

REPUBLIC OF KENYA



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REPORT DATE: 15 NOV 2022

DAY:
Tuesday

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BY:

*Hon. Silvanus Otieno, MP
chief whip majority*

CLERK-AT
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OF

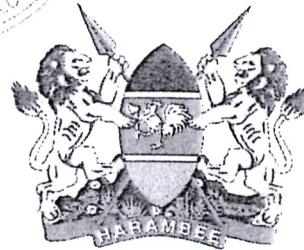
Halima Sulerman

THE AUDITOR-GENERAL

ON

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

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




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -
CHEPALUNGU 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)

 THE NATIONAL ASSEMBLY	
P. O. BOX 1000, NAIROBI	
DATE:	15 NOV 2022
	DAY: Tuesday
TABLED BY:	Hon. Silvanus Oson, mp Chief whip Majority
CLERK-AT THE TABLE:	Halima Suleiman

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHEPALUNGU CONSTITUENCY
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For the year ended June 30, 2020**

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

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

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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 CHEPALUNGU 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	Mr. Felix Ntutu.
2.	Sub-County Accountant	CPA.Amos Rotich.
3.	Chairman NGCDFC	Milcah Kenduiywa.
4.	Member NGCDFC	Mr. Paul Sang.

(d) Fiduciary Oversight Arrangements

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

P.O. Box 56-20405
NG-CDFC Building Chepalungu.
Sigor, Kenya.

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(f) NGCDF CHEPALUNGU Constituency Contacts

Telephone: (254)-0722 774 506
E-mail: cdfchepalunguconstituency@gmail.com
Website: www.ngcdfchepalunguconstituency.go.ke

(g) NGCDF CHEPALUNGU Constituency Bankers

- I. Equity Bank Kenya Limited
Bomet Branch
A/C No.1220260909562
P O Box 475-20400
Bomet Kenya.

(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

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II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

These reports and financial statements present a true and fair view of the state of affairs of CHEPALUNGU NG-CDF for the financial year ended 30th June 2020. It lays down the Receipts and Payments of all the funds that CHEPALUNGU NG-CDF received from the NG-CDF BOARD during the financial year.

I wish to make the following remarks;

A). Budget Performance

In the financial year 2019/2020 CHEPALUNGU NG-CDF budget performance against actual amounts for current year based on economic classification and programmes, was to a large extent hampered by untimely disbursement of funds by the NG-CDF BOARD, The NG-CDF Committee in collaboration with other government agencies as per the guidelines of the NG-CDF ACT 2015 disbursed received funds to the Project management committees (Pmcs) in a timely manner and is continuously monitoring the execution of the funded programmes.

The performance during the year is summarised as follows;

PAYMENTS	Final Budget	Total Expenditure	Budget utilization difference	% of utilization
Compensation of Employees	3,410,000	2,736,888	673,112	80.3%
Use of goods and services	9,294,538	7,875,280	1,419,258	84.7%
Transfers to Other Government Units	68,841,003	11,500,000	57,341,003	16.7%
Other grants and transfers	67,479,998	59,883,193	7,596,805	88.7%
Acquisition of assets	~	~	~	~
Other Payments (Strategic Plan)	4,677,027	~	4,677,027	0.0%
TOTAL	153,702,566	81,995,361	71,707,205	53.3%

b).in detail, NG-CDF CHEPALUNGU has been able to achieve the following during the financial year;

- ❖ Funded 66 Primary school projects, 31 Secondary school projects, 1 Technical and Vocational Training institute project. Activities involved among others, construction and Completion of classrooms, Laboratories, administration blocks, teachers' houses, purchase of school buses, drilling of water borehole, Construction of toilets and pit latrines and chiefs office. Some of this infrastructure is already complete and in use while others are nearing completion, contributing to increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions in line with the constituency 2018-2022 strategic plan. Herein attached are pictorials to depict successful projects undertaken during the year.
- ❖ The NG-CDF CHEPALUNGU also allocated kes.35million for bursary to support needy students in both secondary and tertiary institutions which have resulted in students' retention in school and improved overall academic performance.

