

REPUBLIC OF KENYA



*Enhancing Accountability*

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<b>REPORT</b>	
THE NATIONAL ASSEMBLY	
DATE: 01 MAR 2022	DAY: TUE
TABLED BY: OF	LDM
CLERK-AT THE-TABLE:	G. Chebet.

**THE AUDITOR-GENERAL**

**ON**

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

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





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

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

To provide leadership and policy direction for effective and efficient management of the Fund

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**Core Values**

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

**(b) Key Management**

The NGCDF MALAVA Constituency day-to-day management is under the following key organs:

- i. National Government Constituencies Development Fund Board (NGCDFB)
- ii. National Government Constituency Development Fund Committee (NGCDFC)

**(c) Fiduciary Management**

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

No	Designation	Name
1.	A.I.E holder	Collins Tasisio Obuya
2.	Sub-County Accountant	Lencer Akoth Odira
3.	Chairman NGCDFC	Festus Newton Mmasi
4.	Member NGCDFC	Everline Simwa

**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF – Malava Constituency. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(e) NGCDF MALAVA Constituency Headquarters**

P.O. Box 281 - 50103  
NGCDF House  
Off Kakamega-Webuye Road next to Malava Market  
Malava, KENYA

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**(f) NGCDF MALAVA Constituency Contacts**

Telephone: (254) 721901620  
E-mail: [ngcdfmalava@ngcdf.go.ke](mailto:ngcdfmalava@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF MALAVA Constituency Bankers**

1. Cooperative Bank of Kenya  
Kakamega Branch  
A/C No. 01141165163100

**(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





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**II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE**

The constituency currently has 147 Primary and 50 Secondary schools in the public sector. It is one of the third highly populated constituencies and above all, a purely rural constituency. Owing to this, there is heavy pressure on the available funds in terms of infrastructure development as well as education bursary needs. It is in fact the largest constituency in Kakamega County.

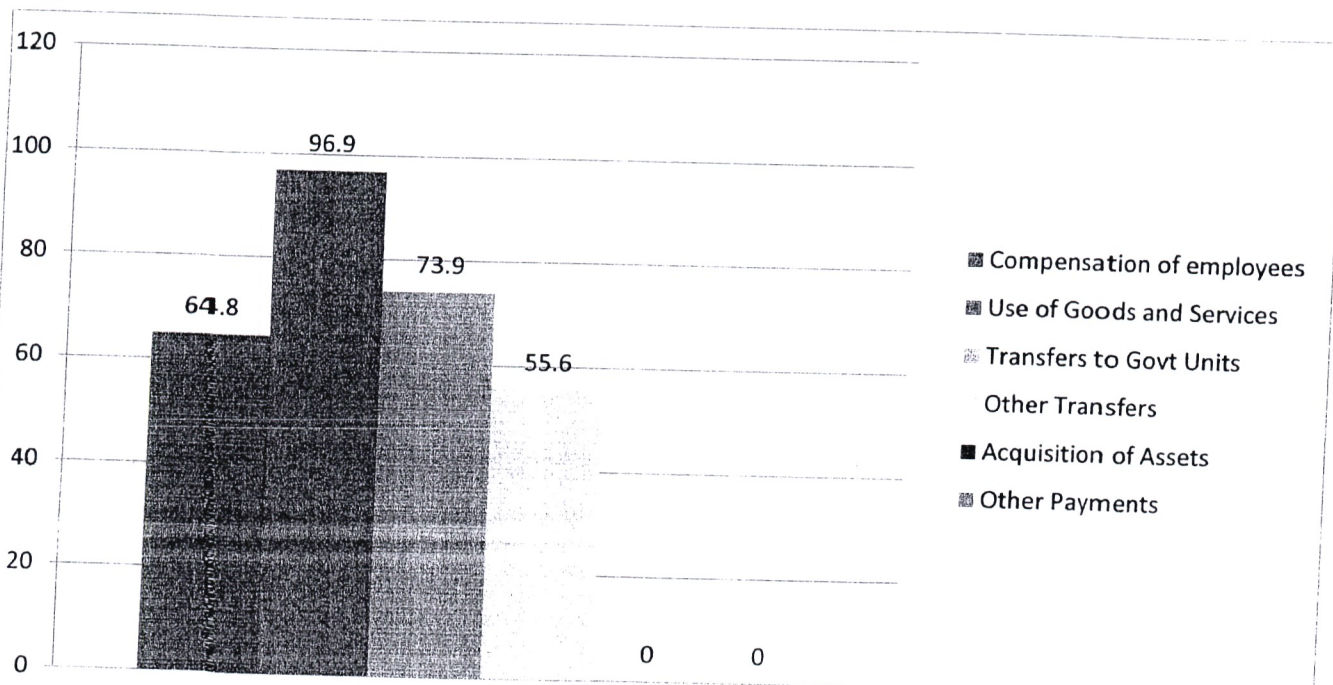
**Financial report**

The constituency received Ksh.98,000,000 out of Ksh.137,367,724 meant for Financial year 2019/2020. There was a balance brought forward of Ksh.2,392,648 and also received Ksh.1,150,000 being part of 2018/2019 Financial year giving us a total of Ksh.101,542,648 as available funds. The total payments for the financial year amounted to Ksh.97,450,570.

To ensure reduced risks of funds misappropriation by the project implementers, we have strictly adhered to the use of the Inspection and Acceptance certificate which is duly signed by the institution's management and NG-CDF representative/ clerk of works. The cheques are only cleared after presentation of the bank payment schedule duly signed by the Fund Account Manager. Owing to some cases of non-adherence by PMCs to the set down guidelines, the NGCDF Committee approved the Fund Account Manager to be a mandatory Signatory on all PMC accounts which has greatly borne positive results.

The committee was able to train the PMCs and contractors once more so as to ensure proper project implementation and accountability. All projects were implemented under full contract by use of already prequalified contractors by the Malava NG-CDFC or the National Government Sub County Procurement Units.

