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THE NATIONAL ASSEMBLY

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OF

THE AUDITOR-GENERAL

ON

NATIONAL GOVERNMENT CONSTITUENCIES
DEVELOPMENT FUND – BOBASI
CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE, 2020



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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
BOBASI 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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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 BOBASI 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	Daniel John Ogutu Oreri
2.	Sub-County Accountant	Ambrose Maina
3.	Chairman NGCDFC	Samuel Karuru Mariaka
4.	Member NGCDFC	Naftal Mbaka

(d) Fiduciary Oversight Arrangements

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

Bobasi Constituency Development Fund.
P.O BOX 98-40204
Opposite DCC's Offices,
Hospital Road,
Nyamache, Kenya

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) BOBASI
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(f) NGCDF BOBASI Constituency Contacts

Telephone: (254) 723540344

E-mail: cdfbobasi@cdf.go.ke

(g) NGCDF BOBASI Constituency Bankers

1. Kenya Commercial Bank
Account Name: Bobasi NG-CDF Account
Kisii west branch
1237909678

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

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

The NG-CDFC wishes to have in summary the budget performance against actual amounts for the current financial year based on economic classification and programmes. The NG-CDFC have improved in their budget performance despite the challenges encountered with the high turnover of managers and delay in disbursement of funds from the NG-CDF Board. The performance in all the sectors i.e. Education, Security, Bursary and other projects implemented as per the Act achieved a desirable percentage in terms of utilization.

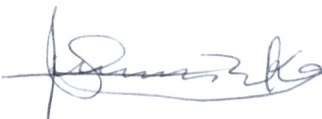
During the financial year under review, the Bobasi NG-CDFC received a total of Kshs 135,240,875 from the NG-CDF Board. The amount included Kshs. 68,000,000 being part of the financial year's total allocation of Kshs. 137,367,724 which translates to nearly half of the allocation and Kshs. 67,240,875 being balances previously owed by the Board. However, the NG-CDFC managed to implement a number of key projects as per the proposal including construction of the NG-CDF Office, disbursement of Bursary funds to needy students in various institutions, construction of chiefs' offices and also construction of classrooms in various institutions. By closure of the financial year, the NG-CDFC had remained with a balance of 28,572,832.

However, there have been emerging issues like political, economic, social, legal and global challenges influencing the implementation of NG-CDF Project. Other issues affecting the project implementation process is the late disbursement of funds, late approval of proposals and reallocations.

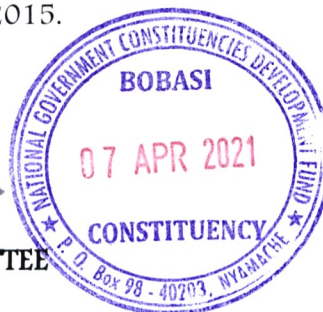
The NG-CDFCs wish that the issues of having the project ongoing for more than two years be stopped and the NG-CDF board to reduce the rate of staff turnovers in Constituencies i.e. FAM transfers.

Finally, the Bobasi NG-CDF Committee wish to thank the NG CDF Board and all other stake holders who have made it easy for them to be able to deliver services to the constituents of Bobasi within the precincts of the NG-CDF Act, 2015.

Sign



CHAIRMAN NGCDF COMMITTEE



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) BOBASI CONSTITUENCY

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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 NG-CDF-BOBASI Constituency's 2018-2022 plan are to:
(Enumerate all the objectives of the constituency as per the Strategic Plan)

- i. Improved access to quality Basic Education.
- ii. Improved Security in the Constituency.
- iii. Improved infrastructure.
- iv. Improved fiscal discipline and accountability.
- v. Improved sanitation/environmental conditions.

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	Improve performance and increase secondary and higher education transition rates	Develop and enhance schools infrastructure to enhance facilities and provide conducive learning environment for children	Number of usable physical infrastructure built in primary, secondary, and tertiary institutions Number of bursary beneficiaries at all levels	Number of classrooms increased from 143 to 268 Number of laboratories increased from 9 to 11 Number of dormitories increased from 6 to 12 Number of administration blocks increased from 7 to 15 Number of school buses increased from 5 to 6
Security	Equip, facilitate and enhance capacity of	Develop and enhance provincial	Number of usable physical infrastructure	Number of renovated chiefs' offices increased from 3 to 5

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	provincial administration and other security organs in order to improve service delivery	administration and other security organs infrastructure to enhance service delivery	built in locations, sub locations and police stations	
Environment	Create a more sustainable and conserved environment through natural resources conservation initiatives	Equip schools and public facilities with sanitation	Number of sanitation facilities built in primary and secondary	Number of sanitation facilities increased from 84 to 144
Sports	Empower and develop youth and special groups to	Reduced dependence and spur economic growth through sports	Number of youth groups benefitting from the sports programme	Number of youth groups benefitting from the sports programme increased from 8 to 13

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – BOBASI 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 Bobasi NG-CDF Committee endeavoured to work within the existing policy guidelines that helped in focusing on the service deliver and drive to better performance with the involvement of both internal and external stakeholders on matters development. The relevance of this was attributed to our vision, mission and core values as provided for in our strategic plan.

Model	Definition	Relevance to sustainable strategy
Vision	To be renowned Constituency in advocating for all round socio-economic development and sustainability.	What the constituency is striving for in the future that influence the strategies, purpose and aspirations put in place
Mission	To involve all the stakeholders in the development process of the Constituency in order to achieve desires development goals.	This communicates what the office does to attain sustainable developments

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Core Values	Accountability, Transparency, Integrity, Honesty, Equality, Equity	These are the norms , principles and beliefs that the office upholds in order to follow the right path towards attainment of the set objectives
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To realize effective suitability, the constituency relied on the set targets as a sign of performance ambition. The Goals as provided in our strategic plan remained the focal point for inside and outside Stakeholders with a clear set of objectives for management, and a yardstick by which external audiences can judge our progress and achievements against their expectations. The frameworks under which we operated included projects identification, allocation of funds, approval, implementation and monitoring

2. Environmental performance

Environment Policy and Action Plan

Protection of the environment in which we live and operate is part of Bobasi NG-CDF initiatives Care for the environment is one of our key responsibilities and an important aspect in the way in which carry out our operations.

Our Environmental Policy

In this policy statement Bobasi NG-CDF commits to:

- Comply with all relevant environmental legislation, regulations and approved codes of practice
- Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water
- Seeking to keep wastage to a minimum and maximize the efficient use of materials and resources
- Managing and disposing of all wastage in a responsible manner;
- Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture
- Regularly communicating our environmental performance to our employees and other significant stakeholders
- Developing our management processes to ensure that environmental factors are considered during planning and implementation
- Monitoring and continuously improving our environmental performance.
- Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

Our Environmental Action Plan

Bobasi NG-CDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts. These four areas together with our approach and targets for each are shown below:

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Impact Area	Approach
Capacity Building	<ul style="list-style-type: none">• Promote environmental awareness by sensitizing the Bobasi NG-CDFC, NG-CDFC staff and PMCs on good conservation practices• To encourage, through regular communication to Bobasi NG-CDFC, staff, and other stakeholders changes in individual behaviour to reduce usage
Environmental Protection and Conservation	<ul style="list-style-type: none">• We have constructed culverts and gabions to prevent soil erosion• We have constructed ablution block in primary and secondary school.

