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Enhancing Accountability

REPORT

DATE: 23 MAR 2022

WCD (PM)

TABLED
BY:

L.O.M.

OF

CLERK-AT
THE-TABLE:

INROFU

THE AUDITOR-GENERAL

ON

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -BONCHARI
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)
BONCHARI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT	2
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES.....	
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	10
V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES	14
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- BONCHARI CONSTITUENCY</i> 15	
VII. STATEMENT OF RECEIPTS AND PAYMENTS	16
VIII. STATEMENT OF ASSETS AND LIABILITIES.....	17
IX. STATEMENT OF CASHFLOW	19
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED	21
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES.....	
XII. SIGNIFICANT ACCOUNTING POLICIES.....	28
XIII. NOTES TO THE FINANCIAL STATEMENTS.....	32

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

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

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

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

(c) Fiduciary Management

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

No.	Designation	Name
1.	A.I.E holder	Salome O. Miruka
2.	Sub-County Accountant	Stephen Orina
3.	Chairman NGCDFC	Geoffrey Omwando
4.	Member NGCDFC	Mogendi Daniel

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF BONCHARI Constituency Headquarters

NG-CDF Office Building Suneka
P.O. Box 1627-40200,
Kisii
Kisii – Migori Highway
Suneka, KENYA

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

(f) NGCDF BONCHARI Constituency Contacts

Telephone: (254) 712755708
E-mail: cdfbonchari@ngcdf.go.ke
Website: www.bonchari.go.ke

(g) NGCDF BONCHARI Constituency Bankers

Bonchari NG - CDF
Equity Bank - Kisii Branch
Acc. No: 0510263641594
P.O Box 1627 – 40200
KISII.

(h) Independent Auditors

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

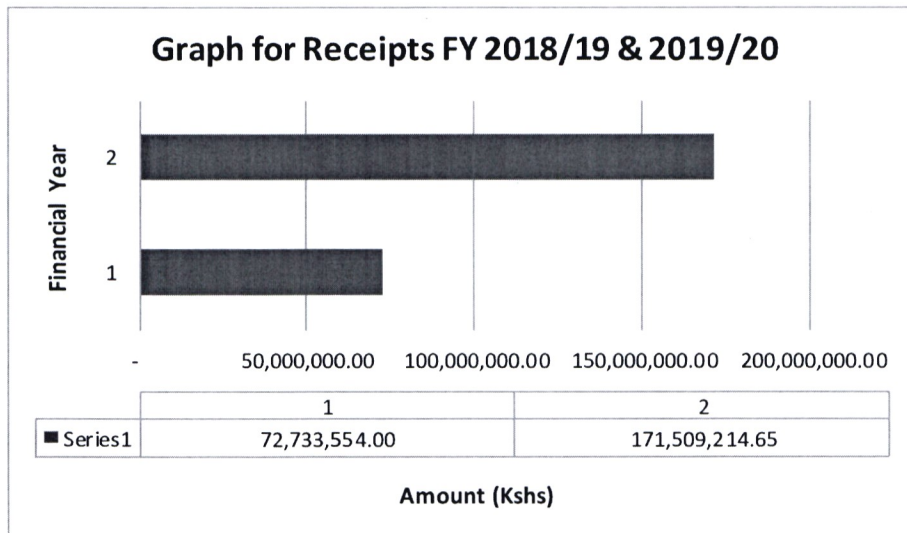
(i) Principal Legal Adviser

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

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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

BUDGET PERFORMANCE AGAINST ACTUAL AMOUNTS

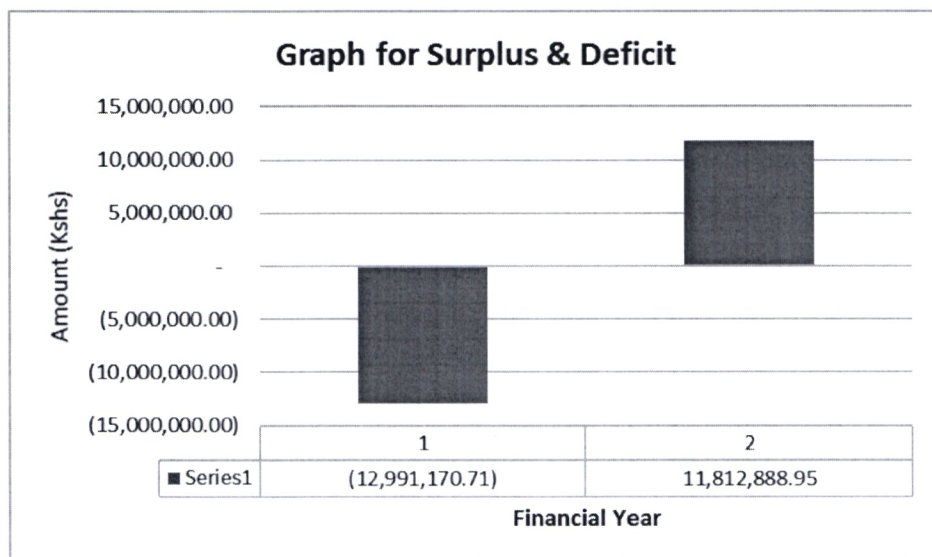


Key

1 – Funds received in FY 2019/2020

2 – Funds received in FY 2018/2019

As shown in the above graph Bonchari constituency received kshs 72,733,544 for financial year 2019/2020 as compared to financial year 2018/2019 where we received Kshs 171,509,214. This account for only 50% of expected funds and 42% of the funds received in the previous year.



