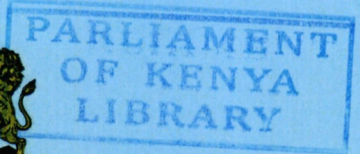
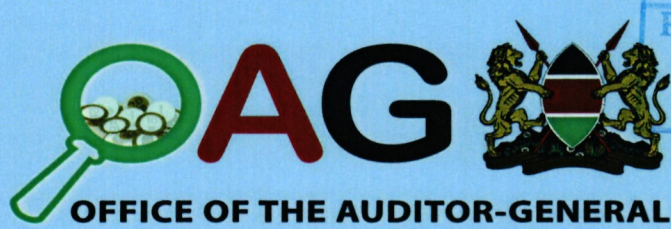


REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

OF	
THE NATIONAL ASSEMBLY	
PART OF THE AUDITOR-GENERAL	
DATE: 23 MAR 2022	
(WED) (pm)	
TABLED BY:	L. O. M.
CLERK-AT-THE-TABLE:	INZOPU
ON	

### NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LURAMBI CONSTITUENCY

FOR THE YEAR ENDED  
30 JUNE, 2020



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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND -LURAMBI  
CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020

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Prepared in accordance with the Cash Basis of Accounting Method under the International Public Sector  
Accounting Standards (IPSAS)

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

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# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LURAMBI CONSTITUENCY

## Reports and Financial Statements

For the year ended June 30, 2020

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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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LURAMBI CONSTITUENCY

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For the year ended June 30, 2020

### Core Values

1. **Patriotism** – we uphold the national pride of all Kenyans through our work
2. **Participation of the people**- We involve citizens in making decisions about programmes we fund
3. **Timeliness** – we adhere to prompt delivery of service
4. **Good governance** – we uphold high standards of transparency, accountability, equity, inclusiveness and integrity in the service of the people
5. **Sustainable development** – we promote development activities that meet the needs of the present without compromising the ability of future generations to meet their own needs.

### (b) Key Management

The NGCDF LURAMBI 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 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Julius Oketch
2.	Sub-County Accountant	Milka Odenyy
3.	Chairman NGCDFC	Fabian Shilako
4.	Member NGCDFC	Jessica Maina

### (d) Fiduciary Oversight Arrangements

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

P.O. Box 2680  
NG-CDF Building  
KAKAMEGA

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

**Reports and Financial Statements**

**For the year ended June 30, 2020**

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**(f) NGCDF LURAMBI Constituency Contacts**

Telephone: (254)722574566  
E-mail: [luramingcdf@ngcdf.go.ke](mailto:luramingcdf@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke/lurambi](http://www.ngcdf.go.ke/lurambi)

**(g) NGCDF LURAMBI Constituency Bankers**

Kenya Commercial Bank  
P.O Box 152  
KAKAMEGA

**(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) LURAMBI CONSTITUENCY

## Reports and Financial Statements

For the year ended June 30, 2020

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### II.FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I am delighted to present our annual financial report for the FY 2019/2020. This year we have witnessed an improved performance in the overall management of the fund, we have equally launched some of the projects that had been earlier initiated. We continue to boost of a committed and qualified team that has adapted to the challenges facing the fund thus demonstrating our ability to deliver substantial, sustained value for money to our constituents.

### BUDGET PERFORMANCE

We are proud to share with you that we had a 59% utilization of funds received from the NG-CDF Board. Utilization of funds helps us enhance our core focus and objectives of serving the constituents of Lurambi.

### KEY ACHIEVEMENTS DURING 2019/2020 FY

Strong management and governance have been key components of our operational model. This has resulted into the following key achievements during the year:

1. Completion of key Flagship Projects

In this Financial year, we initiated a number of key flagship projects for implementation. I am proud to report that the following Projects have been successfully finished and handed over to the users; Maraba Primary School Primary (8 Classrooms), Matende Primary School (8 Classrooms), Ebuchinga Primary school (8 Classrooms), Key Environmental projects, Sports Activities .

### PMC AND CDFC CAPACITY BUILDING WORKSHOP

As a way of ensuring smooth operation of the fund as stipulated in the NG-CDF Act (2015), we prioritized training of the key implementers of the fund. We thus had a successful two day training workshop of all NG-CDF Staff, all PMCs, a select PMC and key departmental heads.

### KEY IMPLIMENTATION CHALLENGES

We experienced operational challenges in the course of the year. These included but were not limited to the following:

1. The Covid-19 Pandemic has been heavily felt in our implementation of our set targets. This had had a spill over effect from other key stakeholders.
2. Most of the PMC members were not well acquainted to the operational nature of the fund. To this regard, the committee embarked on capacity building activities scheduled throughout the FY to empower the PMCs, NG-CDF staff as well as committee members on issues of importance in the operation of the fund.
3. Piece meal funding from the NG-CDF Board curtailed efficient implementation of projects by the committee. In summary, 2019/20 was a year of great performance. We have demonstrated we have the right strategy, the right culture and the right geographical footprint to deliver consistent and sustained value for our constituents. We enter 2020/2021 in excellent shape and a positive note. We have recently signed a performance contract with the NG-CDF Board which I am convicted will improve on our performance.

Sign



CHAIRMAN

# NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LURAMBI CONSTITUENCY

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

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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.

Lurambi is s constituency whose latent for growth is promising. The constituency stands feet high on the potent of the capable constituents, its geographical location and the existence of natural resources. The recognition of its potential development and growth majorly depends on its process of planning for and regulating physical and economic development that capitalizes on reliable opportunities and prudent financial and administrative threads.

In underscoring the planning of the constituency, the National Government Constituency Development Fund Committee (NG-CDFC) in its strategic plan (2018-2023) outlined key strategic objectives that were to be used to spur development in the constituency. The plan sort to contribute towards the identification of how and where development programmes identified will be implemented especially in the economic activities with special focus on marketing and value addition, improved social infrastructure on road development and improved governance. It was anticipated that this will help in achieving food security, improved quality of education, health care for all, expanded access to ICT and environmental conservation among others.

The key development objectives of NGCDF-LURAMBI Constituency's *2017-2022* plan are to:

#### Strategic Area One: Education

**Objective:** Become a national model for education by improving school's infrastructure, improving performance, reducing dropout rates and increasing primary, secondary and higher education transition rates.

**Initiative:** Develop and enhance school's infrastructure to enhance facilities and provide conducive learning environment for children.

#### Strategic Area Two: Environment

**Objective:** Improve access to clean hygienic toilets

**Initiative:** Construct Modern toilets in Public institutions

#### Strategic Area Three: Sports

**Objective:** Promote peace building activities and enhance community cohesion

**Initiative:** Develop and empower youth and special groups through sports.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LURAMBI  
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**Strategic Area Four : Security**

**Objective:** Improve security and maintain law and order in the community.

**Initiative:** construct Houses for Chiefs and Security personnel

**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:

<b>Constituency Program</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Education	Improve performance, reduce dropout rates and increase primary, secondary and higher education transition rates	Reduced distance covered by school children, Increases opportunities for school leavers, Education for the disabled, Improved learning facilities	Number of Classrooms/laboratories Constructed.	50 New classrooms were constructed to completion.
Environment	Improve hygiene standards in schools.	Construction of Modern toilets in schools	Number of toilets built in primary and secondary.	The constituency constructed 10 Modern toilets in Primary schools.

