

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY PARLIAMENTARY COMMISSION	
DATE: 03 MAR 2022	DAY: Thurs
TABLED BY: LOM	
CLERK-AT THE-TABLE: C. Ndiritu	

**THE AUDITOR-GENERAL**

**ON**

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

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





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NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND -KABUCHAI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS (REVISED)

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 CONSTITUENCY DEVELOPMENT FUND (NGCDF)  
KABUCHAI CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2020**

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Table of Content	Page
I. KEY NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND KABUCHAI CONSTITUENCY INFORMATION AND MANAGEMENT .....	2
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	5
III. STATEMENT OF NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND KABUCHAI CONSTITUENCY'S PERFORMANCE AGAINST PREDETRMINED OBJECTIVES .....	7
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING .....	8
V. STATEMENT OF NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND KABUCHAI MANAGEMENT RESPONSIBILITIES .....	11
VI. REPORT OF THE AUDITOR GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – KABUCHAI CONSTITUENCY .....	12
VII. STATEMENT OF RECEIPTS AND PAYMENTS .....	13
VIII. STATEMENT OF ASSETS AND LIABILITIES .....	14
IX. STATEMENT OF CASH FLOWS .....	15
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED .....	16
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES .....	17
XII. SIGNIFICANT ACCOUNTING POLICIES.....	23
XIII. NOTES TO THE FINANCIAL STATEMENTS .....	27
XIV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	31

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

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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 NG CDF Kabuchai Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NG CDFB)
- ii. National Government Constituency Development Fund Committee (NG CDFC)

**(c) Fiduciary Management**

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

No	Designation	Name
1.	A.I.E holder	Lihanda Winston
2.	National Sub-County Accountant	Godfrey Simiyu
3.	Chairman NGCDFC	Charles Sirengo
4.	Member NGCDFC	Fredrick Mutieme

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 120-50202 Chwele  
Along Kanduyi – Chwele Road  
CHWELE, KENYA

**(f) NGCDF KABUCHAI Constituency Contacts**

Telephone: (254)787 883 580  
E-mail: [ngcdfkabuchai.go.ke](mailto:ngcdfkabuchai.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

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

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**(g) NGCDF KABUCHAI Constituency Bankers**

Cooperative Bank - 01141536140900  
Bungoma Branch

**(h) Independent Auditors**

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

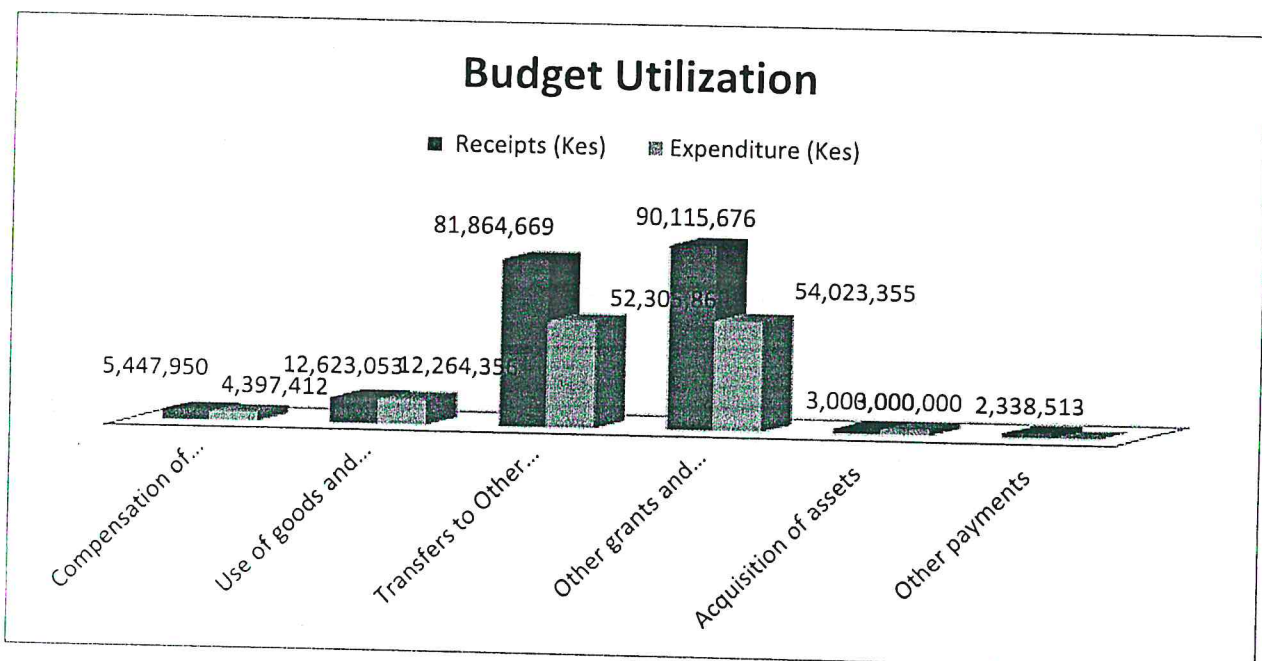
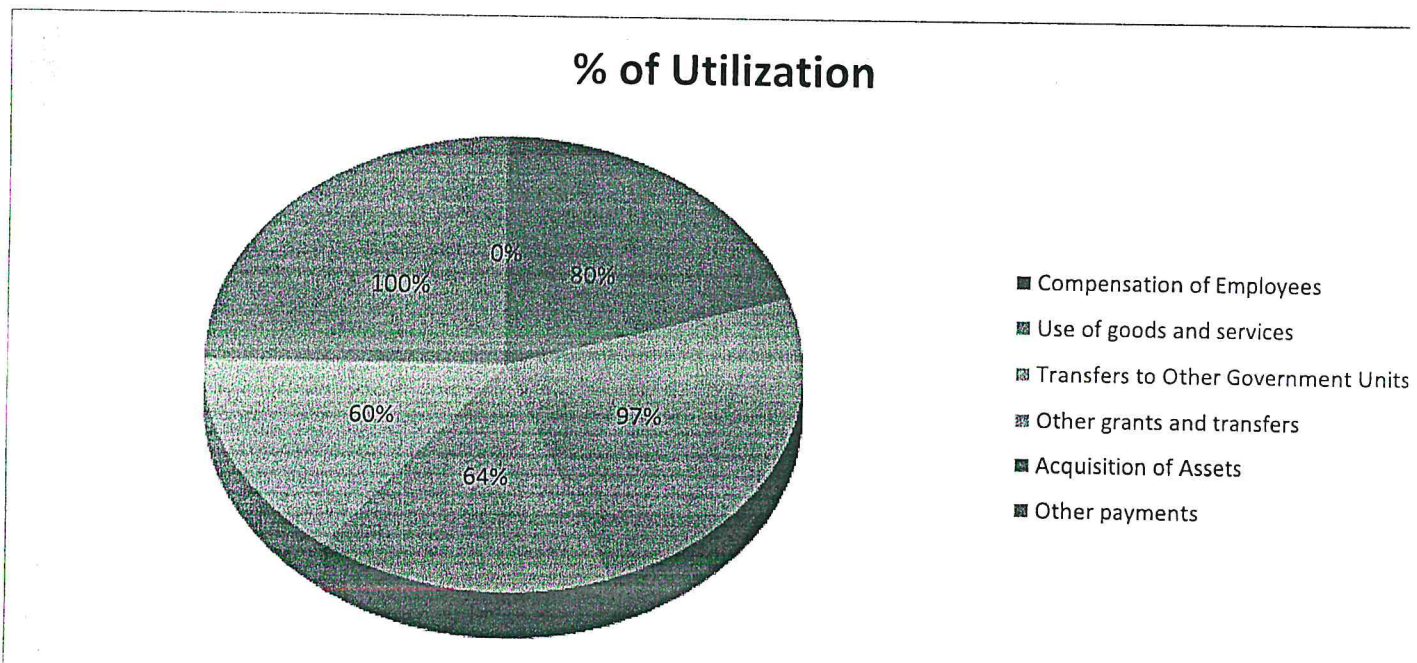
**(i) Principal Legal Adviser**

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

II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

Budget Performance

The budget performance against the actual amounts achieved an average of 65% utilization for the economic classification and programmes represented as follows:





**Key Achievements of the Fund**

**Bursary**

The fund was able to sponsor 526 students under the bursary program that enabled the needy beneficiaries access education in various secondary and tertiary educational institutions.