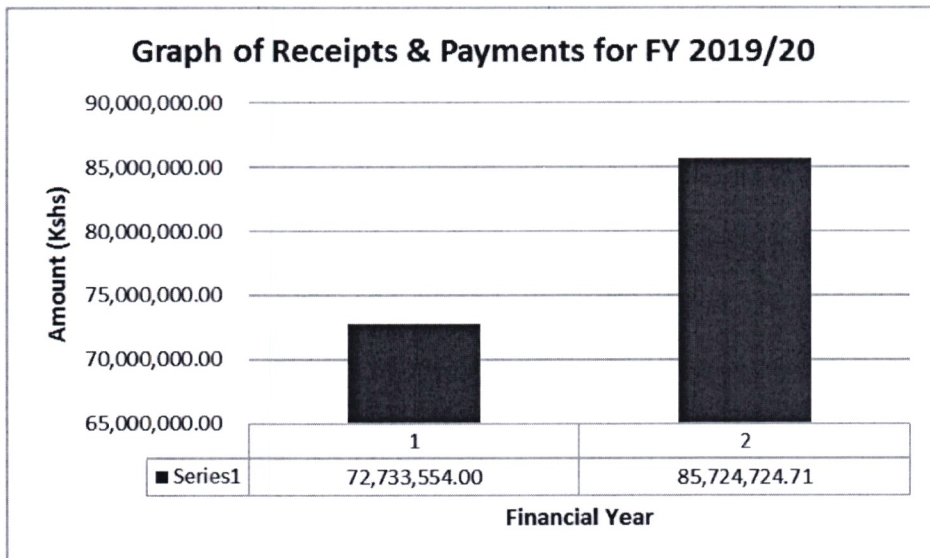
Key

1 – Deficit for FY 2019/2020

2 – Surplus for FY 2018/2019

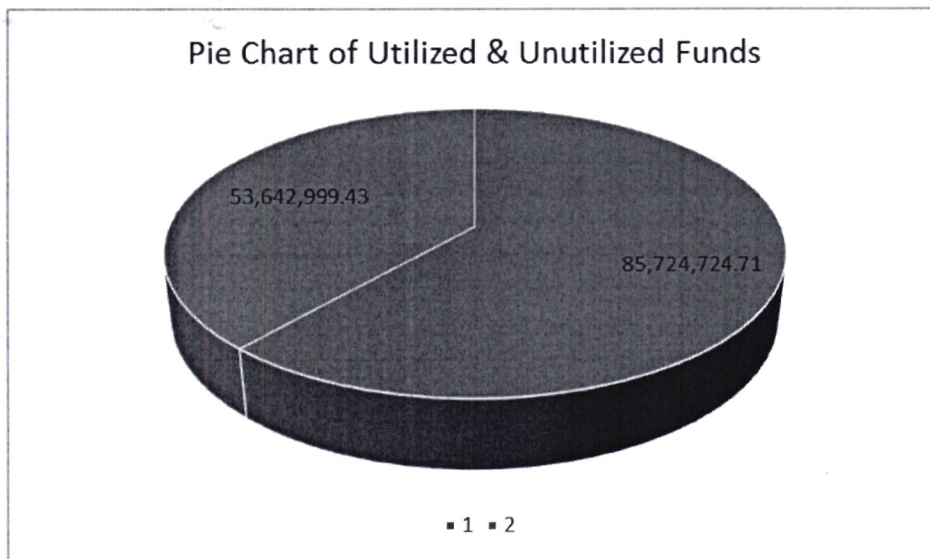
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
 BONCHARI CONSTITUENCY
 Reports and Financial Statements
 For the year ended June 30, 2020**

From the graph above there is an indication that there was less performance for the year 2019/2020 as compared to the year 2018/2019.



Key

- 1 – Funds received in FY 2019/2020
- 2 – Funds spent in FY 2018/2019



Key

- 1 – Amount utilized in FY 2019/2020
- 2 – Amount unutilized in FY 2019/2020

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

The pie chart above shows the amount that was spent during the FY 2019/2020 and the amount that was not yet disbursed from the board.

KEY ACHIEVEMENTS BY NGCDF BONCHARI



Fig 1. Construction of Suneka primary school



Fig 2. Construction of 3 classrooms at Chisaro Primary school

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

EMERGING ISSUES IN BONCHARI CONSTITUENCY

Covid-19 corona virus pandemic that slowed the implementation of projects and disbursement of funds from the board.

IMPLEMENTATION CHALLENGES

Despite the fact that the financial year 2019/2020 has had a fair share of challenges i.e. the board did not disburse all the funds that were allocated for the year despite the absorption rate of the constituency being good. Secondly the bursaries kit was not adequate to meet the number of students demanding bursaries. Inadequate resources to meet development goals was another challenge as well as high expectations for allowances from PMCs.

Therefore, there is need for board to disburse funds before closure of financial year so as to ensure that there is timely implementation of projects.



Sign

CHAIRMAN NGCDF COMMITTEE

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

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of NGCDF-BONCHARI Constituency's 2018-2022 plan are to:

- a) Improve the operational efficiency and effectiveness;
- b) Strengthen institutional capacity;
- c) Ensure efficient and effective project management;
- d) Enhance good governance; and
- e) Promote effective communication and appropriate partnerships.

