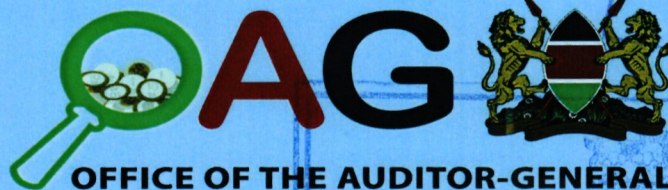


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

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THE AUDITOR-GENERAL

ON

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

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -
BUDALANGI 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)
BUDALANGI 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	15
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	17
V. REPORT OF THE INDEPENDENT AUDITORS ON THE <i>NGCDF- BUDALANGI CONSTITUENCY</i>	22
VI. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30 TH JUNE 2020	23
VII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE 2020	24
VIII. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30 TH JUNE 2020	25
IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE PERIOD ENDED 30 TH JUNE 2020	26
X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES	27
XI. SIGNIFICANT ACCOUNTING POLICIES	31
XII. NOTES TO THE FINANCIAL STATEMENTS	35
XIII. ANNEXURES	39

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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 Budalangi 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	Boaz Omondi Odeyo
2.	Sub-County Accountant	Stanely O. Agoi
3.	Chairman NGCDFC	John A. Omumi
4.	Member NGCDFC	Jactone Onyango

(d) Fiduciary Oversight Arrangements

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

P.O. Box 171-50410 Port Victoria
Old Action Aid Building-Bunyala District Headquarters

Busia, KENYA

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

(f) NGCDF Budalangi Constituency Contacts

Telephone: (254) 727226801
E-mail: Budalangi@NGCDF.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF Budalangi Constituency Bankers

National Bank of Kenya
P.O Box 264-50400
Busia

(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

II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

First and foremost I thank God and the constituents of Budalangi for the opportunity that they gave me to lead them as the Chairman of Budalangi NGCDFC. Together with the able team of NGCDFC members, we have taken this noble task with humility and commitment. As we present our financial statements contained herein, we believe that our guiding principles of transparency, accountability and commitment are pillars against which our service towards the people of Budalangi is anchored.

As NG-CDFC we have achieved a 33.7% budget absorption rate as indicated in the appropriation account.

Key achievements for Budalangi NG-CDF

- By equal distribution of funds to all constituents to fight poverty and ensuring regional balance.
- In the Education sector, NGCDF funding has aided in ensuring that infrastructure in schools is improved and that students are able to learn in conducive environment, a move that has seen students retained in schools and thus performance has been achieved.

Emerging issues related to the NG-CDF

Entrenching CDF in the new constitutional dispensation, since it is facing a lot of legal challenges hence Members of parliament should enact legislations which do not contravene the constitution in order to protect the NGCDF.

Implementation Challenges and Recommended Way forward

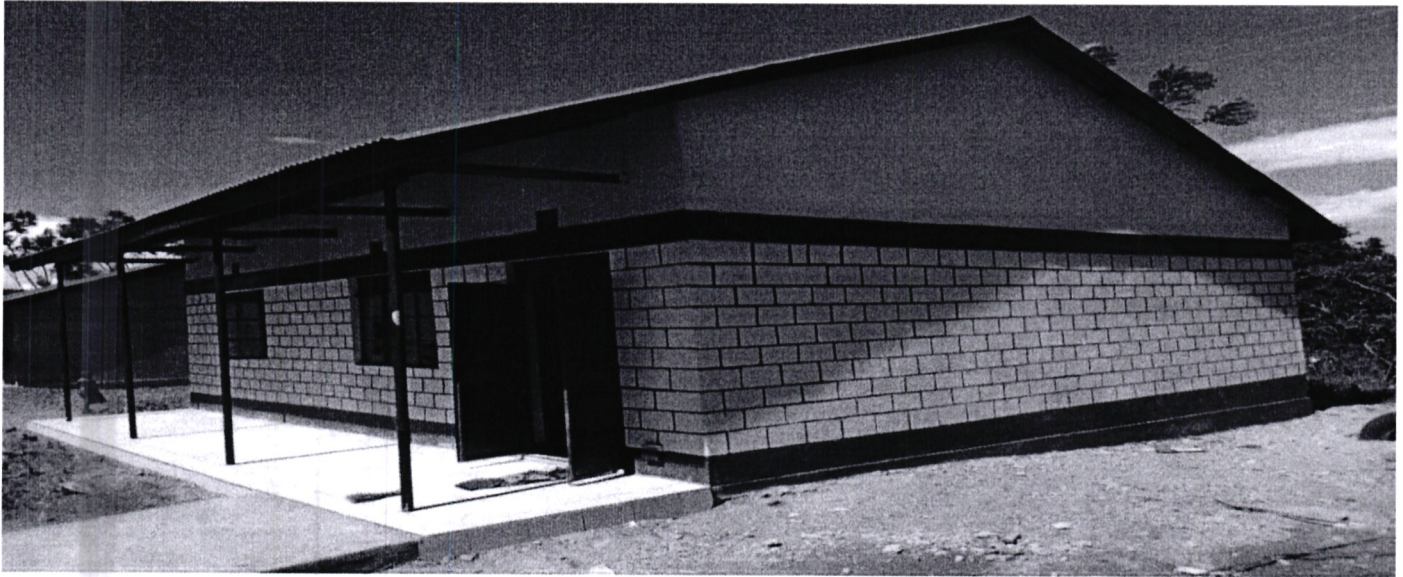
- Delayed disbursement of funds leads to inflated project costs due to the time value of money and also delayed implementation of projects a good example is the late disbursement of bursary funds and project funds, to remedy this, funds must be disbursed by the CDF board in time.
- Frequent development forums and awareness forums should be held to intuit the public with information concerning the development initiatives, from various funding agencies and stakeholders and CDF, County government and other development stakeholders plan together to avoid duplication of projects.
- Lack of a simple but standardized practical curriculum for training PMC's in order to enhance their capacity to implement the projects; hence PMC training manual should be operationalized.
- The NG-CDF Act and the constitution limit the operations of NG-CDF to Education and National security functions, leaving out all devolved functions.