The absorption of this budget was however largely affected by the outbreak of Covid 19 which resulted in the closure of all learning institutions in March 2020.

c). Emerging issues related to NG-CDF in CHEPALUNGU Constituency are;

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- ❖ All learning institutions, security, water and roads almost entirely depend on NG-CDF 100% on infrastructure development.
 - ❖ Increase in population is piling pressure on NG-CDF to allocate more funds to various development infrastructures.
 - ❖ There's a growing Need to compete with the county government to justify the long existence of NG-CDF.
- d). NG-CDF Implementation challenges in CHEPALUNGU Constituency are;
- ❖ Overdependence of the fund by the public and National government functions on all development related issues.
(Here public participation is employed in identification of priority projects for funding and bursary beneficiaries within the constituency).
 - ❖ Funds disbursement from the board is almost always untimely leading to delays in execution of budgets thus unnecessary adjustments.
(NG-CDF committee continues to work with the board to facilitate timely disbursement of funds and will endeavour to disburse funds to the project management committees (PMC`s) as soon as it receives).
 - ❖ Many projects are allocated funds- leading to projects receiving insufficient funds (NG-CDF is focusing on allocating enough funds to complete the project within at most 2 years).

Under my leadership, NG-CDF CHEPALUNGU constituency will endeavour to fulfil its mandate in disbursement and monitoring of projects funds as per the guidelines of the NG-CDF ACT 2015.



dormitory at chepkosa secondary school constructed by the NG-CDF Chepalungu

A

Signature 

Milcah Kenduiywa,
Chairman NG-CDF Committee.

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III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of NGCDF-CHEPALUNGU Constituency's 2018-2022 plans are to: *(Enumerate all the objectives of the constituency as per the Strategic Plan)*

- a) Improve Education Standards.
- b) Improve Security.
- c) Conserve the environment.
- d) Nurture talent through sporting activities and art
- e) Increase youth, women and persons with disability participation in development objectives.
- f) Supplementing infrastructure development at the constituency level in matters falling within the functions of the national government in accordance with the Constitution.

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

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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 -among others, we increased number of classrooms, dormitories, laboratories, school buses etc from 29 to 44 in the following schools/institutions -nyambugo primary school -tolilet primary school. -Olesoi Primary school. - Bursary beneficiaries at all levels were as per the attached schedules
Security	To have a safe and secure environment for business, learning and where the residents go about their lives without fearing for their lives and property.	<ul style="list-style-type: none"> -Decrease in the number of insecurity related incidents. -Improved security and a more secure business environment 	<ul style="list-style-type: none"> -Numbers of usable physical infrastructure build in DCI offices, Police stations. Chief's offices and county Commissioners security facilities. -Increased deployment of more police officers to the sub-county. 	In FY 19/20 -we increased number of DCI Offices, Police stations, chief's offices etc from 8 to 9 in the following localities. -itembe chief's office.
Environment	To have a well Conserved and Conducive environment.	Increased tree cover and sustainable waste management and disposal practices contributing to mitigation of negative effects of climate change.	Number of tree seedlings planted in both public and private land. -sustainable environmental management activities.	In FY 19/20 -we increased number of trees planted where hundreds of tree seedlings were purchased, distributed and planted in various schools and private land as per the attached schedules.

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boards, giving details of the vacancies in the prescribed format as per the provisions of the employment Act 2007 section 76(1).

- We are continuously improving on our hiring practices to align them with new international best practices anchored on employee engagement, diversity and inclusion.
- We provide our employees with continuous on the job training and capacity building and enhance access to training and skills by encouraging staff to undertake personal continuous academic and professional development.

Employee succession policy to help manage careers.

Promotions

In selecting candidates for Promotion regard is given to merit and extra ordinary ability as reflected in work performance and results, after the annual performance appraisal recommendation for promotions is only made by the NGCDFC resolution.

Health, Safety and Wellbeing

NG-CDF Committee have put in place a written statement of the general policy with respect to the safety and health at work of our employees and the organisation and arrangements for the time being in force for carrying out that policy; as per the requirements of the Occupational Safety and Health Act of 2007. More however, needs to be done to improve employee health, nutrition and well-being.

Market place practices-

The Ngcdfc CHEPALUNGU, in its mandate to support grassroots and constituency level development aimed at poverty reduction and achieving equitable distribution of resources, is providing mechanisms which entrench equitable distribution of resources in line with the provisions of the Ngcdf act 2015.

How the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

NGCDFC CHEPALUNGU ensures responsible competition practices in line with section 37 of the Ng-cdf Act and paragraph 27 of the Ng-cdf regulations, all works and services relating to projects are procured in accordance with the provisions of the public procurement and disposal Act 2015.