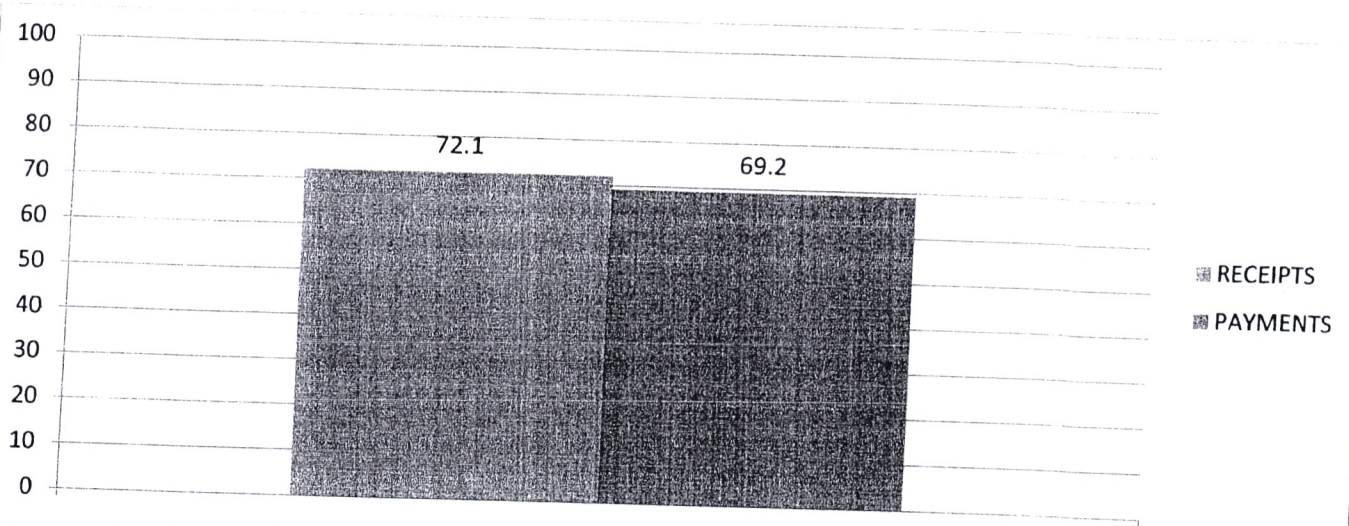
**Graphical Representation of Expenditure in percentage**



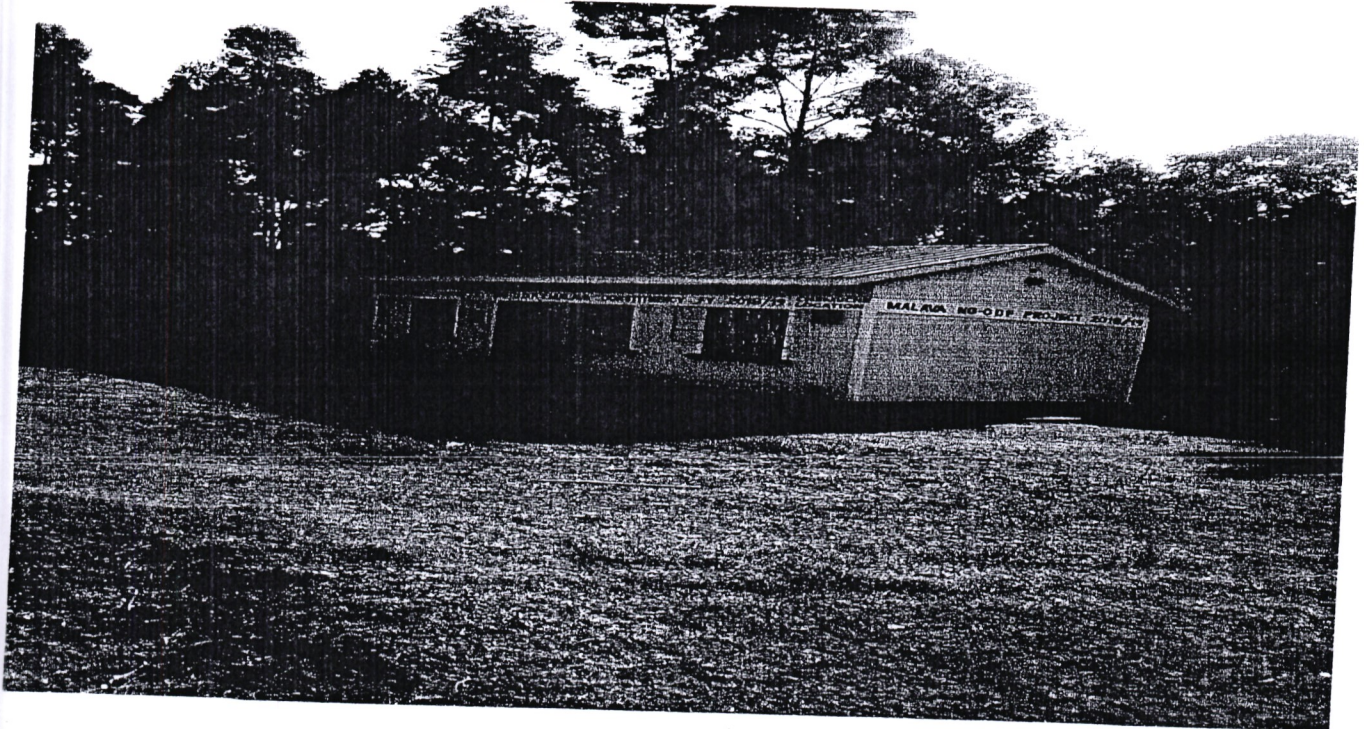
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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**Graphical Representation of Receipts and Expenditure in percentage**