3. Employee welfare

Terms and conditions of service

This highlights the general rules governing employment of NG-CDFC staff in such matters as appointments, promotions and related matters.

Categories of Employment

Bobasi NG-CDFC offers only categories of employment, which are Contract employees who are employed for 1 year on a renewable contract. Such employees are eligible for employee benefits in line with the statutory requirements.

Recruitment Procedure

The Fund Account Manager declares vacancies in the office through the NG-CDFC, an approval is then sought for advertisement within the constituency to be done

The Advertisement contains the following:

- Job title
- Main purpose of the job
- A brief description of the key responsibilities of the job
- Education, experience, skills and competencies required for the job
- Location of the job
- Clear instructions on how to apply and information to be submitted in the application
- Closing date for receipt of applications

Appointment of a selection and Interview subcommittee

A selection and interview subcommittee is appointed to oversee the selection strategy for application review, determination of testing methodology, administration of tests and scoring, and reference check criteria.

Interviews

Interviews for staff employment are conducted in a manner that complies with the office's commitment to equal employment opportunity, to ensure that qualified candidates are not discriminated based on ethnicity, religion, gender, age, disability, status etc.

Offer of Appointment

A person appointed to the office will be given the appropriate letter of offer of appointment, as the case may be, which may be accepted or rejected by the candidate within the stipulated time.

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Letters of Appointment

A written contract of service that is signed by the Fund Account Manager and the NG-CDFC Chairman is then issued, which states particulars of employment which include, the name and address of the employee, job description, date of commencement of the job, form and duration of the contract, place of work, hours of work, remuneration, termination, terms and conditions of employment which the employee is entitled to.

Orientation and Induction of employees

The NG-CDFC ensures orientation and induction of new employees. This is carried out in order to familiarize the employees with the mandate, vision, mission and operations of the office and how their jobs contribute to this.

Induction and orientation is done within the first three months of employment.

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 Recommendations for promotion is only made by the NG-CDFC resolution

4. Community Engagements-

Public Participation in Project Identification and Implementation and Monitoring

The NG-Constituency Development Act 2015 stipulates in part 5 section 27 subsection 1 and 2 that the chairperson of the NG-CDFC shall, within the first year of the commencement of a new Parliament and at least once every two years thereafter, convene open forum public meetings in every ward in the constituency to deliberate on development matters in the ward and in the constituency.

The NG-CDFC shall then deliberate on project proposals from all the wards in the constituency and any other projects which the Constituency Committee considers beneficial to the constituency, including joint projects with other constituencies, consider the national development plans and policies and the constituency strategic development plan, and identify a list of priority projects, both immediate and long term, out of which the list of projects to be submitted in accordance with the Act shall be drawn from. There after the list of proposed constituency based projects to be covered under this Act shall be submitted by NG-CDFC to the Board.

Public participation is the process that directly engages the concerned stakeholders in decision making and gives full consideration to public input in making that decision.

Public's engagement is a vital part of many projects and the benefits of it are well documented, such as better outcomes for all stakeholders, community ownership and lower project costs. When the public is involved in a project, they feel motivated to work together, recognize the benefits of their involvement and have ownership of the projects and the decision making process, which is key to a successful project outcome and their sustainability.

Effective public engagement is about recognising that involving the public in a project is no longer about information dissemination and telling the people what is being done, but is a two-way information sharing tool. The more views gathered in the process of making a decision, the more likely the final product will meet the most needs and address the most concerns possible.

In summary stakeholders' participation is important since:

- Providing information helps them understand the issues, options, and solutions available for the projects.
- Consulting with the public aids in obtaining their feedback on alternatives or decisions

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- Involving the public to ensures their concerns are considered throughout the decision process, particularly in the development of decision criteria, options and preferred solutions that are workable, efficient and sustainable .

Public Awareness

This includes mechanisms for participation and cooperation with local, regional and national agencies, and for conducting community-based needs assessments and public awareness campaigns and holding community meetings.

Public Awareness and Sensitisation Exercise Provide

- A menu of options for including individuals and organizational actors in identifying development priorities and selecting NG-CDF projects.
- Ensuring implementation of NG-CDF funded projects are transparent and known to everybody within the community.
- Increase accountability hence ensure local citizens gain skills and confidence to carryout social audits as means to enhanced accountability in management of other devolved funds apart from NG-CDF at constituency and other levels within the constituency.
- Increase public participation at all stages of project cycle funded under NG-CDF kitty
- Identify control and report any irregularities witnessed during NG-CDF project implementation cycle.
- Measure the impact of the projects funded by NG-CDF
- Enable people to exercise their rights by instilling democratic culture through enhanced social accountability and transparency among state and non-state actors.
- Promote awareness creation on constitution and devolved governance system in Kenya

Covid-19 Mitigation Measures

Taking into consideration the current Corona Virus epidemic, in line with the Governments directive on reducing the chances of being infected or spreading COVID-19, the office resolved in aiding by taking the following precautionary measures.

- The office purchased 120 water tanks that were distributed to major market centres.
- The office distributed 6,000 facial masks manufactured by Kisii National Polytechnic.
- Printing of brochures disseminating information regarding Corona Virus protection measures

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V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

The Accounting Officer in charge of the NGCDF-BOBASI 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:

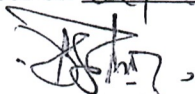
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing 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-BOBASI 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-BOBASI 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.

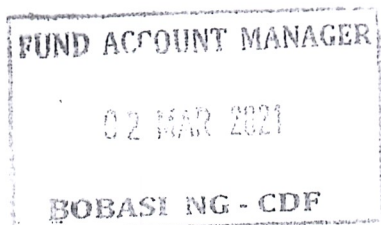
The Accounting Officer in charge of the NGCDF-BOBASI Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible 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-BOBASI Constituency financial statements were approved and signed by the Accounting Officer on 02/03/2020.



Fund Account Manager
Name:

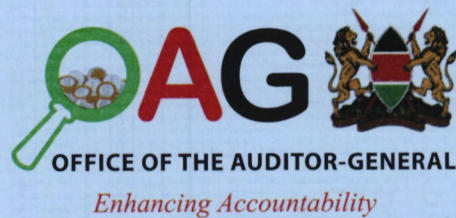


Sub-County Accountant
Name: AMBROSIO MATHA
ICPAK Member Number:
18003



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 - BOBASI 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 - Bobasi Constituency set out on pages 14 to 64, which comprise the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers balance of Kshs.50,050,457 for the year ended 30 June, 2020. The expenditure includes an amount of Kshs.32,924,600 which was disbursed as bursaries to students in various learning institutions. However, out of the total bursary disbursements, an amount of Kshs.1,229,000 was not acknowledged by the relevant learning institutions.