Responsible Supply chain and supplier relations-

During project implementation the Ngcdfc promptly transfers funds to the PMC'S who are thereafter guided during tendering process to ensure that the locals benefit competitively in the supply of materials and services to the projects.

How the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

Payments to suppliers are made promptly on presentation of requisite supporting

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documentation the Ngcdf is strictly guided by the provisions of section 31 of the Ngcdf Act, and paragraph 51(2) of the PFM Regulation 2015 which requires that all expenditure commitments for goods and services are based on allocations from the approved budget.

Adherence to this provisions guarantees honouring of contracts and respecting payment practices with our suppliers.

Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

Tenders are advertised publicly and no discrimination is entertained that locks out any interested bidder.

NGCDFC CHEPALUNGU is working with other government agencies with the expertise to safeguard consumer rights and interests where we strive to provide high quality services to our clients and community.

Community Engagements-

Public Participation is employed in Project identification, implementation and monitoring. As per the provisions of the Ng-cdf act 2015.

Covid 19 mitigation Measures.

As a major player in the grassroots level, Ngcdfc CHEPALUNGU heeded the ministry of health call to help in halting the spread of covid 19 where we donated.

- hand sanitizers,
- face masks and
- Hand washing stations.

Provision of clean drinking water.

- Drilling of water boreholes.
- Provision of water tanks which has increased access to clean drinking water.
- Carried out sensitization activities on HIV Aids, Covid 19 and cancer awareness.

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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

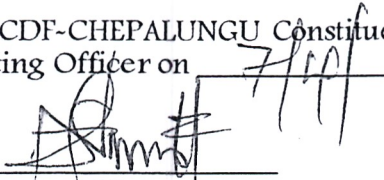
The Accounting Officer in charge of the NGCDF-CHEPALUNGU Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2020. This 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-CHEPALUNGU 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 NGCDF-CHEPALUNGU Constituency 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 in charge of the NGCDF-CHEPALUNGU 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.

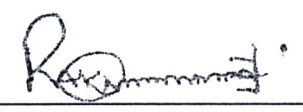
The Accounting Officer in charge of the NGCDF-CHEPALUNGU Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the 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-CHEPALUNGU Constituency financial statements were approved and signed by the Accounting Officer on 7/11/20 2020.

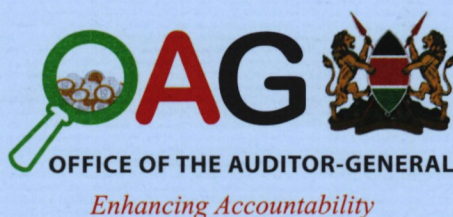


Fund Account Manager
Name: Felix Ntutu.



Sub-County Accountant
Name: CPA Amos Rotich.
ICPAK Member Number: 12793

REPUBLIC OF KENYA



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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – CHEPALUNGU 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 (NGCDF) – Chepalungu Constituency set out on pages 16 to 42, which comprise the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the 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.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Chepalungu 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 Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

The financial statements as prepared and presented for audit had the following errors which remains uncorrected;

- i. Disclosed under Note 6 is a figure on transfer to other Government units of Kshs.11,500,000. However, re-computation reflects Kshs.13,500,000 resulting to unreconciled variance of Kshs.2,000,000.
- ii. The summary statement of appropriation reflects actual receipts on a comparable basis of Kshs.84,334,841. This figure differs with Kshs.68,000,000 reflected in the statement of receipts and payments resulting to unreconciled variance of Kshs.16,334,841.
- iii. Disclosed under Note 6 is a figure on transfers to primary schools of Kshs.5,510,000. However, the schedule provided reflects Kshs.3,510,000 resulting to unreconciled variance of Kshs.2,000,000.

In the circumstance, the accuracy and completeness of the above balances included in these financial statements as prepared and presented for the year ended 30 June, 2020 could not be confirmed.

2.0 Unsupported Utilities, Supplies and Services

The statement of receipts and payments for the year ended 30 June, 2020 reflects use of goods and services of Kshs.7,875,280, as detailed in Note 5 to the financial statements. Included in the use of goods and service is an amount of Kshs.2,578,280 in respect of utilities, supplies and services. However, the expenditure was not supported by payment vouchers and verifiable documentation.

In the circumstance, the accuracy and regularity of utilities, supplies and services expenditure of Kshs.2,578,280 for the year ended 30 June, 2020 could not be confirmed.