The fund was able to sponsor KMTC students thereby contributing towards the government agenda on Universal Health Coverage.

**Education**

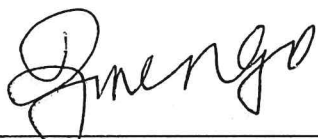
The fund contributed towards the government policy on 100% transition through provision & expansion of infrastructure in various educational institutions.

**Emerging issues**

- i. Covid -19 Pandemic
- ii. Appointment of NG CDFC members
- iii. NG CDF going concern in view of litigation on its constitutionality and amid talks of constitution referendum.

**Challenges**

- i. Delays in receipt of funding has affected the performance of the budget and led to delays in project implementation.
- ii. Closure of schools and uncertainty surrounding their reopening has affected implementation of the bursary program.



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NG CDFC Chairman  
Charles Sirengo

### III. STATEMENT OF NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND KABUCHAI CONSTITUENCY'S PERFORMANCE AGAINST PREDETRMINED OBJECTIVES

#### Introduction

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

#### Key development objectives

##### 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.

**Initiative:** Enhance and develop social programmes that support education within the constituency.

##### Security

**Objective:** Equip, facilitate and enhance capacity of provincial administration and other security organs in order to improve service delivery and make the constituency secure

**Initiative:** Improving infrastructure and service delivery

##### Water and Environment

**Objective:** Improve access to clean water and a more sustainable and conserved environment in Kabuchai through natural resources conservation initiatives

**Initiative:** Initiate and enhance conservation programs within the constituency

**Initiative:** Water and Sanitation: To ensure water sustainability in the Constituency

##### Sports

**Objective:** Empower and develop youth and special groups to reduce dependence and spur economic growth through sports

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

#### **IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

NG CDF - Kabuchai 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**

Kabuchai NG CDF endeavours 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.

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**

###### **Environmental Policy**

- 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 NG CDF Committee 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

###### **Environmental Plan**

Our Environmental Action Plan Kabuchai NG-CDF has identified the following 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.

- Capacity Building
- Conservation of Energy and Resources
- Environmental Protection and Conservation

- Pollution Control and Waste Management

#### Employee welfare

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

#### 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. 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

### **3. Market place practices**

The Fund was designed to support constituency-level, grass-root development projects. It is aimed to achieve equitable distribution of development resources across regions and to control imbalances in regional development brought about by partisan politics. It targets all constituency-level development projects, particularly those aiming to combat poverty at the grassroots and entrench equitable distribution of development in line with the NG-CDF Act 2015 provisions.

The objective of the Fund is to provide mechanisms for supplementing implementation of the National Government development Agenda at the constituency level.

### **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.

**V. STATEMENT OF NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND  
KABUCHAI 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.

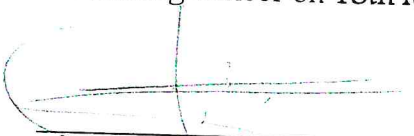
The Accounting Officer in charge of the NG CDF-Kabuchai Constituency is responsible for the preparation and presentation of the NG CDF-Kabuchai financial statements, which give a true and fair view of the state of affairs of the NG CDF-Kabuchai for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the NG CDF-Kabuchai; (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 NG CDF-Kabuchai; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

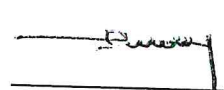
The Accounting Officer in charge of the NGCDF-Kabuchai Constituency accepts responsibility for the NG CDF-Kabuchai financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG CDF-Kabuchai 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 NG CDF-Kabuchai financial position as at that date. The Accounting Officer charge of the NG CDF-Kabuchai Constituency further confirms the completeness of the accounting records maintained for the NG CDF-Kabuchai, 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-Kabuchai Constituency confirms that the entity has complied fully with applicable Government Regulations and that the NG CDF-Kabuchai 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 NG CDF-Kabuchai 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**

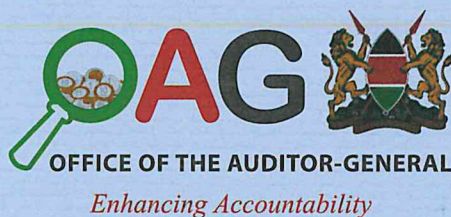
The NG CDF - Kabuchai Constituency financial statements were approved and signed by the Accounting Officer on 18th May, 2021.

  
Fund Account Manager  
Lihanda Winston

  
National Sub-County Accountant  
Godfrey Simiyu  
ICPAK Member Number:

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - KABUCHAI 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 - Kabuchai Constituency set out on pages 13 to 42, which comprise the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and a 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 audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Government Constituencies Development Fund - Kabuchai 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.

#### **Basis for Qualified Opinion**

##### **1. Bank Balances**

As disclosed in Note 9 to the financial statements, the statement of financial position reflects bank balances of Kshs.31,155 as at 30 June, 2020. However, the bank reconciliation statement as at 30 June, 2020 reflects payments in bank statement not yet recorded in cash book of Kshs.119,340 which includes payments amounting to Kshs.35,000 relating to the year 2018. No explanation was provided for not recording these long outstanding payments in the cashbook.

Further, the bank reconciliation statement reflects unpresented cheques figure of Kshs.5,540,123 which is also erroneously indicated against receipts in bank statement not yet recorded in cash book. Similarly, the payments in bank statement not yet

recorded in cash book of Kshs.119,340 is also erroneously reflected as receipts in cash book not yet recorded in bank statement.

In the circumstances, the accuracy and completeness of the bank balance of Kshs.31,155 could not be confirmed.

## **2. Unsupported Purchase of Parcels of Land and School Buses**

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects transfers to other government unit of Kshs.52,305,860 which includes an expenditure of Kshs.22,300,998 on procurement of 5 acres of land and three (3) buses for ten (10) schools as detailed in **Appendix 1**.

However, the title deeds for the parcels of land and a log book for one of school buses were not provided for audit verification and as a result, the ownership of the land and the bus could not be confirmed.

In addition, procurement documents such as professional opinion, notification of ward and pre and post-mechanical report, contract agreements between Kabuchai NG-CDF and the schools for buses were not provided for audit verification.

In the circumstances, the accuracy and completeness of the Kshs.22,300,998 incurred in the purchase of the land and school buses could not be confirmed.

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 - Kabuchai Constituency Management in accordance with ISSAI 130 on the 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 reflects final receipts budget and actual on comparable basis of Kshs.195,389,862 and Kshs.126,022,138 respectively resulting to an under-funding of Kshs.69,367,724 or 35 % of the budget.

In addition, reflects final expenditure budget and actual on comparable basis of Kshs.195,389,862 and Kshs.125,992,983 respectively resulting to an under-absorption of Kshs.69,396,879 or 36 % of the budget.



The under-funding and under-absorption affected the planned projects which may have impacted negatively on service delivery for the constituents of Kabuchai Constituency.

## **2. Project Implementation Performance**

The Project Implementation Status report as at 30 June, 2020 indicates that out of a total of ninety-three (93) projects planned for implementation at an estimated cost of Kshs.164,624,138, fifty-eight (58) projects with estimated cost of Kshs.113,314,138 had been completed, eleven (11) with estimated cost of Kshs.22,950,000 were still ongoing and twenty-four (24) with estimated cost of Kshs.28,360,000 had not been started.

Consequently, the Management did not achieve its project implementation targets which may have impacted negatively on provision of services to the constituents of the Kabuchai Constituency.

