was Kshs. 115,900,000.

On comparable basis, during close of financial year 2019/2020, we had received Kshs.127,967,724.



A Pie chart showing receipts in the two financial years on comparable basis

The blue color represents receipts for 2020/2021 financial year whereas orange shows receipts for the previous financial year, 2019/2020 respectively.

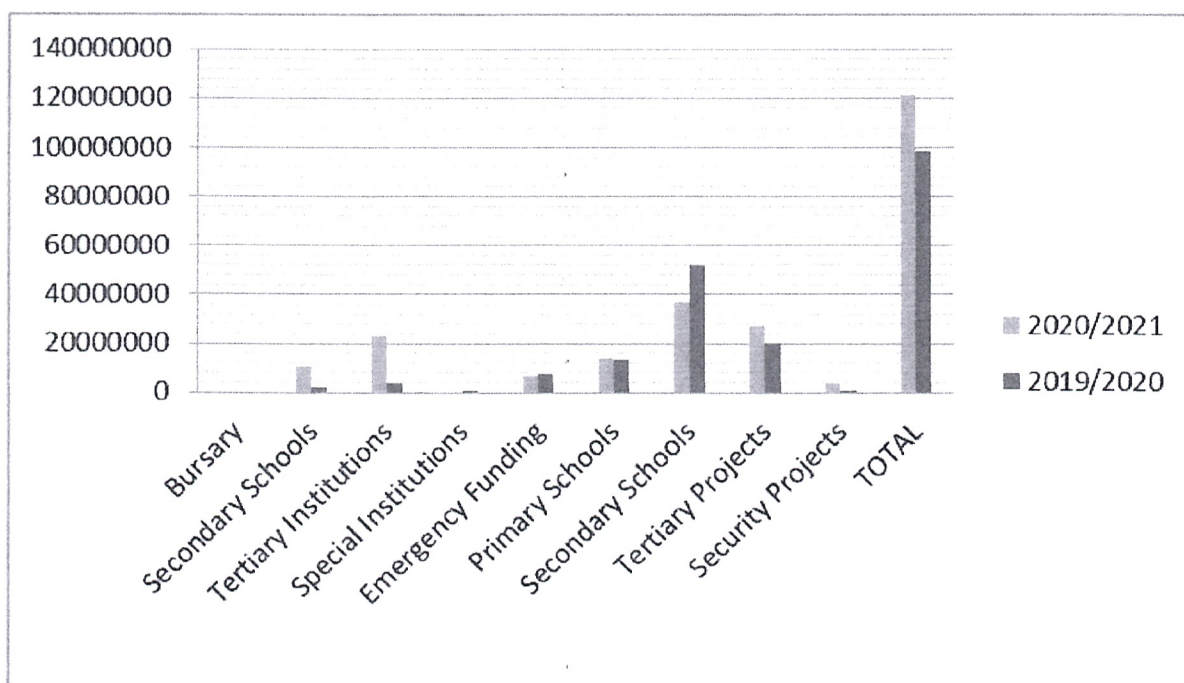
This therefore implies that the funds yet to be received will be utilized under 2021/2022 financial year.

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

Comparing the two financial years per sector, the funds were utilized as indicated in the table below;

SECTOR	2020/2021	2019/2020
Bursary		
i) Secondary Schools	10,209,875	2,038,149
ii) Tertiary Institutions	23,257,344	3,717,600
iii) Special Institutions	0	18,000
Emergency Funding	6,524,540	7,198,241
Primary Schools	13,738,214	13,350,000
Secondary Schools	36,889,678	51,750,000
Tertiary Projects	27,000,000	20,000,000
Security Projects	3,961,786	431,818
TOTAL	121,581,437	98,503,808

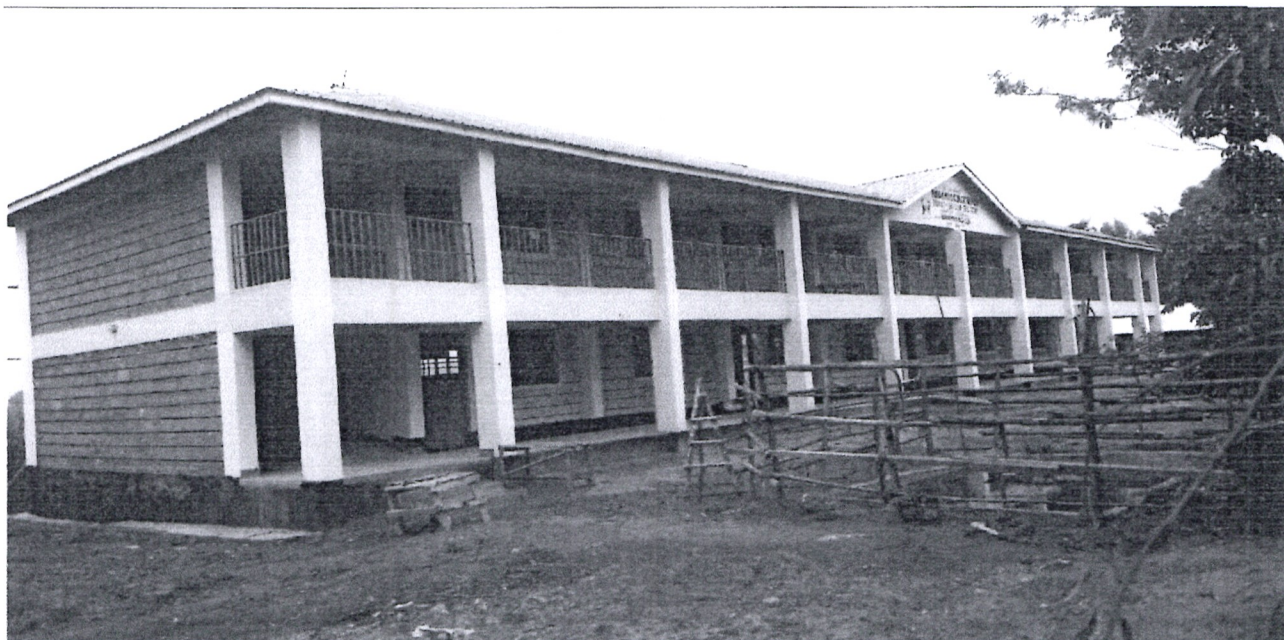
A table showing expenditure over two years (per sector) on comparable basis



A bar graph representing expenditure in two years on comparable basis

On comparable basis for the two financial years, expenditure per sector was as indicated in the bar graph above. The blue color shows 2020/2021 whereas orange indicates 2019/2020 financial year respectively.