3.0 Unreconciled Bank Balance

The statement of assets and liabilities as at 30 June, 2020 report a bank balance of Kshs.2,339,480. However, bank reconciliation statement reflects payments in cash book not in bank of Kshs.5,305,275 which included Kshs.2,607,848 stale cheques which had not been reversed in the cash book as at 30 June, 2020.

In addition, the bank reconciliation reflects payments in bank not in cashbook of Kshs.74,373 in respect of bank charges which are not part of the reconciling items. The Management did not explain why the stale cheques had not been reversed and bank charges had not been captured in the cashbook and expensed.

Consequently, the accuracy and completeness of the bank balance of Kshs.2,339,480 as at 30 June, 2020 could not be confirmed.

4.0 Other Grants and Other Payments

As disclosed in Note 7 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects other grants and other payments amounting to Kshs.59,883,193. However, the following unsatisfactory matters were noted;

4.1 Unsupported Sports Expenditure

Included in the other grants and other payments is an amount of Kshs.2,000,000 in respect of sports uniforms and equipment. However, requisition forms from the teams, delivery and issue notes (S11&S13) indicating the quantities received and issued were not provided for audit.

4.2 Unsupported Expenditure on Security

Similarly, the other grants and other payments includes an amount of Kshs.2,000,000 in respect of security expenditure for five (5) administration police camps. However, physical verification carried out on 22 January, 2021 revealed that the projects were completed during the year 2017/2018 and no completion certificates were issued.

4.3 Unsupported Emergency Projects

Further, the other grants and other payments includes an amount of Kshs.8,257,536 in respect of emergency projects. However, evaluation of the projects revealed that the

threshold of emergency had not been met as reflected in Section 8(3) of the National Government Constituencies Development Fund Act, 2015 which states that emergency shall be construed to mean an urgent, unforeseen need for expenditure for which it is in the opinion of the committee that it cannot be delayed until the next financial year without harming the public interest of the constituents. The projects were observed to have been implemented without the input of the emergency committee and were not supported by verifiable documentation to confirm how the contractors were competitively sourced.

In the circumstance, the accuracy and validity of other grants and transfers amounting to Kshs.59,883,193 for the year ended 30 June, 2020 could not be confirmed.

5.0 Compensation of Employees in Relation to Staff Establishment

As disclosed in Note 4 to the financial statements, the statement of receipts and payments for the year ended 30 June, 2020 reflects compensation of employees of Kshs.2,736,888. The wages decreased to Kshs.2,667,024 from Kshs.3,151,494 in 2018/2019 representing a decrease of Kshs.484,470 or 15%. Analysis of payroll reflects an increase from twelve (12) to eighteen (18) employees. However, the decrease in basic wages could not be explained as the staff numbers had increased. In addition, staff personal files verified did not have application letters, appointment letters or contract agreement and it was not clear how the staff were identified, recruited and placed.

In the circumstance, the accuracy, validity of compensation of employees of Kshs.2,667,024 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 the National Government Constituencies Development Fund - Chepalungu 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

1.0 Budgetary Control and Performance

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual receipts on comparable basis of Kshs.153,702,565 and Kshs.84,334,841 respectively resulting to an under-funding of Kshs.69,367,724 or 54% of the budget. The underfunding affected the planned activities and projects which may have impacted negatively on service delivery for the residents of Chepalungu Constituency. Further, of the receipts amount realized of Kshs.84,334,841, only Kshs.81,995,361 was absorbed resulting to an under absorption of Kshs.2,339,480 or 2.8% of the receipts.

Due to underfunding by the board of Kshs.71,707,205 or 53.3 % of the budget, Chepalungu NG-CDF was not able to implement projects worth Kshs.71,707,205. Delayed implementation of projects denies the residents of the Chepalungu Constituency the intended benefits. No satisfactory explanations have been rendered contrary to the values and principles of public service as provided for under Article 232 (1–c) of the Constitution.

2.0 Projects Verification

A review of the Project Implementation Status (PIS) revealed that one-hundred and twenty-five (125) projects were funded during the year ended 30 June, 2020. Physical verification of twenty-one (21) sampled projects with a total value of Kshs.11,200,000 was carried out in March, 2021 and it was observed that most projects were not completed, commissioned and handed over to the users yet the contractor had moved out of site. Further, no verifiable documentation to confirm that the projects committee was involved in monitoring progress and implementation of the projects. It was also observed that most projects were not labeled but were already in use. There was evidence of poor workmanship since cracks had started developing on the new projects. Other projects were abandoned siting delayed funding.