Consequently, the accuracy, validity and regularity of the expenditure of Kshs.1,229,000 for the year ended 30 June, 2020 could not be confirmed.

2. Summary Statement of Appropriation

The summary statement of appropriation reflected transfers from the Board of Kshs.145,982,976 while the statement of receipts and payments reflects Kshs.135,240,876 leading to an unreconciled variance of Kshs.10,742,100.

Consequently, the accuracy, validity and completeness of the transfers of Kshs.145,982,976 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 - Bobasi Constituency 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 statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.224,580,720 and Kshs.145,982,976 respectively resulting to an under funding of Kshs.78,597,744, or 35 % of the budget.

Similarly, the actual expenditure reflects a balance of Kshs.124,542,163 against an approved budget of Kshs.224,580,720 resulting to an under-expenditure of Kshs.100,038,557 or 45% of the budget. The under funding and under performance affected the planned activities and may have impacted negatively on service delivery to the Citizens.

2. Un-Implemented Projects

The constituency was allocated Kshs.3,507,770 for establishment of innovation hubs at St. Paul's Nyacheki, Nyakegogi and Rusinga Secondary Schools for Kshs.1,169,2570 each. The Constituency committee resolved to reallocate the funds to other projects due to lack of rooms for installation of the innovation hub. However, Management did not explain why they never allocated extra funds for the construction of the rooms in the selected schools

Consequently, the intended beneficiaries did not get the benefits due from the innovation hubs.

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 sections 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 Transfers to Other Government Entities

1.1 Construction of a Dormitory at Rianyachuba Secondary School

Included in the transfers to other government units balance of Kshs.42,355,000 is Kshs.21,655,000 relating to transfers to secondary schools which further includes Kshs.1,000,000 disbursed to Rianyachuba secondary school for the construction of an administration block. However, the funds were diverted to construction of a dormitory without the approval of the Board contrary to the provisions of Section 6(2) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the Fund Management was in breach of the law.

1.2 Reallocation of Funds

Included in the transfers to other government units balance of Kshs.42,355,000 is Kshs.19,700,000 for transfers to primary schools which further included Kshs.3,500,000 disbursed to four (4) primary schools for the construction of classrooms. A physical verification done in the month of February, 2021 revealed that the funds disbursed to the four schools were diverted to renovation of classrooms without the approval of the Board as stipulated in the National Government Constituencies Development Fund Act, 2015, Section 6(2).

Consequently, the Fund Management was in breach of the law.

1.3 Construction of a Laboratory Block at Enchoro PEFA Secondary School

Included in the transfer to other government units balance of Kshs.42,355,000 in the statement of receipts and payments is Kshs.21,655,000 for transfers to secondary schools which further includes a disbursement of Kshs.600,000 to Enchoro PEFA secondary school for the completion of a laboratory block. However, a physical

verification revealed that the project stalled with various activities including plastering, flooring and painting works still outstanding.

Consequently, the value for money of Ksh.600,000 for the year ended 30 June, 2020 could not be confirmed.

1.4 Purchase of a Bus for Borangi SDA Secondary School

Included in the transfers to other government units balance of Kshs.42,355,000 in the statement of receipts and payments is Kshs.21,655,000 for transfers to secondary schools which further includes Kshs.7,200,000 in respect of purchase of a 51 seater school bus for Borangi SDA secondary school. The bus was purchased through direct procurement contrary to Section 91(1) of the Public Procurement and Asset Disposal Act, 2015 which states that open tendering shall be preferred procurement method for procurements of goods, works and services.

Consequently, value for money for the expenditure of Kshs.7,200,000 for the year ended 30 June, 2020 could not be confirmed.

2.0 Other Grants and Transfers

2.1 Emergency Projects

Included in other grants and other payments balance of Kshs.50,050,457 are payments of Kshs.11,044,040 for emergency projects which further included expenditures worth Kshs.2,300,000 in respect of disbursements to seven (7) schools for various projects, all of which were paid in cash. The payments for procurement of works for amounts ranging between Kshs.300,000 and Kshs.500,000 exceeded the low value cash purchase limit of Kshs.5,000 for entities in class "C" in which the Fund falls. Further, minutes from the CDF Board were not provided for audit review and therefore it was not possible to confirm that the projects met the criteria for emergency projects as specified under Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

Consequently, the regularity and value for money of the expenditure of Kshs.2,300,000 for the year ended 30 June, 2020 could not be confirmed and the Fund Management was 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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express 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 policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to 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

09 February, 2022

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) BOBASI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020


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

	Note	2019 - 2020	2018 - 2019
		Kshs	(Restated) Kshs
RECEIPTS			
Transfers from NG-CDF board	1	135,240,876	95,784,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	31,000	7,000
TOTAL RECEIPTS		135,271,876	95,791,483
PAYMENTS			
Compensation of employees	4	2,553,300	1,887,920
Use of goods and services	5	17,699,250	9,373,459
Transfers to Other Government Units	6	42,355,000	30,679,998
Other grants and transfers	7	50,050,457	52,501,588
Acquisition of Assets	8	11,884,156	6,081,105
Other Payments	9		600,000
TOTAL PAYMENTS		124,542,163	101,124,070
SURPLUS/(DEFICIT)		10,729,713	(5,332,587)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOBASI Constituency financial statements were approved on 07.04.2021 and signed by:


 Fund Account Manager
 Name:




 National Sub-County Accountant
 Name: ANNA ROSE MITINA
 ICPAK Member Number: 18003

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) BOBASI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

VIII. STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	28,570,832	17,841,120
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		28,570,832	17,841,120
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		28,570,832	17,841,120
FINANCIAL LIABILITIES			
Accounts Payable			
Retention	12A	-	-
Deposits (Gratuity)	12B	-	-
TOTAL FINANCIAL LIABILITIES			
NET FINANCIAL ASSETS		28,570,832	17,841,120
REPRESENTED BY			
Fund balance b/fwd	13	10,711,100	16,043,687
Prior year adjustments	14		
Surplus/Deficit for the year		10,729,713	(5,332,587)
NET FINANCIAL POSITION		21,440,813	10,711,100

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOBASI Constituency financial statements were approved on 07.04.2021 and signed by:

Fund Account Manager
Name:



National Sub-County Accountant
Name: MARQUE K MANA
ICPAK Member Number: 18003

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) BOBASI CONSTITUENCY

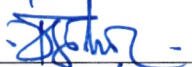
Reports and Financial Statements

For the year ended June 30, 2020

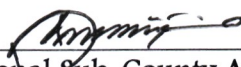
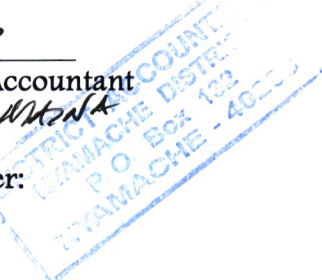
IX. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2020