Our key achievements can be explained in this report through some of the projects done to completion. Some projects have been done to completion but contractors have not been paid fully. This will be done in the financial year 2021/2022 without fail. Below are some of the ongoing and completed projects;



Buhayi Muslim Secondary School – construction of one storey building of 8no. classrooms in Bunyala West Ward, complete and handed over but final payment will be done in 2021/2022 FY



KMTC Navakholo – Construction of Storey building of 12 lecture halls in Bunyala Central Ward, complete and handed over but final payment will be done in 2021/2022 FY

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



*Friends School Sirigoi Secondary – Construction of Dinning Hall in Bunyala Central Ward,
Complete and handed over*

The NG-CDF Committee started allocating funds for storey construction works in public secondary schools. This is because it has become a challenge to acquire land. We better do construction upwards. Once complete, they will be our flagship projects in the constituency, something that had never been done before.

During management of the fund, we have had challenges as follows:

- ✓ The constituents heavily depend on bursary kitty for the education of their children. This overdependence might compromise the committee's integrity. However, to solve such, we have Sub Locational Bursary Sub Committees that vet bursary applications and forward their findings to the Bursary Sub Committee before award to beneficiaries.
- ✓ Political interference is another challenge in the management of the kitty. Some constituents are always negative because of political dynamics. We always encourage the use of Complaints/suggestion box so that it is official.
- ✓ Decision making is tricky in the committee meetings. This is because each of the members has a particular interest for their ward. Through NG-CDFC trainings, the members are aware that they represent the entire constituency and not a ward. Should there be a problem, it will be for the whole constituency. Hence teamwork.
- ✓ Slow pace at which the NG-CDF Board releases funds to constituencies is another very serious challenge. Although this is based on collections from the taxes, it is affecting project implementation. The NG-CDF Board released about half of the allocation two weeks to closure of financial year. Other constituencies are yet to receive all their funds for the just ended financial year. The NG-CDF Act 2015 should be followed to ensure disbursements are timely.

OK
Mr. Kennedy Barasa Ngao
CHAIRMAN NGCDF COMMITTEE
NAVAKHOLO NGCDFC



III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of *Navakholo Constituency 2018-2022* plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

- a) To improve the health standard in the constituency and increase access to primary Healthcare by the constituents.
- b) To. Improve the quality of education in Navakholo Constituency and increase access to education.
- c) To avail basic social amenities to all constituents through development of supporting infrastructure.
- d) Ensure all major infrastructural systems in the constituency are constructed, standardized/repaired and maintained.
- e) To empower the farmers with high level skills for production of farm products to achieve food security in Navakholo Constituency.
- f) To ensure every public institution, homestead, market & commercial and recreational facilities are accessible to clean adequate and sufficient water.
- g) Ensure affordable, accessible and reliable electricity in the whole constituency for social economic development.
- h) To promote conservation and protection of the environment in order to support the exploitation of natural resources, integrated water resources management for enhanced water availability and accessibility as well as quality sanitation for the constituency's development.
- i) To increase computer and ICT skill literacy among the constituents.

Progress on attainment of Strategic development objectives

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

Constituency Sector	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of	In FY 20/21 -we increased number of classrooms, laboratories etc - Bursary beneficiaries at all levels were as per the attached

Navakholo Constituency

National Government Constituencies Development Fund (NGCDF)

Reports and Financial Statements for The Year Ended June 30, 2021

			bursary's beneficiaries at all levels	schedules
Security	Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery	- Develop and enhance provincial administration and other security organs infrastructure to enhance service delivery Improved security in the community	- Number of new physical facilities for police officers - Number of new physical facilities for security administrators – DCC, ACCs, Chiefs etc.	In the 2020/2021 FY, we allocated funds for construction of infrastructure - housing and offices for security administrators
Environment	To keep the learners learning environment conducive	Increased number of toiletries in schools	- Number of toiletries in primary schools	In the 2020/2021 FY, we allocated funds for construction of pit latrines in 2 schools
Sports	Empower and develop youth	Reduced dependence and spur economic growth through sports	- Number of schools benefiting from sports equipment	In the 2020/2021 FY, we allocated funds for purchase of sports equipment to 10 primary schools
Emergency	To cater for emergency arising issues	Improved infrastructure in 2 schools	- Number of usable physical infrastructure build in primary	In the 2020/2021 FY we constructed 8 no. classrooms in 2 schools

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

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.

NAVAKHOLO 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-Navakholo 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-Navakholo 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- Navakholo 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 Navakholo 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- Navakholo Constituency financial statements were approved and signed by the Accounting Officer on 03/09/2021 2021.