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) LURAMBI  
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Constituency Program	Objective	Outcome	Indicator	Performance
Sports	Promote peace building activities and enhance community cohesion.	Sports activities for the youth and other vulnerable groups.	Number of Sports Tournaments organized.	The Constituency organized 1 big tournaments where youths were awarded with trophies.
Security	Improve security and maintain law and order in the community.	Constructed houses for Chiefs and security agencies	Number of houses constructed for Chiefs and Security agencies.	The constituency constructed 3 Chief offices and 4 AP houses .

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

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**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

NGCDF – Lurambi Constituency just like any Government entity has the responsibility of ensuring public involvement in project identification, prioritization of projects and adequate allocation of funds to the projects. In undertaking the aforementioned, the Lurambi NG-CDF Committee always highlights Corporate Responsibility as a tool with relevance for public policy actualization with the aim of enhancing sustainable and inclusive development programs in the constituency. The financial prudence has a lot of weight in development agenda which drives on a delicate thread of enormous community expectations. In enhancing the financial trust in various sectors, we assessed the risks factors, long term and short term performance. We further looked at performance on responsible leadership with clear undertone on the interest of the constituents and stakeholders and sufficient respect for environmental, social and governance issues.

This is aimed at ensuring efficient and effective management of public resources at the grassroots level thus transformation of livelihoods. It remains our purpose and the driving Force behind everything we do. It's what guides us to deliver our strategies, 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.

**SUSTAINABILITY STRATEGY AND PROFILE**

The Lurambi NG-CDF Committee endeavored 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.

**ENVIRONMENTAL PERFORMANCE**

Environment Policy and Action Plan Protection of the environment in which we live and operate is part of Lurambi 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.

**EMPLOYEES WELFARE**

Lurambi NG-CDFC offers only categories of employment, which are Contract employees who are employed for 3 years on a renewable contract. Such employees are eligible for employee benefits in line with the statutory requirements. Casual employees are hired to perform specific duties on a daily or weekly basis on a piece rate payment system. Casuals are not allowed to work continuously for more than three (3) months and are not eligible for any employee benefits in line with statutory requirements.

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

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**IV. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the NGCDF-LURAMBI 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-LURAMBI 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-LURAMBI 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-LURAMBI 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-LURAMBI Constituency financial statements were approved and signed by the Accounting Officer on 15<sup>TH</sup> SEPTEMBER 2020.

  
Fund Account Manager  
JULIUS OKETCH

FUND ACCOUNTANT  
LURAMBI NG CONSTITUENCY, FUND  
P. O. Box 2680 - 50100  
KAKAMEGA

  
Sub-County Accountant  
MILKA ODENY  
ICPAK Member Number:

NATIONAL SUB-COUNTY TREASURY ACCOUNTANT  
KAKAMEGA CENTRAL  
P. O. Box 313-50100.  
KAKAMEGA

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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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.

#### COMMUNITY ENGAGEMENTS

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 recognizing 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.

#### 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.

1. The office purchased 120 hand wash pots and basins that were distributed to the Government offices within the constituency  
Printing of brochures disseminating information regarding Corona Virus protection measure.

# REPUBLIC OF KENYA

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HEADQUARTERS  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LURAMBI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Lurambi Constituency set out on pages 1 to 34, which comprise of the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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 matter 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 - Lurambi Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### Project Management Committee (PMC) Bank Balances

Note 10.3 to the financial statements reflects Project Management Committee (PMC) accounts balance of Kshs.6,767,270 as at 30 June, 2020 while annex 3 to the financial statement, reflects a balance of Kshs.6,730,241 for the same item resulting to an un-reconciled balance of Kshs.37,029. Further, cashbooks, bank reconciliation statements and certificates of bank balance in support of the PMC balances were not availed for audit review.

In the circumstance, it was not possible to ascertain the accuracy and completeness of the Project Management Committee bank balance of Kshs.6,767,270 as at 30 June, 2020.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Lurambi Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the

ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis totalling to Kshs.223,179,117 and Kshs.130,540,876, respectively, resulting to an underfunding amounting to Kshs. 92,638,241 or 42% of the approved budget. Similarly, the Fund expended Kshs.130,889,074 resulting to an under expenditure of Kshs.92,290,069 or 41% of the budgeted amount.

The underfunding and under expenditure affected the planned activities and may have impacted negatively on the service delivery to the residence of Lurambi Constituency.

#### **2. Projects Implementation Status**

According to the Project Implementation Status (PIS) report availed for audit review for the year ended 30 June, 2020, the Fund had planned to implement sixty-eight (68) projects at a budget of Kshs.127,846,692. According to the report, fourth-eight (48) projects were completed at a cost of Kshs.69,796,692, while twenty (20) projects costing Kshs.58,050,000 were still on-going at various levels of completion.

Failure to complete projects as planned denies the residents of Lurambi Constituency the benefits that would have accrued from the completed projects.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Construction of Storey Staff Houses at Matende Secondary School**

Note 4 to the financial statements reflects transfer to secondary schools amounting to Kshs.16,609,000 which includes an amount of Kshs.1,000,000 transferred to Project Implementation Committee bank account the vide payment voucher number 130 dated

26 June, 2020. The funds were for the construction of storey staff houses at Matende Secondary School. The construction contract was awarded to a local construction company at a contract sum of Ksh.6,800,029 through an agreement signed on 20 July, 2014 and works were to commence immediately. However, as at the time of audit in January, 2021, the project was still incomplete and no explanation was provided for non-completion of the project which has been ongoing for over six and a half years.

Audit verification carried out in January, 2021 revealed that the structure, plastering, plumbing, windows and doors on the ground floor had been done while the first floor houses had not been partitioned. In addition, the building appeared dilapidated and the contractor was not on site implying that the project may have stalled or abandoned. Also, there were no records to indicate how much had been incurred on the building. In addition, the signed contract did not include the contract period and as a result, the expected completion and handed over dates were not known.

Consequently, the delayed completion of the project denies the residents of Lurambi Constituency the benefit from use of the completed project.

## **2. Construction of Storey Classrooms at Kakamega Muslim Secondary School**

Note 4 to the financial statements reflects transfer to secondary schools of Kshs.16,609,000 which includes Kshs.1,000,000 transferred to Kakamega Muslim Secondary on 16 October, 2019 vide payment voucher No.5 towards the construction of storey building for classrooms on labour-based basis. The project records indicate that the works started on 18 September, 2012 with an estimated project cost Kshs.31,000,000. As at the time of audit in January, 2021, the building was still not complete and it appeared stalled. The ground floor, first floor, and second floor slabs had been done but without walling on the first and second floors and the structure looked dilapidated. The first-floor slab was found to be waterlogged which posed danger to the learners.

In the circumstances, the residents of Lurambi Constituency may not have obtained value for money in respect of funds spent on the building.