**Best projects for the Financial Year 2019/2020**



**Chemuche Location construction of Chief's office funded by Malava NGCDF Financial Year 2018/2019 and 2019/2020**

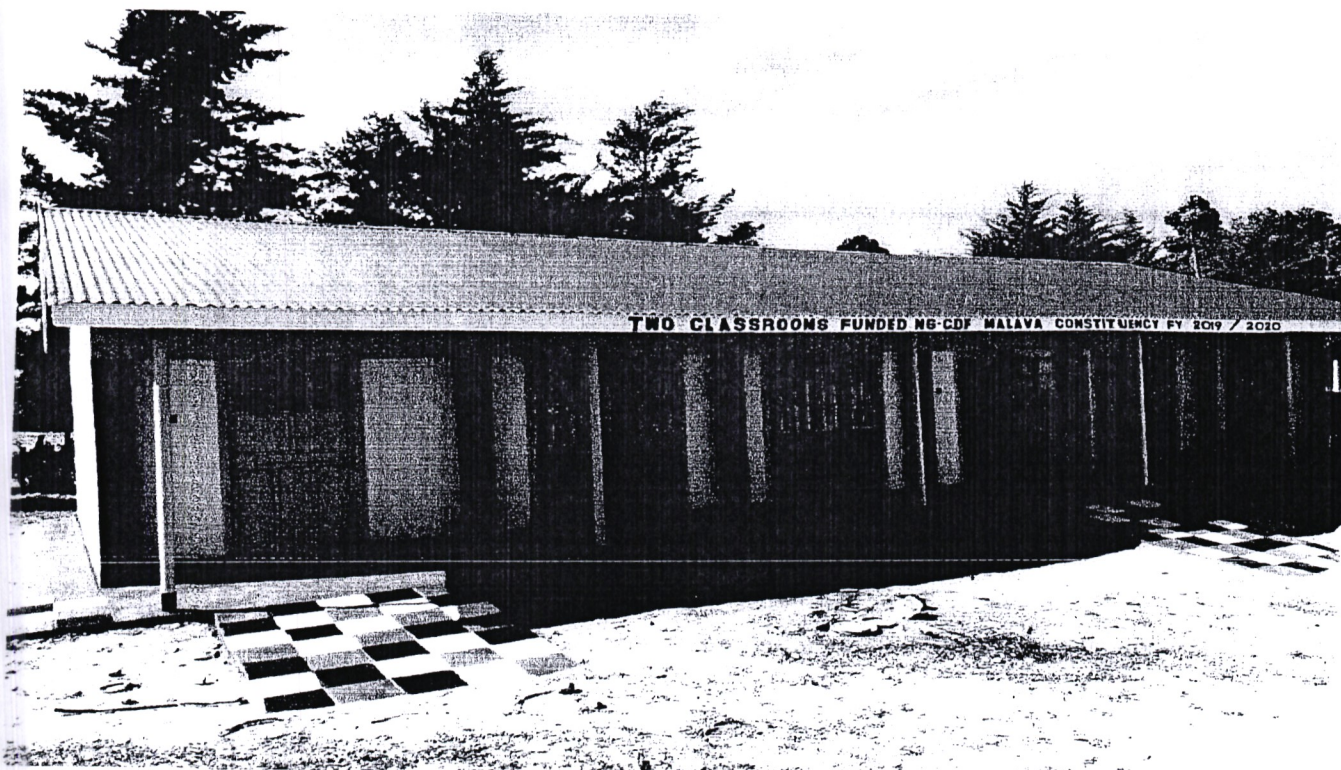
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
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Silungai Boys High School construction of Dormitory funded by Malava NGCDF Financial Year 2018/2019 and 2019/2020



Sawawa Secondary School construction of 2 classrooms funded by Malava NGCDF Financial Year 2019/2020



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Kakoyi Primary School construction of Administration Block funded by Malava NGCDF Financial Year 2018/2019 and 2019/2020

**Emerging Issues**

1. Heavy rainfall in the constituency throughout the year making classroom roofs to be blown off by strong winds and pit latrines sinking.
2. Difficulty in accessing the projects due to poor roads as a result of the heavy rainfall and the wide area coverage
3. Very high population hence increased need for infrastructural developments in both the education and security sectors

**Implementation challenges**

1. Shortage of Public Works Officers in the County
2. Lack of sufficient financial and technical knowledge among the PMCs
3. Hostility of the locals demanding for jobs at the sites

**Remedies to the challenges**

1. Proper planning by the project implementers to ensure we share the scarce Technical personnel
2. Use of our Clerk of Works who has the relevant expertise to guide the PMCs
3. Conducting capacity building to the PMCs

**FESTUS NEWTON MMASI  
CHAIRMAN NG – CDF COMMITTEE  
MALAVA CONSTITUENCY**

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**III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES**

**Introduction**

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

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

- a) To improve infrastructure in learning institutions and increase enrolment in schools
- b) To enable constituents access administration and security services
- c) To improve sanitation in schools and reduce environmental degradation
- d) To enable youth in the constituency to be self-reliant

**Progress on attainment of Strategic development objectives**

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To improve infrastructure in learning institutions and increase enrolment in schools	Increased number of classrooms in schools. Increased number of students joining Primary, secondary Schools and colleges	- Number of usable physical infrastructure built in primary, secondary, and tertiary institutions - Number of bursary beneficiaries at all levels	In FY 2019/2020 -we constructed 34 classrooms in Primary schools and 14 classrooms in Secondary schools, 4 Dormitories, 4 Administration Blocks, 2Twin Laboratories, a Library and Multipurpose Hall. -Bursary beneficiaries at all levels were as per the Annual Expenditure Returns

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Security	To enable constituents access administration and security services	Reduced crime rate in the constituency and increased access to Administration services	- Number of police post and Chiefs/Administration offices	In FY 2019/2020 We constructed one police post and 3 chiefs offices
Environment	To improve sanitation in schools and reduce environmental degradation	Improved sanitation in learning institutions	- Number of modern toilets constructed in schools	In FY 2019/2020 We constructed 5 modern toilets in schools
Sports	To enable youth in the constituency to be self-reliant	Increased sporting activities	- Sponsor an annual constituency sports tournament	In FY 2019/2020 We sponsored the best secondary schools soccer team in the County

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

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

This is aimed at ensuring efficient and effective management of public resources at the grassroots level thus transformation of livelihoods. It remains our purpose and the driving force behind everything we do. It's what guides us to deliver our strategies, which is founded on social sector, namely; Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

**1. SUSTAINABILITY STRATEGY AND PROFILE**

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

Model	Definition	Relevance to sustainable strategy
Vision	To be a leading Constituency in equitable socio-economic development.	What the Constituency aspires to be in the fullness of time.
Mission	To provide servant and visionary leadership, giving policy direction for effective and efficient management of the Fund.	This communicates what the NGCDF Malava does to attain sustainable developments
Core Values	Transparency and Accountability, Professionalism and Integrity, Commitment and team work, Neutrality and Objectivity, Timeliness and Excellence, Advocacy for participatory approach.	These are the norms, principles and beliefs that the NGCDF Malava upholds in order to follow the right path towards attainment of the set objectives

To realize effective sustainability, 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





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outside Stakeholders with a clear set of objectives for management, and a yardstick by which external audiences can judge our progress and achievements against their expectations. The frameworks under which we operated included projects identification, allocation of funds, approval, implementation and monitoring.

**2. ENVIRONMENTAL PERFORMANCE**

**Environment Policy and Action Plan**

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

**Our Environmental Policy**

In this policy statement Malava NG-CDF commits to:

Comply with all relevant environmental legislation, regulations and approved codes of practice

Protecting the environment by striving to prevent and minimize our contribution to pollution of land, air, and water

Seeking to keep waste to a minimum and maximize the efficient use of materials and resources

Managing and disposing of all waste in a responsible manner;

Providing training for our CDFC and staff so that we all work in accordance with this and within an environmentally aware culture

Regularly communicating our environmental performance to our employees and other significant stakeholders

Developing our management processes to ensure that environmental factors are considered during planning and implementation

Monitoring and continuously improving our environmental performance.