Despite the achievements mentioned above, NGCDFC experienced the following challenges;

1. Most projects could not commence due to untimely disbursement of funds and subsequent delayed formation of PMCs
2. The emergence of the Corona Pandemic in the country has made the achievement of the bursary project difficult with the subsequent closure of schools thus harbouring our budget absorption rate.

With the challenges experienced during financial year 2018/2019, we were able to attain 35.1% absorption rate within FY2019/2020

PICTURES OF COMPLETED PROJECTS



**Project Name: Bulemia Primary school
Activity: Construction of one classroom to completion**

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

Project Name : Osieko Primary school
Activity: Renovation of 7(seven) Classrooms





**Project Name : Nanjomi Primary school
Activity: Construction of one classroom to completion**

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



Project Name : Nabutswi Primary school
Activity: Construction of two new classrooms to completion



Project: Kenya Gauze Primary school
Activity: Construction of Two new classrooms to completion



Project Name: Sibuka Primary school
Activity: Renovation of 5 classrooms and a staffroom



Project Name: Busagwa Primary school
Activity: Construction of two classrooms to completion



Project Name: Ruambwa Primary school
Activity: Construction of a 12-door modern flash toilet with a solar pump water supply.

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

Sign

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines.

CHAIRMAN NGCDF COMMITTEE

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

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-BUDALANGI Constituency's 2018-2022 strategic plans are to:

- a) To roll out universal health care in the constituency(NHIF)
- b) To sensitize the community on the importance of education
- c) To improve infrastructure in all schools to a modern learning environment
- d) To ensure equitable award of constituency bursary to needy cases for education and vocational training.
- e) To reduce insecurity in the constituency
- f) To ensure all roads within Budalangi constituency are accessible
- g) To promote adherence to road safety regulations
- h) Establish effective criteria of vetting contractors before awarding contracts.
- i) Create a conducive and investor friendly environment in the constituency
- j) To increase rural electrification
- k) To have a sporty constituency with improved sporting environment where other sports not only football are encouraged for example, boat racing.
- l) To have improved partnership with sporting bodies and national clubs so as to professionally train the youth.
- m) To ensure there is gender equality , youth represent
- n) To ensure each household in Budalangi has access to clean water

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	- number of usable physical infrastructure build in primary, secondary, and tertiary institutions - number of bursary beneficiaries at all levels	In FY 19/20 -we constructed 9 new classrooms. - We awarded Bursaries 6,000 students.

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

Security	To ensure security in the constituency	Safety of constituency resources and its people.	- No. of police posts - Rehabilitation centre	-In FY 19/20 we renovated two police stations.
Environment	-Increased forest cover	- Improved hygiene and health of residents - Improved climatic conditions	- Increased tree coverage	In FY 2019/20, we planted over 8,000 tree seedlings a number of learning institutions.
Sports	-To have a sporty constituency with improved sporting environment where other sports not only football are encouraged for example, boat racing.	- Developed youth talent	- One talent show per year	-we supported sports tournament of over 43 sporting teams.

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

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Budalangi 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.

The Budalangi NG-CDF Committee is committed to work within the existing policy guidelines in Order to efficiently deliver services to community. This is achieved by involvement of all stakeholders both internal and external. More so, it has been so by referring to our vision, mission and core values as stipulated in our strategic plan 2018-2022.

Model	Definition	Relevance to sustainable strategy
Vision	To be a model constituency in the Republic of Kenya	What the constituency is striving in influencing others to aspire our achievements
Mission	To develop effective structures that promote sustainable development	This is communicated through our super structures and other developments.
Core values	Life, visionary leadership, teamwork, transparency, accountability and public mindedness	These are the set rules, principles and beliefs that have helped as achieve our objectives by following right path.

To realize these sustainable strategies, the entity has goals on target. These goals are provided in our strategic plan. It is used to set priorities, focus energy and resources as well as strengthen our operations. It involves identification of most important options towards the realization of a practical vision. The strategy is fundamental to the success and sustainability of Budalangi Constituency. It allows us to develop a clear understanding of our constituency and what's required for us to succeed. The frameworks over which we operate include project identification, allocation of funds, approval, implementation and monitoring.

2. ENVIRONMENTAL PERFORMANCE

Environmental policy and Action Plan.

The Budalangi NG-CDF has a mandate to protect the environment in which we live in.

The following are our environmental policies:

- To responsibly manage the disposing of all wastages
- To protect the environment by ensuring planting of trees in various government institutions
- To comply with the environmental government legislations to the latter
- Providing training to staffs and NG-CFCs to make aware of importance of environment conservation
- To communicate to our employees and other stake holders

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

Our Environmental Action Plan

As Budalangi NG-CDF entity we have identified areas which have direct or indirect impact on environment. The below initiatives if implemented can help reduce negative impact on the environment:

Impact area	Approach
Capacity building	– To promote awareness on environmental matters educating staffs and NG-CDFCs on best practices – To encourage all stakeholders of the constituency including NG-CDFCs and staffs to change their behaviours and conserve the environment.
Conservation of energy and resources	– To encourage the community to buy the LPGs as cooker and to minimize use of firewood – To do harvesting of rainwater – To minimize use of papers by embracing technologies in the entity. – To ensure we are very selective on purchases and only buy devices that save energies.
Environmental protection and conservation	– To promote construction of gabions and culverts to prevent soil erosion – To encourage the community to plant trees to increase on forest cover. – To educate our clients to avoid burning of bushes to protect environment
Pollution control and waste management	– To ensure proper disposal of human wastes by construction of pit latrine, toilets and soak pit tanks – To separate wastes the ones that are biodegradable and non-biodegradable. – Ensuring recycling of waste materials e.g. papers

3. EMPLOYEES WELFARE.

There are terms and conditions of service governing the employment of staffs in the entity.