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

1.0 Errors in Annual Reports and Financial Statements

The annual report and financial statements prepared and presented for audit had the following presentation and disclosure errors;

- i. The forward by Chairman NGCDF Committee table on page 5 does not have the reporting currency of Kshs reflected. The reporting currency is also not reflected on analysis of pending accounts payable, analysis of pending staff payables and PMC account balances.
- ii. The page numbering does not match as reflected in the table of contents as there is inconsistency and repetition from page 18 to page 42.
- iii. Page 18 is blank.
- iv. The statement of receipts and payments and cash flows has no year ended 30 June, 2020 reflected.
- v. The statement of assets and liabilities has no year as at 30 June, 2020 reflected.

- vi. Prior year adjustments Note 14 on page 29 reflects current year as 2018/2019 instead of 2019/2020.
- vii. Progress on follow up of Auditors recommendations indicates that the issues were resolved before they were discussed in Parliament.

Consequently, the annual report and financial statements as prepared and presented are not in the format prescribed by the Public Sector Accounting Standard Board (PSASB).

2.0 Project Management Committee (PMC) Accounts

Annex 5 reflects PMC bank account balances of Kshs.3,585,000 as at 30 June, 2020. However, bank statements and certificates in respect of seventeen (17) accounts were not provided for audit verification. In addition, the funds were not returned to the constituency fund account. This is contrary to Section 12 (8) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the project management committee shall be returned to the constituency account.

To that extend, the Management of the Fund is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy

During the year under review, the Fund did not have a risk management policy in place and therefore had no approved processes and guidelines on how to mitigate operational, legal and financial risks. In the circumstance, the Fund is not in compliance with the circular that requires that all public institutions develop an Institutional Risk Management Policy Framework (IRMPF).

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Management is aware of the intentions to liquidate 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 Fund 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 continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

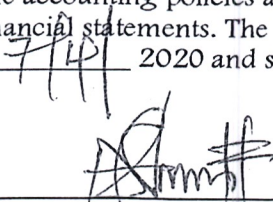
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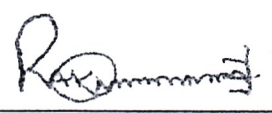
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHEPALUNGU CONSTITUENCY
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VII. STATEMENT OF RECEIPTS AND PAYMENTS

	Not e	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	68,000,000	160,343,351
Proceeds from Sale of Assets	2		0.00
Other Receipts	3		0.00
TOTAL RECEIPTS		68,000,000	160,343,351
PAYMENTS			
Compensation of employees	4	2,736,888	3,151,494
Use of goods and services	5	7,875,280	19,266,784
Transfers to Other Government Units	6	11,500,000	67,470,171
Other grants and transfers	7	59,883,193	54,703,480
Acquisition of Assets	8		0.00
Other Payments	9		0.00
TOTAL PAYMENTS		81,995,361	144,591,928
SURPLUS/ (DEFICIT)		(13,995,361)	15,751,423

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHEPALUNGU Constituency financial statements were approved on 7/14/20 2020 and signed by:


Fund Account Manager
Name: Felix Ntutu.

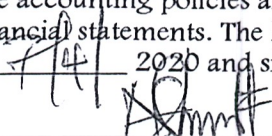

National Sub-County Accountant
Name: CPA Amos Rotich.
ICPAK Member Number: 12793

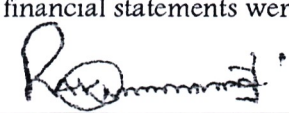
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
CHEPALUNGU CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

VIII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	2,339,480	16,334,841
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		2,339,480	16,334,841
Accounts Receivable			
Outstanding Imprests	11		0.00
TOTAL FINANCIAL ASSETS		2,339,480	16,334,841
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A		
Deposits (Gratuity)	12B		
TOTAL FINANCIAL LIABILITES			
NET FINANCIAL ASSETS		2,339,480	16,334,841
REPRESENTED BY			
Fund balance b/fwd	13	16,334,841	583,418
Prior year adjustments	14		
Surplus/Deficit for the year		(13,995,361)	15,751,423
NET FINANCIAL POSITION		2,339,480	16,334,841

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHEPALUNGU Constituency financial statements were approved on 14/7/2020 and signed by:


Fund Account Manager
Name: Felix Ntutu.