## **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. Unutilized PMC Bank Balances not Transferred to the Fund's Account**

Included in the total figure of Kshs.16,111,200 reflected in the Project Management Committee (PMC) bank balances as at 30 June, 2020 at Annex 3 is Kshs.12,042,966 relating projects which, according to the Project Implementation Status (PIS) Report, had been completed and were in use as detailed in **Appendix 2**.

However, these unutilized bank balances had not been transferred back to the Constituency Bank Account and appropriated to other projects as per the provisions of Section 12(7) of the National Government Constituencies Development Fund Act, 2015 which states that all unutilized funds of the PMCs shall be returned to the constituency account.

Consequently, the Management was in breach of the law.

#### **2. Verifications of Implemented Projects**

As disclosed in Note 4 and 5 to the financial statements, the statement of receipts and payments reflects transfers of Kshs.52,305,860 and Kshs.54,023,355 to other Government Units and Other Grants and Other Payments respectively. Verifications on the implementation of various projects revealed the following unsatisfactory issues:

## **2.1 Construction of 10 Pit Latrines at Misiri Primary School**

During the year under review, the Project Management Committee awarded the contract to construct 10 No. Latrines at Misiri Primary School to a local firm at a contract sum of Kshs.500,000. However, the Management did not provide documentary evidence of a report from the Ministry of Health as proof that the project was emergency in nature.

In addition, site visit in February, 2021 revealed that only 6 latrines out of the contracted 10 were constructed.

In the circumstances, the regularity and value for money on the Kshs.500,000 incurred in the construction of the 10 No. pit latrines could not be confirmed.

## **2.2 Renovation of Five Classrooms at Namilama DEB Primary School**

During the year under review, the PMC disbursed Kshs.800,000 from the emergency reserve and Kshs.726,676 from transfers to other government units to Namilama DEB Primary School for renovation of five (5) classrooms. The contract was awarded to a local firm at a contract sum of Kshs.1,526,676. However, the tender opening and tender evaluation was carried out by the same committee while no professional opinion was issued.

In addition, the project was partly funded using the emergency budget despite the entire project not being an emergency in nature.

A physical verification in February, 2021 revealed that the project was incomplete and the contractor had abandoned the site, despite receiving the full contract sum of Kshs.1,526,676.

In the circumstances, the regularity and value for money on the Kshs.1,526,676 incurred in renovation of classrooms at Namilama DEB Primary School could not be confirmed.

## **2.3 Construction of One Classroom and Two Pit Latrines at Nangubo Primary School**

During the year under review, the PMC disbursed Kshs.1,000,000 to Nangubo Primary School for the contraction of one classroom to completion and two pit latrines. The contract was awarded to a local company at a contract sum of Kshs.1,000,000. However, the tender documents and bills of quantities for the construction of the latrines were not provided for audit verification.

A physical verification in February, 2021 revealed that the flooring of the classroom was incomplete, windows had not been fixed and doors had not been fixed to the pit latrines had not been fixed with and had not been painted. The project was therefore incomplete despite the fact that the contractor had been paid in full the contract sum of Kshs.1,000,000.

In the circumstances, the regularity and value for money on the Kshs.1,000,000 incurred on the construction of a classroom and two latrines at Nangubo Primary School could not be confirmed.

## **2.4 Construction of One Classroom and Two Pit Latrines at Namikelo DEP Primary School**

During the year under review, the PMC disbursed Kshs.1,000,000 to Namikelo DEB Primary School for the construction of one classroom and two pit latrines. The contract was awarded to a local firm at a sum of Kshs.1,000,000. However, supporting documents, including procurement document and inspection and acceptance report were not provided for audit verification. Further, the iron sheets used were not pre-painted as the ones specified in the bills of quantities.

In the circumstances, the regularity and value for money on the Kshs.1,000,000 incurred on the construction of a classroom and two latrines at Namikelo Primary School could not be confirmed.

## **3. Non-Insurance of Fixed Assets**

Annex 2, a summary of fixed assets register, to the financial statements for the year under review reflects a fixed assets balance of Kshs.22,979,043, which have not been insured, contrary to Section 36(3) of the National Government Constituencies Development Fund Act, 2015 which stipulates that all fixed and movable assets, including equipment bought under this Act for use by the Constituency Committee, shall be the property of the Board and shall be insured in the name of the Board.

Consequently, the 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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

## **Responsibilities of Management and those Charged with Governance**

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

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 based on these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions, and information reflected in the financial statements comply with the authorities that govern them and that public resources are applied

effectively, 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 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 period by employees in the normal course of performing their assigned functions.

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional 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.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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


Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.

Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

11 February, 2022

## Appendix 1

### Purchase of Land and School Buses

School	Purpose	Cost Kshs.	Amount Paid During the Year Kshs.
Nangwe Secondary School	Purchase of 3/4 acre land	800,000	800,000
St. Joseph Nalondo Girls' Secondary School	Purchase of 3/4 acre land	800,000	800,000
Bwake Secondary School	Payment for School Bus	4,500,000	1,200,000
Namilama Secondary School	Payment of School Bus	2,948,748	1,948,750
St. Kizito Girls Mukhweya Secondary School	Purchase of 1 acre land	950,000	700,000
Sanandiki Girls' Secondary School	Purchase of 1/4 acre land	1,050,000	810,000
Chebukwa Secondary School	Purchase of School Bus	7,162,250	7,162,250
Pongola Secondary School	Purchase of 3/4 acre land	1,240,000	540,000
Kasosi Secondary School	Purchase of 3/4 acre land	850,000	250,000
Chemwa Secondary School	Purchase of 3/4 acre land	2,000,000	0
<b>Total</b>		<b>22,300,998</b>	<b>14,211,000</b>

## Appendix 2

### Unutilized PMC Account Balances

PMC	Balance as at 30 June, 2020 Kshs.
Kabuchai Constituency Environment	4,712
Kabuchai Constituency Sports	19,772
CDF Office	6,225
St. Peters Lurende Secondary School	33,800
Khatiri Secondary School	21,820
Bwake Secondary School	2,325
Chekulo Baptist Secondary School	750
Sikusi Secondary School	1,016,914
St.Kizito Secondary Mukweya Secondary School	5,930
Sa.Wabukhonyi Secondary School	1,463
Sandadiki Girls Secondary School	167,838
Pongola Secondary School	4,445
Kasosi Secondary School	445
Chemwa Secondary School	3,563
Nangwe Girls' Secondary School	10,906
Baraki Secondary School	1,001,265
Kimalewa Secondary School	4,275
Sikulu Secondary School	7,845
Chebukwa Secondary School	7,166,755
Nangubo Primary School	3,663
Kiboochi Primary School	2,220
Nasaka Primary School	1,278
Lubembe Primary School	155,425
Matibo FYM Primary School	5,870
Sitila Primary School	999
Nalondo R.C Primary School	3,213
Nangwe Primary School	8,288
St.Walumoli Primary School	982,675
Hon. Wetangula Sango Primary School	857,554
Chepsitati Primary School	496,082
Chebukaka Girls Primary School	1,500
Namaondo Primary School	1,958
Assistant Chief's Office Sikusi	17,197
Assistant Chief's Office Kabuchai	20,284
Assistant Chief's Office West Nalondo	3,712
<b>Total</b>	<b>12,042,966</b>




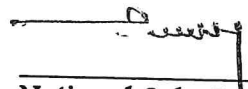
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) KABUCHAI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NG CDF board-AIEs' Received	1	124,735,058	64,580,259
<b>TOTAL RECEIPTS</b>		<b>124,735,058</b>	<b>64,580,259</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,952,239	2,313,870
Use of goods and services	3	12,266,356	6,845,184
Transfers to Other Government Units	4	52,305,860	32,910,720
Other grants and transfers	5	54,023,355	35,733,272
Social Security Benefits	6	1,445,173	-
Acquisition of Assets	7	3,000,000	-
Other Payments	8	-	2,338,514
<b>TOTAL PAYMENTS</b>		<b>125,992,983</b>	<b>80,141,560</b>
<b>SURPLUS/DEFICIT</b>		<b>(1,257,925)</b>	<b>(15,561,301)</b>

The NGCDF-KABUCHAI Constituency financial statements were approved and signed by the Accounting Officer on 18<sup>th</sup> May, 2021.