Categories of employment

Budalangi NG-CDF office has one category of employment, which is **Contract Employment**.

The employees are employed for 3 years on a renewable contract. The employees enjoy benefits as required by the statutory requirements.

Recruitment procedure

The Fund Account Manager declares vacant positions and do the advertisement only after approval by the NG-CDF Committee

Advertisement contains the following:

- Job title
- Purpose of the job
- Job description and responsibilities
- Academic qualifications, experience, skills and competencies
- Location
- Application criteria
- Closing date of application.

Selection and interview

To conduct such exercise, a selection and interview panel is formed. It will clearly state the criteria to be used.

Interviews

This is conducted in accordance to the laid down procedures of the office to give equal employment opportunity.

Appointment

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

The successful candidate is the contacted and given a letter of offer of appointment.

Letter of appointment

This is a written contract of service that is signed by the Fund Account Manager and CDFC Chairman. It states the job description, date of employment, duration of the contract, name and address of the employee, terms and conditions of service, remuneration and hours of work.

Orientation and induction of employees

This is done to the new employees in order to familiarise them with the rules and regulations of the office, vision and mission statement. It's done within the month of employment.

Promotions.

This is done based on the extra ordinary ability shown by the staff and after a resolution by the NG-CDFC.

HEALTH, SAFETY AND WELL BEING

Guideline to general safety

To ensure healthy and safe working conditions, the entity has identified the following:

Guidance and counselling

Due to the nature of this dynamic and difficult environment and economy, the entity addresses challenges affecting staffs. This is done through consultation by relevant personnel.

Health care services.

It's mandatory for all staffs to register with NHIF. Statutory deductions are remitted to the scheme to benefit them together with their children and spouses.

Sexual harassment

The institution doesn't in any form tolerate sexual harassment. A disciplinary action will be conducted to such officer. Use of languages, money and any other form that can lure a fellow staff to harass another is highly prohibited. If an officer is harassed sexually he/ she report to the office as provided by the procedures.

4. MARKET PLACE PRACTICES-

The fund is aimed at supporting projects at the grassroots. The main objective of coming with this fund was to equitably distribute resources across the country.

Responsible competition practice.

The projects implementation is done by trained PMCs. They are guided on tendering such that the local community competes responsibly in supplying of materials. For the organisation to achieve this, the following are some competition practices put in place:

Responsible marketing and advertisements

Advertisement of tenders is done publicly and no discrimination is applied. Thereafter
Evaluation is done without any form of biasness.

Responsible supply chain and supplier relation

Payment to contactors is done promptly once the certificate of payment is prepared by the clerk of works and approved.

Product stewardship

We've also come up with the service charter in order to safeguard consumer rights and interests. The service charter points out how committed we're in providing quality services to our client with high level of professionalism, dignity, integrity and courtesy. We also show a lot of commitment when handling complaints and are resolved as quickly as possible.

COMMUNITY ENGAGEMENT S

Public Participation in Projects Identification and Implementation and Monitoring.

In identifying projects to undertake, the entity comes up with forums in very ward within the first year of commencement of a new parliament and at least once every two years thereafter pursuant to NG-CDF Act 2015 part 5 section 27 subsections 1 and 2. Public participation is the process of

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

engaging stakeholders directly in decision making that gives full consideration to public in adding their inputs during the decision making.

The NG-CDFC deliberates on the project proposals from all wards in the constituency and any other project that may be beneficial to the constituency. When the public is involved the process they feel motivated to work together and also feel owners of the project. This is helpful towards the proper implementation of the project.

Importance of public participation

- The entity gets to understand issues, options and solutions available for the project
- Concerns of the public are considered throughout the decision process
- The entity gets to know the feedback of the public on alternatives or decisions.

PUBLIC AWARENESS ON NG-CDF PROJECTS.

IT includes mechanisms for participation and cooperation with local, regional and national agencies and for conducting community based needs assessments and public awareness.

Importance of public awareness.

- Ensures accountability since locals gain skills and confidence to carry out social audit
- The public differentiate between devolved units and National Government NG-CDF projects.
- The projects funded by the NG-CDF projects are known to the public.
- The public participate fully during the project implementation.
- Encase of any irregularity, the public can identify and reports to the office without any delay.
- Ensures transparency during project implementation and the project is known to the public.
- It gives options in for including individuals and organisations in identifying development priorities and selecting projects to be done.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

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.

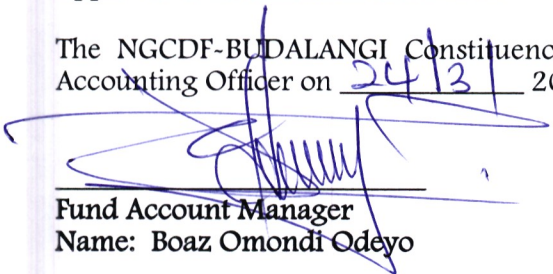
The Accounting Officer in charge of the NGCDF-Budalangi Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020.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

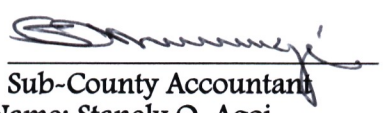
The Accounting Officer in charge of the NGCDF- Budalangi Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting 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- Budalangi 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- Budalangi 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

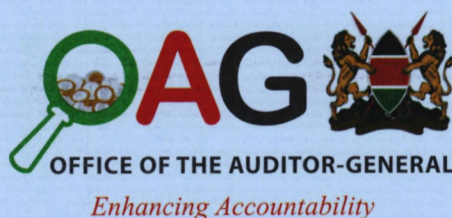
The NGCDF-BUDALANGI Constituency financial statements were approved and signed by the Accounting Officer on 24/3/2021.