Chairman NGCDF Committee
Name: Kennedy Barasa Ngao

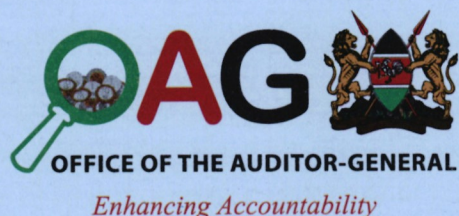




Fund Account Manager
Name: Thomas Moracha Ontweka

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - NAVAKHOLO 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

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Navakholo Constituency set out on pages 1 to 33,

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

which comprise the statement of assets and liabilities as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the summary statement of 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, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Navakholo 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 Public Finance Management Act, 2012, and the National Government Constituencies Development Fund Act, 2015.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Navakholo 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 opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects a final budget and actual receipts on comparable basis of Kshs 177,410,008 and Kshs.145,321,128 respectively, resulting to an underfunding of Kshs.32,088,880 or 18% of the budget.

Similarly, the Fund spent Kshs.134,925,393 against an approved budget of Kshs.177,410,008 resulting to an under-expenditure of Kshs Kshs.42,484,615 or 24% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delayed Implementation of Projects

Review of the Project Implementation Status (PIS) report, revealed that the Fund had planned to implement sixty-six (66) projects at a cost of Kshs.147,320,993. However, according to the PIS, thirty-one (31) projects costing Kshs.75,111,786 had been completed, twenty-two (22) projects costing Kshs.61,517,000 were on-going and at various levels of completion, while thirteen (13) projects costing Kshs.10,692,207 had not commenced. No reason was provided for the delay in implementation and completion of the projects.

In the circumstances, delay in the implementation of projects may result in escalation of costs.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

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

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

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


CPA Nancy Gatundu, CBS
AUDITOR-GENERAL

Nairobi

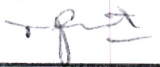
02 September, 2022

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

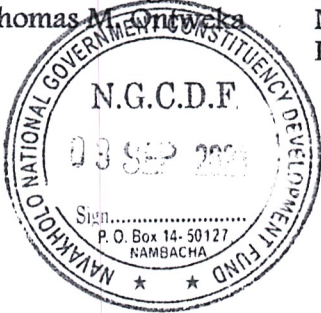
VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF Board	1	115,900,000	127,967,724
Other Receipts	2	24,000	0
TOTAL RECEIPTS		115,924,000	127,967,724
PAYMENTS			
Compensation of employees	3	2,964,974	2,722,676
Use of goods and services	4	9,242,586	9,177,473
Transfers to Other Government Units	5	77,627,892	85,100,000
Other grants and transfers	6	45,089,941	13,890,676
TOTAL PAYMENTS		134,925,393	110,890,825
SURPLUS/(DEFICIT)		(19,001,393)	17,076,899

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Navakholo Constituency financial statements were approved on 03/09/2021 2021 and signed by:

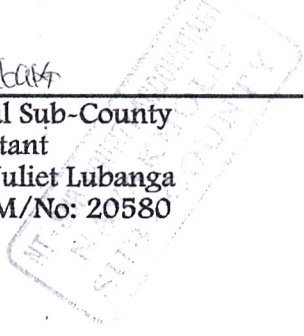


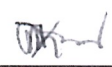
Fund Account Manager
Name: Thomas M. Ontwaka





National Sub-County Accountant
Name: Juliet Lubanga
ICPAK M/No: 20580





Chairman NG-CDF Committee
Name: Kennedy Barasa Ngao

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

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	10,395,736	29,397,129
Total Cash and Cash Equivalents		10,395,736	29,397,129
Accounts Receivable			
TOTAL FINANCIAL ASSETS		10,395,736	29,397,129
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
TOTAL FINANCIAL LIABILITIES		00	00
NET FINANCIAL ASSETS		10,395,736	29,397,129
REPRESENTED BY			
Fund balance b/fwd		29,397,129	12,320,230
Surplus/Deficit for the year		(19,001,393)	17,076,899
NET FINANCIAL POSITION		10,395,736	29,397,129

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

03/09/2021 and signed by:



Fund Account Manager
Name: Thomas M. Ontweka



National Sub-County
Accountant
Name: Juliet Lubanga
ICPAK M/No: 20580

Chairman NG-CDF Committee

Name: Kennedy Barasa Ngao



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

IX.STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	115,900,000	127,967,724
Other Receipts	2	24,000	00
Total receipts		115,924,000	127,967,724
Payments for operating activities			
Compensation of Employees	3	2,964,974	2,722,676
Use of goods and services	4	9,242,586	9,177,473
Transfers to Other Government Units	5	77,627,892	85,100,000
Other grants and transfers	6	45,065,941	13,890,676
Total payments		134,925,393	(110,890,825)
Total Receipts Less Total Payments		(19,001,393)	17,076,899.00
Adjusted for:			
Net cash flow from operating activities		(19,001,393)	17,076,899.00
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		00	00
NET INCREASE IN CASH AND CASH EQUIVALENT		(19,001,393)	17,076,899.00
Cash and cash equivalent at BEGINNING of the year		29,397,129	12,320,230.00
Cash and cash equivalent at END of the year	7	<u>10,395,736</u>	<u>29,397,129.00</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Navakholo Constituency financial statements were approved on 03/09/2021 and signed by:

Fund Account Manager
 Name: Thomas M. Ontweka

National Sub-County
 Accountant
 Name: Juliet Lubanga
 ICPAK M/No: 20580

Chairman NG-CDF Committee
 Name: Kennedy Barasa Ngao



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

X. SUMMARY STATEMENT OF APPROPRIATION

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	b		c=a+b	d	e=c-d	f=d/c %
RECEIPTS	2020/2021	Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements	2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	29,397,129	10,900,000	177,386,008	145,297,128	32,088,880	82
Other Receipts		24,000		24,000	24,000	0	0
TOTALS	137,088,879	29,421,129	10,900,000	177,410,008	145,321,128	32,088,880	82
PAYMENTS							
Compensation of Employees	2,892,920	88,942		2,981,862	2,964,974	16,888	99.4
Use of goods and services	8,166,566	632,618	613,604	9,412,788	9,242,586	170,202	98.2
Transfers to Other Government Units	78,950,000	21,443,336	7,000,000	107,393,336	77,627,892	29,765,444	72.3
Other grants and transfers	47,079,393	7,044,237	3,286,396	57,410,026	45,089,941	12,344,085	78.5
Acquisition of Assets		92,755		92,755	0	92,755	0
Other Payments		241		241	0	241	0
Funds pending approval**		119,000		119,000	0	119,000	0
TOTALS	137,088,879	29,421,129	10,900,000	177,410,008	134,925,393	42,484,615	76

**Funds pending approval are sums not yet approved by the board for utilisation and include AIA of kshs. 95,000 of 2019/2020 and kshs. 24,000 for 2020/2021 totalling to kshs. 119,000 not yet allocated for specific projects

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

a) Revenue Items

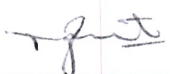
- i. Adjustments of kshs. 40,297,129 comprises of kshs. 10,900,000 which still held by the Board as 30th June 2020, kshs. 95,000 is an accumulative AIA for the 2019/2020 and the previous financial years still awaiting approval from the NGCDF Board and kshs. 29,302,129 being balance brought forward as at 1st July 2020.
- ii. Other receipts of kshs. 24,000 is an AIA raised in the financial year 2020/2021 which still awaits approval from the NGCDF Board

b) Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

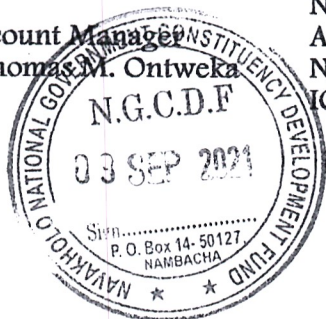
- i. 72.3% underutilization of funds under transfers to other government units is as a result of delay in disbursement of funds from NGCDF Board.
- ii. 78.5 % underutilization of funds under other grants and transfers is as a result of delay in disbursement of funds from NGCDF Board.

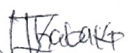
Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilisation difference totals	42,484,615
Less undisbursed funds receivable from the Board as at 30 th June 2021	(32,088,880)
	10,395,735
Cash and Cash Equivalents at the end of the FY 2020/2021	10,395,735

The NGCDF-Navakholo Constituency financial statements were approved on 03/09/2021 2021 and signed by:




Fund Account Manager
Name: Thomas M. Ontweka





National Sub-County
Accountant
Name: Juliet Lubanga
ICPAK M/No: 20580



Chairman NG-CDF Committee
Name: Kennedy Barasa Ngao

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

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget 2020/2021 Kshs	Adjustments		Final Budget 2020/2021 Kshs	Actual on comparable basis 30/06/2021 Kshs	Budget utilization difference Kshs
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
1.0 Administration and Recurrent						
1.1 Compensation of employees	2,892,920	88,942		2,981,862	2,964,974	16,888
1.2 Committee allowances	2,248,000	5,342		2,253,342	2,253,342	-
1.3 Use of goods and services	1,805,900	16,543		1,822,443	1,822,443	-
Total	6,946,820	110,827		7,057,647	7,040,759	16,888
2.0 Monitoring and evaluation						
2.1 Capacity building	1,800,000	409,678		2,209,678	2,209,678	-
2.2 Committee allowances	1,500,000	11,890	613,604	2,125,494	1,955,292	170,202
2.3 Use of goods and services	812,666	189,165		1,001,831	1,001,831	-
Total	4,112,666	610,733	613,604	5,337,003	5,166,801	170,202
3.0 Emergency						
3.1 Primary Schools						
a) St. Joseph's Matoyi Primary School	3,200,000			3,200,000	3,200,000	
b) Nambacha Primary School	3,200,000			3,200,000	3,200,000	
3.2 Secondary schools	124,540			124,540	124,540	
3.3 Tertiary institutions						
3.4 Security projects						
3.5 Unutilised	667,667		500,000	1,167,667	-	1,167,667
Total	7,192,207	-	500,000	7,692,207	6,524,540	1,167,667
4.0 Bursary and Social Security						

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

Programme/Sub-programme	Original Budget	Adjustments			Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements				
4.1 Secondary Schools	11,517,000	593,507	0	12,110,507	10,209,875	1,900,632	
4.2 Tertiary Institutions	15,700,000	5,700,730	1,900,000	23,300,730	23,257,344	43,386	
4.3 Social Security	0	0	0	0	0	0	
4.4 Special Schools	200,000	0	0	200,000	0	200,000	
Total	27,417,000	6,294,237	1,900,000	35,611,237	33,467,219	2,144,018	
5.0 Sports							
5.1 Siyombe Primary School		50,000		50,000	50,000	-	
5.2 Lutaso Primary School		50,000		50,000	50,000	-	
5.3 Muhuni Primary School		50,000		50,000	50,000	-	
5.4 Navakholo Primary School		50,000		50,000	50,000	-	
5.5 Joabs Primary School		50,000		50,000	50,000	-	
5.6 Lwakhupa Primary School		50,000		50,000	50,000	-	
5.7 Sisokhe Primary School		50,000		50,000	50,000	-	
5.8 Kharanda Primary School		50,000		50,000	50,000	-	
5.9 Bukhulabo Primary School		50,000		50,000	50,000	-	
5.10 Nderema Primary School		50,000		50,000	50,000	-	
5.11 Naluchira Primary School		50,000		50,000	50,000	-	
5.12 Shikomari Primary School		50,000		50,000	50,000	-	
5.13 Esumeyia Primary School		50,000		50,000	50,000	-	
5.14 Ewamakhumbi Primary School		50,000		50,000	50,000	-	
5.15 Ingotse Primary School		50,000		50,000	50,000	-	
5.16 Constituency Sports-Bethel Eden Co.			386,396	386,396	386,396	-	
5.17 Unutilized			500,000	500,000		500,000	
5.18 Budonga Primary School	50,000			50,000		50,000	