  
Fund Account Manager  
Lihanda Winston

  
National Sub-County Accountant  
Godfrey Simiyu  
ICPAK Member Number:

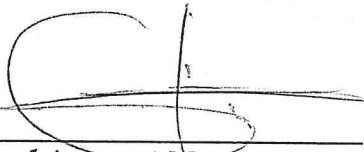



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) KABUCHAI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	9	31,155	1,289,080
Total Cash and Cash Equivalents		31,155	1,289,080
<b>TOTAL FINANCIAL ASSETS</b>		<b>31,155</b>	<b>1,289,080</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July, 2019	10	1,289,080	16,802,880
Surplus/Deficit for the year		(1,257,925)	(15,561,300)
Prior year adjustments	11	-	47,500
<b>NET FINANCIAL POSITION</b>		<b>31,155</b>	<b>1,289,080</b>

The NG CDF - Kabuchai Constituency financial statements were approved and signed by the Accounting Officer on 18<sup>th</sup> May, 2021.

  
**Fund Account-Manager**  
**Lihanda Winston**

  
**National Sub-County Accountant**  
**Godfrey Simiyu**  
**ICPAK Member Number:**

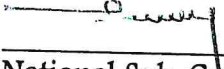
**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) KABUCHAI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

**IX. STATEMENT OF CASH FLOWS**

	Note	2019-2020	2018-2019
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts for operating income			
Transfers from NGCDF Board	1	124,735,058	64,580,259
		<b>124,735,058</b>	<b>64,580,259</b>
Payments for operating expenses			
Compensation of employees	2	2,952,239	2,313,870
Use of goods and services	3	12,266,356	6,845,184
Transfers to other Government units	4	52,305,860	32,910,720
Other grants and transfers	5	54,023,355	35,733,272
Social security benefits	6	1,445,173	-
Other payments	8	-	2,338,513
		<b>122,992,983</b>	<b>80,141,559</b>
Adjusted for:			
Prior year adjustments	11	-	47,500
<b>Net cash flow from operating activities</b>		<b>1,742,075</b>	<b>(15,513,800)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of assets	7	(3,000,000)	-
<b>Net cash flows from investing activities</b>		<b>(3,000,000)</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	10	1,289,080	16,802,880
Cash and cash equivalent at END of the year		<b>31,155</b>	<b>1,289,080</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NG CDF - Kabuchai Constituency financial statements were approved on 18<sup>th</sup> May, 2021 and signed by:

  
Fund Account Manager  
Lihanda Winston

  
National Sub-County Accountant  
Godfrey Simiyu  
ICPAK Member Number:

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY**

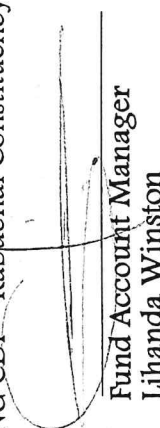
Reports and Financial Statements  
For the year ended June 30, 2020

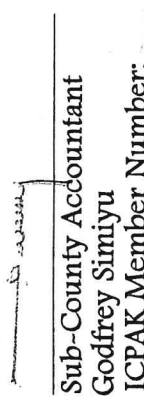
**X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED**

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a Kshs	b Kshs	c=a+b Kshs	d Kshs	e=c-d Kshs	f=d/c %
<b>RECEIPTS</b>						
Transfers from NG-CDF Board	137,367,724	58,022,138	195,389,862	126,022,138	69,367,724	64%
<b>TOTAL RECEIPTS</b>	<b>137,367,724</b>	<b>58,022,138</b>	<b>195,389,862</b>	<b>126,022,138</b>	<b>69,367,724</b>	<b>64%</b>
<b>PAYMENTS</b>						
Compensation of employees	3,071,000	931,777	4,002,777	2,952,239	1,050,538	74%
Use of goods and services	8,473,694	4,149,360	12,623,054	12,266,356	356,698	97%
Transfers to other Government units	69,579,241	29,439,280	99,018,521	52,305,860	46,712,661	55%
Other grants and transfers	52,425,389	20,536,435	72,961,824	54,023,355	18,938,469	72%
Social security benefits	818,400	626,773	1,445,173	1,445,173	-	100%
Acquisition of assets	3,000,000	-	3,000,000	3,000,000	-	100%
Other payments	-	2,338,513	2,338,513	-	2,338,513	0%
<b>TOTAL PAYMENTS</b>	<b>137,367,724</b>	<b>58,022,138</b>	<b>195,389,862</b>	<b>125,992,983</b>	<b>69,396,879</b>	<b>64%</b>
<b>Surplus/Deficit</b>	-	-	-	<b>29,155</b>	<b>(29,155)</b>	

- i. Under receipt in transfers from other government entities of 64% was as a result of failure by the NGCDF Board to disburse all the budgeted funds.
- ii. Utilization in compensation of employees of 74% was as a result of delayed disbursement of funds by the NG CDF Board.
- iii. Utilization in transfer to other government units of 55% was due to late remission of funds by NG CDF Board.
- iv. Utilization in other grants and transfers of 72% was also as a result of late remission of funds by NG CDF Board.
- v. Utilization in other payments of 0% was as a result of delayed disbursement of funds by the NG CDF Board.

The NG CDF - Kabichai Constituency financial statements were approved on 18<sup>th</sup> May, 2021 and signed by:

  
Fund Account Manager  
Lihanda Winston

  
Sub-County Accountant  
Godfrey Simiyu  
ICPAK Member Number:

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

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

Programme/Sub/Programme	Original budget		Adjustments		Final budget		actual on comparable		budget utilization difference	
	2019/2020		Kshs		2019/2020		2019/2020		Kshs	
<b>Administrative and Recurrent Services</b>										
Employees Salaries	2,896,000		839,593		3,735,593		2,712,964		1,022,629	
Gratuity	818,400		626,773		1,445,173		1,445,173		-	
NSSF	105,000		92,184		197,184		184,925		12,259	
NHIF	70,000		-		70,000		54,350		15,650	
Goods and Services	3,011,137		2,452,040		5,463,177		5,142,630		320,547	
Committee Expenses	1,341,526		4,600		1,346,126		1,346,126		-	
<b>Sub-total</b>	<b>8,242,063</b>		<b>4,015,190</b>		<b>12,257,253</b>		<b>10,886,168</b>		<b>1,371,085</b>	
<b>Monitoring and Evaluation Services</b>										
Goods and Services	441,030		962,121		1,403,151		1,374,000		29,151	
Committee Expenses	1,080,000		730,600		1,810,600		1,810,600		-	
NG-CDFC, Staff, PMC and Local administration training, Capacity Building and Ward meetings	2,600,000		-		2,600,000		2,593,000		7,000	
<b>Sub-total</b>	<b>4,121,030</b>		<b>1,692,721</b>		<b>5,813,751</b>		<b>5,777,600</b>		<b>36,151</b>	
<b>Primary Schools Projects</b>										
Baraki primary school	700,000		-		700,000		-		700,000	
Chebukaka Boys Primary	-		700,000		700,000		700,000		-	
Chebukaka Girls primary school	1,000,000		-		1,000,000		600,000		400,000	
Chebunyinyi Primary School	-		200,000		200,000		200,000		-	
Chekulo FYM primary	800,000		-		800,000		-		800,000	
Chekwanda Primary School	-		1,700,000		1,700,000		1,700,000		-	
Chemwa R.C primary school	500,000		-		500,000		-		500,000	
Chepsitati primary school	500,000		800,000		1,300,000		1,300,000		-	
Hon. Wetangula Sango Primary school	900,000		-		900,000		900,000		-	
Kabuchai S.A primary school	500,000		-		500,000		-		500,000	
Kabuchai Special Primary School	-		400,000		400,000		400,000		-	
Kiboochi Primary school	600,000		-		600,000		581,067		18,933	