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> - number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels 	In FY 19/20 -we increased number of classrooms, dormitories, laboratoties etc in various schools/institutions as shown in the annual expenditure returns - Bursary beneficiaries at all levels were as per the attached schedules

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Security	To ensure construction of chief's office and police stations and security lights	Improved security within the constituency	- number of chief's office and police stations/posts	In FY 2019/20 We constructed chief's offices e.g. Nyamwari Chiefs Office and In Suneka Police station is under construction
Environment	To ensure conservation of environment and availability of water	Improved environmental safety and access to water	- number of boreholes, energy saving jikos, no. of institution trees planted	In FY 2019/2020 environment activities not conducted due to underdisbursement of funds
Sports	To organize Constituency sports tournament and award of balls and uniforms to the participating teams	Improved sport performance at the constituency level	- tournaments held, uniforms and balls awarded to participants	In FY 2019/2020 sports activities not conducted due to late disbursement of funds
Disaster Management				

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile –

Emerging literature has shown that only sustainable NG-CDF projects will be able to meet the objectives of the NG-CDF that is poverty reduction and development at grassroots. A project becomes sustainable when its resources are managed and utilized in the way that ensures successful project completion. There are three major principles of project sustainability:-

- a) Use of limited resources. This implies that a project can only be accomplished if resources are available and enough.
- b) Project should never exceed available resources. This means that a project will successful if the use of available resources never exceeds amount of resources necessary for project completion. This therefore means that resources must be planned in advance and minimize resources waste.
- c) Resources must be allocated strategically. This means that one has to recognize the importance of allocating project resources to only prioritized direction according to the strategies. Resource allocation activities should be planned for long-term perspectives and utilized considering stakeholders expectations.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Project sustainability is affected by two factors:-

- a) Macroeconomic policies
- b) Political environment

On the issue of macroeconomic policies Bonchari Projects are allocated enough funds based on technical advice from the sub county works officer. This has ensured that the minimal resources are shared in proportional to the needs of the constituents. It is the policy of Bonchari NG-CDF to ensure that only contractors from the constituency are given priority for project tendering and all the local skilled and un-skilled labour are involved in order to enhance the community standard of living.

It has been a directive of Bonchari NG-CDF that all the contractual materials for all projects be procured from the local investors in order to ensure that the funds trickle down to everybody in the society thereby increasing the purchasing power of the consumers.

Therefore, small scale businesses have grown to a great margin raising the standard of living of the constituents.

The success of Bonchari projects is attributed by good political goodwill from the area MP who is very supportive and is involved directly in supervision of the NG-CDF projects.

It is also evident that there are minimal confrontational politics and the constituency is always in low political temperatures giving an enabling and peaceful environment in project implementation.

However, there are instances where projects fail to take off due to various reasons

- 1) Delayed funding from the NG-CDF board.
- 2) Lack of input from works officers who are employees of the county
- 3) Lack of skilled manpower in the constituency
- 4) NG-CDFCs and PMCs mostly composes of people with no relevant skills and experience.

2. Environmental performance

Environmental policy is the commitment of an organization or government to the laws, regulations and other policy mechanisms concerning environmental issues. Bonchari NG-CDF has drafted an environmental policy on:-

- a) Increasing of the number of tanks purchased and installed in various schools every year.
- b) Ensuring installation of energy saving Jikos in various secondary schools in the constituency

Success of the policy.

Due to continued installation of tanks especially in primary and secondary schools, the water harvesting has been enhanced hence conserving water and reducing erosion. Also it is evident that the installation of energy saving Jikos has reduced the cutting of trees in the constituency.

The communities have been aroused on the need to conserve environment based on the benefits witnessed over time.

Short comings

One of the shortcomings of the environmental policy in Bonchari is sustainability of the projects. Majority of the schools have have not installed gutters in place there the tanks are not still in use.

3. Employee welfare

Employee hiring process is the process of reviewing applications, selecting the right candidates to interview, testing candidates, choosing between candidates to make the hiring decision and performing various tests and checks.

Bonchari has adhered to a policy of gender parity whereby one third rule enshrined in the constitution is followed to the letter.

ALL the stakeholders in the wards are involved in the recruitment process to promote equity

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

although the recruitment is an open process acceptable by everyone in the constituency.

Efforts to improve skills, managing careers, appraisal and reward system

Bonchari NG-CDF is recognising the importance of developing a talent management process strategy and improvement of skills. This is an approach which is concerned with the long-term professional development of employees in the organization. Its aim is getting the right person in the right job at the right time and to enhance skills commensurate with their job placement. For that matter NG-CDFC committee has sponsored employees in colleges and universities through NG-CDFC bursaries to advance their careers.

On performance appraisal it is a review, evaluation or method by which the job performance of an employee is documented and evaluated.

Here the employees are given targets which are evaluated at the end of the period and employees are ranked in order of performance and rewarded at the end of the year by the NG-CDFC committee.

On workplace safety programs are designed to give the tools necessary to develop and manage an effective safety culture that not only help reduce work related injuries and work compensation costs. Bonchari has the following policy on workplace safety program:-

- a) Employees have been trained on roles on safety measures.
- b) Different hazard control methods have been identified and kept on standby
- c) Documentation of safety data and hazard analysis and standard operating procedures Put in place.