Seeking to leverage our environmental impact by encouraging stakeholders to improve their environmental performance

**Our Environmental Action Plan**

Malava NG-CDF has identified four areas in which we as an office have direct or indirect environmental impact, and where we can implement initiatives to manage and reduce these impacts.

These four areas together with our approach and targets for each are shown below:

Impact Area	Approach
Capacity Building	<p>Promote environmental awareness through sensitizing the Malava NG-CDFC, NG-CDF staff and PMCs on best conservation practices</p> <p>To encourage Malava NG-CDFC, staff, and other stakeholders, through communication on behaviour change</p>

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Conservation of Energy and Resources	<p>To maximize use of available technologies to remove the need to use paper</p> <p>To encourage our clients to engage with us using electronic means where possible</p> <p>To maximize on rain water harvesting</p> <p>To make energy efficiency a key factor in the selection of any new energy device being purchased</p> <p>To invest in available energy saving technologies and devices within our existing premises</p>
Environmental Protection and Conservation	<p>To promote purchase and installation of fire extinguishers to aid in extinguishing and controlling fires</p> <p>To encourage tree planting in the constituency to improve the forest cover.</p> <p>To promote use of volt guards to control power surges</p>
Pollution Control and Waste Management	<p>To ensure segregation of waste</p> <p>To ensure proper human waste disposal through construction of pit latrines, septic and soak pit tanks</p>

**3. EMPLOYEES WELFARE**

**TERMS AND CONDITIONS OF SERVICE**

NGCDF Malava Constituency has put in place a robust recruitment, selection and placement procedures in line with the Employment Act.

It also caters for the health, safety and well-being of the office staff.

The office has maintain healthy and safe working conditions for its employees to ensure there is no personal injury caused by accidents.

**Fire precautions**

The fire protection facilities have been provided both inside and outside the building and they are adequate and maintained annually

General information on fire precautions and fire equipment is contained in stickers on the wall next to the fire extinguishers

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**Provision of protective equipment and clothing**

The Fund Account Manager ensures that officers who are employed in any process involving exposure to wet or to any injurious or offensive substances are provided with adequate, effective and suitable protective clothing and appliances.

**Health Care Services**

The staff, including spouses and children, are eligible to affordable health care services and to benefit from the NHIF medical scheme as statutory deductions are done and remitted on a monthly basis

**Persons Living with Disability**

Persons living with Disability both staff and Constituents welfare is taken care of by ensuring that they can access the office and other important facilities easily.

NG-CDFC 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-CDFC 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.

**a) Responsible competition practice.**

During projects implementation the office transfers funds to the Project Management Committees who are thereafter guided during tendering process, to ensure that the locals benefit competitively in the provision of services and materials to the projects.

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

**b) Responsible Supply chain and supplier relations**

Payments to suppliers are done promptly upon presentation of requisite supporting documents

**c) Responsible marketing and advertisement**-outline efforts to maintain ethical marketing practices. Advertisement for tenders is done publicly and no form of discrimination is applied to unfairly lock out interested bidders

**d) Product stewardship**

In order to safeguard consumer rights and interests, the Malava NG-CDF came up with a service charter and the complaints handling policy, principles and procedures. The service charter points out our commitment in ensuring that we provide quality services to our customers with high level professionalism, integrity and courtesy, whereas complaints handling policy, principles and procedures shows our commitment to consistent, fair and confidential complaint handling and to resolve complaints as quickly as possible

**5. 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

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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.



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

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

In summary stakeholders participation is important since:

Providing information helps them understand the issues, options, and solutions available for the projects

Consulting with the public aids in obtaining their feedback on alternatives or decisions

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

**Public Awareness**

Ensuring implementation of NG-CDF funded projects are transparent and known to everybody within the community.

Increase accountability hence ensure local citizens gain skills and confidence to carryout social audits as means to enhanced accountability in management of other devolved funds apart from NG-CDF at constituency and other levels within the constituency.

Increase public participation at all stages of project cycle funded under NG-CDF kitty

Identify control and report any irregularities witnessed during NG-CDF project implementation cycle

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**V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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

The Accounting Officer in charge of the NGCDF-Malava Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Malava Constituency accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer in charge of the NGCDF-MALAVA Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-Malava Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

**Approval of the financial statements**

The NGCDF-Malava Constituency financial statements were approved and signed by the Accounting Officer on 13<sup>th</sup> September 2020.