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

Programme/Sub/Programme	Original budget		Adjustments	Final budget		actual on comparable		budget utilization difference
	2019/2020	Kshs		2019/2020	Kshs	2019/2020	Kshs	
Kisiwa primary school	500,000	-	-	500,000	-	500,000	-	500,000
Kuywa primary school	500,000	600,000	600,000	1,100,000	600,000	600,000	600,000	500,000
Kuywa special primary school	300,000	-	-	300,000	300,000	300,000	300,000	-
Lwanda Pefa Primary School.	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-
Lubembe primary school	800,000	600,000	600,000	1,400,000	1,100,000	1,100,000	1,100,000	300,000
Lufutu Primary School	-	600,000	600,000	600,000	600,000	600,000	600,000	-
Lukhome primary	1,000,000	-	-	1,000,000	-	1,000,000	-	1,000,000
Lukhuna Primary School	-	500,000	500,000	500,000	-	500,000	-	500,000
Lukhuna primary school	1,000,000	-	-	1,000,000	500,000	500,000	500,000	500,000
Lucho primary school	500,000	-	-	500,000	-	500,000	-	500,000
Lwanda PEFA primary school	1,100,000	-	-	1,100,000	1,100,000	1,100,000	1,100,000	-
Madisi Primary School	-	300,000	300,000	300,000	300,000	300,000	300,000	-
Makhonge S.A Primary school	900,000	700,000	700,000	1,600,000	700,000	700,000	700,000	900,000
Matibo S.A primary school	1,000,000	700,000	700,000	1,700,000	700,000	700,000	700,000	1,000,000
Misiri R.C primary school	1,000,000	-	-	1,000,000	-	1,000,000	-	1,000,000
Musokho primary school	500,000	-	-	500,000	-	500,000	-	500,000
Nairumbi Primary School	-	700,000	700,000	700,000	700,000	700,000	700,000	-
Nakitumba primary	800,000	-	-	800,000	-	800,000	-	800,000
Nalondo B Primary School	-	700,000	700,000	700,000	700,000	700,000	700,000	-
Nalondo primary school	300,000	-	-	300,000	-	300,000	-	300,000
Nalondo Rc Primary School	-	500,000	500,000	500,000	500,000	500,000	500,000	-
Namakehe Primary School	-	300,000	300,000	300,000	300,000	300,000	300,000	-
Namaondo Primary school	1,100,000	-	-	1,100,000	913,793	913,793	913,793	186,207
Namikelo primary school	1,000,000	900,000	900,000	1,900,000	1,900,000	1,900,000	1,900,000	-
Namusimbi primary school	700,000	-	-	700,000	-	700,000	-	700,000
Nangili primary school	700,000	-	-	700,000	-	700,000	-	700,000
Nangubo primary school	1,000,000	900,000	900,000	1,900,000	900,000	900,000	900,000	1,000,000
Nangwe primary school	800,000	-	-	800,000	-	800,000	-	800,000
Nasaka primary school	1,200,000	-	-	1,200,000	-	1,200,000	-	1,200,000
Pongola primary school	500,000	-	-	500,000	-	500,000	-	500,000

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

Programme/Sub/Programme	Original budget		Adjustments		Final budget		actual on comparable		budget utilization difference
	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	
Samita primary school									
Sanandiki S.A Primary school	700,000		500,000		1,200,000		500,000		700,000
Sango Primary school	900,000		-		900,000		-		900,000
Sawali Primary School	200,000		600,000		800,000		800,000		-
Sichei primary school	-		900,000		900,000		900,000		-
Sikata Primary School	1,000,000		-		1,000,000		-		1,000,000
Sikata R.C primary school	-		400,000		400,000		400,000		-
Sikusi primary school	530,000		500,000		1,030,000		500,000		530,000
Sirwa primary school	700,000		-		700,000		-		700,000
Sitila Primary school	1,000,000		600,000		1,600,000		600,000		1,000,000
St. Walumoli primary school	650,000		-		650,000		-		650,000
Teremi Primary School	1,000,000		-		1,000,000		1,000,000		-
Wabukhonyi primary school	-		300,000		300,000		300,000		-
Walukaya primary school	1,000,000		-		1,000,000		-		1,000,000
Sub-total	900,000		-		900,000		-		900,000
<b>Secondary Schools Projects</b>	<b>31,280,000</b>		<b>16,600,000</b>		<b>47,880,000</b>		<b>24,194,860</b>		<b>23,685,140</b>
Chekulo Friends secondary school	800,000		-		800,000		-		800,000
St. Peter's Lurende Secondary School	200,000		-		200,000		-		200,000
Baraki secondary school	1,000,000		-		1,000,000		1,000,000		-
Busakala secondary school	1,000,000		-		1,000,000		1,000,000		-
Bwake Secondary school	1,200,000		-		1,200,000		1,200,000		-
Chebukaka Girls Secondary school	1,500,000		-		1,500,000		-		1,500,000
Chebukwa Secondary school	7,162,250		-		7,162,250		7,162,250		-
Chekulo Baptist Secondary school	700,000		-		700,000		700,000		-
Chemwa Secondary school	700,000		-		700,000		-		700,000
Hon. Wetangula Mikayu	-		700,000		700,000		700,000		-
Kabuchai Girls Secondary school	500,000		500,000		1,000,000		500,000		500,000
Kasosi Secondary school	250,000		-		250,000		250,000		-
Khatiri secondary school	200,000		700,000		900,000		700,000		200,000
Kibichori secondary school	900,000		700,000		1,600,000		700,000		900,000



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY**

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

Programme/Sub/Programme	Original budget		Adjustments		Final budget		actual on comparable		budget utilization difference	
	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs
Kimalewa Secondary school	500,000		339,280		839,280		-		839,280	
Lukhome Secondary school	600,000		-		600,000		-		600,000	
Lurende Secondary School	-		700,000		700,000		700,000		-	
Luuya Girls Secondary School	-		900,000		900,000		900,000		-	
Madisi secondary school	1,000,000		-		1,000,000		-		1,000,000	
Marobo Boys high school	1,000,000		-		1,000,000		-		1,000,000	
Mikayu Secondary school	1,200,000		-		1,200,000		-		1,200,000	
Milembe Secondary School	-		500,000		500,000		500,000		-	
Musokho Secondary School	-		1,500,000		1,500,000		1,500,000		-	
Nalondo CBM Primary school	1,900,000		-		1,900,000		-		1,900,000	
Namilama secondary school	1,948,750		-		1,948,750		1,948,750		-	
Nangwe Girls Secondary school	170,000		-		170,000		-		170,000	
NASAKA SECONDARY SCHOOL	-		2,000,000		2,000,000		2,000,000		-	
Nangwe Secondary School	-		800,000		800,000		800,000		-	
Pongola secondary school	540,000		-		540,000		540,000		-	
S.A Wabukhonyi secondary school	900,000		-		900,000		-		900,000	
Sanandiki Girls secondary school	810,000		-		810,000		810,000		-	
Sikulu Secondary school	300,000		700,000		1,000,000		1,000,000		-	
Sikusi Secondary school	700,000		700,000		1,400,000		1,400,000		-	
Sirare Secondary School	-		600,000		600,000		600,000		-	
St. Anne Sirare Secondary	250,000		-		250,000		-		250,000	
St. Joseph's Nalondo Boys secondary	800,000		-		800,000		800,000		-	
St. Joseph's Nalondo Girls	1,220,000		800,000		2,020,000		-		2,020,000	
St. Kizito Girls Mukhweya secondary school	150,000		700,000		850,000		700,000		150,000	
Teremi High school	1,000,000		-		1,000,000		-		1,000,000	
<b>Sub-total</b>	<b>31,101,000</b>		<b>12,839,280</b>		<b>43,940,280</b>		<b>28,111,000</b>		<b>15,829,280</b>	
<b>Tertiary Institutions Projects</b>										
KMTC Sichei Campus	7,198,241		-		7,198,241		-		7,198,241	
<b>Sub-total</b>	<b>7,198,241</b>		<b>-</b>		<b>7,198,241</b>		<b>-</b>		<b>7,198,241</b>	
<b>Acquisition of Fixed Assets</b>										