4. Market place practices-

Responsible competitiveness is about making sustainable development count in global and local markets. It means markets that reward business practices that deliver improved social, environmental and economic outcomes. And it means economic success for nations that encourage such business practices through public policies, societal norms and citizen actions. Responsible competitiveness strategies enhance productivity by shaping business strategies and practices and the context in which they operate to take explicit account of their social, economic and environmental impacts. Thus responsible competitiveness means markets where businesses are systematically and comprehensively rewarded for more responsible practices and penalised for the converse.

Here Bonchari adhere strictly to the laid down procedures on project identification, implementation and accountability of funds to ensure the community get value for the funds. The committee has an oversight sub-committee mandated to track funds from disbursement to completion of the project curbing corruption at the project level and also giving autonomy to project implementation committee.

Bonchari respect its competitors who are in the county and mutually education projects benefit from the water borehole dug by the counties for implementing of projects.

The constituency has prequalified its own suppliers through an open process and tenders are awarded competitively with the winners offered jobs without controversy.

Bonchari NG-CDFC ensures that all contractors and suppliers are paid promptly after certification of goods and services for quality and quantity.

Product stewardship is an environmental management strategy that means whoever designs, produces, sells, or uses a product takes responsibility for minimising the environmental impact throughout all stages of the products life cycle, including end life management.

It also ensures that the end product meet the desired qualities to enhance customer value.

Bonchari has endeavoured to live to its policy framework of good quality projects with no negative environmental impact to the society.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

5. Community Engagements-

Bonchari NG-CDF is well connected to the grassroots and it starts in the project identification stage where community is actively engaged on decisions regarding the projects they desire.

On the other hand the community is mobilised especially when they are vetting beneficiaries of bursaries in the year.

Sporting activities bring the community together and enhance unity of purpose.

Bonchari NG-CDFC motor vehicle sometimes is offered to families which are bereaved because of inability to raise funds for the occasion.

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

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

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

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

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

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

Approval of the financial statements

The NGCDF-BONCHARI Constituency financial statements were approved and signed by the Accounting Officer on 30/09/2020 2020.



**Fund Account Manager
Name: Salome Miruka**



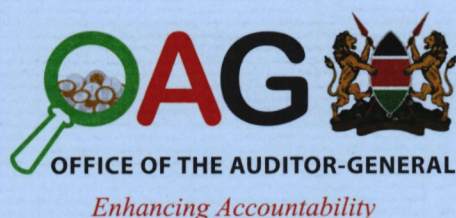
**Sub-County Accountant
Name: Stephen Orina
ICPAK Member Number: 15252**

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

VI. REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF- BONCHARI CONSTITUENCY

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 - BONCHARI 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 - Bonchari Constituency set out on pages 16 to 50, which comprise the statement of 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Bonchari 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 Constituency Development Fund Act, 2015 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Cash and Cash Equivalents

As disclosed in Note 10A to the financial statements, the statement of assets and liabilities as at 30 June, 2020 reflects bank balances of Kshs.2,020,850 which excludes stale cheques amounting to Kshs.666,000. The same had not been reversed into the cashbook as at the time of audit. No explanation for this anomaly was provided.

In the circumstances, the accuracy, validity and completeness of cash and cash equivalents balance of Kshs.2,020,850 as at 30 June, 2020 could not be confirmed.

2. Summary Statement of Appropriation

Included in the summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2020 are adjustments of Kshs.19,450,222 for

payments which includes other grants and transfers of Kshs.14,797,369. However, detailed schedule of the projects and programmes in the approved code list in the prior year which were to be funded during the 2019/2020 financial was not provided for audit.

In the circumstances, the accuracy and completeness of the adjustment of Kshs.19,450,222 reflected in the statement of appropriation-recurrent and development combined for the year ended 30 June, 2020 could not be confirmed.

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

1.1 Revenue Analysis

The statement of budget and actual amount for the year ended 30 June, 2020 reflects Kshs.156,817,946 and Kshs.87,507,102 in respect to budgeted revenue and actual revenue respectively. This translates to an under-realization of Kshs.69,310,844 or 44% an indication that some programs and activities that had been planned were not implemented.

In addition, the National Government Constituencies Development Fund (NG-CDF) Board approved a budget of Kshs.156,817,946 to be transferred to Bonchari Constituency Fund but only Kshs.87,507,102 was transferred resulting to underfunding of Kshs.69,310,844. Failure to transfer the Kshs.69,310,844 by the Board translates to planned budget that was not executed for the benefits of the public

1.2 Expenditure Analysis

The statement of comparison of budget and actual amounts for the year ended 30 June, 2020 reflects Kshs.156,683,746 and Kshs.85,724,725 in respect of budget and actual expenditure respectively resulting to under absorption of Kshs.71,093,221 or 45% which translates to equivalent services planned but not delivered to the public

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Other Grants and Other Payments

1.1 Security Projects - Construction of Nyamwari Chief's Office

Disclosed under Note 7 to the financial statements under other grants and payments of Kshs.38,871,606 is an expenditure of Kshs.2,000,000 for security projects paid for the construction of Nyamwari Chief's Camp Project. Physical verification on 19 January, 2021 revealed that the contractor was not on site and the project had stalled.

Consequently, the regularity and value for money of the expenditure of Kshs.2,000,000 for the year ended 30 June, 2020 could not be confirmed.