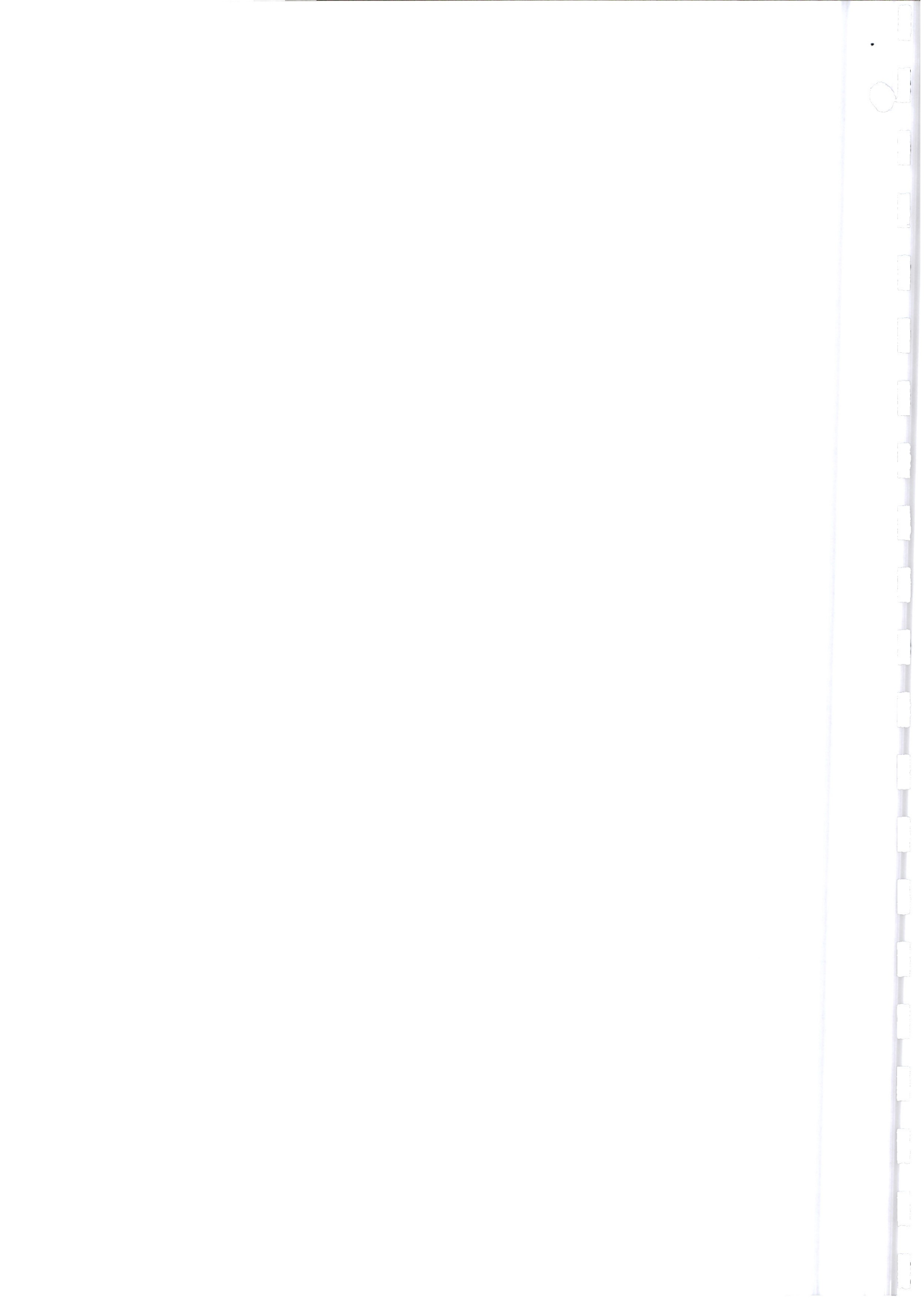


Fund Account Manager  
Collins Obuya

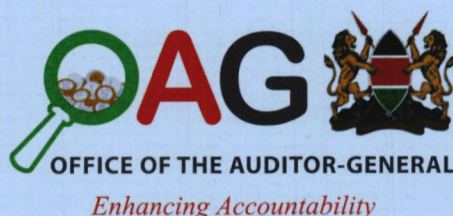


National Sub-County Accountant  
Lencer Akoth Odira  
ICPAK Member Number: 13306





# REPUBLIC OF KENYA



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Anniversary Towers  
Monrovia Street  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MALAVA 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 - Malava Constituency set out on pages 1 to 29, which comprise the statement assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation: recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

#### Basis for Qualified Opinion

##### 1. Unsupported Project Management Committee (PMC) - Bank Account Balances

Note 17.4 to the financial statements reflects project management committee (PMC) bank account balances totalling to Kshs.11,380,523 as at 30 June, 2020 as detailed in annex 4 to the financial statements. However, the bank reconciliation statements and cashbooks in support of these balances were not provided.

Consequently, the accuracy and validity of the project management committee bank account balances of Kshs.11,380,523 as at 30 June, 2020 could not be confirmed.

## **2. Accuracy of the financial statements**

The summary statement of appropriation: recurrent and development combined shows total actual receipts of Kshs.100,876,123. However, the re-computed amount is Kshs.101,542,648 thereby resulting in an unexplained variance of Kshs.666,525.

Consequently, the accuracy of the financial statements is in doubt.

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

### **Key Audit Matters**

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

### **Other Matter**

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

The summary statement of appropriation: recurrent and development combined shows that the Fund had total budgeted receipts of Kshs.140,910,372 against actual receipts of Kshs.101,542,648 thereby resulting in an under-collection of Kshs.39,367,724 or 28% of the expected receipts. Further, the statement shows total budgeted expenditure of Kshs.140,910,372 against actual expenditure of Kshs.97,450,570 thereby resulting in an under expenditure of Kshs.43,459,802 or 31% of the budgeted expenditure.

The under-collection of receipts and under expenditure is an indication that the planned programs and projects were not implemented and therefore the residents of Malava Constituency did not receive the services they are entitled to.

#### **2. Project Implementation Status**

Review of the projects implementation status (PIS) report as at 30 June, 2020, reveals that the Fund had planned to implement sixty-eight (68) projects at a cost of Kshs.145,004,629 and which exceeds the approved budget for the financial year 2019/2020 of Kshs.140,910,372.

According to the PIS, thirty-five (35) projects costing Kshs.59,600,000 had been completed, nine (9) projects costing Kshs.60,804,629 were on going and at various levels of completion while twenty-four (24) projects costing Kshs.24,600,000 had not commenced and no reason was provided as to why the same had not commenced.

Non-implementation of projects as planned is an indication that the residents of Malava Constituency did not receive the services that they are entitled to.

## 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

#### Unsatisfactory Implementation of Projects

##### 1. Transfer to Other Government Units - 200 Bed Capacity Dormitory at Lwanda K. Secondary School

As disclosed in Note 4 to the financial statements, the statement of receipts and payments reflects a transfers to other Government units' figure of Kshs.56,850,000. Included in this amount is an expenditure of Kshs.31,100,000 transferred to secondary schools which in turn includes Kshs.2,400,000 disbursed to Lwanda Secondary School in respect for construction of a 200-bed capacity dormitory during the year under review.

The contract was awarded to a local construction company for a contract sum of Kshs.4,495,335. However, as at the time of audit in February, 2021, although the building was indicated to be complete, the floor and walls had cracked an indication of poor workmanship and there was no evidence that the contractor had been asked to rectify this. In addition, the bills of quantity had provisional sums totalling to Kshs.510,000 out of which Kshs.300,000 for electrical works had no documentary evidence on how it was utilized by the contractor. This is contrary to the provisions of section 150(1) of the Public Procurement and Asset Disposal Act, 2015 which requires the accounting officer or his or her appointed representative to be responsible for ensuring that the goods, works and services are of the right quality and quantity.

The Management is therefore in breach of the law and the residents of Malava Constituency did not receive value for the Kshs.4,495,335 incurred on the project.

##### 2. Other Grants and Transfers

Included in other grants and transfers figure of Kshs.27,083,387 as disclosed in Note 5 to the financial statements, are amounts totalling Kshs.2,200,000 disbursed to Shivanga Chief's Office and Manda Secondary School towards the construction of the chief's office and three (3) classrooms respectively. However, a review of the two projects' records provided revealed anomalies as detailed below: -

<b>Date</b>	<b>P.V NO.</b>	<b>Payee</b>	<b>Description</b>	<b>Amount Kshs.</b>	<b>Observations</b>
03-Jun-20	201	Shivanga Chief's Office	Construction of Chief's office and 4 door pit latrines	1,700,000	1.No inspection and acceptance report from the relevant authorities 2. Floors and walls have cracks; the ceiling cornice was poorly fixed.
23-Mar-20	457	Manda Secondary	Construction of 3no. Classrooms to completion	500,000	1. No proposal letter from the school to show this was an emergency. 2. No Inspection and acceptance report from relevant authorities. 3. Floors and walls have cracks.
<b>Total</b>				<b>2,200,000</b>	

This is contrary to the provisions of Section 150(1) of the Public Procurement and Assets Disposal Act, 2015 which requires the accounting officer or his or her appointed representative to be responsible for ensuring that the goods, works and services are of the right quality and quantity.