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

Programme/Sub/Programme	Original budget		Adjustments	Final budget		actual on comparable		budget utilization difference
	2019/2020	Kshs		2019/2020	Kshs	2019/2020	Kshs	
NG-CDF Office								
Sub-total	3,000,000		-	3,000,000		3,000,000		-
Emergency Projects	3,000,000		-	3,000,000		3,000,000		-
Emergency Projects	7,198,241		3,261,759	10,460,000		-		10,460,000
Cardinal Otunga Secondary School	-		-	-		200,000		(200,000)
Cherjeni Primary School	-		-	-		400,000		(400,000)
Lukhuana Primary School	-		-	-		200,000		(200,000)
Lukhome Primary School	-		-	-		200,000		(200,000)
Kibichori Secondary School	-		-	-		200,000		(200,000)
Musokho Primary School	-		-	-		200,000		(200,000)
Sirwa Primary School	-		-	-		200,000		(200,000)
Teremi Boys High School	-		-	-		200,000		(200,000)
Patrick Lidovolo	-		-	-		850,000		(850,000)
Kuuywa Girls Sec	-		-	-		48,000		(48,000)
Keen Developers (K) Ltd	-		-	-		780,000		(780,000)
Keen Developers (K) Ltd	-		-	-		313,200		(313,200)
Keen Developers (K) Ltd	-		-	-		286,200		(286,200)
Vat	-		-	-		10,800		(10,800)
Keen Developers (K) Ltd	-		-	-		900,000		(900,000)
Keen Developers (K) Ltd	-		-	-		800,000		(800,000)
Domestic	-		-	-		676,000		(676,000)
Commissioner Income Tax	-		-	-		16,200		(16,200)
Namilama Primary School	-		-	-		129,600		(129,600)
Kabuchai National Gvt Office	-		-	-		800,000		(800,000)
Morobo Primary School	-		-	-		500,000		(500,000)
Misiri Primary School	-		-	-		600,000		(600,000)
Marobo Primary School	-		-	-		500,000		(500,000)
Mikayu Primary School	-		-	-		250,000		(250,000)
Sikusi Secondary School	-		-	-		500,000		(500,000)
Ngalasia Primary School	-		-	-		300,000		(300,000)
	-		-	-		600,000		(600,000)

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY**

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

Programme/Sub/Programme	Original budget		Adjustments		Final budget		actual on comparable		budget utilization difference	
	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs	2019/2020	Kshs
<b>Sub-total</b>	7,198,241		3,261,759		10,460,000		10,460,000		-	
<b>Environment Projects</b>										
Landscaping, Tree Planting and Installation of Water Tanks	2,747,355		1,980,818		4,728,173		4,711,215		16,958	
<b>Sub-total</b>	2,747,355		1,980,818		4,728,173		4,711,215		16,958	
<b>Sports Projects</b>										
Kabuchai Constituency Sport Activities	2,737,864		980,818		3,718,682		2,380,817		1,337,865	
<b>Sub-total</b>	2,737,864		980,818		3,718,682		2,380,817		1,337,865	
<b>Bursaries</b>										
Bursary Secondary Schools	15,341,930		1,903,870		17,245,800		14,581,883		2,663,917	
Bursary Tertiary Schools	19,000,000		7,359,169		26,359,169		16,149,440		10,209,729	
<b>Sub-total</b>	34,341,930		9,263,039		43,604,969		30,731,323		12,873,646	
<b>Security Projects</b>										
Acc office Kabuchai	-		700,000		700,000		700,000		-	
ACC office Mukhweya	800,000		-		800,000		800,000		-	
ACC office Mukuyuni	800,000		500,000		1,300,000		1,000,000		300,000	
Assistant Chief office Kabuchai	300,000		400,000		700,000		640,000		60,000	
Assistant Chief office Sikusi	300,000		400,000		700,000		700,000		-	
Assistant chief's office West Nalondo	600,000		-		600,000		-		600,000	
Assistant County Commissioner Nalondo	500,000		700,000		1,200,000		200,000		1,000,000	
Bungoma Central Sub County Police Headquarters	800,000		650,000		1,450,000		-		1,450,000	
Chief's office Sichei	400,000		-		400,000		-		400,000	
Chwele police office	700,000		1,700,000		2,400,000		1,700,000		700,000	
Sirare assistant chief office	200,000		-		200,000		-		200,000	
<b>Sub-total</b>	5,400,000		5,050,000		10,450,000		5,740,000		4,710,000	
<b>Other Programmes</b>										
Acquisition of ICT Hub	-		2,338,513		2,338,513		-		2,338,513	
<b>Sub-total</b>	-		2,338,513		2,338,513		-		2,338,513	
<b>Grand Total</b>	137,367,724		58,022,138		195,389,862		125,992,983		69,396,879	

## 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 NG CDF - Kabuchai 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 (Kes), 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 30<sup>th</sup> 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.

**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 NG CDF Kabuchai 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.

**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 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020 as required by Law and there was one

**SIGNIFICANT ACCOUNTING POLICIES**

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 2020.

**14. Errors**

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

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

**15. Related Party Transactions**

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

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

**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description		2019-2020	2018-2019
		Kshs	Kshs
NG CDF Board			
AIE Nos.			
	1	53,885,058	
	2	4,000,000	
	3	2,850,000	
	4	16,000,000	
	5	7,000,000	
	6	15,000,000	
	7	11,000,000	
	8	15,000,000	
	5		
B005036	1		10,080,259
B030007	2		500,000
B030177	3		10,000,000
B030410	4		12,000,000
B006352	5		8,000,000
A699111	6		11,000,000
B042891	7		13,000,000
<b>TOTAL</b>		<b>124,735,058</b>	<b>64,580,259</b>

**2. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019
	Kshs	Kshs
Employee Salaries & Wages	2,712,964	2,201,670
Employer Contributions Compulsory National Health Insurance Fund	54,350	46,200
Employer Contributions Compulsory national social security schemes	184,925	66,000
<b>Total</b>	<b>2,952,239</b>	<b>2,313,870</b>



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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	1,810,600	154,000
Committee Allowances	1,346,126	3,292,070
Utilities, supplies and services	29,450	106,000
Communication, supplies and services	-	67,200
Domestic travel and subsistence	-	666,535
Printing, advertising and information supplies & services	-	214,037
Training expenses	2,593,000	985,000
Hospitality supplies and services	3,720,180	150,855
Office and general supplies and services	1,374,000	239,200
Other operating expenses	86,840	39,854
Fuel, oil & lubricants	600,000	100,000
Routine maintenance – vehicles and other transport equipment	706,160	182,260
Routine maintenance – other assets	-	148,173
Strategic Plan		500,000
<b>Total</b>	<b>12,266,356</b>	<b>6,845,184</b>

**4. TRANSFER TO OTHER GOVERNMENT UNITS**

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools	24,194,860	7,300,000
Transfers to secondary schools	28,111,000	25,610,720
<b>Total</b>	<b>52,305,860</b>	<b>32,910,720</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools	14,581,883	16,302,620
Bursary – tertiary institutions	16,149,440	10,814,100
Security projects	5,740,000	1,350,000
Sports projects	2,380,817	927,586
Environment projects	4,711,215	700,000
Emergency projects	10,460,000	5,638,966
<b>Total</b>	<b>54,023,355</b>	<b>35,733,272</b>

**6. SOCIAL SECURITY BENEFITS**

	2019-2020	2018-2019
	Kshs	Kshs
Gratuity – civil servants	1,445,173	-
<b>Total</b>	<b>1,445,173</b>	