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NG-CDF Board	1	135,240,876	95,784,483
Other Receipts	2	31,000	7,000
Total receipts		135,271,876	95,791,483
Payments for operating expenses			
Compensation of Employees	3	2,553,300	1,887,920
Use of goods and services	4	17,699,250	9,373,459
Transfers to Other Government Units	5	42,355,000	30,679,998
Other grants and transfers	6	50,050,457	52,501,588
Other Payments	7	-	600,000
Total payments		112,658,007	95,042,965
Total Receipts Less Total Payments		22,613,869	748,518
Adjusted for:			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		0
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16	-	0
Prior year adjustments	14	0	0
Net cash flow from operating activities		22,613,869	748,518
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	0
Acquisition of Assets	9	(11,884,156)	(6,081,105)
Net cash flows from Investing Activities		(11,884,156)	(6,081,105)
NET INCREASE IN CASH AND CASH EQUIVALENT		10,729,713	(5,332,587)
Cash and cash equivalent at BEGINNING of the year	13	10,711,100	16,043,687
Cash and cash equivalent at END of the year		<u>21,440,813</u>	<u>10,711,100</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BOBASI Constituency financial statements were approved on 07.04.2021 and signed by:


Fund Account Manager
Name:




National Sub-County Accountant
Name: Ann Rose Mwanja
ICPAK Member Number: 18203


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BOBASI CONSTITUENCY
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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30TH JUNE 2020

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c = a + b	Actual on Comparable Basis d	Budget Utilization Difference e = c - d	% of Utilization f = d / c %
RECEIPTS						
Transfers from NGCDF Board	137,367,724	87,181,996	224,549,720	145,951,976	78,597,744	65.0%
Proceeds from Sale of Assets						0.0%
Other Receipts(A.I.A)		31,000	31,000	31,000		100.0%
TOTAL RECEIPTS	137,367,724	87,212,996	224,580,720	145,982,976	78,597,744	65.0%
PAYMENTS						
Compensation of Employees	3,770,400		3,770,400	2,553,300	1,217,100	67.7%
Use of goods and services	8,592,695	13,426,590	22,019,285	17,699,250	4,320,035	80.4%
Transfers to Other Government Units	65,877,684	40,410,915	106,288,599	42,355,000	63,933,599	39.8%
Other grants and transfers	55,276,945	18,064,307	73,341,252	50,050,457	23,290,795	68.2%
Acquisition of Assets	3,850,000	11,884,157	15,734,157	11,884,156	3,850,001	75.5%
Other Payments		3,427,027	3,427,027		3,427,027	0.0%
TOTALS	137,367,724	87,212,996	224,580,720	124,542,163	100,038,557	55.5%

The NGCDF-BOBASI Constituency financial statements were approved on 07.04.2021 and signed by:

[Signature]

**Fund Account Manager
Name:**

[Signature]

Sub County Accountant
Name: *Abraham M. M. M.*
ICPAK Member Number: *18003*



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

Programme/Sub-Programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Employees' Salaries	3,458,400.00	0	3,458,400.00	3,458,400.00	0
1.2 Goods and Services	2,599,663.45	0	2,599,663.45	2,599,663.45	0
1.3 NSSF	240,000.00	0	240,000.00	240,000.00	0
1.4 NHIF	72,000.00	0	72,000.00	72,000.00	0
1.5 Committee Expenses	1,872,000.00	0	1,872,000.00	1,872,000.00	0
2.0 Monitoring and evaluation					
2.1 Goods and Services	1,373,677.24	0	1,373,677.24	1,373,107.95	569.29
2.2 Capacity Building	1,373,677.24	0	1,373,677.24	1,373,677.24	0
2.3 Committee Expenses	1,373,677.24	0	1,373,677.24	1,373,677.24	0
3.0 Emergency					
3.1 Primary Schools		0			
3.2 Secondary schools		0			
3.3 Tertiary institutions	7,198,241.00	0	7,198,241.00	6,469,000.5	729,240.5
3.4 Security projects		0			
4.0 Bursary and Social Security					
4.1 Secondary/Primary Schools	15,000,000	0	15,000,000	12,753,000	2,247,000
4.2 Tertiary (Vocational Schools)	7,500,000	0	7,500,000	7,500,000	0
4.3 University / Colleges	25,578,703.45	0	25,578,703.45	18,402,500	7,176,203.45

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BOBASI CONSTITUENCY
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Programme/Sub-Programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
5.0 Sports					
5.1 Constituency Sports Tournament	2,747,354.48	0	2,747,354.48	2,734,159.49	13,194.99
6.0 Environment					
6.1 Mosobeti Primary School	200,000.00	0	200,000.00	200,000.00	0
6.2 Nyambunwa Primary School	200,000.00	0	200,000.00	200,000.00	0
6.3 Keera Primary School	200,000.00	0	200,000.00	200,000.00	0
6.4 Kiombwori Primary School	200,000.00	0	200,000.00	200,000.00	0
6.5 Riontomwa Spring Protection	227,354.48	0	227,354.48	0	227,354.48
6.6. Rianyandoro Spring Protection	220,000.00	0	220,000.00	0	220,000.00
6.7 Mogonchoro Spring Protection	500,000.00	0	500,000.00	0	500,000.00
6.8 Nyamaruma Primary School	1,000,000.00	0	1,000,000.00	0	1,000,000.00
7.0 Primary Schools Projects (List all the Projects)					
7.1 Rusinga Primary School	5,000,000.00	0	5,000,000.00	0	5,000,000.00
7.2 Getai Primary School	800,000.00	0	800,000.00	800,000.00	0
7.3 Bendere Primary School	800,000.00	0	800,000.00	800,000.00	0
7.4 Kiongongi Primary School	1,000,000.00	0	1,000,000.00	0	1,000,000.00
7.5 Nyambunde Primary School	1,000,000.00	0	1,000,000.00	0	1,000,000.00
7.6 St. Marys Nyamagwa Girls 7.7	2,000,000.00	0	2,000,000.00	2,000,000.00	0

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BOBASI CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-Programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
7.7 Primary School					
7.8 Riamanono DOK Primary School	1,000,000.00	0	1,000,000.00	0	1,000,000.00
7.9 Maji Mazuri Primary School	500,000.00	0	500,000.00	0	500,000.00
7.91 Ekenyoru Primary School	600,000.00	0	600,000.00	0	600,000.00
7.92 Ebiosi Primary School	800,000.00	0	800,000.00	800,000.00	0
Nyacheki Mission Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Birongo Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Nyamkenye Primary School	1,000,000.00	0	1,000,000.00	0	1,000,000.00
Sugubo Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Nyaguku DOK Primary school	2,000,000.00	0	2,000,000.00	2,000,000.00	0
Nyakondiere DEB Primary School	500,000.00	0	500,000.00	0	500,000.00
Inani Primary School	400,000.00	0	400,000.00	0	400,000.00
Simiti Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Obuya Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Sameta Boys Boarding Primary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Nyaineke Primary School	500,000.00	0	500,000.00	0	500,000.00
Irongo Primary School	500,000.00	0	500,000.00	0	500,000.00