Fund Account Manager
Name: Boaz Omondi Odeyo


Sub-County Accountant
Name: Stanely O. Agoi
ICPAK Member Number: 12757

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 - BUDALANGI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Budalangi Constituency set out on pages 23 to 51, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Budalangi Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The summary statement of appropriation - recurrent and development reflects final receipts budget and actual on comparable basis of Kshs.212,960,290 and Kshs.130,616,704 respectively, resulting to an under-funding of Kshs.82,343,586 or 39% of the budget. Similarly, the Fund spent Kshs.71,765,593 against an approved budget of Kshs.212,960,290, resulting to under-expenditure of Kshs.141,194,697 or 66% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Project Performance

Review of the project implementation status report revealed that the Fund had budgeted to implement a total of 52 projects/programmes at a total cost of Kshs.167,961,000 across various sectors during the year under review. However, further analysis revealed that 23 projects or 44% of the projects had not started, 21 projects or 40% were still on-going while 8 or 15% of the projects had been completed as at the time of audit in February, 2021.

In the circumstances, the Fund failed to implement all its planned projects as approved and this may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

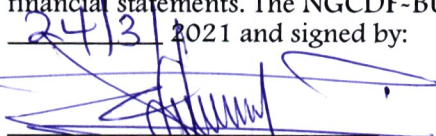
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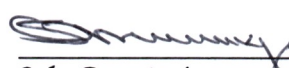
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

VI. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019 - 2020	2018 - 2019
			Kshs
RECEIPTS			
Transfers from CDF board-AIEs' Received	1	121,540,876	104,208,621
TOTAL RECEIPTS		121,540,876	104,208,621
PAYMENTS			
Compensation of employees	2	2,146,292	2,035,940
Use of goods and services	3	11,360,912	15,847,589
Transfers to Other Government Units	4	51,622,385	33,838,000
Other grants and transfers	5	6,636,004	54,079,223
Acquisition of Assets	6	-	5,035,345
TOTAL PAYMENTS		71,765,593	110,836,097
SURPLUS/DEFICIT		49,775,283	(6,627,476)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUDALANGI Constituency financial statements were approved on 24/3/2021 and signed by:


Fund Account Manager
Name: Boaz Omondi Odeyo

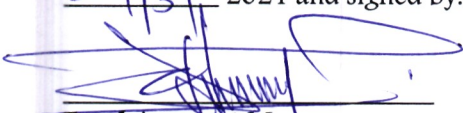

Sub-County Accountant
Name: Stanely O. Agoi
ICPAK Member Number: 12757

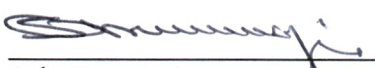
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2020**

VII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30TH JUNE 2020

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	7	58,851,111	9,075,828
Total Cash and Cash Equivalents		58,851,111	9,075,828
TOTAL FINANCIAL ASSETS		58,851,111	9,075,828
REPRESENTED BY			
Fund balance b/fwd 1st July...	8	9,075,828	15,703,304
Surplus/Deficit for the year		49,775,283	(6,627,476)
NET FINANCIAL POSITION		58,851,111	9,075,828

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUDALANGI Constituency financial statements were approved on 24/3/2021 and signed by:


Fund Account Manager
Name: Boaz Omondi Odeyo

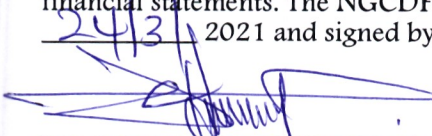

Sub-County Accountant
Name: Stanely O. Agoi
ICPAK Member Number: 12757

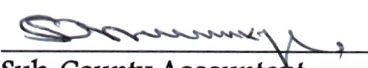
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2020

VIII. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	121,540,876	104,208,621
		121,540,876	104,208,621
Payments for operating expenses			
Compensation of Employees	2	2,146,292	2,035,940
Use of goods and services	3	11,360,912	15,847,589
Transfers to Other Government Units	4	51,622,385	33,838,000
Other grants and transfers	5	6,636,004	54,079,223
		71,765,593	105,800,752
Net cash flow from operating activities		49,775,283	(1,592,131)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	6	-	(5,035,3450)
Net cash flows from Investing Activities		-	(5,035,3450)
NET INCREASE IN CASH AND CASH EQUIVALENT		49,775,283	(6,627,476)
Cash and cash equivalent at BEGINNING of the year	7	9,075,828	15,703,304
Cash and cash equivalent at END of the year		58,851,111	9,075,828

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUDALANGI Constituency financial statements were approved on 24/3/2021 and signed by:


Fund Account Manager
Name: Boaz Omondi Odeyo


Sub-County Accountant
Name: Stanely O. Agoi
ICPAK Member Number: 12757

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

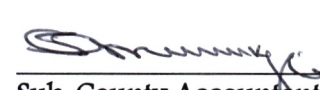
**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT
COMBINED FOR THE PERIOD ENDED 30TH JUNE 2020**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	137,367,724	75,592,565	212,960,290	130,616,704	82,343,586	61.3%
TOTAL RECEIPTS	137,367,724		212,960,290	130,616,704	82,343,586	61.3%
PAYMENTS						
Compensation of Employees	3,504,540	463,797	3,968,337	2,146,292	1,822,045	54.1%
Use of goods and services	8,858,555	3,711,628	12,570,183	11,360,912	1,209,271	90.4%
Transfers to Other Government Units	77,487,254	49,352,998	126,840,252	51,622,385	75,217,867	40.7%
Other grants and transfers	47,022,629	7,261,116	54,283,745	6,636,004	47,647,741	12.2%
Acquisition of Assets	494,746.00	1,690,000	2,184,746	-	2,184,746	0.0%
Other Payments	-	13,113,027	13,113,027	-	13,113,027	0.0%
TOTAL	137,367,724	75,592,566	212,960,290	71,765,593	141,194,697	33.7%

- i. The receipts from the NG-CDF Board were below 90% because not all the monies were received within the financial year 2019/2020 as a result of factors beyond reach of the constituency.
- ii. The compensation of employees was below 90% since not all the funds had been received within the financial year 2019/2020.
- iii. The use of goods and services was below 90% since not all the allocations for the Sub- vote had been received at the closure of the financial year 2019/2020 Which could warrant expenditures.
- iv. The Transfers to Other Government Units was below 90% since not all the allocations for the sub-vote had been received at the closure of the financial year 2019/2020 which could warrant expenditures.
- v. The Acquisition of Assets was below 90% since no allocation for the sub-vote had been received at the closure of the financial year 2019/2020 which could warrant expenditures.