## **3. Environmental Project at Eshisiru Primary School**

The other grants and transfers amount of Kshs.38,180,298 includes environment expenditure of Kshs.2,254,494 as disclosed in Note 5 to the financial statements. This figure in turn includes an amount of Kshs.1,073,677 paid to Eshisiru Primary School vide payment voucher No. 99 on 17 April, 2020 for the construction of a 10-door pit latrine, purchase of one number 2,500 litre water tank, 10 number (30litre) hand wash cylinders and hand washstands. However, audit verification carried out in January, 2021 indicated that although the toilet had been constructed and put to use, there were no records to confirm that the 2,500-litre water tank, the ten number 30-litre hand wash cylinders were supplied, received and put to the intended use.

Consequently, the residents of Lurambi may not have obtained value for money from the amount of Kshs.1,073,677 disbursed to the school.

#### **4. Security Project at Emusala Administration Police**

Note 5 to the financial statements reflects other grants and transfers figure of Kshs.38,180,298 which includes an amount of Kshs.8,300,000 for security. Out of the security transfer is an amount of Kshs.500,000 was transferred to Emusala Administration Police on 31 July, 2019 towards the roofing, electrical works, plumbing works, and flooring of 4 units staff houses. However, although the project was found to be complete and occupied by the police, the plumbing works had not been done.

Consequently, the residents of Lurambi Constituency may not have obtained value for the Kshs.500,000 incurred on the project for the year ended 30 June, 2020.

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

#### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT, AND GOVERNANCE**

##### **Conclusion**

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

##### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 such 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.

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

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

### **Auditor-General's Responsibilities for the Audit**

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving assurance on the effectiveness of the Fund's 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 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 cease to sustain its services.

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

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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 Gatirunga, CBS  
**AUDITOR-GENERAL**

**Nairobi**

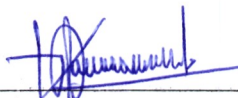
**15 February, 2022**

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

**VI. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019
			Kshs
<b>RECEIPTS</b>			
Transfers from CDF board-AIEs' Received	1	130,540,876	100,784,483
<b>TOTAL RECEIPTS</b>		<b>130,540,876</b>	<b>100,784,483</b>
<b>PAYMENTS</b>			
Compensation of employees	2	3,779,179	1,527,180
Use of goods and services	3	11,988,106	8,509,372
Transfers to Other Government Units	4	76,599,000	68,067,611
Other grants and transfers	5	38,180,298	25,155,294
Acquisition of Assets	6	342,491	
Other Payments	7	-	2,491,100
<b>TOTAL PAYMENTS</b>		<b>130,889,074</b>	<b>105,750,558</b>
<b>SURPLUS/DEFICIT</b>		<b>(348,198)</b>	<b>(4,966,074)</b>

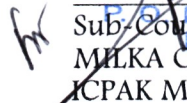
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LURAMBI Constituency financial statements were approved on 15<sup>TH</sup> SEPTEMBER 2020 and signed by:



Fund Account Manager  
**JULIUS OKETCH**

FUND ACCOUNT MANAGER  
 LURAMBI NG CONSTITUENCY DEV. FUND  
 P. O. Box 2680 - 50100  
 KAKAMEGA

NATIONAL SUB-COUNTY TREASURY ACCOUNTANT  
 KAKAMEGA CENTRAL

 Sub-County Accountant  
**MILKA ODENY**  
 ICPAK Member Number:

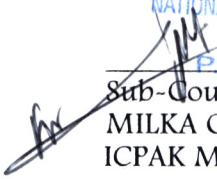
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
LURAMBI CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2020**

**VII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	8	3,390,062	3,738,260
Total Cash and Cash Equivalents		3,390,062	3,738,260
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,390,062</b>	<b>3,738,260</b>
<b>FINANCIAL LIABILITIES</b>			
Accounts Payable-Retention		1,181,487	1,181,487
<b>NET FINANCIAL ASSETS</b>		<b>2,208,575</b>	<b>2,556,773</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	9	2,556,773	7,522,847
Surplus/Deficit for the year		(348,198)	(4,966,074)
<b>NET FINANCIAL POSITION</b>		<b>2,208,575</b>	<b>2,556,773</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LURAMBI Constituency financial statements were approved on 15<sup>TH</sup> SEPTEMBER, 2020 and signed by:

  
Fund Account Manager  
**JULIUS OKETCH**

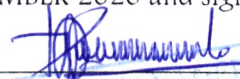
  
NATIONAL SUB-COUNTY TREASURY ACCOUNTANT  
KAKAMEGA CENTRAL  
P. O. Box 313-50100.  
Sub-County Accountant  
**MILKA ODENY**  
ICPAK Member Number:

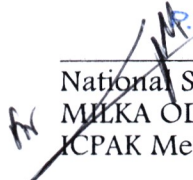
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**LURAMBI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

VIII. STATEMENT OF CASHFLOW

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Receipts for operating income			
Transfers from NGCDF Board	1	130,540,876	100,784,483
		130,540,876	100,784,483
Payments for operating expenses			
Compensation of Employees	2	3,779,179	1,527,180
Use of goods and services	3	11,988,106	8,509,372
Transfers to Other Government Units	4	76,599,000	68,067,611
Other grants and transfers	5	38,180,298	25,155,294
Other Payments	7	-	2,491,100
Total Payments		130,546,583	105,750,557
Adjusted for:			
Increase/(Decrease) in Accounts Payable		-	1,187,487
Net Adjustments			
Net cash flow from operating activities		(5,707)	(3,784,587)
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	342,491	-
Net cash flows from Investing Activities		342,491	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(348,198)</b>	<b>(3,784,587)</b>
Cash and cash equivalent at BEGINNING of the year	9	3,738,260	7,522,847
Cash and cash equivalent at END of the year	8	3,390,062	3,738,260

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-LURAMBI Constituency financial statements were approved on 15<sup>TH</sup> SEPTEMBER 2020 and signed by:

  
Fund Account Manager  
**JULIUS OKETCH**  
P. O. Box 2680 - 50100  
KAKAMEGA

  
National Sub-County Accountant  
**MELKA ODENY**  
ICPAK Member Number:

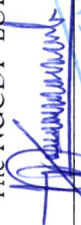
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – LURAMBI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**


**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Transfers from NG-CDF Board	137,367,724	85,811,393	223,179,117	134,279,136	88,899,981	60%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL RECEIPTS</b>	<b>137,367,724</b>	<b>85,811,393</b>	<b>223,179,117</b>	<b>134,279,136</b>	<b>88,899,981</b>	<b>60%</b>
<b>PAYMENTS</b>						
Compensation of Employees	3,200,000	2,657,790	5,857,790	3,779,179	2,078,611	65%
Use of goods and services	6,321,032	6,512,054	12,833,086	11,988,106	844,980	93%
Transfers to Other Government Units	90,300,000	35,335,725	125,635,725	76,599,000	49,036,725	61%
Other grants and transfers	37,546,692	17,992,080	55,538,772	38,180,298	17,358,474	69%
Acquisition of Assets		23,313,744	23,313,744	342,491	22,971,253	1%
<b>TOTAL</b>	<b>137,367,724</b>	<b>85,811,393</b>	<b>223,179,117</b>	<b>130,889,074</b>	<b>92,290,043</b>	<b>59%</b>

1. The 35% underutilization under compensation of employees is a result of the employees being hired mid-way through the financial year.
2. Transfers to other government units has a 39% underutilization due to funds held at the NG-CDF Board.
3. 31% underutilization under other grants and transfers is due to bursary funds still held at the Constituency account pending resumption of normal studies due to Covid-19.
4. The 99% underutilization under acquisition of assets is due to money held at the board for the completion of the construction of the stalled NG-CDF Office.