Consequently, the Management is in breach of the law.

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

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

### Conclusion

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

### Basis for Conclusion

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

### Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**04 February, 2022**

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

**MALAVA CONSTITUENCY**

**Reports and Financial Statements**

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

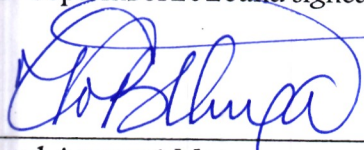
**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2019 - 2020	2018 - 2019	2018 - 2019
			Restated	As per Certificate
		Kshs	Kshs	Kshs
<b>RECEIPTS</b>				
Transfers from NGCDF board	1	99,150,000	162,675,359	162,675,359
<b>TOTAL RECEIPTS</b>		<b>99,150,000</b>	<b>162,675,359</b>	<b>162,675,359</b>
<b>PAYMENTS</b>				
Compensation of employees	2	2,541,156	1,975,120	2,541,645
Use of goods and services	3	10,976,027	13,516,874	13,516,874
Transfers to Other Government Units	4	56,850,000	96,652,904	96,652,904
Other grants and transfers	5	27,083,387	47,970,000	47,970,000
Acquisition of Assets	6	0	157,760	157,760
Other Payments	7	0	3,500,000	3,500,000
Retention payable				100,000
<b>TOTAL PAYMENTS</b>		<b>97,450,570</b>	<b>163,772,658</b>	<b>164,439,183</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>1,699,430</u></b>	<b><u>(1,097,299)</u></b>	<b><u>(1,763,824)</u></b>

*Being accrued staff gratuity Ksh.566,525 in Compensation of employees which was initially expensed in Financial Year 2018/2019.*

*Being Retention fee Ksh. 100,000 payable to M/s Wakwetu two Thousand Ltd.in Transfer to Government units .*

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malava Constituency financial statements were approved on 13<sup>th</sup> September 2020 and signed by:



Fund Account Manager  
Collins Obuya



National Sub-County Accountant  
Lencer Akoth Odira  
ICPAK Member Number:13306



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

**MALAVA CONSTITUENCY**

**Reports and Financial Statements**

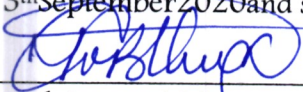
**For the year ended June 30, 2020**


**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2019-2020	2018-2019	2018-2019
			Restated	As per certificate
		Kshs	Kshs	Kshs
<b>FINANCIAL ASSETS</b>				
Cash and Cash Equivalents				
Bank Balances ( as per the cash book)	8	4,092,078	2,392,648	2,392,648
<b>Total Cash and Cash Equivalents</b>		<b>4,092,078</b>	<b>2,392,648</b>	<b>2,392,648</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>4,092,078</b>	<b>2,392,648</b>	<b>2,392,648</b>
<b>FINANCIAL LIABILITIES</b>				
Retention	9			100,000
Deposits (Gratuity)	10			566,525
<b>TOTAL FINANCIAL LIABILITIES</b>				<b>666,525</b>
<b>NET FINANCIAL ASSETS</b>		<b><u>4,092,078</u></b>	<b><u>2,392,648</u></b>	<b><u>1,726,123</u></b>
<b>REPRESENTED BY</b>				
Fund balance b/fwd	11	2,392,648	3,489,947	3,489,947
Surplus/Deficit for the year		1,699,430	(1,097,299)	(1,763,824)
<b>NET FINANCIAL POSITION</b>		<b><u>4,092,078</u></b>	<b><u>2,392,648</u></b>	<b><u>1,726,123</u></b>

*Being casting errors whereby accrued staff gratuity Ksh.566,525 and retention fee Ksh.100,000 were misclassified as Financial Liabilities in Financial year 2018/2019*

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malava Constituency financial statements were approved on 13<sup>th</sup> September 2020 and signed by:

  
Fund Account Manager  
Collins Obuya

  
National Sub-County Accountant  
Lencer Akoth Odira  
ICPAK Member Number:13306



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

**MALAVA CONSTITUENCY**

**Reports and Financial Statements**

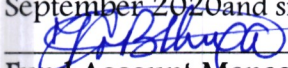
**For the year ended June 30, 2020**


**IX. STATEMENT OF CASHFLOW**

		2019 - 2020	2018 - 2019	2018 - 2019
			Restated	As per certificate
		Kshs	Kshs	Kshs
Receipts for operating income				
Transfers from NGCDF Board	1	99,150,000	162,675,359	162,675,359
<b>Total receipts</b>		<b>99,150,000</b>	<b>162,675,359</b>	<b>162,675,359</b>
Payments for operating expenses				
Compensation of Employees	2	2,541,156	1,975,120	2,541,645
Use of goods and services	3	10,976,027	13,516,874	13,516,874
Transfers to Other Government Units	4	56,850,000	96,652,904	96,752,904
Other grants and transfers	5	27,083,387	47,970,000	47,970,000
Other Payments	7	0	3,500,000	3,500,000
<b>Total payments</b>		<b>97,450,570</b>	<b>163,614,898</b>	<b>164,281,423</b>
<b>Total Receipts Less Total Payments</b>		<b>1,699,430</b>	<b>(939,539)</b>	<b>(1,606,064)</b>
Adjusted for				
Increase/(Decrease) in Accounts payable: (Deposits/Gratuity and Retention)				666,525
<b>Net cash flow from operating activities</b>		<b>1,699,430</b>	<b>(939,539)</b>	<b>(939,539)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>				
Acquisition of Assets	6	0	157,760	157,760
<b>Net cash flows from Investing Activities</b>		<b>0</b>	<b>(157,760)</b>	<b>(157,760)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>1,699,430</b>	<b>(1,097,299)</b>	<b>(1,097,299)</b>
Cash and cash equivalent at BEGINNING of the year	11	2,392,648	3,489,947	3,489,947
Cash and cash equivalent at END of the year	12	<u>4,092,078</u>	<u>2,392,648</u>	<u>2,392,648</u>

*Being casting errors whereby accrued staff gratuity Ksh.566,525 and retention fee Ksh.100,000 were misclassified as operating activities in Financial year 2018/2019*