The NGCDF-BUDALANGI Constituency financial statements were approved on 24/3/ 2021 and signed by:


Fund Account Manager
Name: Boaz Omondi Odeyo


Sub-County Accountant
Name: Stanely O. Agoi
ICPAK Member Number 12757

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

X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	3,504,540	463,797	3,968,337	2,146,292	1,822,045
1.2 Committee allowances	2,100,000	500,000	2,600,000	2,349,520	250,480
1.3 Use of goods and services	2,637,524	1,067,052	3,704,576	3,376,784	327,792
2.0 Monitoring and evaluation					
2.1 Capacity building	2,000,000	600,000	2,600,000	2,000,000	600,000
2.2 Committee allowances	1,248,000	1,300,000	2,548,000	2,517,000	31,000
2.3 Use of goods and services	873,032	244,576	1,117,608	1,117,608	0
3.0 Emergency	7,198,241	4,340,962	11,539,203	485,840	11,053,363
4.0 Bursary and Social Security	0	0	0	0	0
Special Institution	2,500,000	248,750	2,748,750		2,748,750
4.2 Secondary Schools	23,500,000	0	23,500,000	380,209	23,119,791
4.3 Tertiary Institutions	9,000,000	0	9,000,000	1,021,750	7,978,250
5.0 Sports	2,747,000	586	2,747,586	0	2,747,586
6.0 Environment	0	2,180,818	2,180,818	2,180,818	0
7.0 Primary Schools Projects					
Primary School Desk	0	1,500,000	1,500,000	348,400	1,151,600

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

Lunyofu Primary school	2,500,000	0	2,500,000	2,500,000	0
Mubwayo Primary School	3,100,000	0	3,100,000	3,100,000	0
Bulemia Primary School	800,000	2,500,000	3,300,000	3,300,000	0
Busagwa Primary School	470,000	0	470,000	470,000	0
Kenya Gauze Primary School	1,200,000	1,300,000	2,500,000	2,500,000	0
Nabutswi Primary School	1,200,000	0	1,200,000	1,200,000	0
Bubango Primary school	141,000	0	141,000	0	141,000
Mundika Primary school	138,000	0	138,000	0	138,000
Makunda Primary school	138,000	0	138,000	0	138,000
Budala Primary School	1,300,000	0	1,300,000	1,300,000	0
Bulwani Primary School	1,000,000	0	1,000,000	1,000,000	0
Maduwa Primary School	1,000,000	0	1,000,000	1,000,000	0
Munani Primary School	1,300,000	1,000,000	2,300,000	2,300,000	0
Nanjomi Primary School	0	1,088,568	1,088,568	1,088,568	0
Ruambwa Primary School	0	1,200,000	1,200,000	1,200,000	0
Sirimba Primary School	1,200,000	0	1,200,000	1,200,000	0
8.0 Secondary Schools Projects (List all the Projects)					
Mudembi Secondary school	0	1,000,000	1,000,000	0	1,000,000
Musoma Secondary school	0	4,575,862	4,575,862	0	4,575,862
John Osogo Secondary school	0	1,388,568	1,388,568	0	1,388,568

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

Mundere Secondary school	0	4,000,000	4,000,000	4,000,000	0
Ruambwa Secondary school	0	1,000,000	1,000,000	1,000,000	0
Musoma Secondary school	0	5,000,000	5,000,000	5,000,000	0
Sisenye Secondary school	0	4,000,000	4,000,000	4,000,000	0
Mundere Secondary School	15,000,000	0	15,000,000	0	15,000,000
ACK Musoma Secondary School	15,000,000	0	15,000,000	0	15,000,000
Sisenye Mixed Secondary School	15,000,000	0	15,000,000	0	15,000,000
Ruambwa Secondary School	15,000,000	0	15,000,000	0	15,000,000
Bukoma Mixed Secondary School	1,300,000	1,000,000	2,300,000	2,300,000	0
St. Cecilia Namenya Secondary School	400,000	0	400,000	400,000	0
Bukoma Mixed Secondary	300,254	0	300,254	0	300,254
Lightening Arrestors					
Sisenye Secondary school	0	2,500,000	2,500,000	2,486,517	13,483
Bulwani Secondary School	0	2,500,000	2,500,000	2,481,287	18,713
Musoma Secondary school	0	2,500,000	2,500,000	2,480,509	19,491
Budalangi Secondary school	0	2,500,000	2,500,000	2,483,552	16,448
Namalo Secondary School	0	2,500,000	2,500,000	2,483,552	16,448
9.0 Tertiary institutions Projects (List all the Projects)	0				

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

Bunyala Vocational Training Institute	0	1,300,000	1,300,000	0	1,300,000
Masinde Muliro University	0	5,000,000	5,000,000	0	5,000,000
10.0 Security Projects					
Osieko Chiefs office	0	490,000	490,000	490,000	0
Mubwayo Police Post	1,077,387.59	0	1,077,388	1,077,388	-0.41
Nambengele Police Post	1,000,000.00	0	1,000,000.00	1,000,000	0.00
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)	494,746	0	494,746	0	494,746
Constituency Vehicle	0	1,690,000	1,690,000	0	1,690,000
12.0 Others					
12.1 Strategic Plan	0	36,000	36,000	0	0
Budalangi Youth empowerment	0	8,400,000	8,400,000	0	8,400,000
12.2 Innovation Hub	0	4,677,027	4,677,027	0	4,677,027
Total	137,367,724	75,592,566	212,960,290	71,765,594	141,158,696

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based)

XI. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits 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-BUDALANGI Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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) –
BUDALANGI CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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(CONTINUED)

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. The figures on unutilised funds balance has been adjusted under note 9.