National Sub-County Accountant
Name: CPA Amos Rotich

ICPAK Member Number: 12793

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

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

1. Statement of compliance and Basis of Preparation

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

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

2. Reporting Entity

The financial statements are for the NGCDF-CHEPALUNGU 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.

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

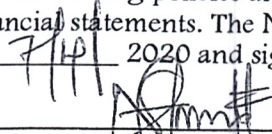
Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

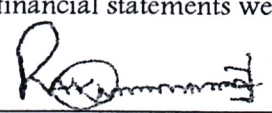
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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IX. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	68,000,000	160,343,351
Other Receipts	3		0.00
Total receipts		68,000,000	160,343,351
Payments for operating expenses			
Compensation of Employees	4	2,736,888	3,151,494
Use of goods and services	5	7,875,280	19,266,784
Transfers to Other Government Units	6	22,502,000	67,470,171
Other grants and transfers	7	48,881,193	54,703,480
Other Payments	9		0.00
Total payments		81,995,361	144,591,928
Total Receipts Less Total Payments		(13,995,361)	15,751,423
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprests)	15		0.00
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		0.00
Prior year adjustments	14		0.00
			0.00
Net cash flow from operating activities		(13,995,361)	15,751,423
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	9		
Net cash flows from Investing Activities			0.00
			0.00
NET INCREASE IN CASH AND CASH EQUIVALENT		(13,995,361)	15,751,423
Cash and cash equivalent at BEGINNING of the year	13	16,334,841	583,418
Cash and cash equivalent at END of the year		2,339,480	<u>16,334,841</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-CHEPALUNGU Constituency financial statements were approved on 7/11/2020 and signed by:


Fund Account Manager
Name: Felix Ntutu.


National Sub-County Accountant
Name: CPA Amos Rotich
ICPAK Member Number: 12793

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

Receipt/Expense Item	Original Budget a (Kshs)	Adjustments b (Kshs)	Final Budget c=a+b (Kshs)	Actual on Comparable Basis d (Kshs)	Budget Utilisation Difference e=c-d (Kshs)	% of Utilisation f=d/c % (Kshs)
RECEIPTS						
Transfers from NGCDF Board	137,367,724	16,334,841	153,702,565	84,334,841	69,367,724	54.9%
Proceeds from Sale of Assets	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-
TOTALS	137,367,724	16,334,841	153,702,565	84,334,841	69,367,724	54.9%
PAYMENTS						
Compensation of Employees	3,130,000	280,000	3,410,000	2,736,888	673,112	80.3%
Use of goods and services	9,233,095	61,443	9,294,538	7,875,280	1,419,258	84.7%
Transfers to Other Government Units	62,100,000	6,741,003	68,841,003	11,500,000	57,341,003	16.7%
Other grants and transfers	62,904,629	4,575,368	67,479,998	59,883,193	7,596,805	88.7%
Acquisition of Assets	-	-	-	-	-	0.0%
Other Payments()	-	4,677,027	4,677,027	-	4,677,027	0.0%
Surplus/Deficit)	-	-	-	2,339,480	(2,339,481)	0.0%
TOTALS	137,367,724	16,334,841	153,702,566	81,995,361	71,707,205	53.3%

- ❖ Compensation of Employees is underutilized due to delay in disbursement of funds by NG-CDF Board.
- ❖ Transfers to other government units are underutilized due to delay in disbursement of funds by NG-CDF Board.
- ❖ Other grants and transfers are underutilized due to delay in disbursement of funds by the NG-CDF Board.
- ❖ Use of goods and Services is underutilized due to delay in disbursement of funds by the NG-CDF Board.

Explanation on the changes between the original and final budget as per IPSAS 1.9.23.:

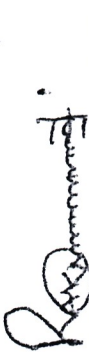
- ❖ Kes 16,334,841 is the unutilized funds brought forward from FY 2018/2019 (refer to cashbook/bank closing balance as at 30th June 2019).