1.2 Emergency Projects

Similarly, included in other grants and other payments, is an expenditure of Kshs.9,419,200 for sports projects which exceeds 5% of the total allocation to emergency projects. This is contrary to Section 8(1) of the National Government Constituency Development Fund Act, 2015 which states that a portion of the fund, equivalent to five percent (5%) shall remain unallocated and shall be available for emergencies that may occur within the Constituency.

Consequently, the Fund is in breach of the law.

2. Transfers to Other Government Entities

2.1 Transfers to Primary Schools

As disclosed in Note 6 to the financial statements, the statement of receipts and payments as at 30 June, 2020 reflects a balance of Kshs.37,519,168 in respect of transfers to other government entities. Included in this balance is an amount of Kshs.19,519,168 relating to transfers to primary schools. However, a physical verification confirmed poor workmanship in five primary school with projects worth Kshs.3,500,000 where it was observed that cracks had developed on the floor, ventilations not fitted and paints peeling off.

In the circumstances, the value for money and regularity of the expenditure of Kshs.3,500,000 for the year ended June 2020 could not be confirmed.

2.2 Non-Filling of Expenditure Return by Project Management Committee (PMC)

Note 6 to the financial statement as at 30 June, 2020 reflects a balance of Kshs.37,519,168 in respect of transfers to other government entities for various projects.

However the following documents were not provided.

- i. Work plans for the projects.
- ii. Certificate of completion and Engineers report for the projects before payments are made.

- iii. Schedule of materials.
- iv. Documents from the Public Health for the various toilets constructed within the financial year.

In the circumstances, the value for money and regularity of the expenditure of Kshs.37,519,168 for the year ended June, 2020 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 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, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 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 sustaining 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


07 February, 2022

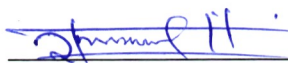
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BONCHARI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	71,877,828	171,509,214
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	<u>134,200</u>	<u>-</u>
TOTAL RECEIPTS		72,012,028	171,509,214
PAYMENTS			
Compensation of employees	4	2,998,860	5,158,358
Use of goods and services	5	6,335,091	8,021,859
Transfers to Other Government Units	6	37,519,168	77,682,249
Other grants and transfers	7	38,871,606	65,858,109
Acquisition of Assets	8	-	2,975,750
Other Payments	9	<u>-</u>	<u>-</u>
TOTAL PAYMENTS		85,724,725	159,696,325
SURPLUS/(DEFICIT)		<u>(13,712,697)</u>	<u>11,812,888</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BONCHARI Constituency financial statements were approved on 30/09/2020 and signed by:


Fund Account Manager
Name: Salome Miruka


National Sub-County Accountant
Name: Stephen Orina
ICPAK Member Number: 15252

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

VIII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	2,020,850	15,495,073
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		2,020,850	15,495,073
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		2,020,850	15,495,073
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	483,053
Deposits (Gratuity)	12B	-	
TOTAL FINANCIAL LIABILITES		-	483,053
NET FINANCIAL ASSETS		2,020,850	15,012,020
REPRESENTED BY			
Fund balance b/fwd	13	15,012,020	3,142,251
Prior year adjustments	14	721,526	56,880
Surplus/Defict for the year		(13,712,697)	11,812,889
NET FINANCIAL POSITION		2,020,850	15,012,020


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

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BONCHARI Constituency financial statements were approved on 30/09/ 2020 and signed by:



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Name: Salome Miruka
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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BONCHARI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020

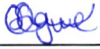
IX. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2020

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	71,877,828	171,509,215
Other Receipts	3	134,200	-
Total receipts		72,012,028	171,509,215
Payments for operating expenses			
Compensation of Employees	4	2,998,860	5,158,359
Use of goods and services	5	6,335,091	8,021,859
Transfers to Other Government Units	6	37,519,168	77,682,249
Other grants and transfers	7	38,871,606	65,858,109
Other Payments	9	-	-
Total payments		85,724,725	156,720,576
Total Receipts Less Total Payments		(13,712,697)	14,788,639
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15	-	-
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	(483,053)	483,053
Prior year adjustments	14	721,526	56,880
Net cash flow from operating activities		(13,474,224)	15,328,572
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	2,975,750
Net cash flows from Investing Activities		-	(2,975,750)
NET INCREASE IN CASH AND CASH EQUIVALENT		(13,474,224)	12,352,822
Cash and cash equivalent at BEGINNING of the year	13	15,495,074	3,142,251
Cash and cash equivalent at END of the year		<u>2,020,850</u>	<u>15,495,074</u>

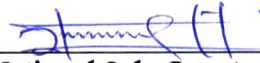
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BONCHARI CONSTITUENCY**

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

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BONCHARI Constituency financial statements were approved on 30/09/2020 and signed by:



**Fund Account Manager
Name: Salome Miruka**



**National Sub-County Accountant
Name: Stephen Orina
ICPAK Member Number: 15252**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE 2020