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

Programme/Sub-Programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Bonyancha Primary School	800,000.00	0	800,000.00	0	800,000.00
Nyamache Primary School	500,000.00	0	500,000.00	500,000.00	0
Getenga Primary School	500,000.00	0	500,000.00	0	500,000.00
Enchoro EMA Primary School	500,000.00	0	500,000.00	500,000.00	0
Riongocho Primary School	500,000.00	0	500,000.00	0	
Riyabo Primary School	500,000.00	0	500,000.00	500,000.00	0
Getunu Primary School	882,975.55	0	882,975.55	882,975.55	0
Sindagogi Primary School	800,000.00	0	800,000.00	0	800,000.00
8.0 Secondary Schools Projects (List all the Projects)					
Bishop Mugendi Nyakegogi Secondary School	2,000,000.00	0	2,000,000.00	2,000,000.00	0
Nyabiosi Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Mogonga Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Nyabete Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
St. Mathews Chitago Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Rianyachuba Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Rusinga Secondary School	2,000,000.00	0	2,000,000.00	0	2,000,000.00
Riontweka Secondary School	2,000,000.00	0	2,000,000.00	0	2,000,000.00

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

Programme/Sub-Programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Bointangare Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Borangiri SDA Secondary School	7,200,000.00	0	7,200,000.00	7,200,000.00	0
Rianchore Secondary School	400,000.00	0	400,000.00	0	400,000.00
Gionseri Girls Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Itumbwe Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Ikenye Secondary School	500,000.00	0	500,000.00	500,000.00	0
Isena Mission Girls Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Nyabonge Secondary School	1,000,000.00	0	1,000,000.00	1,000,000.00	0
Ehbigogo Secondary School	500,000.00	0	500,000.00	0	500,000.00
Maji Mazuri Secondary School	600,000.00	0	600,000.00	0	600,000.00
9.0 Tertiary institutions Projects (List all the Projects)					
9.1					
10.0 Security Projects					
10.1 Igaré Police Station	5,000,000.00	0	5,000,000.00	0	5,000,000.00
10.2 Nyabite Chiefs Office	200,000.00	0	200,000.00	0	200,000.00
10.3 Nyamagwa Chiefs Office	200,000.00	0	200,000.00	0	200,000.00
10.4 Omosaria Chiefs Office	400,000.00	0	400,000.00	0	400,000.00
11.0 Acquisition of assets					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BOBASI CONSTITUENCY
Reports and Financial Statements
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Programme/Sub-Programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
11.1 Motor Vehicles (including motorbikes)	350,000.00	0	350,000.00	0	350,000.00
11.2 Construction of CDF office	3,500,000.00	0	3,500,000.00	0	3,500,000.00
12.0 Others					
12.1 Strategic Plan					
12.2 Innovation Hub					
	137,367,724				

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

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

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

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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

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SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the 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.

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SIGNIFICANT ACCOUNTING POLICIES

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

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

14. Errors

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

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.

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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. 2017/2018/867	1		40,784,487.15
AIE NO. 2016/2017/319	2		13,999,996.00
AIE NO. 2017/2018/867	3		10,000,000.00
AIE NO. 2018/2019/096	4		10,000,000.00
AIE NO. 2018/2019/556	5		6,000,000.00
AIE NO. 2018/2019/278	6		15,000,000.00
2018/2018/1458	7	13,000,000	
2018/2019/1539	8	20,000,000	
2018/2019/1569	9	34,240,876	
2019/2020/013	10	4,000,000	
2019/2020/396	11	20,000,000	
2019/2020/700	12	6,000,000	
2019/2020/903	13	14,000,000	
2019/2020/1200	14	15,000,000	
2019/2020/1483	15	9,000,000	
TOTAL		135,240,876	95,784,483

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	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2019-2020	2018-2019
	Kshs	Kshs
Interest Received		-
Rents		-
Receipts from Sale of tender documents	31,000	7,000
Other Receipts Not Classified Elsewhere		-
Total	31,000	7,000

4. COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic wages of temporary employees	1,878,900	1,783,530
Personal allowances paid as part of salary		-
Pension and other social security contributions (Gratuity)	595,200	-
Employer Contributions Compulsory national social security schemes	79,200	104,390
Total	2,553,300	1,887,920

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Committee allowance	9,813,700	6,220,000
Utilities, supplies and services		
Communication, supplies and services	9,450	
Domestic travel and subsistence		
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses		
Hospitality supplies and services		
Insurance costs		
Specialized materials and services		
Office and general supplies and services	407,600	484,836
Other committee expenses	6,278,000	1,940,000
Routine maintenance – vehicles and other transport equipment	48,500	93,028
Routine maintenance – other assets		
Fuel , oil & lubricants	1,142,000	593,280
Bank service commission and charges		42,315
Total	17,699,250	9,373,459

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		-
Transfers to primary schools (see attached list)	19,700,000	3,139,998
Transfers to secondary schools (see attached list)	23,424,100	27,040,000
Transfers to tertiary institutions (see attached list)	1,000,000	500,000
Transfers to health institutions (see attached list)		-
TOTAL	44,124,100	30,679,998

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	12,753,000	18,468,980
Bursary – tertiary institutions (see attached list)	18,402,500	31,496,138
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Security projects (see attached list)		800,000
Sports projects (see attached list)	4,901,000	1,736,470
Environment projects (see attached list)	1,180,817	
Emergency projects (see attached list)	11,044,040	
Total	48,281,357	52,501,588

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings		
Construction of Buildings	11,884,156	5,218,105
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		863,000
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	11,884,156	6,081,105

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	600,000
ICT Hub	-	
	-	600,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Kenya commercial bank – Kisii west branch, Account Name: Bobasi NG-CDF Account, Account No. 1237909678	28,570,832	17,841,120
Total	28,570,832	17,841,120
10B: CASH IN HAND		
Location 1		
Location 2		
Location 3		
Other Locations (specify)		
Total		
[Provide cash count certificates for each]		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of Officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Name of Officer or Institution				
Total				

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

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1		
Supplier 2		
Supplier 3		
Total		

[Provide short appropriate explanations as necessary]

12B. GRATUITY DEPOSITS

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

[Provide short appropriate explanations as necessary]

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13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	17,841,120	16,043,687
Cash in hand		
Imprest		
Total	17,841,120	16,043,687

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

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

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST'

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

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	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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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Gratuity	613,800	595,200
Others (specify)		
	613,800	595,200