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

The NGCDF-CHEPALUNGU Constituency financial statements were approved on 7/14/2021 2020 and signed by:



Fund Account Manager
Name: FELIX NTUTU



Sub-County Accountant
Name: CPA Amos Rotich
ICPAK Member Number: 12793

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHEPALUNGU CONSTITUENCY
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XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF Board	-	
AIE NO. B030231	-	43,405,172.80
AIE NO. B030335	-	10,000,000.00
AIE NO. B006310	-	7,897,303.00
AIE NO. B030367	-	7,000,000.0
AIE NO. B042878	-	13,000,000.00
AIE NO: A892938	-	24,000,000.00
AIE NO: A855781	-	55,040,875.50
AIE NO.B047870	7,000,000.00	-
AIE NO.B049247	14,000,000.00	-
AIE NO.B104259	15,000,000.00	-
AIE NO.B096546	8,000,000.00	-
AIE NO.B104436	4,000,000.00	-
AIE NO.B042878	20,000,000.00	-
	-	-
	-	-
TOTAL	68,000,000	160,343,351.30

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) –
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NOTES TO THE FINANCIAL STATEMENTS

3. OTHER RECEIPTS

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

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	2,667,024.00	3,151,493.76
Personal allowances paid as part of salary	-	-
Pension and other social security contributions (Gratuity)	-	-
Employer Contributions Compulsory national social security schemes	69,864.00	
Total	2,736,888.00	3,151,494

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	4,303,000.00	15,338,783.60
Utilities, supplies and services	2,578,280.00	
Communication, supplies and services	-	-
Domestic travel and subsistence	-	-
Printing, advertising and information supplies & services	-	-
Rentals of produced assets	-	-
Training expenses	994,000.00	
Hospitality supplies and services	-	-
Insurance costs	-	-
Specialized materials and services		3,928,000
Office and general supplies and services	-	-
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	-	-
Routine maintenance – other assets	-	-
	-	-
Total	7,875,280.00	19,266,784

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
CHEPALUNGU CONSTITUENCY**
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For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS

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)	3,510,000.00	46,136,349.00
Transfers to secondary schools (see attached list)	6,490,000.00	21,333,822.00
Transfers to tertiary institutions (see attached list)	1,500,000.00	
Transfers to health institutions (see attached list)	-	-
TOTAL	11,500,000	67,470,171.00

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	26,171,908.00	25,000,000
Bursary – tertiary institutions (see attached list)	17,733,035.00	21,880,000
Bursary – special schools (see attached list)		
Roads (see attached list)	4,093,714.00	
Security projects (see attached list)		1,956,360
Sports projects (see attached list)	2,000,000.00	1,714,000
Environment projects (see attached list)	1,625,000	1,837,000
Emergency projects (see attached list)	8,257,536.00	2,316,120
Total	59,881,193	54,703,480

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
	-	-
Total	-	-

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

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10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>Transnational Bank Bomet, kes Account No. 0174122001</i>	2,339,479.86	16,334,841
	-	-
	-	-
	-	-
Total	2,339,479.86	16,334,841
	-	-
10B: CASH IN HAND	-	-
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
	-	-
Total	-	-
	-	-

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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>Total</i>				<u>0</u>

12A. RETENTION

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
Total	-	-

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	<i>Kshs</i>	<i>Kshs</i>
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate	-	-
Total	-	-

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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	16,334,841.00	583,418.00
Cash in hand	-	-
Imprests	-	-
	-	-
Total	16,334,841.00	583,418.00

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	-	-	-
	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST'

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

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16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 – 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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17. OTHER IMPORTANT DISCLOSURES

17.1: 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	-	-
	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

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

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	673,112.00	280,000
Use of goods and services	1,419,258.16	61,443
Amounts due to other Government entities (see attached list)	57,341,003.00	6,741,003
Amounts due to other grants and other transfers (see attached list)	7,596,803.88	4,575,368
Acquisition of assets		-
Others (Strategic Plan, ICT HUBS)	4,677,027.00	4,677,027
	71,707,204.04	16,334,841.00

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17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	3,585,000	22,574,000
	3,585,000	22,574,000

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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	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					

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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						

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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				
Buildings and structures	16,868,000			16,868,000
Transport equipment	6,200,000			6,200,000
Office equipment, furniture and fittings	448,000			448,000
ICT Equipment, Software and Other ICT Assets	~	~	~	~
Other Machinery and Equipment	~	~	~	~
Heritage and cultural assets	~	~	~	~
Intangible assets	~	~	~	~
Total	23,516,000			23,516,000