The NGCDF-LURAMBI Constituency financial statements were approved on 15<sup>TH</sup> SEPTEMBER 2020 and signed by:

  
**Fund Account Manager**  
**JULIUS OKETCH**  
 FUND ACCOUNTING DEPT. FUND  
 LURAMBI NG CONSTITUENCY  
 P. O. Box 2680 - 50100  
 KAKAMEGA

  
**Sub-County Accountant**  
**MILKA ODONY**  
 NATIONAL SUB-COUNTY TREASURY ACCOUNTANT  
 KAKAMEGA CENTRAL  
 P. O. Box 313-50100  
 KAKAMEGA

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

**X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

Programme/Sub-programme	Original Budget		Adjustments	Final Budget		Actual on comparable basis		Budget utilization difference
	2019/2020	Kshs		2019/2020	Kshs	30/06/2020	Kshs	
<b>1.0 Administration and Recurrent</b>								
1.1 Compensation of employees	3,200,000		2,657,790	5,857,790	3,779,179	2,078,611		
1.2 Committee allowances	1,300,000		3,057,000	4,357,000	4,353,000	4,000		
1.3 Use of goods and services	2,121,032		6,557	2,127,589	1,354,752	772,837		
<b>2.0 Monitoring and evaluation</b>								
2.1 Capacity building	1,700,000		348,700	2,048,700	2,048,700			
2.2 Other Committee Expenses	1,200,000		3,099,797	4,299,797	4,231,654	68,143		
<b>3.0 Emergency</b>								
3.1 Emergency Projects	7,198,241		3,717,828	10,916,069	11,485,495	-569,426		
<b>4.0 Bursary and Social Security</b>								
4.1 Secondary Schools	16,500,000		123,057	16,623,057	2,915,800	13,707,257		
4.2 Tertiary Institutions	10,000,000		448,422	10,448,422	8,652,848	1,795,574		
4.3 Bursary Special Schools	500,000		449,368	949,368	60,000	889,368		
<b>5.0 Sports</b>								
5.1 Sports Activities	1,201,097		3,337,845	4,538,942	4,511,661	27,281		
<b>6.0 Environment</b>								
6.1 Environmental Activities	2,147,354		115,560	2,262,914	2,254,494	8,420		
<b>12.0 Security Projects</b>								
Bukhangu Chief's AP camp	500,000		800,000	1,300,000		1,300,000		
Bukura Police Post	500,000		2,000,000	2,500,000	2,500,000			
Butsoto East AP Houses	1,000,000			1,000,000	1,000,000			

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

Programme/Sub-programme	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Budget utilization difference	
	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	30/06/2020	Kshs	2019/2020	Kshs
Butso South AP Line	500,000		500,000		1,000,000		1,000,000		1,000,000	
Emusala AP Camp	500,000		1,000,000		1,500,000		500,000		1,000,000	
Eshibeye Assistant Chiefs office	800,000		500,000		1,300,000		1,000,000		300,000	
Shitungu AP Camp	300,000				300,000		300,000			
Sichirayi Assistant Chiefs Office	1,000,000		500,000		1,500,000		500,000		1,000,000	
Indangalasia Chiefs AP Camp			1,500,000		1,500,000		1,500,000			
Butso Social Hall			2,500,000		2,500,000				2,500,000	
Ematsayi Market Solar Light			500,000		500,000				500,000	
<b>7.0 Primary Schools Projects</b>										
Rosterman Primary School			486,725		486,725				486,725	
Shisango Primary School			500,000		500,000				500,000	
Shikoti Girls Boarding Primary			500,000		500,000		500,000			
Nyayo Tea Zone			850,000		850,000		850,000			
Matioli Primary School			100,000		100,000				100,000	
Ebuhai Primary School			600,000		600,000		600,000			
Bukhulunya Primary school	400,000		1,000,000		1,400,000		1,000,000		400,000	
Chief Mutsembi Primary school	2,000,000				2,000,000		2,000,000			
Daisy Special School	1,000,000		500,000		1,500,000		1,000,000		500,000	
Ebuchinga Primary school	4,500,000				4,500,000		4,000,000		500,000	
Ebwambwa Primary School	500,000		500,000		1,000,000		1,000,000			
Ebwambwa Primary School	2,000,000				2,000,000				2,000,000	
Ekapwonje Primary school	2,000,000				2,000,000				2,000,000	
Elukho Primary school	800,000				800,000		800,000			
Ematetie Primary School	1,000,000				1,000,000		1,000,000			
Emasera Community Primary school	1,100,000				1,100,000		1,100,000			
Emmacheembe Primary school	1,100,000		200,000		1,300,000		1,300,000			
Emukaba Primary school	2,000,000				2,000,000				2,000,000	
Emulundu Primary school	2,000,000				2,000,000		2,000,000			
Emurumba Primary school	1,100,000				1,100,000		1,100,000			

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

**Reports and Financial Statements**

**For the year ended June 30, 2020**

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020		2019/2020	30/06/2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
Emusala Primary school	1,000,000	1,000,000	2,000,000	2,000,000	
Eshimboko Primary school	2,000,000		2,000,000	2,000,000	
Eshandukusi Primary school	4,000,000	500,000	4,500,000	4,000,000	500,000
Eshibembe Primary school	600,000	600,000	1,200,000	750,000	450,000
Eshilibo Primary school	1,800,000		1,800,000	1,800,000	
Eshirumba Primary school	600,000	750,000	1,350,000	1,200,000	150,000
Hirumbi Primary school	1,000,000	1,890,000	2,890,000	2,890,000	
Ibinzo Primary school	2,000,000		2,000,000	2,000,000	
Ikonyero Primary school	3,000,000		3,000,000		3,000,000
Indangalasia Primary school	400,000	2,250,000	2,650,000	2,400,000	250,000
Kakamega Primary School	2,000,000		2,000,000		2,000,000
Kakamega School for the Deaf	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000
Lurambi Primary School	1,000,000	3,000,000	4,000,000	4,000,000	4,000,000
Mahiakalo Primary School	3,500,000	2,500,000	6,000,000	5,500,000	500,000
Maraba Primary School	6,000,000		6,000,000	6,000,000	
Matende Primary School	6,000,000		6,000,000	3,000,000	3,000,000
Mungulu Primary School	2,000,000		2,000,000	2,000,000	
Musaa Primary School	2,000,000	2,200,000	4,200,000	1,000,000	3,200,000
Mwiyala Primary School	5,000,000		5,000,000		5,000,000
Mwiyenga Primary School	500,000	600,000	1,100,000		1,100,000
Shisasari Primary School	2,000,000		2,000,000		2,000,000
Shivakala Primary School	1,000,000	1,000,000	2,000,000	2,000,000	
St Lawrence Ichina Primary School	500,000	1,500,000	2,000,000	1,500,000	500,000
<b>8.0 Secondary Schools Projects (List all the Projects)</b>					
Bishop Sulumeti Girls Secondary School	1,000,000	500,000	1,500,000	500,000	1,000,000
Ematetie Secondary School	0	3,000,000	3,000,000	3,000,000	
Kilimo Girls Secondary School	1,500,000		1,500,000	1,500,000	
Matende Girls Secondary School	1,000,000	600,000	1,600,000	1,600,000	
Matioli Secondary School	700,000	2,000,000	2,700,000	2,700,000	