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees		
Use of goods and services		
Amounts due to other Government entities (see attached list)		
Amounts due to other grants and other transfers (see attached list)		
Acquisition of assets	-	-
Office Administration	923,100	398,558
Bursary	18,983,445	377.57
Emergency	729,240.50	2,781,006.03
M&E	569.29	975,601.30
Innovation Hubs	4,677,027.20	4,677,027.20
Education secondary	29,535,725	460,000
Education Primary	33,928,900	5,948,550
Environment	2,947,354.99	200,000
Sports	113,194.99	-
Strategic plan	2,400,000	2,400,000
Security	5,800,000	
	100,038,557	17,841,120

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)		

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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					

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BOBASI CONSTITUENCY

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/20	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2018/19
Land	3,559,044	5,068,105	0	16,952,261
Buildings and structures	5,400,000	0	0	5,400,000
Transport equipment	614,749	550,000	0	1,164,749
Office equipment, furniture and fittings	599,200	863,000	0	1,462,200
ICT Equipment, Software and Other ICT Assets	-	0	0	-
Other Machinery and Equipment	-	0	0	-
Heritage and cultural assets	-	0	0	-
Intangible assets	10,172,993	6,481,105	0	24,979,210
Total	20,345,986	12,962,210	0	41,083,308

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2020

PMC	Bank	Account number	Bank Balance 2019/20
Total			

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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)
4.1	<p>Administration and Recurrent expenses</p> <p>It was noted that the fund allocated Kshs. 12,874,379 for use of goods and employee costs that represents 13 % of the total allocation of Kshs. 95,784,483 contrary to provisions of section 25(6) of the Act that limits such allocations to 6%</p>	<p>During the preparation of the financial statement, the management included in the amount for use of goods and services, all the totals for M&E (i.e. M&E Committee expenses and M&E goods and services), office administration expenses (i.e. Office administration committee expenses and office administration goods and services), other operating expenses (being the figure for office equipments)</p>	<p>Daniel J.O Oteri - FAM</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>and strategic plan thus protruding the figure for use of goods and services abnormally. The management feels regrettable in this and wishes to present the attached amended financial statement in which the aforesaid items have been reorganized. However, the remaining items are rightfully included in the use of goods and services following the fact that that is how the template for the preparation of the financial statement provided i.e including all Committee expenses from both M&E and Office administration. Thus</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>raising the percentage beyond 6%.</p>			
4.2	<p>Adjustments in Summary Statement of Appropriation- Kshs. 88,816,570</p> <p>The summary statement of appropriation: recurrent and development combined includes an adjustment of Kshs. 88,816,570 in respect of funding for projects approved in earlier years. However, the adjustment was not accompanied by a code list of the projects that were so approved.</p>	<p>The NG-CDF Bobasi Constituency Management wishes to state that the adjustment of Kshs. 88,816,570 includes an amount of 40.9 million whose code list has not been released by the NG-CDF Board. However, it is regrettable that the code list for the other amount was not provided to the auditors during the Audit review exercise. The code list is ready and a copy has been hereby attached for</p>	<p>Daniel J.O Oreri - FAM</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.3	<p>Budget execution by programmes and sub programmes The budget execution by programs and sub programs did not have data for the original budget, adjustments, final budget and budget utilization difference.</p>	<p>your review(see Annex 4.2). The management has taken into consideration the auditors' observation. The missing data has since been provided in the amended financial statement accordingly (See Annex 4.1)</p>	Daniel J.O Oreri - FAM	Resolved	
4.4	<p>Unutilized Funds The management of NG-CDF Bobasi Constituency did not provide information on the unspent balances.</p>	<p>The Bobasi NG-CDF management has since noted the anomaly. Information on the unspent balances has since been disclosed in the Amended Financial statement (See Annex 4.1).</p>	Daniel J.O Oreri - FAM	Resolved	
4.5	<p>Risk Management Policy</p>	<p>The management wishes to state that the ability to detect</p>	Daniel J.O Oreri - FAM	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The management of the fund have not developed risk management policy including fraud prevention mechanism.</p>	<p>and mitigate possible fraud and other risks is well taken care of. The NG-CDF Board has developed a very efficient risk management policy to detect and mitigate possible fraud and other risks in all constituencies across the country where assessment for every constituency is done online on or before the 9th day of any succeeding month. Attached (see Annex 4.5) please find a copy of the screenshot for the Key Risk indicators and compliance attestation questions that are done from time to time.</p>			

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4.6	<p>Construction of Dormitory at Emenwa Secondary School- Kshs. 2,000,000</p> <p>Transfers to other government entities amount of Kshs. 30,679,998 includes transfers to secondary schools amount of Kshs. 27,040,00 which comprises of Kshs. 2,000,000 that was released to Emenwa Secondary School for construction of a dormitory. The findings arising from examination of documents and physical verification of the project on 10th march, 2020 are the following;</p> <ul style="list-style-type: none"> The materials were procured in cash contrary to the procurement regulations limiting low value procurements to Kshs. 30,000 per item. The school administration reallocated Kshs. 1,140,700 of the allocation to drilling and casing of borehole- Kshs. 720,000, construction of pit latrine- Kshs. 360,500 and fencing- Kshs. 60,200 without 	<p>Management wishes to state that since enactment of the NG-CDF Act 2016, the NG-CDF disburses funds to project management committees (PMCs) and they do their own procurement. It is regrettable that the said PMC did not adhere to the law of public procurement and asset disposal act. However, it is regrettable that the said PMC did not follow the right procurement procedures. The management, during M&E exercise noted the above anomalies and advised the PMC accordingly.</p>	Daniel J.O Oreri - FAM	Resolved	

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	<p>authority of the NG-CDF Board.</p> <p>The procurements were not also competitively sourced.</p> <ul style="list-style-type: none"> The dormitory stalled at foundation level and works done was not certified. The bill of quantities and drawings for the dormitory were not provided. 	<p>The management has since promised to do thorough trainings to the PMC before funding and shall do regular follow-ups after funding to ensure that the activities in the code list are implemented and that there are no reallocations without approval from the Board.</p> <p>However, we have herein attached the expenditure returns for the works done by the said PMC (see Annex 4.6).</p>			
4.7	<p>Un-implemented Projects-Kshs 3,507,770.4</p> <p>During the financial year 2017/2018, the constituency was allocated Kshs.</p>	<p>The management confirms the true observation of the auditors that during the financial year</p>	<p>Daniel J.O Oreri - FAM</p>	<p>Resolved</p>	

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	<p>3,507,770 for establishment of innovation hubs at St. Paul's Nyacheki Secondary School, Nyakegogi Secondary School and Rusinga Secondary School each at Kshs. 1,169,256.80.</p> <p>The scope of works involved installation of satellite antennas, router, digital access kit and digital ruggedized tablets, Wi-Fi with outdoor wireless device complete with 12u cabinet complete with information accessories. Despite that funds were provided, the activities had not been implemented. No explanation was provided for the delay in implementation.</p>	<p>2017/2018, the constituency was allocated Kshs. 3,507,770 for establishment of innovation hubs at St. Paul's Nyacheki Secondary School, Nyakegogi Secondary School and Rusinga Secondary School each at Kshs. 1,169,256.80 and that despite that funds were provided, the activities had not been implemented as at the time of audit.</p>			
4.8	<p>Construction of Library at Rogongo Secondary School</p> <p>The NG-CDF Bobasi constituency disbursed Kshs. 1,000,000 to Rogongo Secondary School for construction of a library that was utilized through labour based contract. The amount was used</p>	<p>The management has since noted the auditor's observation and shall provide for funds in the next financial year's</p>	<p>Daniel J.O Oreri - FAM</p>	<p>Resolved</p>	