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	19,316,022	156,683,746	87,372,902	69,310,845	56%
Proceeds from Sale of Assets	-	-	-	-	-	0%
Other Receipts	-	134,200	134,200	134,200	-	100%
	137,367,724	19,450,222	156,817,946	87,507,102	69,310,845	
PAYMENTS						
Compensation of Employees	3,406,320	324,908	3,731,228	2,998,860	732,368	80%
Use of goods and services	8,956,775	1,447,637	10,404,412	6,335,091	4,069,321	61%
Transfers to Other Government Units	77,850,000	2,746,109	80,596,109	37,519,168	43,076,941	47%
Other grants and transfers	47,154,629	14,797,369	61,951,997	38,871,606	23,080,391	63%
Acquisition of Assets	-	-	-	-	-	0%
Other Payments	-	-	-	-	-	0%
Unallocated funds	-	134,200	134,200	-	134,200	0%
TOTALS	137,367,724	19,450,222	156,817,946	85,724,725	71,093,221	55%

(a) The other receipts in adjustments contains AIAs received from sale of tender documents as shown below:

MR No. AMOUNT DATE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

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

A8508010	61,000/-	27/11/2018
A8508011	69,200/-	01/11/2019
A8508012	4,000/-	04/03/2020

(b) Commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. Under compensation of employees all funds were disbursed and 88% of the funds received were utilized
- ii. In use of goods and services 71% of the funds that were disbursed were all utilized.
- iii. In transfers to other government units 48% of the total fund allocated were disbursed from the board and all were utilized.
- iv. Under other grants and other transfers 73% of funds allocated were disbursed and all put into use.

The difference between the original and final budget was as a result reallocations and other funds that were meant for the previous financial year 2018/2019 and were utilized in the current financial year 2019/2020.

The NGCDF-BONCHARI Constituency financial statements were approved on 30/09/2020 and signed by:



**Fund Account Manager
Name: Salome Miruka**



**Sub-County Accountant
Name: Stephen Orina
ICPAK Member Number: 15252**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1 Administration and Recurrent					
1 Compensation of employees	3,406,320	247,410	3,653,730	2,998,860	654,870
1 Committee allowances	1,475,894	30,256	1,506,150	1,451,743	54,407
1 Use of goods and services	3,359,848	121,895	3,481,743	2,780,263	701,480
2 Monitoring and evaluation					
2 Capacity building	1,658,000	83,172	1,741,172	-	1,741,172
2 Committee allowances	1,115,947	50,226	1,166,173	756,000	410,173
2 Use of goods and services	1,347,084	266	1,347,350	1,347,084	266
3 Emergency					
3 Primary Schools	5,800,000	2,377,234	8,177,234	7,965,959	211,275
3 Secondary schools	800,000		800,000	800,000	-
3 Tertiary institutions					
3 Security projects					
others (covid 19)	598,241	-	598,241	653,241	(54,999)

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

4 Bursary and Social Security									
4 Primary Schools	-								-
4 Secondary Schools	16,600,000	23,000	16,623,000	15,033,000	1,590,000				
4 Tertiary Institutions	16,000,000	341,247	16,341,247	9,345,000	6,996,247				
4 Universities									
4 Social Security	2,400,000	1,200,000	3,600,000	900,000	2,700,000				
5 Sports									
5 Sports 2018/19	-	2,174,536	2,174,536	2,174,406	130				
5 Gesero Secondary School	600,000		600,000	-	600,000				
5 Matongo Secondary School	150,000		150,000	-	150,000				
6 Environment									
6 Kirwanda Primary School	506,387		506,387	-	506,387				
6 Bonyaoro Girls Sec School	-	6,207	6,207	-	6,207				
7 Primary Schools Projects (List all the Projects)									
7 Bogiakumu Primary school	2,200,000	-	2,200,000	-	2,200,000				
7 Chisaro Primary school	2,400,000	-	2,400,000	2,400,000	-				
7 Genga Primary school	1,600,000	-	1,600,000	-	1,600,000				
7 Iterio Mixed Primary school	1,000,000	-	1,000,000	-	1,000,000				
7 Kebutte Primary school	300,000	-	300,000	-	300,000				

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

7 Kioge primary school	800,000	-	800,000	-	800,000
7 Marindi Primary school	1,000,000	-	1,000,000	-	1,000,000
7 Mogumo DOK Primary School	1,600,000	-	1,600,000	-	1,600,000
7 Nyakung'u Primary School	3,000,000	-	3,000,000	3,000,000	-
7 Nyangoge Primary school	1,600,000	-	1,600,000	1,600,000	-
7 Omwari DOK Primary School	2,000,000	-	2,000,000	-	2,000,000
7 Rianyabaro Primary School	1,600,000	-	1,600,000	1,600,000	-
7 Rianyapara primary School	1,000,000	-	1,000,000	1,000,000	-
7 Sigisi Primary School	750,000	-	750,000	-	750,000
7 Sugunana primary school	1,600,000	-	1,600,000	-	1,600,000
7 Nyamaya DOK Primary School	2,100,000	-	2,100,000	-	2,100,000
7 Hasus Energy Ltd (Suneka Primary School)		9,036,323	9,036,323	9,919,167	(882,844)
8 Secondary Schools Projects (List all the Projects)					
8 Bishop Mugendi Nyamokenye secondary	7,200,000	-	7,200,000	3,600,000	3,600,000
8 Botoro Mixed secondary	7,200,000	-	7,200,000	3,600,000	3,600,000
8 Ekerore secondary School	1,500,000	-	1,500,000	-	1,500,000
8 Ekerubo secondary school	2,000,000	-	2,000,000	-	2,000,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