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

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/BK) and AIA	Previous Years' Outstanding Disbursements			
5.19 Kamuli Primary School	50,000			50,000		50,000
5.20 Mukama Primary School	50,000			50,000		50,000
5.21 Mungakha Primary School	50,000			50,000		50,000
5.22 St. Joseph's Matoyi Primary School	50,000			50,000		50,000
5.23 Simuli Primary School	50,000			50,000		50,000
5.24 Makhima Primary School	50,000			50,000		50,000
5.25 Chekata Primary School	50,000			50,000		50,000
5.26 Emulakha Primary School	50,000			50,000		50,000
5.27 Shinoyi Primary School	50,000			50,000		50,000
Total	500,000	750,000	886,396	2,136,396	1,136,396	1,000,000
6.0 Environment						
6.1 Ematiha Primary School	250,000			250,000		250,000
6.2 Burangasi Primary School	250,000			250,000		250,000
Total	500,000	-	-	500,000	-	500,000
7.0 Primary Schools Projects (List all the Projects)						
7.1 Emulama Primary School		2,000,000		2,000,000	2,000,000	-
7.2 Emasinga Primary School	400,000			400,000		400,000
7.3 Lukhuna Primary School	1,600,000			1,600,000		1,600,000
7.4 Kochwa Primary School	2,900,000			2,900,000	2,538,214	361,786
7.5 Tanga Primary School	1,500,000			1,500,000		1,500,000
7.6 Emulama Primary School	400,000			400,000		400,000
7.7 Emulama Primary School	800,000			800,000		800,000
7.8 Espipanga Primary School	1,600,000			1,600,000	1,600,000	-

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

Programme/Sub-programme	Original Budget	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
7.9 Makhina Primary School	800,000			800,000	800,000	-
7.10 Namirama Primary School	3,200,000			3,200,000	3,200,000	-
7.11 Simakina Primary School	400,000			400,000	400,000	-
7.12 Good Shepherd Primary School	1,600,000			1,600,000	1,600,000	-
7.13 Shiberembe Primary School	1,600,000			1,600,000	1,600,000	-
Total	16,800,000	2,000,000	-	18,800,000	13,738,214	5,061,786
8.0 Secondary Schools Projects (list all the Projects)						
8.1 St. Teresa's Ebumamu Secondary School		4,693,336		4,693,336	4,693,336	-
8.2 St. Paul's Emulakha Secondary School		50,000		50,000	50,000	50,000
8.3 Butayi Muslim Secondary School		500,000		500,000	500,000	-
8.4 Butkhubalo Secondary School		2,000,000		2,000,000	2,000,000	-
8.5 Ingotse Girls Secondary				-		-
8.6 Musaga Secondary School	1,950,000			1,950,000		1,950,000
8.7 Namundera Secondary School	1,000,000			1,000,000		1,000,000
8.8 Lwakhupa Secondary School	1,000,000			1,000,000		1,000,000
8.9 Sirigoi Secondary School	1,000,000			1,000,000		1,000,000
8.10 Buchangu Secondary School	2,500,000			2,500,000		2,500,000
8.11 Siville Secondary School	2,000,000			2,000,000		2,000,000
8.12 Ingotse High School	2,000,000			2,000,000		-
8.13 Butayi Muslim Secondary	6,000,000			6,000,000		-
8.14 St. Caroli Lwanga Lutaso Secondary school	7,000,000			7,000,000		7,000,000
8.15 St. Kizito Girls Secondary School	1,300,000			1,300,000		-
8.16 St. Kizito Girls Secondary School	1,700,000			1,700,000	1,496,342	203,658

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

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursements			
8.17 St. Paul's Emulakha Secondary School	6,000,000			6,000,000	6,000,000	-
8.18 Weremba Muslim Secondary School	1,600,000			1,600,000	1,600,000	-
8.19 Weremba Muslim Secondary School	100,000			100,000	100,000	-
8.20 Nambacha Secondary School		6,800,000		6,800,000	5,800,000	1,000,000
8.21 Sidikho Secondary School		5,400,000		5,400,000	5,400,000	-
Total	35,150,000	19,443,336		54,593,336	36,889,678	17,703,658
9.0 Tertiary institutions Projects (List all the Projects)						
9.1 Kenya Medical Training College – Navakholo – Administration Block			7,000,000	7,000,000	7,000,000	-
9.2 Kenya Medical Training College – Navakholo – Administration Block	20,000,000			20,000,000	20,000,000	-
9.3 Kenya Medical Training College – Navakholo – Tuition Block	7,000,000			7,000,000		7,000,000
Total	27,000,000	-	7,000,000	34,000,000	27,000,000	7,000,000
10.0 Security Projects						
10.1 Deputy County Commissioner's Office	5,008,400			5,008,400	2,800,000	2,208,400
10.2 National Police Service	3,000,000			3,000,000		3,000,000
10.3 Bunyala West Chief's Office - land	1,000,000			1,000,000	1,000,000	0
10.4 Bunyala West Chief's Office - office	2,000,000			2,000,000		2,000,000
10.5 DCI Navakholo Office	161,786			161,786	161,786	0
10.6 Bunyala Central Chief's Office	300,000			300,000		300,000
Total	11,470,186	-	-	11,470,186	3,961,786	7,508,400
11.0 Acquisition of assets						
11.1 Construction of CDF office	-	92,755		92,755		92,755
Total	0	92,755	-	92,755	-	92,755

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

Programme/Sub-programme	Original Budget	Adjustments	Previous Years' Outstanding Disbursements	Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
	2020/2021	Opening Balance (C/B) and AIA				
12.0 Others						
12.1 Strategic Plan	0	240	-	240	-	240
12.2 Innovation Hub	0	1	-	1	-	1
Total	0	241	-	241	-	241
13.0 Unallocated Funds						
Unapproved projects						
AIA		119,000		119,000		119,000
PMC savings						
Total	-	119,000	-	119,000	-	119,000
Grand Total	137,088,879	29,421,129	10,900,000	177,410,008	134,925,393	42,484,615

(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)

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 (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-Navakholo 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.