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	on the sub structure, super structure and roofing while finishing works including plastering, painting, fixing of doors and windows, tiling and ceiling had not been done. The project was not allocated any funds in the subsequent years and had stalled. The failure to finance the projects violates requirements of the NG-CDF Act that ongoing projects should be given preference in funding.	<i>budget in order to complete the project.</i>									
4.9	<p>Procurement of Isuzu Buses from Associated Motors Limited</p> <p>Included in the amount of Kshs. 30,679,998 for transfer to other government agencies is Kshs. 27,040,000 for transfers to secondary schools which in turn includes Kshs. 19,458, 620 for purchase of three school buses as detailed below;</p> <table border="1"> <thead> <tr> <th>School</th> <th>Bus Registration No.</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>Emenwa Secondary School</td> <td>KCP 633K</td> <td>6,429,310</td> </tr> </tbody> </table>	School	Bus Registration No.	Amount	Emenwa Secondary School	KCP 633K	6,429,310	<p><i>During the purchase of the school buses, the NG-CDF Committee, in its own wisdom, preferred to purchase the vehicles from Isuzu Company. Given that there is only one Isuzu company in Kenya, the committee did not find reason to do open tender for there were no competitors under the same</i></p>	Daniel J.O Oreri - FAM	Resolved	
School	Bus Registration No.	Amount									
Emenwa Secondary School	KCP 633K	6,429,310									

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	Naikuru Secondary School	KCT 023Y	6,514,655	company. committee thus, opted to go for direct procurement from Isuzu Associated motors limited.		
	Rogongo Secondary School	KCT201Y	6,514,655			
	Total	19,458,620				
	<p>The buses were purchased through direct procurement from Isuzu associated motors limited despite the amounts involved meeting the threshold for national open tender. Also, the log books for the buses were not provided during physical verification.</p>			As for the log books, it is regrettable that they were not presented to the audit team. The logbooks are available in the respective schools but our follow-ups have hit dead ends following the fact that all schools are currently closed due to the Corona Virus pandemic. We have, however, attached a copy of one from Bishop Mugendi Nyakegogi secondary school that was presented to our office earlier before		

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4.10	<p>Project Management Committee Bank Balances as at 30th June 2018</p> <p>The management of the constituency failed to disclose PMC balances at annex 4 of the financial statements.</p>	<p>closure of schools. (See Annex 4.9) Bishop Mugendi Nyakegogi secondary school is among the schools that have benefited with Buses from NG-CDF Bobasi .</p> <p>The management has taken into consideration the auditors' observation. The missing data is available in the various institutions but it has been a challenge meeting the various PMCs due to the current situation as dictated by the Corona Virus pandemic.</p>	Daniel J.O Oteri - FAM	Resolved	
4.11	Emergency Fund	The management wishes to state that	Daniel J.O Oteri - FAM	Resolved	

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	In the contrary, the constituency did not provide for emergency reserve against the provisions of the Act.	the figure for emergency reserve was included in Other grants and transfers during the preparation of the financial statement. This is because there is no provision for independent section for emergency disclosures in the template as provided for the preparation of the financial statement. (See Annex 4.1)			
4.12	Security project Included in other grants and other payments of Ksh. 52,501,588 are security projects totalling to 800,000 of which Ksh 500,000 was disbursed to Nyamagwa chief's office for the completion of chief's office. Of the amount Kshs. 300,000 was for roofing,	The management has taken note of the auditors' recommendation and shall ensure that the said project is allocated more funds in the next financial year for completion.	Daniel J.O Oreri - FAM	Resolved	

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	<p>plastering and installation of steel doors. Physical verification undertaken on 10th March 2020 revealed roofing and installation of steel windows was done while plastering was not done</p> <p>The remaining Ksh 200,000 was meant for the construction of 3 door pit latrines. Nothing had been done in respect of the 3 door pit latrines and therefore how the funds were used was not clear.</p>	<p>However, we have attached the expenditure returns for the previous allocation (See annex 4.12)</p>			
4.13	<p>Preparation of the Strategic Plan</p> <p>The other payments amount of Kshs. 1,301,380 includes Kshs. 600,000 towards preparation of a strategic plan. The tender was awarded to Starlet Management Consultants through contract No. NGCDF/BOB/1/17-18 being the lowest evaluated bidder at tender sum of Kshs. 3,000,000. The contract agreement was signed on 25th June 2018 and up-to date the final document has not been delivered. The</p>	<p>It is true as observed by the auditors that the tender for the preparation of strategic plan was awarded to Starlet Management Consultants through contract No. NGCDF/BOB/1/17-18 being the lowest evaluated bidder at tender sum of Kshs. 3,000,000. The contract agreement</p>	<p>Daniel J.O Oreri - FAM</p>	<p>Resolved</p>	

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	<p>contract period was not specified and there was no evidence of extension. Further, there was no evidence of public participation in the process and the tender was awarded through the request for quotation despite the threshold for services being Kshs. 1,000,000. The contractor was paid Kshs. 600,000 through voucher No. 0005 of 24/7/2018.</p>	<p>was signed on 25th June 2018 and that Kshs. 600,000 was paid to the company towards preparation of the strategic plan. However, the management wishes to state that the consultant had presented to the committee the draft document. The committee went through the draft document and recommended a number of amendments before the consultant could come up with the final document leading to the extended period to date. The consultant is still working on it and the final document is</p>			

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4.14	<p>Bursary Funds</p> <p>The management allocated a total of Kshs. 49,965,118 to bursary funds representing 49% of the total allocation of Kshs. 101,795,450 contrary to provisions of section 48 of the Act.</p>	<p>expected in a month's time as per the agreement.</p> <p>During the financial year under review, the management allocated a total of Kshs. 36,064,306.43 to Bursary. On expenditure, the Management disbursed a total of kshs. 49,965,118. The over expenditure is as a result of the spillovers from the previous financial year.</p>	Daniel J.O Oreri - FAM	Resolved	
4.15	<p>Bursary Disbursements.</p> <p>National Government Constituency Development Fund-Bobasi constituency disbursed a total of Kshs. 49,965,118 as bursaries to needy students in secondary schools and</p>	<p>The auditor's observations are true. The NG-CDF Committee – Bobasi constituency adopted a system of disbursing bursary</p>	Daniel J.O Oreri - FAM	Resolved	