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

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	2019/2020 Kshs	Kshs	2019/2020 Kshs	30/06/2020 Kshs	Kshs
Mwiya Secondary School	300,000	500,000	800,000	800,000	
Shikoti Girls Secondary School	2,000,000		2,000,000	2,000,000	
St Titus Emasera Secondary School	2,500,000		2,500,000	2,500,000	
Mwangaza Secondary school	5,500,000		5,500,000		5,500,000
Eshibeye Secondary School		1,000,000	1,000,000	1,000,000	
Kakamega Township Secondary School		500,000	500,000	500,000	
Kakamega Muslim Secondary School		1,000,000	1,000,000	1,000,000	
Eshisiru Secondary School		900,000	900,000	900,000	
Rosterman Secondary School		809,000	809,000	809,000	
Ikonyero Secondary School		500,000	500,000	500,000	
13.0 Others					
NHIF for elderly people	300,000		300,000		300,000
14.0 Acquisition of Assets					
Construction of NG-CDF Offices		23,313,744	23,313,744	342,491	22,971,253
<b>TOTAL</b>	<b>137,367,724</b>	<b>85,811,393</b>	<b>223,179,117</b>	<b>130,889,074</b>	<b>92,290,043</b>

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

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**XI. SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Statement of Compliance and Basis of Preparation**

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

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

**2. Reporting Entity**

The financial statements are for the NGCDF-LURAMBI 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.

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

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**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 30<sup>th</sup> June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

**Other receipts**

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

**b) Recognition of payments**

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

**Compensation of Employees**

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

**Use of Goods and Services**

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

**Acquisition of Fixed Assets**

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

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

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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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 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 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 30<sup>th</sup> June 2019.

**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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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019 - 2020	2018 - 2019
		Kshs	Kshs
Normal Allocation	AIE NO B005251		46,784,483.00
	AIE NO B030268		10,000,000.00
	AIE NO B030485		20,000,000.00
	AIE NO A724463		11,000,000.00
	AIE NO B042792		7,000,000.00
	AIE NO A006432		6,000,000.00
	AIE NO B041089	47,540,876	
	AIE NO B047138	8,000,000	
	AIE NO B 041113	4,000,000	
	AIE NO B 047960	9,000,000	
	AIE NO B 047732	8,000,000	
	AIE NO B 049359	19,000,000	
	AIE NO B 041313	18,000,000	
	AIE NO B 104384	10,000,000	
	AIE NO B 041416	7,000,000	
<b>TOTAL</b>		<b>130,540,876</b>	<b>100,784,483.00</b>

**2. COMPENSATION OF EMPLOYEES**

Description		2019 - 2020	2018 - 2019
		Kshs	Kshs
Basic wages of temporary employees		2,289,089.20	1,527,180.00
Employer contribution to NHIF		43,100	
Employer contribution to NSSF		102,715	
Gratuity-contractual employees		1,344,274	
<b>TOTAL</b>		<b>3,779,179</b>	<b>1,527,180.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

3. USE OF GOODS AND SERVICES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Utilities, supplies and services	374,100	52,031.00
Office rent		400,000.00
Communication, supplies and services	51,819	93,621.00
Domestic travel and subsistence		363,050.00
Training expenses	2,048,700	1,277,750.00
Hospitality supplies and services	110,000	319,490.00
Other committee expenses	5,153,000	4,373,300.00
Committee allowance	3,557,000	
Office and general supplies and services	333,487	316,880.00
Fuel , oil & lubricants		1,080,000.00
Bank service commission and charges	360,000	
Other Operating Expenses		233,251.00
<b>TOTAL</b>	<b>11,988,106</b>	<b>8,509,373.00</b>

4. TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Transfers to Primary Schools	59,990,000	61,007,611.00
Transfers to Secondary Schools	16,609,000	7,060,000.00
<b>TOTAL</b>	<b>76,599,000</b>	<b>68,067,611.00</b>

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. OTHER GRANTS AND OTHER PAYMENTS**

Description	2019 - 2020	2018 - 2019
	Kshs	Kshs
Bursary - Secondary	2,915,800	16,176,915.00
Bursary -Tertiary	8,652,848	2,970,300.00
Bursary- Special Schools	60,000	428,000.00
Security	8,300,000	1,000,000.00
Sports	4,511,661	500,000.00
Environment	2,254,494	1,180,818.00
Emergency Projects	11,485,495	2,899,262.00
<b>TOTAL</b>	<b>38,180,298</b>	<b>25,155,295.00</b>

**6. ACQUISITION OF ASSETS**

Non Financial Assets	2019 - 2020	2018 - 2019
	Kshs	Kshs
Purchase of computers ,printers and other IT equipment	342,491	-
<b>TOTAL</b>	<b>342,491</b>	<b>-</b>

**7. OTHER PAYMENTS**

	2019 - 2020	2018 - 2019
	Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Other Payments</i>		2,491,100
		2,491,100

**8. BANK BALANCES (CASHBOOK BANK BALANCE)**

Name of Bank, Account No. & currency	Account Number	2019 - 2020	2018 - 2019
		Kshs (30/6/2019)	Kshs (30/6/2018)
<i>Kenya Commercial Bank-Kakamega Branch</i>	<i>A/C no 1101945710</i>	3,390,062	3,738,260

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**9. BALANCE BROUGHT FORWARD**

		2019 - 2020	2018 - 2019
		Kshs (1/7/2019)	Kshs (1/7/2018)
Bank accounts		2,556,773	7,522,847
<b>TOTAL</b>		<b>2,556,773</b>	<b>7,522,847</b>

**10. OTHER IMPORTANT DISCLOSURES**

**10.1 PENDING STAFF PAYABLES (See Annex 1)**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Staff Gratuity		154,891	1,312,865
		<b>154,891</b>	<b>1,312,865</b>

**10.2 UNUTILIZED FUNDS (See Annex 2)**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
Compensation of employees		2,078,611	2,657,790.00
Use of goods and services		844,980	43,854.00
Amounts due to other Government entities		43,636,725	33,535,695.00
Amounts due to other grants and other transfers		22,758,474	24,794,383.00
Acquisition of Assets		22,971,253	23,813,744.00
Strategic Plan			8,900.00
ICT Hub			957,027.00
<b>TOTAL</b>		<b>92,290,043</b>	<b>85,811,393.00</b>