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
St. Sofia Kapchepobkeny Primary School	Transnational	174308001	150,000.00	
Baraka Primary School	Transnational	174358001	150,000.00	
Chebitet Primary School	Transnational	174286001	150,000.00	
Kosimbei Primary School	Transnational	174254861	200,000.00	
Greenland Primary School	Transnational	174336594	200,000.00	
Kaplelechwo Primary School	Transnational	174398001	200,000.00	
Kiptenden Primary School	Transnational	174438001	150,000.00	
Yoywana Primary School	Transnational	174788001	250,000.00	
Kabarak Primary School	Transnational	174308001	150,000.00	
Chemaetany Primary School	Transnational	174358001	200,000.00	
Kamenwo Primary School	Transnational	174286001	200,000.00	
Kabisimba Primary School	Transnational	174308001	400,000.00	
Bartegan Primary School	Transnational	174358001	175,000.00	
Chepyaliliet Primary School	Transnational	174254861	250,000.00	
Toporosho Primary School	Transnational	174336594	125,000.00	
Chebugon B Primary School	Transnational	174398001	335,000.00	
Tilangok Primary School	Transnational	174254861	300,000.00	
Total			3,585,000	22,574,000

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time rame (Put date when you expect the issue to be resolved)
	<p>outstanding at the end of the financial year 2019. Further, the outstanding imprests had not been disclosed in the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents of Kshs.16,334,842 as at 30 June 2019 could not be confirmed.</p>	<p>one. The fund account manager took the imprest and surrendered it on time. However the district treasury did not post the transaction in the cashbook at that particular time. By the time the transaction were posted the financial year had already lapsed. This is therefore lead to non-disclosure of the same imprest. Measures have been put in place to ensure that the imprest is reversed and posted in the correct manner that will not affect the financial statement</p>			
<p>4.3 Compensation of employees - Employees without Appointment letters</p>	<p>Audit review of the personal files for NG-CDF Chepalungu Constituency staff revealed that ten (10) officers employed by CDF did not have appointment/acceptance letters, application letters and copies of both the professional and academic certificates. As a result, it was not possible to establish if the staff</p>	<p>During the audit of the financial year 2018/2019 on the findings of the audit; the employee appointment letters were not availed for the audit. However the documentary evidence has been done and ready for your audit review. The government requires that</p>	<p>FAM</p>	<p>RESOLVED</p>	<p>N/A</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time ranc (Put date whe. you expe the issue to be resol ed)
	employed met the minimum requirements for their respective posts	upon hiring /firing of an employee/casual worker the employer must provide an appointment letters or termination letters based on the person is employed or fired. Find the attached documentary evidence for your further review			
4.4 Non-preparation of Trial Balance	The management did not prepare nor submit for audit the trial balance to support the financial statements for the year ended 30 June 2019. In the circumstance, it was not possible to confirm from which balances the financial statements have been extracted from.	The audit findings articulate on non-preparation of trial balance, upon preparation of financial statement of trial balance is usually prepared to support the said expenditure. However the financial statement has been rectified and a copy of a trial balance supporting the same is attached for verification and direction	FAM	RESOLVED	N/A
4.5 Inaccurate Bank Reconciliati on	The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.16,334,841 as at 30 June 2019.	On the audit findings; inaccurate bank reconciliation for the financial year 2018/2019.	FAM	RESOLVED	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Time frame (Put date when you expect the issue to be resolved)
	<p>However, the bank reconciliation statement reflected cash book balance of Kshs.17, 534,823 leading to unexplained variance of Kshs. 1, 199,982. Further review of the bank reconciliation revealed un presented cheques of Kshs.37,974,395 but the schedule supporting the same did not indicate the dates thus making it difficult to confirm the duration of the cheques and whether they were stale or not. Additionally, the bank reconciliation statement reflected payments in bank not recorded in the cash book of Kshs.15,939 which are not part of the reconciling items. The management did not explain why the bank charges had not been captured in the cashbook and</p>	<p>The variance of Kshs. 1,199,982 was realized due to the reconciliation of cash book balance of Kshs. 17,534,832 and of assets and liabilities of Kshs 16,, 334,841. The variance (1,199,982) was due to the payments effected in the bank but not reflected in the cashbook leading to the anormality. The same have since been rectified to give a true reconciliation of the financial statement of assets and liabilities. Moreover the bank reconciliation are being worked to ensure accuracy and completeness of the reported cash and that</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Time frame (<i>Put date when you expect the issue to be reso lved</i>)
	expensed in the year under review	dates are provided to enable verification of the same.			