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Malava Constituency financial statements were approved on 13<sup>th</sup> September 2020 and signed by:

  
Fund Account Manager  
Collins Obuya

  
National Sub-County Accountant  
Lencer Akoth Odira  
ICPAK Member Number: 13306



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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	137,367,724	3,542,648	140,910,372	101,542,648	39,367,724	72.1
<b>PAYMENTS</b>	137,367,724	3,542,648	140,243,847	100,876,123	39,367,724	72.1
Compensation of Employees	3,895,830	594,415	4,490,245	2,541,156	1,949,089	56.6
Use of goods and services	8,467,265	2,592,657	11,059,922	10,976,027	83,895	99.2
Transfers to Other Government Units	76,750,000	181,356	76,931,356	56,850,000	20,081,356	73.9
Other grants and transfers	48,254,629	154,109	48,408,738	27,083,387	21,325,351	55.9
Acquisition of Assets	0	20,111	20,111	0	20,111	0.0
<b>TOTALS</b>	137,367,724	3,542,648	140,910,372	97,450,570	43,459,802	69.2

Below we provide our comments on budget utilisation

- i. Budget underutilisation on compensation of employees is due to the provision for staff gratuity which is yet to be paid.
- ii. Budget underutilisation on Transfers to other government units is due to delay in disbursement of funds from the Board
- iii. Budget underutilisation on other grants and transfers is due to the shelved disbursement of bursary funds to schools as a result of the Covid 19 pandemic.

The NGCDF-Malaya Constituency financial statements were approved on 13<sup>th</sup> September 2020 and signed by:

  
Fund Account Manager  
Collins Obuya



National Sub-County Accountant  
Lencer Akoth Odira  
ICPAK Member Number: 13306

BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
<b>1.0 Administration and Recurrent</b>					
1.1 Compensation of employees	3,895,830	594,415	4,490,245	2,541,156	1,949,089
1.2 Committee allowances	2,038,494	383,745	2,421,969	2,405,388	16,581
1.3 Use of goods and services	2,307,740	1,100,000	3,407,740	3,377,952	29,788
<b>2.0 Monitoring and evaluation</b>					
2.1 Capacity building	500,000	0	500,000	500,000	0
2.2 Committee allowances	1,448,412	450,000	1,898,412	1,891,522	6,890
2.3 Use of goods and services	2,172,619	640,538	2,813,157	2,801,165	11,992
<b>3.0 Emergency</b>					
3.1 Primary Schools	7,198,241		7,198,241	6,241,077	957,164
<b>4.0 Bursary and Social Security</b>					
4.2 Secondary Schools	17,500,000		17,500,000	100,000	17,400,000
4.3 Tertiary Institutions	9,000,000	54,109	9,054,109	8,784,310	269,799
4.4 Universities	8,006,388		8,006,388	5,308,000	2,698,388
<b>5.0 Sports</b>					
Lugusi Secondary School	100,000	200,000	300,000	200,000	100,000
<b>6.0 Environment</b>					
Matende Primary School	150,000	0	150,000	150,000	0
<b>7.0 Primary Schools Projects (List all the Projects)</b>					
Fubuye Primary School	350,000		350,000	350,000	0
Kokoyo Primary School	200,000	100,000	300,000	300,000	0
Bulupi Primary School	1,800,000		1,800,000	1,800,000	0
Chegulo Primary School	1,800,000		1,800,000	1,800,000	0
Chesero Primary School	800,000		800,000	800,000	0

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

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Chimoroni Primary School	800,000		800,000	800,000	0
<b>Kakovi Primary School</b>	1,800,000		1,800,000	1,800,000	0
Kimangeti Primary School	800,000		800,000	800,000	0
Lunyü Primary School	800,000		800,000	800,000	0
Lusumu Primary School	800,000		800,000	800,000	0
Malava Primary School	3,500,000		3,500,000	3,500,000	0
Malimali Primary School	800,000		800,000	800,000	0
Matende Primary School	800,000		800,000	800,000	0
Matete Primary School	800,000		800,000	800,000	0
Mukangu Primary School	800,000		800,000	800,000	0
Mukavakava Primary School	800,000		800,000	800,000	0
Mukongolo Primary School	1,800,000		1,800,000	1,800,000	0
Sheywe Primary School	800,000		800,000	800,000	0
Bisunu Primary School	1,000,000		1,000,000	-0	1,000,000
Bunuku Primary School	1,800,000		1,800,000	1,000,000	800,000
Lukala Primary School	1,000,000		1,000,000	-0	1,000,000
Lutali Primary School	900,000		900,000	900,000	0
Lurale Primary School	1,000,000		1,000,000	-0	1,000,000
Makhwabuye Primary School	900,000		900,000	900,000	0
Malichi Primary School	500,000		500,000	-0	500,000
Matioli Primary School	1,000,000		1,000,000	1,000,000	0
Mukhungula Primary School	900,000		900,000	-0	900,000
Mukhuuyu Primary School	500,000		500,000	-0	500,000
Musidi Primary School	500,000		500,000	-0	500,000
Muitsuma Primary School	900,000		900,000	900,000	0
Namatata Primary School	1,000,000		1,000,000	-0	1,000,000
Namushiya Primary School	1,000,000		1,000,000	-0	1,000,000
Samitsi Primary School	900,000		900,000	900,000	0

Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Shanda Primary School	1,100,000		1,100,000	-0	1,100,000
<b>Shivikwa Primary School</b>					
Silungai Primary School	900,000		900,000	-0	900,000
St. Martin Primary School	900,000		900,000	-0	900,000
Tumbeni Primary School	900,000		900,000	-0	900,000
<b>8.0 Secondary Schools Projects (List all the Projects)</b>	1,000,000		1,000,000	-0	1,000,000
Kwasali Secondary School					
Shamoni Secondary School	1,200,000		1,200,000	1,200,000	0
Tumbeni Secondary School	250,000		250,000	250,000	0
Chimoroni Secondary School	250,000		250,000	250,000	0
Isanjiro Girls Secondary School	800,000		800,000	800,000	0
Malawa Boys Secondary School	800,000		800,000	800,000	0
Manda Secondary School	3,000,000		3,000,000	3,000,000	0
Matete Secondary School	900,000		900,000	900,000	0
Matioli Secondary School	4,800,000		4,800,000	4,800,000	0
Mugai Secondary School	4,800,000		4,800,000	4,800,000	0
Mutsuma Secondary School	3,000,000		3,000,000	3,000,000	0
Namushiya Secondary School	800,000		800,000	800,000	0
Sawawa Secondary School	800,000		800,000	800,000	0
Shiandiche Secondary School	800,000		800,000	800,000	0
Silungai Boys Secondary School	1,200,000		1,200,000	1,200,000	0
Chevosso Secondary School	3,500,000		3,500,000	3,500,000	0
Lwanda K Secondary School	1,200,000		1,200,000	-0	1,200,000
Mahira Secondary School	4,400,000		4,400,000	2,400,000	2,000,000
Shivanga Secondary School	900,000		900,000	900,000	0
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>	900,000		900,000	900,000	0