**10.3 PMC ACCOUNT BALANCES ( See Annex 3)**

		2019 - 2020	2018 - 2019
		Kshs	Kshs
PMC Account Balances		6,767,270	10,265,915

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**ANNEX 4: SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost Kshs 2019/2020	Additions during the year	Disposals during the year	Historical Cost Kshs 2018/2019
Land	64,886,754			64,886,754
Buildings and structures	2,667,950			2,667,950
Transport equipment	796,246			796,246
Office equipment, furniture and fittings	504,000			504,000
ICT Equipment, Software and Other ICT Assets	400,991	342,491		58,500
<b>Total</b>	<b>69,255,941</b>	<b>342,491</b>	<b>-</b>	<b>68,913,450</b>

**ANNEX 5: RETENTION**

		<b>2019 - 2020</b>	<b>2018 - 2019</b>
		<b>Kshs</b>	<b>Kshs</b>
Retention Money (Ms Masera Construction Co Ltd)		<b>1,181,487</b>	<b>1,181,487</b>

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**ANNEX 1: PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount 2019	Original Amount 2020	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
			a	b	c	d=a-c		
1. Ibrahim K Onam	H		35,941	7/1/2020		35,941		
2. Janet Ingonga	G		35,340	7/2/2020		35,340		
3. Vicky Ambundo	D		17,521	7/3/2020		17,521		
4. Dacklyne Mmbolo	C		17,521	7/4/2020		17,521		
5. Christabel Odongo	D		31,047	7/5/2020		31,047		
6. Stanley Ingoka	B		17,521	44018		17,521		
1. JASTAN IMINYI	H	269,045		1/3/2019	269,045		269,045	
2. JACKLINE MISANGO	H	229,461		1/3/2019	229,461		229,461	
3. ABDALLA KIBONGE	D	185,446		1/3/2019	185,446		185,446	
4. DACKLYNE MMBOLO	C	114,546		1/3/2019	114,546		114,546	
5. FRISCILLA CHAVOKA	G	199,530		1/3/2019	199,530		199,530	
6. PAUL NANDWA	G	122,721		30/11/2019	122,721		122,721	
7. FOLYCARD NGAIRA	D	125,450		1/3/2019	125,450		125,450	
8. JANET INGONGA	G	43,478		1/4/2019	43,478		43,478	
9. AGGREY SAKALA	B	23,188		1/4/2019	23,188		23,188	
<b>Grand Total</b>		<b>1,312,865</b>	<b>154,891</b>		<b>1,312,865</b>	<b>154,891.00</b>	<b>1,312,865.00</b>	

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

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**ANNEX 2: UNUTILIZED FUNDS**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance
					2020	2019
		a	b	c	d=a-c	
Compensation of Employees		5,857,790.00		3,779,179	2,078,611	2,657,790
Use of goods and services		12,833,086.00		11,988,106	844,980	43,854
<b>Amounts due to other Government entities</b>						
<b>Primary Schools</b>						
Rosterman Primary School		486,725			486,725	486,725
Shisango Primary School		500,000			500,000	500,000
Shikoti Girls Boarding Primary		500,000				100,000
Nyayo Tea Zone		850,000				1,000,000
Matioli Primary School		100,000		1,000,000	100,000	500,000
Ebuhai Primary School		600,000		4,000,000		600,000
Bukhulunya Primary school		1,000,000			400,000	500,000
Chief Mutsembi Primary school		2,000,000				
Daisy Special School		1,000,000			500,000	
Ebuchinga Primary school		4,500,000			500,000	
Ebwambwa Primary School		500,000		4,000,000		500,000
Ebwambwa Primary School		2,000,000		750,000	2,000,000	
Ekapwonje Primary school		2,000,000		1,200,000	2,000,000	750,000
Elukho Primary school		800,000				
Ematetic Primary School		1,000,000		2,400,000		2,250,000
Emasera Community Primary school		1,100,000				
Emmachembe Primary school		1,100,000				1,000,000

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	
					2020	2019
Emukaba Primary school		2,000,000			2,000,000	3,000,000
Emulundu Primary school		2,000,000		5,500,000		2,500,000
Emurumba Primary school		1,100,000		3,000,000		
Emusala Primary school		1,000,000		1,000,000		2,200,000
Eshiamboko Primary school		2,000,000				
Eshandukusi Primary school		4,000,000			500,000	
Eshibembe Primary school		600,000		1,500,000	450,000	1,500,000
Eshilibo Primary school		1,800,000				890,000
Eshirumba Primary school		600,000			150,000	600,000
Hirumbi Primary school		1,000,000				600,000
Ibinzo Primary school		2,000,000				200,000
Ikonyero Primary school		3,000,000			3,000,000	1,000,000
Indangalasia Primary school		400,000			650,000	850,000
Kakamega Primary School		2,000,000			2,000,000	500,000
Kakamega School for the Deaf		1,000,000			1,000,000	1,000,000
Lurambi Primary School		1,000,000	0		4,000,000	
Mahiakalo Primary School		3,500,000			500,000	500,000
Maraba Primary School		6,000,000				600,000
Matende Primary School		6,000,000			3,000,000	809,000
Mungulu Primary School		2,000,000				500,000
Musaa Primary School		2,000,000			3,200,000	1,200,000
Mwiyala Primary School		5,000,000			5,000,000	1,000,000
Mwiyenga Primary School		500,000				2,000,000
Shisasari Primary School		2,000,000			2,000,000	3,000,000
Shivakala Primary School		1,000,000				500,000

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	
					2020	2019
St Lawrence Ichina Primary School		500,000			500,000.00	500,000
<b>Sub-Total</b>		<b>74,036,725.00</b>			<b>34,436,725</b>	<b>10,609,000</b>
<b>Secondary schools</b>						
Bishop Sulumeti Girls Secondary School		1,500,000			1,000,000	
Ematetie Secondary School		3,000,000				
Kilimo Girls Secondary School		1,500,000				
Matende Girls Secondary School		1,000,000				
Matioli Secondary School		700,000				
Mwiwala Secondary School		300,000				
Shikoti Girls Secondary School		2,000,000				
St Titus Emasera Secondary School		2,500,000			2,500,000	
Mwangaza Secondary school		5,500,000			5,500,000	
Eshibeye Secondary School		1,000,000				
Kakamega Township Secondary School		500,000				
Kakamega Muslim Secondary School		1,000,000				
Eshisiru Secondary School		900,000			200,000	900,000
Rosterman Secondary School		809,000				
Ikonyero Secondary School		500,000				
		<b>22,709,000</b>			<b>9,200,000</b>	
<b>Amounts due to other grants and other transfers</b>						
<b>Security Projects</b>						
Bukhungu Chiefs Camp		1,300,000.00			1,300,000	800,000
Emusala AP Camp		1,500,000.00		500,000	1,000,000	1,000,000
Eshibeye Assistant Chief's Office		1,300,000.00		1,000,000	300,000	500,000
Sichirayi Assistant Chiefs Office		1,500,000.00		500,000	1,000,000	500,000