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Refurbishment of Buildings	3,000,000	-
<b>Total</b>	<b>3,000,000</b>	<b>-</b>

**8. OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
ICT Hub	-	2,338,513
<b>Total</b>	<b>-</b>	<b>2,338,513</b>

**9. BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Cooperative Bank of Kenya, 01141536140900, Kshs	31,155	1,289,080
<b>Total</b>	<b>31,155</b>	<b>1,289,080</b>

**10. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	1,289,080	16,802,880
<b>Total</b>	<b>1,289,080</b>	<b>16,802,880</b>

**11. PRIOR YEAR ADJUSTMENTS**

Description of the error	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
	Kshs	Kshs	Kshs
Bank account Balances	47,500	-	47,500
<b>Total</b>	<b>47,500</b>		<b>47,500</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**12. OTHER IMPORTANT DISCLOSURES**

**12.1 UNUTILIZED FUND (See Annex 1)**

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	1,050,538	1,558,550
Use of goods and services	358,697	2,457,176
Amounts due to other Government entities	29,558,809	29,439,280
Amounts due to other grants and other transfers	36,092,321	20,536,435
Others - ICT Hub	2,338,513	2,338,513
<b>Total</b>	<b>69,398,878</b>	<b>56,329,954</b>

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

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances	16,111,200	5,301,373
<b>Total</b>	<b>16,111,200</b>	<b>5,301,373</b>

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

**XIV. 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 person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<b>Transfers to Other Government Units</b> The transfers to other government units of Kshs.32,910,720 for the year ended 30 June, 2019 relates to primary and secondary schools . However, the following anomalies were noted;				
1.1	<b>Sikulu Friends Secondary School</b> During the year under review, Sikulu Friends Secondary School received Kshs.700,000 to erect one classroom. The FMC awarded the contract to a local firm and as at 30 June, 2019, Kshs.468,966 had been spent. However, field verification conducted revealed that iron sheets gauge 30 were used for roofing, instead of the harder pre-painted G.C.L., gauge 28 iron sheets specified in the bills of quantities (BQs). Further, the constructed building had five (5) windows instead of seven (7) specified in the approved drawings and design.	The PMC to provide necessary documents.	Winston Lihanda - FAM	Not resolved	Dec. 2021
1.2	<b>Baraki Secondary School</b> The Baraki Secondary School received and spent Kshs.1,400,000 for construction of two (2) classrooms with the Fund management having awarded the project to a local	The PMC to provide necessary documents.	Winston Lihanda - FAM	Not resolved	Dec. 2021

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Reference No. on the external audit Report.	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p>contractor. It was noted from the project records and PMC minutes held on 19 June, 2019 that resolution was made for the BQs from the State Department for Public Works to be domesticated for this project. However, the modified BQs was not availed for audit review.</p> <p><b>Use of Goods and Services</b></p> <p>Included in the use of goods and services expenditure of Kshs.6,845,184 are payments totaling Kshs.1,604,910 which were either not adequately supported or were irregular as highlighted below:</p> <p>i. Kshs.452,070 was spent on monitoring and evaluation of the Fund's projects. However, the relevant monitoring and evaluation reports availed for audit verification were not signed and, therefore, their authenticity could not be confirmed.</p> <p>ii. Kshs.230,240 was spent on two officers of the Fund and one officer from Kabuchai Sub-County Office, for attending a meeting in Mombasa. However, no explanation was provided as to why the Sub-County officer was paid allowances from the Fund's resources.</p> <p>iii. Kshs.136,600 was spent on six officers of the Fund who allegedly went to Nairobi to follow up on the specification of a bus that was to be purchased for Kimalewa Secondary School. However, there were no minutes of a</p>		Winston Lihanda - FAM	Not resolved	Dec. 2021

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	meeting where the expenditure was approved. Further, it was noted that all the six officers had no technical capacity to interrogate automobile specifications. Although it has been explained that a technical officer from the Department of Mechanical Transport was already in Nairobi and was involved in the inspection of the Kimalewa Secondary School Bus, no evidence was availed to support the explanation.				
	iv. Finally, a senior officer of the Fund was paid Kshs.787,000 to cater for accommodation and meals for eighteen (18) persons who attended a capacity building workshop at Comfort Hotel, Busia. However, it was noted that the Fund separately paid the hotel Kshs.162,000 for accommodation and meals for the same individuals, resulting in double benefits to the individuals.				
	<b>Other Matter</b>				
1	<b>Project Management Committee (PMCs) Bank Accounts</b> The financial statements under annex 2 to the financial statements on PMC Bank Balances as at 30 June, 2019 reflects forty-five (45) bank accounts totaling Kshs.5,301,373. However, the respective cashbooks and bank reconciliation statements were not provided to support these balances.		Winston Lihanda - FAM	Not resolved	Dec. 2021
	Further, Annex 1 reflects 2017/2018				

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – KABUCHAI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	comparative balances totaling Kshs.4,474,111 which differ with a total of Kshs.3,542,294 shown in the audited PMC bank balances as at 30 June, 2018 by an unreconciled variance of Kshs.931,817. In addition, the total of Kshs.5,301,373 for the year include Kshs.3,351,825 relating to projects which, according to the project implementation status report, had been completed and were operational as at 30 June, 2019. However, this unutilized amount of Kshs.3,351,825 had not been returned to the constituency account as at the time of the audit, contrary to Section 12 (8) of the National Government Constituencies Development Fund, 2015, which requires all unutilized funds of the Project Management Committees (PMC) to be returned to the constituency account as detailed below: Table				
	In view of the foregoing, the accuracy and completeness of the reported PMC bank balance amount of Kshs.5,301,373 for the year ended 30 June 2019 and Kshs.4,474,111 for the previous year could not be confirmed. Further, management was in breach of law by failing to transfer the un-utilized fund of Kshs.3,351,825 to the constituency account.				
2	<b>Budgetary Control and Performance</b>		Winston Lihanda - FAM	Not resolved	Dec. 2021
2.1	<b>Budgetary Performance</b>				

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.2	<p>During the year under review, and as reported in the summary statement of appropriation: recurrent and development combined, the Fund spent Kshs.80,141,559 against a budgeted amount of Kshs.136,471,513, thereby resulting in a net budget under-absorption of Kshs.56,329,954 or 41% of the budget as highlighted below:</p> <p><b>Detailed Budget – Use of Goods and Services</b></p> <p>The summary statement of appropriation: recurrent and development combined reflects the use of goods final budget of Kshs.9,302,360 and actual expenditure of Kshs.6,845,184, resulting in under absorption of Kshs.2,457,176 representing 26% of the budget. The final budget of Kshs.9,302,360 comprises the original budget of Kshs.6,877,469 and adjustments of Kshs.2,424,891. However, whereas detailed original budget amounts of items under use of goods and services were availed for audit verification, the same was not done for the adjustments of Kshs.2,242,891. As a result, it was not possible to carry out a detailed budgeted versus actual expenditure analysis.</p> <p>In view of the foregoing, the Fund may not have achieved all its project completion and service provision targets, resulting in delayed benefits to the residents of Kabuchai Constituency.</p>				



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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>3</b>	<b>Project Implementation Status</b>				
<b>3.1</b>	<b>Projects for the Year under Review</b> The Fund was to implement a total of 80 projects/programmes under security, education, sports and environment sectors during the financial year. Further analysis indicated 2 projects representing 3% of all projects had not started, 40 projects representing 50% of all projects were still ongoing and 38 projects representing 48% of all projects had been completed as at 30 June, 2019 as highlighted below:		Winston Lihanda - FAM	Not resolved	Dec. 2021
<b>3.2</b>	<b>Prior Years Projects</b> The project implementation status report submitted for audit review indicated that several projects with a total estimated cost of Kshs.75,587,027, which were to be implemented during the 2016/2017 and 2017/2018 financial years were still ongoing as at 30 June, 2019 as detailed below: Consequently, the Fund may not have achieved its project completion targets and could therefore not provide its constituents with all the services planned and budgeted for the six years to 30 June, 2019. Further, management may not be prioritizing on-going projects when allocating funds as required by Section 46 (2) of the National Government Constituencies Development Fund Act, 2015.		Winston Lihanda - FAM	Not resolved	Dec. 2021

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	During the year under review, ten (10) primary and secondary schools received a total of Kshs.6,600,000 from the Fund for the purchase of 9.75 acres of land as tabulated below:				
	However, no ownership documents were availed for audit verification at the time of the audit. Management indicated that the process of acquiring title deeds for the parcels of land was ongoing.				
	In the circumstances, it was not possible to confirm the ownership of the parcels of land valued at Kshs.6,600,000.				