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	<p>tertiary institutions in the financial year 2018/19. Out of the total amount disbursed, it is only an amount of Kshs. 2,328,000 that has been received and acknowledged as having been received by the various schools and institutions. It is unclear if the remainder of Kshs. 47,637,118 was received by the various schools and institutions for the benefit of the needy students.</p>	<p>funds to students by drawing individual cheques as opposed to institutional. Following up acknowledgements for individual beneficiaries from various institutions has been an uphill task with institutions claiming it is tedious for them to do acknowledgements for every individual beneficiary. However, the management will strive as advised by the auditor to make sure that students are received and acknowledgement letters are done by various institutions. we have attached copies of some of the acknowledgements</p>			

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4.15	<p>Construction of Bobasi NG-CDF Office.</p> <p>The construction of NG-CDF Bobasi office was awarded to Dozan Building Contractor Ltd. On 3rd May 2019 with a contract period of 48 weeks at contract sum of Ksh. 17,387,410 which was later revised by Kshs. 7,894,105 to Kshs. 25,530,105 on 17th January, 2020 as per letter from the County Works Officer. The works commenced on 14th May 2019 and the contractor was paid Ksh. 5,068,105 on 27th June 2019 and another payment of Ksh. 5,320,005 on 22nd July 2019. Hence a total of Ksh. 10,388,110 has been paid to the contractor.</p> <p>Despite that the bill of quantities was drawn by a quantity surveyor and works done certified by an engineer from the department of roads and public works, the works done on the ground based on our physical</p>	<p>for your verification (see annex 4.15)</p> <p>The management simply implemented the Bills of Quantities from the technical department of Public Works of Kisii County. However, the Auditors' recommendation shall be adhered to.</p>	<p>Daniel J.O Oreri - FAM</p>	<p>Resolved</p>	

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	<p>verification on 11th March, 2020 did not appear commensurate with the contract sum and the bill of quantities seemed extremely exaggerated with an intention of misusing public funds. For instance, in the original bill of quantities, preliminaries were estimated to cost Kshs. 2,530,000 and contingencies amount was Kshs. 3,500,000. How these amounts were absorbed and the bill of quantities altered to Kshs. 25,530,105 based on variations that were not clear on the ground is incomprehensible. The services of an independent quantity surveyor and engineer may be necessary to establish the actual cost of constructing the office block. Also, the Public Procurement and Asset Disposal Act, 2015 Sec. 139(3) states that no contract sum shall be varied upwards within twelve months from the date of the signing of the contract. This was not complied with since the variation order was approved on 11th March 2020, a period of 10 months from the time of</p>				

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4.17	<p>commencement of the contract on 14th May, 2019</p> <p>Reallocation of funds. Included in transfers to other government entities balance of Ksh. 30,679,998 was Ksh. 3,139,998 in respect of transfers to primary schools which includes Ksh. 1,000,000 disbursed to the project management committee of Nyachogocho primary school for renovation of six classrooms. However, physical verification of the project on 10th March 2020 indicated that the renovation of the six classrooms was not done and instead the funds were reallocated to the construction of two classrooms without the authority of NG-CDF board.</p>	<p>It is true as per the findings of the audit team that the Nyachogocho primary school PMC was allocated for 1,000,000 for renovation of 6 classroom but instead constructed two new classrooms.</p> <p>We wish to state that it is after receiving these funds, that the PMC wrote to the NG-CDF committee requesting for change of activity from renovating six classrooms to construction of two classrooms. This was necessitated by high</p>	<p>Daniel J.O Oteri - FAM</p>	<p>Resolved</p>	

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		<p>number of enrollment at nyachogochogo primary school following the free primary education and 100% transition requirement by the ministry of education. To ease congestion, the PMC in its own wisdom resolved to construct the said classrooms to completion and request the NG-CDFC to allocate them more funds for renovation of the six classrooms in the following financial year. However, the request for change of activity from the PMC to the NG-CDFC was done after they had started implementing constructing the two</p>			

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		<p>classrooms. During the NG-CDFC monitoring and Evaluation exercise that was conducted almost immediately it was realized that the said PMC had implemented their intended activities despite the fact that they had not received the approval. The NG-CDFC advised the PMC to be strictly following the NG-CDF rules and regulations on implementation of any project henceforth as they are read out during PMC trainings. The management feels regrettable over this and we promise to stress on the same to all the PMCs in our</p>			

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		<p>next PMC trainings and we shall be following up on the PMCs keenly to ensure that the funds are used for the intended purpose as per the code list. Attached herewith please find the Nyachogochogo PMC Expenditure returns, Request for change of activity and minutes.(see Annex 4.17).</p>			
4.18	<p>Payment not included in the Financial Statements. Payments amounting to Ksh. 863,000 in respect of purchase of two desktops, Microsoft windows, HP LaserJet, fire proof safe and compact which relate to the acquisition of assets were not included in the financial statements</p>	<p>The management has since noted the anomaly. The payment was erroneously captured under Other Operating Expense. The management has taken into</p>	Daniel J.O Oreri - FAM	Resolved	

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	thus reflecting a zero balance in the financial statements.	consideration, the Auditor's advice and amended the financial statement accordingly (See annex 4.1			
4.19	<p>IT internal control.</p> <p>It was observed that Bobasi Constituency have a number of IT internal controls issues in the following areas:</p> <ul style="list-style-type: none"> • lack Disaster Recovery Plan to deal with loss of data or information in case of systems failures and losses. • Lack the IT Strategic Committee. • Lack Strategic plan to support the business requirement which could results in failure of IT goals thus not contributing to the departments strategic objectives and related costs and risks. 	<p>The management has taken in the advice of the Auditor and will implement it as soon as possible.</p>	Daniel J.O Oreri - FAM	Resolved	

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4.20	<p>Issue / Observations from Auditor</p> <ul style="list-style-type: none"> Lack active IT steering Committee that forms part of organization governance. There is no formally approved IT security policy to ensure data confidentiality, integrity and availability. 	<p>The management has taken note of the Auditors' observation and has herein attached a copy of the voucher for the above expense (see Annex 4.20).</p>	Daniel J.O Oreri - FAM	Resolved	
4.21	<p>Budget Analysis</p> <p>Whereas the total budget was Kshs. 197,857,446, the fund managed to absorb only Kshs. 101,975,450 representing 52 % of the budget. The under absorption was more pronounced in transfer to other</p>	<p>The NG-CDF Bobasi Constituency Management has taken note of the observation as made by the Audit team. The under absorption that is herein realized</p>	Daniel J.O Oreri - FAM	Resolved	

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	<p>government units with a budget of Kshs. 95,000,000 and absorption of Kshs. 30,679,998 representing 32% of the budget and other grants and transfers with a budget of Kshs. 75,500,000 and absorption of Kshs. 52,501,588 representing 70% of the budget</p>	<p>is, however, as a result of a receipt of funds that were disbursed by the NG-CDF Board late in the financial year. Records in our books of accounts however, indicates that the management has since disbursed the funds to their respective allocated projects thus reducing the balance accordingly.</p>			

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