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Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance	
					2020	2019
Butso Social Hall		2,500,000.00			2,500,000	2,500,000
Ematsayi Market Solar Light		500,000.00			500,000	500,000
Bukura Police Post						1,500,000
Butso South AP Line						500,000
Indangalasia Chiefs AP Camp						1,500,000
<b>Sub-Total</b>					<b>6,600,000</b>	<b>9,300,000</b>
Bursary Secondary Schools		16,623,057.00		2,222,800	13,707,257	123,057
Bursary Special Schools		949,368.00		60,000	889,368	449,368
Bursary Tertiary Institutions		10,448,422.00		7,671,000	1,795,574	9,793,622
Emergency projects		10,916,069.00		10,685,495	-569,426	3,447,488
Environmental Projects		2,262,914.00		2,254,494	8,420	-
Sports Activities		4,538,942.00		4,511,449	27,281	1,680,818
Others						
NHIF for elderly people		300,000.00			300,000	
Construction of NG-CDF Offices		23,313,744.00			22,971,253	23,313,744
Strategic Plan						8,900
Innovation Hub						957,027
Purchase of office Furniture						500,000
<b>Sub-Total</b>					<b>39,129,727</b>	<b>40,274,024</b>
<b>Grand Total</b>					<b>92,290,043</b>	<b>85,811,393</b>

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**ANNEX 3: PMC BANK BALANCES**

PMC	Bank	Account number	Bank Balance As at 30 <sup>th</sup> June 2020	Bank Balance As at 30 <sup>th</sup> June 2019
Bishop Sulumeti Girls High School	KCB	1257267833	66,985.00	79,609
Bondeni Primary School	KCB	1131772377	0	0
Bukhulunya Primary School	KCB	1184416125	139,714.00	0
Butsotso Central Chief's Office	KCB	1183789017	1,280.00	0
Butsotso East AP Line	KCB	1156135680	3,150.05	0
Chief Mutsembi Primary School	KCB	1177075385	2,001,000.00	0
Ebuchinga Primary School	KCB	1242755969	1,171.00	538,975.00
Ebuhayi Primary School	KCB	1204175772	13,367.50	2,577.50
Ebwambwa Primary School	KCB	1101561785	20,686.00	0
Ebwambwa Secondary School	KCB	1206398442	986	1,026
Ekapwonje Primary School	KCB	1183366299	57,887.00	1,056
Elukho Primary School	KCB	1240123752	8,764.40	33,975
Elukho Secondary School	KCB	1256464732		98,975
Ematsayi AP Camp	KCB	1183756658	0	20
Emulele Primary School	KCB	1235469239	36,667	36,667
Emurumba Primary School	Equity	0500278905072	96,143	2,000,000
Eshibembe Primary School	KCB	1183559054	1009	38,909
Eshibeye Assistant Chief's Office	KCB	1251930891	6954	30,737
Eshibeye Primary School	KCB	1183841531	16,447	95,748
Eshisiru Secondary School	KCB	1183320183	9,334.50	9,334.50
Hirumbi Primary School	KCB	1109549768	0	94
Kakamega Primary School	KCB	074147101043	247,850.60	247,850.60
Kilimo Girls Secondary School	KCB	1174508957	100,424	0

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PMC	Bank	Account number	Bank Balance As at 30 <sup>th</sup> June 2020	Bank Balance As at 30 <sup>th</sup> June 2019
Lurambi Primary School	KCB	1174031433	1,286	1,000,000
Lyanungu Primary School	KCB	1183342608	28,343.50	28,343.50
Mahiakalo Assistant Chief's Office	KCB	1183345461	784	784
Matende Girls Secondary School	KCB	1156009936	36,833.00	3,000
Matende Primary School	KCB	1172017824	1,432	3,000
Matioli Secondary School	KCB	1174063610	19,265	1,088
Musaa Primary School	KCB	1234792680	95,132.50	96
Muslim Secondary School	Cooperative	01139165026500	264,097	264,097
Mwiyala Primary School	KCB	1238384137	34,095.00	34,095
Mwiyala Secondary School	KCB	1120030854	129,282.00	708,124
Nabongo Primary School	EQUITY	0500278915173	54,101	558,332
Nyayo Tea Zone Primary School	KCB	1171045689	1092	0
Rosterman Primary School	KCB	1184250197	3,926	457
Rosterman Secondary School	KCB	1183317611	1,206,822	1,026
Shikoti Girls Boarding Primary School	KCB	1256241733	1,349.00	1,349
Shisango Girls Secondary School	KCB	1177472228	30,860	48,513
Shisango Primary School	EQUITY	0500277375065	0	247
Shitaho Primary School	KCB	1183301421	3073	202
Shitungu AP Camp	KCB	1183261608	3172	502
Shiyunzu Primary School	KCB	1103368141	2318	2,318
St. Francis Xavier Shikoti Mixed Secondary School	KCB	1133906265	3482	3,481
St. Lawrence Ichina Primary School	KCB	1156021332	1,851,889.00	3,450,760.30
St. Patrick's Ikonyero Secondary School	Co-operative	01109023568900	76,382.00	187,807.15

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PMC	Bank	Account number	Bank Balance As at 30 <sup>th</sup> June 2020	Bank Balance As at 30 <sup>th</sup> June 2019
Bukura Police Post	KCB	1252634846	51,404.00	8,735
TOTAL			6,730,241	10,265,915

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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/observation from the auditor	Management comments	Focal point person to resolve the issue(Name & designation)	Status: (Resolved/not resolved)	Timeframe;(Put a date when you expect the issue to be resolved)
Ichina Primary Storey Building	<p>The project was tendered out, interest bidders applied for the contract and it was awarded to Kwamusonga investment Ltd on 19<sup>th</sup> August 2014 at a tender sum of Kshs.8,561,652 for casting of slab of first floor of administration block and 2 classrooms.</p> <p>So far Kshs.4, 000,000 has been paid to the contractor and Kshs.3,500,000 is in the project's account. But the building had stalled at the ground floor and the contractor was not on site. Building materials were not also on site.</p>	<p>Lurambi NGCDFC has many ongoing projects. The total amount allocated per financial year is not enough to complete the projects but all ongoing projects are always allocated more funds for completion.</p> <p>The project at St. Lawrence Ichina Primary School has stalled and is a concern by the Project Management Committee. They have written to the contractor on the way forward after discussion in their meeting</p>	CPA.Peter OChokolo	Resolved (Construction going on)	December, 2019

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Reference No. on the external audit report	Issue/observation from the auditor	Management comments	Focal point person to resolve the issue(Name & designation)	Status: (Resolved/n ot resolved)	Timeframe;(P ut a date when you expect the issue to be resolved)
Mahiakalo Primary School	<p>The transfers to other government units' balance of cash 68,067,0611 includes transfers to primary schools' amount of Kshs. 61,007,611 as disclosed in note 4 to the financial statements which in turn include an amount of Kshs. 6,000,000 that was disbursed to Mahiakalo primary school in respect of construction of a new Storey eight (8) classroom building. Information available indicate that the contract for the construction of the building was awarded at a contract sum of Kshs. 13,975,912. However, contract documents including tender advertisement, BQs, tender opening minutes, tender evaluation and award minutes were not availed for audit reviews. Further, there was no information to show how much had ben paid as at the time of audit in February 2020 and balance if any.</p> <p>Audit verification carried out in the month of February 2020 revealed that although the construction was on going, it is not known when the same shall be completed and put to use. In addition, there was no evidence of project supervision by the state department of works.</p>	<p>The Project tender documents are safely within our custody (Reference 8), the project has so far received. Kshs 11,000,00 out of Kshs 14,000,000. The management has allocated the remainder of the funds to full completion in the 2010/2021FY budget. The project is near completion with only paint work and flooring pending.</p>	FAM, PMC	Solved	