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

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

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 2020.

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.

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

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020-2021	2019-2020
		Kshs	Kshs
NGCDF Board			
AIE NO	B041169		4,000,000.00
AIE NO	B041329		20,000,000.00
AIE NO	B047746		7,000,000.00
AIE NO	B047998		9,000,000.00
AIE NO	B104439		9,000,000.00
AIE NO	B104060		19,000,000.00
AIE NO	B096769		59,967,724.00
AIE NO	B124802	1,500,000	
AIE NO	B104960	9,400,000	
AIE NO	B124708	9,000,000	
AIE NO	B119605	12,000,000	
AIE NO	B119995	13,000,000	
AIE NO	B128236	6,900,000	
AIE NO	B129198	7,000,000	
AIE NO	B132292	6,000,000	
AIE NO	B138961	14,000,000	
AIE NO	B126253	7,000,000	
AIE NO	B105048	15,100,000	
AIE NO	B140691	15,000,000	
TOTAL		115,900,000	127,967,724.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. OTHER RECEIPTS

	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of tender documents	24,000	0
Total	24,000	0

3. COMPENSATION OF EMPLOYEES

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	2,584,874	2,465,696
Personal allowances paid as part of salary		
Transport Allowance	0	145,320
Gratuity to contractual employees	256,890	0
Employer Contributions Compulsory national social security schemes	123,210	111,660
Total	2,964,974	2,722,676

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. USE OF GOODS AND SERVICES

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses		
Utilities, supplies and services	0	35,904
Electricity	11,704	0
Water & sewerage charges	6,325	0
Domestic travel and subsistence	0	139,600
Hospitality supplies and services	257,390	485,960
Other committee expenses	585,000	1,171,650
Committee allowance	6,932,100	6,213,300
Office and general supplies and services	796,220	637,440
Fuel, Oil & lubricants	470,000	305,000
Other operating expenses	99,450	27,600
Bank Service Commission and charges	12,620	109,340
Routine maintenance – vehicles and other transport equipment	71,777	51,679
Total	9,242,586	9,177,473

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020-2021	2019-2020
	Kshs	Kshs
Transfers to primary schools	20,538,214	13,350,000
Transfers to secondary schools	30,089,678	51,750,000
Transfers to tertiary institutions	27,000,000	20,000,000
TOTAL	77,627,892	85,100,000

6. OTHER GRANTS AND OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Bursary – secondary schools	10,209,875	2,038,149
Bursary – tertiary institutions	23,257,344	3,717,600
Bursary – special schools	0	18,000
Security projects	3,961,786	931,818
Sports projects	1,136,396	0
Environment projects	0	750,000
Emergency projects	6,524,540	6,435,109
Total	45,089,941	13,890,676

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7: CASH BOOK BANK BALANCE

7A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
Cooperative Bank of Kenya, Kakamega Branch, Navakholo NGCDF, A/c No.01141545568700	0	29,397,129
Equity Bank (Kenya) Limited, Kakamega Branch, Navakholo NGCDF, A/c No. 0500279912889	10,395,736	0
Total	10,395,736	29,397,129

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. BALANCES BROUGHT FORWARD

	2020-2021 (1 st July 2020)	2019-2020 (1 st July 2019)
	Kshs	Kshs
Bank accounts	29,397,129	12,320,230
Total	29,397,129	12,320,230

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9: OTHER IMPORTANT DISCLOSURES

9.1 UNUTILIZED FUND (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	16,888	488,942
Use of goods and services	170,202	232,618
Amounts due to other Government entities (see attached list)	29,765,444	7,550,000
Amounts due to other grants and other transfers (see attached list)	12,320,085	31,837,574
Acquisition of assets	92,755	92,755
Others	241	241
Funds pending approval	119,000	95,000
Total	42,484,615	40,297,130

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.2: PMC account balances (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	17,179,423	63,123,632
Total	17,179,423	63,123,632

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

ANNEX 1 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees		16,888	488,942	
Use of goods & services		170,202	232,618	
	Sub-Total	187,090	721,560	
Amounts due to other Government entities				
Primary Schools				
1.Emulama Primary		1,200,000	2,000,000	
2.Emasinga Primary		400,000	0	
3.Lukhuna Primary		1,600,000	0	
4.Kochwa Primary		361,786	0	
5.Tanga Primary		1,500,000	0	
Secondary Schools				
1.Ebumamu Secondary		0	893,336	
2.St. Pauls Emulakha Secondary		50,000	50,000	
3.Buhayi Muslim Secondary		0	500,000	
4.Bukhuhalo Secondary		0	2,000,000	
5.Musaga Secondary		1,950,000	0	
6.Namundera Secondary		1,000,000	0	
7.Lwakhupa Secondary		1,000,000	0	
8.Sirigo Secondary		1,000,000	0	
9.Buchangu Secondary		2,500,000	0	
10.Sivillie Secondary		2,000,000	0	
11.St. Caroli Lwanga Secondary		7,000,000	0	
12.St Kizilo Girls Secondary		203,658	0	
13.Nambacha Secondary		1,000,000	0	
Tertiary Institutions				
1.KMTC -Navakholo		7,000,000	7,000,000	
	Sub-Total	29,765,444	12,443,336	
Amounts due to other grants and other transfers				
Security				
1.Ebuteenje Primary		0	25,135	