Fund Account Manager  
 Lihanda Winston



Sub-County Accountant  
 Godfrey Simiyu  
 ICPAK Member Number:

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

**ANNEX 1 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees		1,050,538	1,558,550	Yet to receive funds
Use of goods & services		358,697	2,457,176	Yet to receive funds
Amounts due to other Government entities		29,558,809	29,439,280	Yet to receive funds
Amounts due to other grants and other transfers		36,092,321	20,536,435	Yet to receive funds
Others – ICT Hub		2,338,513	2,338,513	NG CDFC intends to request for reallocation
<b>Grand Total</b>		<b>69,398,878</b>	<b>56,329,954</b>	

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

**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	800,000		-	800,000
Buildings and structures	9,500,000	3,000,000	-	12,500,000
Transport equipment	6,158,843		-	6,158,843
Office equipment, furniture and fittings	2,762,000		-	2,762,000
ICT Equipment, Software and Other ICT Assets	758,200		-	758,200
<b>Total</b>	<b>19,979,043</b>	<b>3,000,000</b>	<b>-</b>	<b>22,979,043</b>

ANNEX 3 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020

PMC	Bank	Account Number	Bank Balance 2019/20 (Kshs)	Bank Balance 2018/19 (Kshs)
Kabuchai constituency environment	Co-operative Bank of Kenya	1141668506200	4,712	1,498
Kabuchai constituency sports	Co-operative Bank of Kenya	1141668565600	19,772	2,955
Cdf office	Co-operative Bank of Kenya	1141669605400	6,225	2,825
St. Peters lurende secondary school	Co-operative Bank of Kenya	1141669793100	33,800	4,100
Khatiri secondary school	Co-operative Bank of Kenya	1141669537400	21,820	67,129
Bwake secondary school	Co-operative Bank of Kenya	1141049931700	2,325	2,325
Chekulo baptist sec school	Co-operative Bank of Kenya	1141536393800	750	150
Mikayu sec school	Co-operative Bank of Kenya	1141425652400	3,757	1,558
Chekulo friends sec school	Co-operative Bank of Kenya	1129049932200	0	22,621
Kibichori sec school	Co-operative Bank of Kenya	1141536393900	12,853	1,473
Sikusi sec school	Co-operative Bank of Kenya	1141049933100	1,016,914	12,488
Busakala sec school	Co-operative Bank of Kenya	1141049329600	971,485	3,485
St.kizito sec mukweya sec school	Co-operative Bank of Kenya	1141669455800	5,930	5,930
Sa.wabukhonyi sec school	Co-operative Bank of Kenya	1141425979200	1,463	1,463
Sandadiki girls sec school	Co-operative Bank of Kenya	1141669227900	167,838	288,738
Kabuchai girls sec school	Co-operative Bank of Kenya	1139049932902	11,280	27,280
Pongola sec school	Co-operative Bank of Kenya	1141669759600	4,445	5,285
Kasosi sec school	Co-operative Bank of Kenya	1141669759600	445	5,285
St.joseph nalondo boys sec school	Co-operative Bank of Kenya	1141049934300	2,712	2,713
St.anne sirare sec school	Co-operative Bank of Kenya	1141049449301	1,050	300,200
St.joseph nalondo girls sec school	Co-operative Bank of Kenya	1139409229502	1,443	1,563
Chemwa sec school	Co-operative Bank of Kenya	1141668233300	3,563	703,563
Nangwe girls sec school	Co-operative Bank of Kenya	1141049433500	10,906	11,026
Baraki sec school	Co-operative Bank of Kenya	1141782897500	1,001,265	1,328,975
Kimalewa sec school	Co-operative Bank of Kenya	1141049933700	4,275	4,275

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

PMC	Bank	Account Number	Bank Balance 2019/20 (Kshs)	Bank Balance 2018/19 (Kshs)
Lukhome sec school	Co-operative Bank of Kenya	1141049933900	7,758	7,758
Sikulu sec school	Co-operative Bank of Kenya	1141050275900	7,845	4,073
Teremi high school	Co-operative Bank of Kenya	1139050298002	1,025,890	1,025,890
Chebukwa sec school	Co-operative Bank of Kenya	1141049936300	7,166,755	4,505
Nangubo pri school	Co-operative Bank of Kenya	1141536927200	3,663	2,563
Chekulo fym pri school	Co-operative Bank of Kenya	1141011497600	1,569	1,569
Misiri r.c pri school	Co-operative Bank of Kenya	1141050136700	8,763	2,463
Kiboochi pri school	Co-operative Bank of Kenya	1141049257201	2,220	2,053
Nasaka pri school	Co-operative Bank of Kenya	1141011596700	1,278	1,278
Sikusi pri school	Co-operative Bank of Kenya	1141049852400	0	11
Lubembe pri school	Co-operative Bank of Kenya	1141669899400	155,425	2,425
Sirwa pri school	Co-operative Bank of Kenya	1141669786400	1,325	1,325
Wabukhonyi pri school	Co-operative Bank of Kenya	1141049582100	7,060	7,180
Sanandiki pri school	Co-operative Bank of Kenya	1141668503200	-	241,465
Matibo fym pri school	Co-operative Bank of Kenya	1141427050000	5,870	5,870
Luucho pri school	Co-operative Bank of Kenya	1141536267000	5,471	5,472
Kabuchai s.a pri school	Co-operative Bank of Kenya	1141049881600	1,298	1,298
Sitila pri school	Co-operative Bank of Kenya	1141049266300	999	999
Nalondo r.c pri school	Co-operative Bank of Kenya	1141668243800	3,213	2,213
Chemwa r.c pri school	Co-operative Bank of Kenya	1141049901300	575	575
Nangwe pri school	Co-operative Bank of Kenya	1141049429100	8,288	638,238
St.walumoli pri school	Co-operative Bank of Kenya	1141425757300	982,675	2,675
Hon. Wetangula sango pri school	Co-operative Bank of Kenya	1139050212300	857,554	2,454
Kuywa special pri school	Co-operative Bank of Kenya	1141782320100	304,325	4,325
Chepsitati pri school	Co-operative Bank of Kenya	1141049256000	496,082	912
Chebukaka girls pri school	Co-operative Bank of Kenya	1141011500400	1,500	2,160
Lukhuna pri school	Co-operative Bank of Kenya	1139049857601	34,813	4,363

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

Reports and Financial Statements

For the year ended June 30, 2020

PMC	Bank	Account Number	Bank Balance 2019/20 (Kshs)	Bank Balance 2018/19 (Kshs)
Samita pri school	Co-operative Bank of Kenya	1141425877800	3,874	3,774
Namaondo pri school	Co-operative Bank of Kenya	1141049275900	1,958	64
Nalondo residential house	Co-operative Bank of Kenya	1141669956500	25,038	504,719
Assistant chief's office sikusi	Co-operative Bank of Kenya	1141782320400	17,197	1,325
Assistant chief's office kabuchai	Co-operative Bank of Kenya	1141782991600	20,284	0
Chwele police office	Co-operative Bank of Kenya	1141536916400	1,635,902	2,763
Assistant chief's office west nalondo	Co-operative Bank of Kenya	1141669447000	3,712	3,713
<b>Total</b>			<b>16,111,207</b>	<b>5,301,373</b>