8 Isamwera Secondary school	2,300,000	-	2,300,000	-	2,300,000
8 Isamwera secondary School	7,200,000	-	7,200,000	3,600,000	3,600,000
8 Itibo Secondary School	1,000,000	-	1,000,000	-	1,000,000
8 Kiabusura Secondary school	1,500,000	-	1,500,000	-	1,500,000
8 Nyabimwa Secondary school	1,500,000	-	1,500,000	-	1,500,000
8 Omwari Secondary School	7,200,000	-	7,200,000	3,600,000	3,600,000
8 Rianyabaro Centre of Excellence	1,500,000	-	1,500,000	-	1,500,000
8 St. ann's Nyangoge Secondary school	4,000,000	-	4,000,000	-	4,000,000
8 St. Peter's Suneka Secondary School	2,000,000	-	2,000,000	-	2,000,000
8 St. Therasas Bogiakumu Secondary	7,200,000	-	7,200,000	3,600,000	3,600,000
9 Tertiary institutions Projects (List all the Projects)					
9					-
9					-
9					-
9					-
10 Security Projects					
10 Nyamwari Chiefs Office		2,000,000	2,000,000	2,000,000	-
10 Bomwancha chiefs office	700,000	-	700,000	-	700,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BONCHARI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

10 Suneka Police station	3,000,000	-	3,000,000	-	3,000,000
10 Reallocation	-	1,600,000	1,600,000	-	1,600,000
11 Acquisition of assets					
11 Motor Vehicles (including motorbikes)					-
11 Construction of CDF office		24,250	24,250	-	24,250
11 Purchase of furniture and equipment					-
11 Purchase of computers					-
11 Purchase of land					-
12 Others					
12 Strategic Plan					-
12 Innovation Hub					-
12 Unallocated funds		134,200	134,200	-	134,200
TOTAL	137,367,724	19,450,222	156,817,946	85,724,724	71,093,221

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

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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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

15. Related Party Transactions

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

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

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO. B005022	1		53,184,483
AIE NO. B030226	2		10,000,000
AIE NO. B006299	3		8,000,000
AIE NO. B030358	4		12,000,000
AIE NO. B042702	5		9,283,856
AIE NO. B042718	6		11,000,000
AIE NO. B042985	7		13,000,000
AIE NO. B047589	8		55,040,875
AIE NO: B047116	1	2,277,828	
AIE NO: B047271	2	1,600,000	
AIE NO: B047373	3	4,000,000	
AIE NO: B047679	4	5,000,000	
AIE NO: B041258	5	18,000,000	
AIE NO: B049236	6	15,000,000	
AIE NO: B104248	7	15,000,000	
AIE NO: B096537	8	11,000,000	
TOTAL		71,877,828	171,509,214

2. PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	134,200	-
Other Receipts Not Classified Elsewhere		-
Total	134,200	-

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,623,084	4,869,384
Personal allowances paid as part of salary	-	-
Pension and other social security contributions (Gratuity)	-	-
Employer Contributions Compulsory national social security schemes	375,776	288,974
Total	2,998,860	5,158,358

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,606,800	2,076,000
Utilities, supplies and services	-	1,141,536
Communication, supplies and services	80,000	2,290,550
Domestic travel and subsistence	-	699,600
Printing, advertising and information supplies & services	1,550,000	-
Rentals of produced assets	-	-
Training expenses	-	300,400
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services	-	-
Fuel, oil & lubricants	1,200,000	768,243
Office and general supplies and services	1,173,618	485,850
Other operating expenses	86,363	-
Routine maintenance – vehicles and other transport equipment	638,310	-
Routine maintenance – other assets	-	259,680
Total	6,335,091	8,021,859

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities	-	-
Transfers to primary schools (see attached list)	19,519,168	45,058,414
Transfers to secondary schools (see attached list)	18,000,000	33,223,834
Transfers to tertiary institutions (see attached list)	-	-
Transfers to health institutions (see attached list)	-	-
TOTAL	37,519,168	77,682,249

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	15,033,000	16,352,000
Bursary – tertiary institutions (see attached list)	9,345,000	22,121,000
Bursary – special schools (see attached list)	-	-
Bursary – Social Security Program	900,000	-
Mock & CAT (see attached list)	-	-
Security projects (see attached list)	2,000,000	17,877,027
Sports projects (see attached list)	2,174,406	1,736,082
Environment projects (see attached list)	-	3,630,000
Emergency projects (see attached list)	9,419,200	4,142,000
Total	38,871,606	65,858,109

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Equity Bank, Kisii Branch . Bonchari NG-CDF A/C no</i>	2,020,849	15,495,073
	-	-
	-	-
Total	2,020,849	15,495,073
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

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

[Include an annex if the list is longer than 1 page.]