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

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
2.Namundera Primary		0	93,611	
3.Namirama Girls Secondary		0	119,017	
4.Deputy County Commissioner's Office		2,208,400		
5.National Police Service		3,000,000		
6.Bunyala West Chief's Office		2,000,000		
7.Bunyala Central Chief's Office		300,000		
Emergency- Unutilized		1,167,667	763,132	
Sports				
1.Unutilized		500,000	2,250,000	
2.Budonga Primary School		50,000		
3.Kamuli Primary School		50,000		
4.Mukama Primary School		50,000		
5.Mungakha Primary School		50,000		
6.St. Joseph's Matoyi Primary School		50,000		
7.Simuli Primary School		50,000		
8.Makhima Primary School		50,000		
9.Chekata Primary School		50,000		
10.Emulakha Primary School		50,000		
11.Shinoyi Primary School		50,000		
Environment				
1.Emaitiha Primary		250,000		
2.Burangasi Primary		250,000		
Bursary				
1.Special		200,000	382,000	
2.Secondary Schools		1,900,632	10,593,507	
3.Tertiary Institutions		43,386	12,741,979	
Sub-Total		12,320,085	26,968,381	
Acquisition of assets				
Construction of CDF office		92,755	92,755	
Sub-Total		92,755	92,755	
Others (specify)				

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

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
1. ICT Hub		1	1	
2. Strategic Plan		240	240	
	Sub-Total	241	241	
		119,000	95,000	
Funds pending approval-AIA		119,000	95,000	
	Sub-Total			
		42,484,615	40,297,140	
	Grand Total			

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

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/21
Land	850,000	0	0	850,000
Buildings and structures	17,639,795	0	0	17,639,795
Transport equipment	493,200	0	0	493,200
Office equipment, furniture and fittings	2,000,000	0	0	2,000,000
ICT Equipment, Software and Other ICT Assets	1,124,250	0	0	1,124,250
Other Machinery and Equipment	0	0	0	0
Heritage and cultural assets	0	0	0	0
Intangible assets	0	0	0	0
Total	22,107,245	0	0	22,107,245

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

ANNEX 3 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Our Lady Sipanga Primary School	Equity Bank – Kakamega	0500281003932	800,000	0
Navakholo Deputy County Commissioner's Office	Equity Bank – Kakamega	0500280968610	430	0
Shibembe Primary School	Equity Bank – Kakamega	0500280964228	799,550	0
Good Sheperd Primary School	Equity Bank – Kakamega	0500280956255	699,550	0
Namirama Primary School	Equity Bank – Kakamega	0500280940147	1,600,000	0
St. Joseph's Matoyi Primary School	Equity Bank – Kakamega	0500280752583	168,954	0
Makhima Primary School	Equity Bank – Kakamega	0500280752704	346,091	0
Buryala West Chief's Office	Equity Bank – Kakamega	0500280752269	1,000,000	0
Nambacha Primary School	Equity Bank – Kakamega	0500280749353	277,231	0
Simakina Primary School	Equity Bank – Kakamega	0500280553476	399,550	0
St. Peter's Bukhulubalo Secondary School	Equity Bank – Kakamega	0500279914443	1,927,247	0
Lutaso Primary School	Equity Bank – Kakamega	0500279808698	34,880	250,000
Nderema Primary School	Equity Bank – Kakamega	0500279805696	2,410	235,873
Kochwa Primary School	Equity Bank – Kakamega	0500279801080	9,888	1,449,880
Good Sheperd Primary School	Equity Bank – Kakamega	0500279752602	48,195	49,220
Sidikho Secondary School	KCB – Kakamega	1272452298	9,874	36,395
Emulama Primary School	Equity Bank – Kakamega	0500279738022	149,982	0
Emasinga Primary School	Equity Bank – Kakamega	0500279737496	63,220	1,424,880

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

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Nambacha Secondary School	Equity Bank – Kakamega	0500279724810	112,332	202,820
Simuli Secondary School	Equity Bank – Kakamega	0500279718225	647	1,500,000
St. Aquinas Buchangu Secondary School	Equity Bank – Kakamega	0500279712929	134,587	2,099,940
St. Margaret Wading'o Primary School	Equity Bank – Kakamega	0500279703180	18,307	500,000
Lukhuna Primary School	Equity Bank – Kakamega	0500279702894	663,995	665,020
Eshikhoni Primary School	Equity Bank – Kakamega	0500279696811	807	0
Bushili Primary School	Equity Bank – Kakamega	0500279694491	1,320	0
Bushili Primary School	Equity Bank – Kakamega	0500279694506	38,764	1,487,196
Simakina Primary School	Equity Bank – Kakamega	0500279678505	97	453,810
Mwikoli Primary School	Equity Bank – Kakamega	0500279694109	807	0
St. Paul's Emulakha Secondary School	Equity Bank – Kakamega	0500279674227	216,807	6,000,000
Buhayi Muslim Secondary School	Equity Bank – Kakamega	0500279649778	710,947	1,421,820
Buhayi Muslim Secondary School	Equity Bank – Kakamega	0500279649791	72,626	6,000,000
Sisokhe Primary School	Equity Bank – Kakamega	0500279615804	760	760
Emasinga Primary School	Equity Bank – Kakamega	0500279466728	3,195	4,220
St. Teresa's Ebumamu Secondary School	Equity Bank – Kakamega	0500279332048	1,309,149	7,870,505
Tumaini Community School	Equity Bank – Kakamega	0500278994714	7,480	0
Ebumangale Primary school	Equity Bank – Kakamega	0500278995135	860	0
Navakholo Police Post	Equity Bank – Kakamega	0500278991360	989	0