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) –
BUDALANGI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2020

XII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2019-2020	2018-2019
		Kshs	Kshs
NGCDF Board			
AIE NO. B005334	1		43,405,172
AIE NO.B006266	2		15,000,000
AIE NO.B606302	3		10,000,000
AIE NO.B042655	4		6,803,448
AIE NO.B047082	5		29,000,000
AIE NO.B047206	1	53,540,876	
AIE NO.B047376	2	4,000,000	
AIE NO.B049239	3	15,000,000	
AIE NO.B047804	4	18,000,000	
AIE NO.B096538	5	16,000,000	
AIE NO.B096745	6	15,000,000	
TOTAL		121,540,876	104,208,620

2. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,910,222	1,853,156
Personal allowances paid as part of salary	150,000	182,784
Employer Contributions Compulsory national social security schemes	86,070	-
Total	2,146,292	2,035,940

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	2,349,520	6,092,500
Other committee expenses	2,517,000	5,570,120
Utilities, supplies and services	-	407,709
Communication, supplies and services	169,080	-
Domestic travel and subsistence	674,040	-
Printing, advertising and information supplies & services	-	148,480
Training expenses	2,000,000	-
Hospitality supplies and services	82,870	122,000
Office and general supplies and services	1,474,670	-
Fuel , oil & lubricants	1,050,000	-
Other operating expenses	418,900	3,464,000
Routine maintenance – vehicles and other transport equipment	456,112	-
Routine maintenance – other assets	168,720	-
Bank Service Commission and Charges	-	42,779
Total	11,360,912	15,847,588

4. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	22,506,968	17,500,000
Transfers to secondary schools	29,115,417	16,338,000
TOTAL	51,622,385	33,838,000

5. OTHER GRANTS AND TRANSFERS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	380,209	256,003,444
Bursary – tertiary institutions	1,021,750	11,083,000
Security projects	2,567,388	8,000,000
Sports projects	-	3,917,023
Environment projects	2,180,818	1,736,206
Emergency projects	485,840	3,742,650
Total	6,636,004	54,079,223

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Vehicles and Other Transport Equipment	-	5,035,345
Total	-	5,035,345

7. BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
NATIONAL BANK,01021037100000. Kshs.	58,851,111	9,075,828
Total	58,851,111	9,075,828

8. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	58,851,111	9,075,828
Total	58,851,111	9,075,828

9. Prior year Adjustments

Description of Error	Balances b/f FY 2018/2019 as per financial Statements	Adjustments	Adjusted Balances b/f FY 2018/19
Compensation of employees	205,104	258,693	463,797
Use of goods and services	-	3,711,628	3,711,628
Amounts due to other Government entities	10,316,918	39,036,080	49,352,998
Amounts due to other grants and other transfers	21,405	7,239,711	7,261,116
Acquisition of assets	3,364,655	(1,674,655)	1,690,000
Other payments	-	13,113,027	13,113,027
	13,908,082	61,684,484	75,592,566

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

10. OTHER IMPORTANT DISCLOSURES

10.1 UNUTILIZED FUND (Annexure I)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,822,045	463,797
Use of goods and services	1,209,271	3,711,628
Amounts due to other Government entities	75,217,867	49,352,998
Amounts due to other grants and other transfers	47,647,741	7,261,116
Acquisition of assets	2,184,746	1,690,000
Others (<i>specify</i>)	13,113,027	13,113,027
	141,194,697	75,592,566

10.2 PMC account balances (Annexure II)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances	31,477,642.50	28,530,388
	31,477,642.50	28,530,388

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

XIII. ANNEXURES

ANNEX 1 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees	Payment of staff salaries and gratuity	1,822,045	463,797	Funds not yet released by the board
Use of goods & services	Purchase of fuel, repairs and maintenance, printing, stationery, telephone, travel and subsistence and office tea	1,209,271	3,711,628	Funds not yet released by the board
Amounts due to other Government entities			49,352,998	Funds not yet released by the board
Primary school Desks	Purchasing of 100 schools Desks@3,000 totalling to Kshs.300,000 for Lugare Primary school,Mudembi Primary school,Port Mixed Sec. and Budalangi Primary	1,151,600	0	Funds not yet released by the board
Bubango Primary school	Purchasing of 47 School Desk Each Costing Ksh. 3,000.00	141,000	0	Funds not yet released by the board
Mundika primary school	Purchasing of 46 School Desk Each Costing Ksh. 3,000.00	138,000	0	Funds not yet released by the board
Makunda Primary school	Purchasing of 46 School Desk Each Costing Ksh. 3,000.00	138,000	0	Funds not yet released by the board
Mudembi Secondary School	Purchasing of land	1,000,000	0	Funds not yet released by the board
Musoma Secondary School	Additional Funds to on- going two floor Storey building projects housing 16 classrooms, one staff room, one library with acapacity of 30 students, and one laboratory with a capacity of 30 students phase	4,575,862	0	Project yet to be approved

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

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
	III(completion of ground floor comprising of 8 classrooms, 1 laboratory and 3 administration offices by Construction of concrete column pillars Stone wallings outer walls) Block walling(inner Walls) , Casting of the first floor ring beams and lintols and casting of the Ground floor beams to completion.			
John Osogo Secondary	Balance realised as a result of purchasing of a school Bus	1,388,568	0	Re-allocation yet to be approved
Mundere Secondary school	Additional Funds to on- going two floor Storey building projects housing 16 classrooms, one staff room, one library with acapacity of 30 students, and one laboratory with a capacity of 30 students phase III(completion of ground floor comprising of 8 classrooms, 1 laboratory and 3 administration offices by Construction of concrete column pillars Stone wallings outer walls) Block walling(inner Walls) , Casting of the first floor ring beams and lintols and casting of the Ground floor beams to completion.	15,000,000	0	Funds not yet released by the board
Musoma secondary school	Additional Funds to on- going two floor Storey building projects housing 16 classrooms, one staff room, one library with acapacity of 30 students, and one laboratory with a capacity of 30 students phase III(completion of ground floor comprising of 8 classrooms, 1 laboratory and 3	15,000,000	0	Funds not yet released by the board