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Hasus Energy Ltd.	-	483,053
Supplier 2	-	-
Supplier 3	-	-
Total	-	483,053

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate		
Total	-	-

[Provide short appropriate explanations as necessary]

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

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	15,012,020	3,142,251
Cash in hand	-	-
Imprest	-	-
Total	15,012,020	3,142,251

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (specify) Double posting in the cashbook	721,526	-	721,526
	721,526	-	721,526

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs

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

Deposit and Retentions as at 1 st July 2019 (A)	483,053	-
Deposit and Retentions held during the year (B)	2,305,231	-
Deposit and Retentions paid during the Year (C)	2,788,284	-
Net changes in account receivables D= A+B-C	-	-

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

17: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	-	208,533
Others (<i>specify</i>)	-	-
	-	208,533

17: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	407,460	228,300
Use of goods and services	2,621,683	146,527
Amounts due to other Government entities (see attached list)	46,910,107	468,280
Amounts due to other grants and other transfers (see attached list)	9,703,051	11,452,833
Acquisition of assets	-	-
Others (<i>specify</i>)	-	-
	59,642,302	12,295,942

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	12,699,231	21,998,085
	12,699,231	21,998,085

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)

Reports and Financial Statements

For the year ended June 30, 2020

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

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

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)

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

ANNEX 2 - 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	
Senior Management						
1.						
2.						
3.						
Sub-Total						
Middle Management						
4.						
5.						
6.						
Sub-Total						
Unionisable Employees						
7.						
8.						
9.						
Sub-Total						
Others (specify)						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)

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

		5,300,000.00	3,600,000.00	
Sports projects	sports activities in constituency	750,130.00	2,174,536.00	
Environment projects	environmental activities in constituency	512,594.59	6,207.00	
Emergency projects	cater for emergency issues	156,275.38	2,377,234.00	
Sub-Total		18,005,246.97	9,722,224.00	
Sub-Total		70,934,771.43	19,291,772.00	
Acquisition of assets				
Others (specify)				
NGCDF Office Renovation	renovation of cdf office	24,250.00	24,250.00	
Unallocated Funds	funds not allocated anywhere	134,200.00		
Sub-Total		158,450.00	24,250.00	
Grand Total		71,093,221.43	19,316,022.00	

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)
 Reports and Financial Statements
 For the year ended June 30, 2020

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	20,000,000.00	-	-	20,000,000.00
Buildings and structures	13,700,000.00	-	-	13,700,000.00
Transport equipment	2,000,000.00	-	-	2,000,000.00
Office equipment, furniture and fittings	105,000.00	-	-	105,000.00
ICT Equipment, Software and Other ICT Assets	-	-	-	-
Other Machinery and Equipment	-	-	-	-
Heritage and cultural assets	-	-	-	-
Intangible assets	-	-	-	-
Total	35,805,000.00	-	-	35,805,000.00

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2020

ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
MIRANG'A DOK PRIMARY SCHOOL	EQUITY BANK - KISII	0510270243916	76,541	
CHISARO DOK PRIMARY SCHOOL	EQUITY BANK - KISII	0510279005015	2,454,701	
BOGIAKUMU DOK PRIMARY SCHOOL	EQUITY BANK - KISII	0510279758544	69,910	
BITARE SDA SEC SCHOOL	EQUITY BANK - KISII	0510269952503	52,728	
KIRWANDA ELCK PRI SCHOOL	EQUITY BANK - KISII	0510269952503	40,429	
ST. RAPHAEL NYANGENA SEC SCHOOL	EQUITY BANK - KISII	0510269058593	930	
BOGITAA ELCK PRI SCHOOL	EQUITY BANK - KISII	0510278974966	53,497	
RIANYABARO PRIMARY SCHOOL	EQUITY BANK - KISII	0510278997714	1,647,659	
KIOGE PRIMARY SCHOOL	EQUITY BANK - KISII	0510279779767	112,865	
MWAMISOKO PRIMARY SCHOOL	EQUITY BANK - KISII	0510272621627	54,284	
RIANYAPARA ELCK PRIMARY SCHOOL	EQUITY BANK - KISII	0510279793119	1,000,000	
NYANGOGGE DOK PRIMARY SCHOOL	EQUITY BANK - KISII	0510271346254	1,656,795	
NYAKUNG'U DOK PRIMARY SCHOOL	EQUITY BANK - KISII	0510277505781	3,170,635	
BOTORO ELCK SEC SCHOOL	EQUITY BANK - KISII	0510277466821	60	
ST. TERESA'S BOGIAKUMU SEC SCHOOL	EQUITY BANK - KISII	0510271297104	2,995	
ST. VINCENT'S OMWARI SEC SCHOOL	EQUITY BANK - KISII	0510270011546	1,490	

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2020

ST. AUGUSTINE ISAMWERA SEC SCHOOL	EQUITY BANK - KISII	0510269230935	265,871	
BISHOP MUGENDI NYAMOKENYE SEC SCHOOL	EQUITY BANK - KISII	0510269949583	33,316	
NYAMWARI CHIEF'S OFFICE	EQUITY BANK - KISII	0510279783882	2,000,000	
SUNKA PRIMARY SCHOOL	EQUITY BANK - KISII	0510270164712	4,524	
Total			12,699,231	-

NATIONAL GOVERNMENT ENTITY - (BONCHARI CONSTITUENCY)
Reports and Financial Statements
For the year ended June 30, 2020

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)
CDF/2018/2019(1)	Inaccuracies in financial statements	Some incorrect entries identified that have been since corrected	Fund Account Manager	Resolved	CDF/2017/2019(1)
CDF/2018/2019(3)	Bank Balances	The two bank balances disclosed during the year under review has since been closed and one operating account to the CDFC transactions existing	Fund Account Manager	Resolved	CDF/2017/2019(3)
CDF/2018/2019(4)	Non filing of expenditure returns by PMC	The returns not availed during audit was due to the fact that most of the projects were on implementation hence there was information of compiling	Fund Account Manager	Resolved	CDF/2017/2019(4)