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

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Namundera Secondary School	Equity Bank – Kakamega	0500278988380	116,405	116,405
St. Paul's Lwakhupa Secondary School	Equity Bank – Kakamega	0500278985960	809,099	2,010,192
Friends School Musaga	Equity Bank – Kakamega	0500278984862	59,539	9,116,053
St. Mary's Ebutenje Girls Secondary School	Equity Bank – Kakamega	0500278983265	1,399,820	0
Friends School Sirigoi	Equity Bank – Kakamega	0500278983276	8,439	1,772,296
KMTC Navakholo	Equity Bank – Kakamega	05002788890964	1,170	3,504,938
Navakholo DCC's Office	Equity Bank – Kakamega	0500278885041	7	0
Weremba Muslim Secondary School	Equity Bank – Kakamega	0500278816554	41,660	41,660
Sikubale Primary School	Equity Bank – Kakamega	0500278814731	1,815	1,815
Chekata Primary School	Equity Bank – Kakamega	0500278814890	3,229	3,229
Shibembe Primary School	Equity Bank – Kakamega	05002788688143	13,145	14,170
Nambacha Mixed Secondary School	Equity Bank – Kakamega	0500278459591	1,316,186	4,218,598
Ingotse Girls Secondary School	Co-operative Bank - Kakamega	01139632856101	519,962	1,976,644
St. Raphael's Burangasi Secondary School	Equity Bank - Kakamega	0500277622001	1,286	9,906
Lwakhupa Primary School	KCB – Kakamega	1233981099	1,497	1,497
Job's Primary School	Co-operative Bank - Kakamega	01139804049200	1,040	1,040
Navakholo Police Division Office	Co-operative Bank - Kakamega	01141804250100	1,000	0
Muregu AP Camp	Cooperative Bank – Kakamega	01141631455700	11,825	0
Lutaso Chief's Office	Cooperative Bank – Kakamega	01141631455600	4,325	0

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

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Sisokhe Primary School	Cooperative Bank – Kakamega	01139165627401	2,162	0
St. Margaret's Wadingo Primary School	Co-operative Bank - Kakamega	01139632759200	7,072	0
Siyombe Primary School	Co-operative Bank - Kakamega	01139165252600	1,695	0
Sirigoi Primary School	Cooperative Bank – Kakamega	01139098424101	770	0
Assumption of Our Lady Sipanga Primary School	Co-operative Bank - Kakamega	01139632759300	3,598	0
Ebumamu Primary School	Cooperative Bank – Kakamega	01139632766000	1,833	0
Chebuiyusi Muslim Primary School	Co-operative Bank - Kakamega	01139632765700	1,022	0
Namabacha AP Camp	Co-operative Bank - Kakamega	01141632622800	2,326	0
Natunyi Community Health Centre	Equity Bank - Kakamega	0500270344638	1,635	0
Buchangu Dispensary	Equity Bank - Kakamega	0500270126325	79,680	0
St. John's Budonga Secondary School	Equity Bank – Kakamega	0500270211662	2,998	63,118
Kochwa Primary School	KCB - Kakamega	1200908570	10,847	0
Ematiha Secondary School	Equity Bank – Kakamega	0500270175449	1,495	1,495
Eshikhoni Primary School	KCB - Kakamega	1200472195	674	0
Navakholo Secondary School	Equity Bank - Kakamega	0500270075427	2,450	0
Eshilakwe Primary School	Equity Bank - Kakamega	0500264911739	4,688	0
Mukama Primary School	Co-operative Bank - Kakamega	01139011926300	475,095	0
Ewamakhumbi Primary School	Co-operative Bank - Kakamega	01139165610501	6,098	0
St. Kizito Girls Secondary School Lusumu	Equity Bank – Kakamega	0500264093425	1,520	1,520

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

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Nang'anda D. O's Office	Cooperative Bank - Kakamega	01141631075300	3,512	0
Buhayi Muslim Secondary School	Equity Bank - Kakamega	0500279649791	0	5,500,000
St. Raphael's Burangasi Secondary School	Co-operative Bank - Kakamega	01139631124900	2,762	0
St. Paul's Emulakha Secondary School	KCB - Kakamega	1156882885	520	115,965
Shinoyi Secondary School	KCB - Kakamega	1156846579	315,558	0
Shinoyi Chief's Office	KCB - Kakamega	1156787653	67,357	0
Eshlakwe Dos Office PMC	KCB - Kakamega	1154471152	6,239	0
Sidikho Chief's Office	Cooperative Bank - Kakamega	01141545641400	5,490	0
Namirama Girls High School	KCB - Kakamega	1130971007	1,803	0
Ingoise High School	KCB - Kakamega	1110703775	223,847	0
Emuhuni Primary School	Cooperative Bank - Kakamega	01139011926000	1,700	0
Total			17,179,423	63,123,632

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

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)
2019-2020-01-0203-9	Budget under utilization	It is true that as at 30 June 2020 Kshs. 40,297,129 was unutilised. This amount included Kshs. 10,900,000.0 which had not been disbursed by the NGCDF Board. However, it was later received after 30 June 2020. (Annex 1) The balance of Kshs. 29,397,129 includes Kshs. 95,000.00 for unallocated expenditure, bursary and transfers to other Government institutions which had not been disbursed due to closure of schools as a result of Covid 19. However, some amount of bursary was paid to tertiary institutions in October, 2020 (Annex 2) while the balance was reallocated to improve school infrastructure (Annex	Not Resolved	In the next audit of 2021/2022 FY

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

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)
		3) as an attempt to achieve social distance protocol as guided by the Ministry of Health.		