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

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
	administration offices by Construction of concrete column pillars Stone wallings outer walls) Block walling(inner Walls) , Casting of the first floor ring beams and lintols and casting of the Ground floor beams to completion.			
Sisenye Secondary school	Additional Funds to on- going two floor Storey building projects housing 16 classrooms, one staff room, one library with acapacity of 30 students, and one laboratory with a capacity of 30 students phase III(completion of ground floor comprising of 8 classrooms, 1 laboratory and 3 administration offices by Construction of concrete column pillars Stone wallings outer walls) Block walling(inner Walls) , Casting of the first floor ring beams and lintols and casting of the Ground floor beams to completion.	15,000,000	0	Funds not yet released by the board
Ruambwa Secondary school	Additional Funds to on- going two floor Storey building projects housing 16 classrooms, one staff room, one library with acapacity of 30 students, and one laboratory with a capacity of 30 students phase III(completion of ground floor comprising of 8 classrooms, 1 laboratory and 3 administration offices by Construction of concrete column pillars Stone wallings outer walls) Block walling(inner Walls) , Casting of the first floor ring beams and lintols and casting of the	15,000,000	0	Funds not yet released by the board

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

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
	Ground floor beams to completion.			
Bukoma Secondary school	Renovation of 2 to completion by re-installation of fittings(Metallic Windows and Metallic Doors), re-plastering on the walls,re-screeding and re-painting	300,254	0	Funds not yet released by the board
Sisenye Secondary school	Balance realised as a result of erection of lightening aresters	13,483	0	Spending yet to be done
Bulwani Secondary School	Balance realised as a result of erection of lightening aresters	18,713	0	Spending yet to be done
Musoma Secondary School	Balance realised as a result of erection of lightening aresters	19,491	0	Spending yet to be done
Budalangi Secondary School	Balance realised as a result of erection of lightening aresters	16,448	0	Spending yet to be done
Namalo Secondary School	Balance realised as a result of erection of lightening aresters	16,448	0	Spending yet to be done
Bunyala Vocational Centre	Construction of workshops	1,300,000	0	Spending yet to be done
Masinde Muliro University	Construction of a library	5,000,000	0	Re-allocation yet to be approved
Sub-Total		75,217,867	49,352,998	
Amounts due to other grants and other transfers			7,261,116	
Bursary				
Secondary schools		23,119,791	0	Funds not yet released by the board
Tertiary Institutions		7,978,250	0	Funds not yet released by the

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

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
				board
Special schools		2,748,750	0	Funds not yet released by the board
Sports	Carry out Constituency Sports tournament and the winning teams/schools to be awarded with trophies, balls, and games kits	2,747,586	0	Funds not yet released by the board
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	11,053,363	0	Funds not yet released by the board
Mubwayo Police Post	Construction of police station	(0.41)	0	Funds not yet released by the board
Sub-Total		47,647,741	7,261,116	
Acquisition of assets			1,690,000	
Motor Cycle	Completing Purchasing of 4 kibo model motor bikes for office use with a capacity of 160cc	494,746	0	Funds not yet released by the board
Constituency Vehicle	Balances realizes as a result of purchasing constituency vehicle	1,690,000	0	Re-allocations yet to be approved
Sub-Total		2,184,746	1,690,000	
Others (specify)		0	13,113,027	
Innovation Hubs				Funds not yet released by the board
Constituency Innovation Hub at Budalangi DCC's Office	Procuring of systems & services comprising of satellite antenna router ,digital ruggedized tablets Wi-Fi with outdoor wireless devise with 12U cabinet complete with installation accessories	1,169,257	0	Funds not yet released by the board

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

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Constituency Innovation Hub at Port Victoria- Town Hall	Procuring of systems & services comprising of satellite antenna router ,digital ruggedized tablets Wi-Fi with outdoor wireless devise with 12U cabinet complete with installation accessories	1,169,257	0	Funds not yet released by the board
Constituency Innovation Hub at Central Ward	Procuring of systems & services comprising of satellite antenna router ,digital ruggedized tablets Wi-Fi with outdoor wireless devise with 12U cabinet complete with installation accessories	1,169,257	0	Funds not yet released by the board
Constituency Innovation Hub at ADCC office	Procuring of systems & services comprising of satellite antenna router ,digital ruggedized tablets Wi-Fi with outdoor wireless devise with 12U cabinet complete with installation accessories	1,169,257	0	Funds not yet released by the board
12.1 Strategic Plan	Purchasing of motorbikes	8,400	0	Funds not yet released by the board
Budalangi Youth Empowerment	Carrying out youth empowerment	8,400,000	0	
Sub-Total		13,113,027	13,113,027	
Grand Total		141,194,694	75,592,566	