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Reference No. on the external audit report	Issue/observation from the auditor	Management comments	Focal point person to resolve the issue(Name & designation)	Status: (Resolved/n ot resolved)	Timeframe;(P ut a date when you expect the issue to be resolved)
Daisy Special School	Included in the transfers to primary schools' figure of Kshs. 61,007,611 as disclosed in note 4 to the financial statements is an amount of Kshs. 1,000,000 disbursed to daisy special school in respect to completion of roofing and plastering of the dining hall. The project which started in the year 2009 has stalled at the lintel level despite the allocation and disbursement of Kshs. 1,000,000 during the financial year under review. In addition, the bank reconciliation statement and certificate of bank balance were not availed to confirm that the funds disbursed were still being held in bank although the same do not appear among the PMC account balances as per annexure 4 to the financial statements. Consequently, the probity of Kshs. 1,000,000 disbursed towards the project during the year under review could not be ascertained.	We have attached (Reference 9) containing; certificate of bank balance to indicate all funds disbursed have been utilized. The Management has allocated and committed to allocate adequate money for completion of the project. However, Lurambi NGCDF is yet to receive funding from the NGCDF Board for implementation of the project.	NGCDF BOARD	Not Resolved	June 2021

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Reference No. on the external audit report	Issue/observation from the auditor	Management comments	Focal point person to resolve the issue(Name & designation)	Status: (Resolved/not resolved)	Timeframe; Put a date when you expect the issue to be resolved)
Emusala Primary School	Included in the transfers to primary schools' figure of Kshs. 61,007,611 as disclosed in note 4 to the financial statements is an amount of Kshs. 6, 300, 000 transferred to Emusala primary school in respect to construction of new Storey 8 classrooms building for sub structures and walling of 1st floor. Information availed indicated that the works were contracted at Kshs. 13,979,492.92 for the construction of the two Storey 8 classroom structure. However, the bill of quantities, project designs, tender advertisement, minutes of tender opening, tender evaluation, and award were not availed for audit review. No information was also availed to show how much had been paid to the contractor. Further, the cashbook, bank reconciliation and certificate of bank balance were not availed as proof of how much was outstanding on the PMC account as at 30th June 2019.	We have attached (Reference 10) containing; Bills of Quantities, Tender documents, Bank statement indicating how much has been paid to the contractor and the PMC bank balance. The Project is currently at roofing level with funds allocated for completion during the 2020/2021 FY not yet received from the NGCDF Board.	FAM	Resolved	

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Ikonyero Primary school	The transfers to primary schools' figure of Kshs. 61,007,611 as disclosed in note 4 to the financial statements includes Kshs. 2,712,630 transferred to Ikonyero primary school for the construction of 3 classrooms which was equivalent to full project allocation for the year 2018/2019. However, as at the time of audit in February 2020, the project had not commenced and no reason was provided. In addition, the cashbook, bank reconciliations and certificate of bank balance were not availed for audit review to ascertain the availability of the funds. Further, the PMC was not listed among the PMC'S balance as at 30 June 2019 as per annexure 4 to the financial statements	The PMC requested for change of project activity from construction of 3 Classrooms to Construction of 8No Classrooms Storey. The NGCDF Board approved the proposal and the project is now at walling (1 <sup>st</sup> Floor). The bank statements as at the time of audit are available for your review. (Reference 11)	FAM	resolved	

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Reference No. on the external audit report	Issue/observation from the auditor	Management comments	Focal point person to resolve the issue(Name & designation)	Status: (Resolved/n ot resolved)	Timeframe;(P ut a date when you expect the issue to be resolved)
Ebuchinga Primary school	<p>The transfers to primary schools' figure Kshs. 61,007,611 includes Kshs. 9,500,000 transferred to Ebuchinga Primary School for the construction of new Storey 8 classrooms building for casting of 1st floor and roofing. Information availed indicated that a local contractor was awarded the works at a contract sum of Kshs. 14,051,161.20 through local advert instead of competitive open tender contrary to the public procurement and assets disposal act, 2015. In addition, the BQs and designs were not availed for audit review. Although, the ground floor had been put to use, there was no completion and handing over certificates. Further, there was no evidence that the construction was supervised by the state department of public works.</p> <p>Audit verification of the project in February 2020 showed that the floors had cracks an indication of poor workmanship or poor-quality materials.</p>	<p>Engineers report confirming supervision by technical persons are available for your review. At the time of audit, the contractor had not been paid his full retention fee since the defects liability period was still valid. The contractor rectified the defects and was paid his retention in full. The school did not have funds to advertise in the National newspapers and therefore picked from a pool of prequalified contractors in the office of the Sub-County Procurement officer. (Reference 12)</p>	FAM	SOLVED	

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Eshiandukusi Primary School	The transfers to primary schools' figure of Kshs. 61,007,611 includes Kshs. 5,700,000 disbursed to Eshiandukusi Primary School for the construction of new Storey 8 classrooms building for structure and walling of 1st floor. Information availed indicated that the contract was awarded to a local firm for a contract price of Kshs. 14,181,208.80. however, the bill of quantities, structural designs and tender documents were not availed for audit verification. Further, there was no record of payments and the balance if any as at 30th June 2019.	We have attached (Reference 13) containing, BQs, structural designs and tender documents for your review.	FAM	Resolved	

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Emurumba Primary School	An amount of Kshs. 2,000,000 was disbursed to the school for construction of three (3) classroom building which was the full budget for the year under review. The contract was awarded to a local firm for a contract sum of Kshs. 3,288,645. As at the time of this audit in February 2020, the building had been put to use. However, the floor had many cracks an indication of poor workmanship. Further, the building had no ceiling and a back pavement although they had been provided for in the bill of quantities.	The contractor Ms. AAS Comfort enterprises had not been fully paid at the time of the audit. The contractor completed the pending items (ceiling and back pavement) before being fully paid, rectified the defects in the classrooms and the project is currently in use and in good condition. (Reference 14)	PMC	Resolved	

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Ikonyero Secondary School	<p>The transfers to secondary schools' figure of Kshs. 7, 060, 00 as disclosed in note 4 to the financial statements includes an amount of Kshs. 800,000 disbursed to Ikonyero secondary school for completion of 4 classroom Storey building for plastering and painting of 2nd floor. However, as at the time of audit in February 2020, the project was still incomplete. No information was availed to show when the same shall be completed and put to use. Consequently, the management has not complied with the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB)</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statement 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.</p>	<p>The management will allocate adequate funding to ensure completion of the project.</p>	Lurambi NGCDFC	NOT RESOLVED	JULY 2021