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

ANNEX 2 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Iyanga solar Panel PMC	KCB -Port Victoria	1253601143	0	1,580
Iyanga Bubamba Boat Project	KCB- Port Victoria	1258785064	0	640
ACK Musoma Toilet project PMC	KCB -Port Victoria	1254100091	0	534,338
Sibuka Primary school PMC	KCB -Port Victoria	1258519860	0	1,998,975
Osieko primary PMC	KCB- Port Victoria	1258520184	0	1,800,000
Bunyala South river Chanelling PMC	KCB- Port Victoria	1253600961	0	1,190
MUBWAYO POLICE STATION PMC	KCB –Port victoria Branch	1275176917	0	0
BUDALANGI ENVIRONMENT PMC	KCB- Portvictoria	1239225997	682,334	0
OSIEKO CHIEFS CAMP PMC	KCB- Portvictoria	1275179851	0	0
NAMBENGELE POLICE PMC	KCB- Portvictoria	1275186297	0	0
ACK MUSOMA SECONDARY SCHOOL PMC	KCB- Portvictoria	1258519712	9,748,790	4,999,395
BUKOMA SECONDARY SCHOOL PMC	KCB- Portvictoria	1269960741	25,395	0
SISENYES MIXED SECONDARY SCHOOL PMC	KCB- Portvictoria	1254026959	8,748,790	5,000,000
MUNDERE GIRLS SECONDARY SCHOOL PMC	KCB- Portvictoria	1269537970	3,999,395	0
RUAMBWA SECONDARY SCHOOL PMC	KCB- Portvictoria	1258531224	5,749,395	4,999,395
MUBWAYO PRIMARY SCHOOL PMC	KCB- Portvictoria	1275179819	0	0
RUAMBWA PRIMARY SCHOOL PMC	KCB- Portvictoria	1257950215	1,203,975	498,975
NANJOMI PRIMARY SCHOOL PMC	KCB- Portvictoria	1258519844	227,174	1,498,975
MADUWA PRIMARY SCHOOL PMC	KCB- Portvictoria	1275176771	0	0
LUNYOFU PRIMARY SCHOOL PMC	KCB- Portvictoria	1275617506	0	0
BULWANI PRIMARY PMC	KCB- Portvictoria	1275186165	0	0

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
SIRIMBA PRIMARY SCHOOL PMC	KCB-Portvictoria	1275179525	0	0
BUDALA PRIMARY SCHOOL PMC	KCB-Portvictoria	1275179894	0	0
BULEMIA PRIMARY SCHOOL	KCB-Portvictoria	1258520257	28,975	998,975
NABUTSWI PRIMARY SCHOOL PMC	KCB-Portvictoria	1253996075	21,935	2,000,000
BUSAGWA PRIMARY SCHOOL	KCB-Portvictoria	1258519917	18,535	2,198,975.00
KENYA GAUZE PRIMARY SCHOOL PMC	KCB-Portvictoria	1254099689	23,975	1,998,975
MUNANI PRIMARY SCHOOL	KCB-Portvictoria	1258519569	998,975	0
Total			31,477,642.5	28,530,388

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

ANNEX 3 – 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) 2019/19
Transport equipment	9,635,345	-	-	9,635,345
Office equipment, furniture and fittings	434,410	-	-	434,410
ICT Equipment, Software and Other ICT Assets	1,369,750	-	-	1,369,750
Other Machinery and Equipment	4,106,069	-	-	4,106,069
Intangible assets	1,500	-	-	1,500
Total	15,715,794	-	-	15,547,074

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
BUDALANGI 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)
1. Budget Performance	During the year under review, the Fund spent Kshs.110,836,097 against a budgeted amount of Kshs.124,744,179, resulting in under-absorption of Kshs.13,908,082 representing 11.15% In addition, the National Assembly approved an allocation of Kshs.124,744,179 to Budalangi NG-CDF for appropriation in the year under review. However, the statement of receipts and payments indicated that the National Government Constituency Development Fund Board had only disbursed Kshs.119,911,925 to the Fund resulting to an underfunding of receipts by Kshs.4,832,254. Consequently, the Fund failed to implement projects and programmes amounting to Kshs.13,908,082 thus denying the constituents the services they are entitled to.	The delay in the implementation of the projects was as a result of delay in the disbursements of funds from the NG-CDF Boards	NG-CDF BOARDS	Resolved	
Non-Achieved Environmental Projects	Included in the reported balance of other grants and payments of Kshs.54,079,223 under note 5 to the financial statements is an expenditure on environmental activities totaling to Kshs.1,736,206 that involved tree planting across the constituency. However, physical	We want to vouch that the project was being implemented and supervised with project management	NG-CDFC	Resolved	

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

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)
	verification conducted on the project revealed that only 5% of the trees survived thus it was not prudent to implement the project with such a high failure rate. In the circumstances value for money was not obtained from Kshs.1,736,206 incurred on this activity.	committee in their various institutions and we want to confirm that value for money was achieved.			
Delayed Project implementation	Included in the transfers to other government entities expenditure of Kshs.33,838,000 under note 4 to the financial statements is an amount Kshs.15,000,000 disbursed to three (3) secondary schools as during the year under review. However, physical verification conducted on the three projects as at the time of audit on 30 June, 2020 (one year down the line), revealed that the works were yet to commence. Further, review of the project management committee bank account statements revealed that the accounts had a total of Kshs.24,246,975 which remained unutilized as at 30 June, 2020 Consequently, the management may have contravened section 149(1b) of the Public Finance Management Act, 2012 which requires an accounting officer to ensure that the resources are used in a way that is effective, efficient, economical and transparent.	We want to confirm that the delay in the implementation of the above projects was as a result of advice from the NG-CDF Board which they said that the money should be available to complete usable phase of the project (ground floor) being a storey building and therefore the monies that had been approved earlier could not do the same and there we were still waiting for the approval of the	NG-CDFC	Resolved	



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

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)
		allocation of Ksh. 15M each per school for the financial 2019/2020 for the projects to start which currently have been approved. Attached is the Nation Newspaper Extract on the advertisement for the storey building for your verification.			
Payment for Incomplete and Substandard Works	Included in the transfers to other government entities balance of Kshs.33,838,000 under note 4 to the financial statements is an expenditure of Kshs.2,415,000 on construction of a model storey latrine at ACK Musoma Secondary School. However, review of the project records revealed that a letter dated 15 August, 2019 gave the contractor a notice for defaulting in delivery of the job (failure to make timely project delivery), site abandonment and non-conformity to BQs specifications. Further, it was impossible to confirm payments made to date since the PMC's bank account	We want to vouch that the project is 95% complete and we have annex project Bill of Quantities and project bank statement for audit verification.	NG-CDFC	Resolved	



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

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>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
	statement was not availed for audit review. In addition, the bills of quantities were not availed for audit verification. In the circumstances, it was not possible to ascertain whether the project resources were applied in an effective, efficient, economical and transparent manner in line with section 149(1b) of the Public Finance Management Act, 2012.				