Programme/Sub-programme	Original Budget 2019/2020	Adjustments	Final Budget 2019/2020	Actual on comparable basis 30/06/2020	Budget utilization difference
Malava KMTC	3,800,000		3,800,000	0	3,800,000
<b>10.0 Security Projects</b>					
Kuvasali Police Post	4,000,000		4,000,000	4,000,000	0
Burundu Chief's Office	800,000		800,000	800,000	0
Chemuche Chief's Office	750,000		750,000	750,000	0
Shivanga Chief's Office	750,000		750,000	750,000	0
<b>11.0 Acquisition of assets</b>		20111	20,111		0
	<b>137,367,724</b>	<b>3,542,648</b>	<b>140,910,372</b>	<b>97,450,570</b>	<b>20,111</b>
					<b>43,459,802</b>

## **XI. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

### **2. Reporting Entity**

The financial statements are for the NGCDF-MALAVA Constituency. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

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

#### **a) Recognition of Receipts**

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

##### **Tax Receipts**

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

##### **Transfers from the Exchequer**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **External Assistance**

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

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

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

During the year ended 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.

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

**5. In-kind contributions**

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

**6. Cash and Cash Equivalents**

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

**7. Accounts Receivable**

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

**8. Accounts Payable**

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

**9. Pending Bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

**10. Unutilized Fund**

Unutilized funds consist of bank balances in the constituency account and funds not yet disbursed by the Board to the constituency at the end of the financial year. These balances are available for use in the subsequent financial year to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(2) of NGCDF Act, 2015.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **11. Budget**

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

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

### **12. Comparative Figures**

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

### **13. Subsequent Events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 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 CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
NGCDF Board		
AIE NO B005009		43,405,173
AIE NO B005065		11,379,310
AIE NO B030272		10,000,000
AIE NO B030491		12,000,000
AIE NO B006438		8,000,000
AIE NO B047028		24,000,000
AIE NO B047568		53,890,876
AIE NO B041119	4,000,000	
AIE NO B047784	16,000,000	
AIE NO B047836	7,000,000	
AIE NO B049366	15,000,000	
AIE NO B104390	15,000,000	
AIE NO B096604	11,000,000	
AIE NO B096789	1,150,000	
AIE NOB096766	30,000,000	
<b>TOTAL</b>	<b>99,150,000</b>	<b>162,675,359</b>

**2. COMPENSATION OF EMPLOYEES**

	2019-2020	2018-2019	2018-2019
		Restated	As per Certificate
	Kshs	Kshs	Kshs
Basic wages of temporary employees	2,136,190	1,743,552	1,743,552
Personal allowances paid as part of salary	284,966	126,448	126,448
Pension and other social security contributions (Gratuity)	-	-	566,525
Employer Contributions Compulsory national social security schemes	120,000	105,120	105,120
<b>Total</b>	<b>2,541,156</b>	<b>1,975,120</b>	<b>2,541,645</b>

*Being accrued staff gratuity Ksh.566,525 which was initially expensed in Financial Year 2018/2019*





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

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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

	2019-2020	2018-2019
	Kshs	Kshs
Committee Expenses	2,405,388	3,251,220
Utilities, supplies and services	316,566	581,300
Communication, supplies and services	281,327	302,820
Domestic travel and subsistence	3,876,700	2,736,800
Printing, advertising and information supplies & services	-	10,400
Training expenses	250,000	-
Hospitality supplies and services	611,439	516,070
Specialized materials and services	-	1,679,230
Office and general supplies and services	1,911,295	3,743,146
Other operating expenses	301,025	34,710
Fuel, Oil and Lubricants	797,392	447,295
Routine maintenance – vehicles and other transport equipment	224,895	66,818
Routine maintenance – other assets	-	147,065
<b>Total</b>	<b>10,976,027</b>	<b>13,516,874</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to primary schools (see attached list)	25,750,000	57,302,903
Transfers to secondary schools (see attached list)	31,100,000	39,350,001
<b>TOTAL</b>	<b>56,850,000</b>	<b>96,652,904</b>

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

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	100,000	17,788,000
Bursary – tertiary institutions (see attached list)	11,784,310	14,476,000
Bursary – special schools (see attached list)	1,358,000	3,296,000
Security projects (see attached list)	7,250,000	4,350,000
Sports projects (see attached list)	200,000	-
Environment projects (see attached list)	150,000	200,000
Emergency projects (see attached list)	6,241,077	7,860,000
<b>Total</b>	<b>27,083,387</b>	<b>47,970,000</b>

**6. ACQUISITION OF ASSETS**

	2019-2020	2018-2019
	Kshs	Kshs
Purchase of ICT Equipment, Software and Other ICT Assets	-	157,760
<b>Total</b>	<b>-</b>	<b>157,760</b>

**7. OTHER PAYMENTS**

	2019-2020	2018-2019
	Kshs	Kshs
Strategic plan	-	3,500,000
	-	3,500,000

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

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
Cooperative Bank 01141165163100 KES	4,092,078	2,392,648
<b>Total</b>	<b>4,092,078</b>	<b>2,392,648</b>

**9. RETENTION**

	2019 - 2020	2018-2019
	Kshs	Kshs
Contractual Retention	-	68,184
Contractual Retention	-	31,816
<b>Total</b>	<b>-</b>	<b>100,000</b>

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**10. GRATUITY DEPOSITS**

	2019 - 2020	2018-2019
	Kshs	Kshs
Bonface Wekesa		-
Ian Lavusa Madaga		84,320
Jane Chisika Mutili		84,320
Thomas Masai Werashipala		63,240
David Jomo Lumbasi		63,240
Shadrack Lusala Mukwe		60,605
Isabella Ingatina Amisi		52,700
Nathan Lumuli Lumbasi		52,700
James Simon Sioma		52,700
Manase Burudi Shatuma		52,700
<b>Total</b>		<b>566,525</b>

**11. BALANCES BROUGHT FORWARD**

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	2,392,648	3,489,947
<b>Total</b>	<b>2,392,648</b>	<b>3,489,947</b>

**15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST**

	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	-	-
Imprest issued during the year (B)	9,810,000	-
Imprest surrendered during the Year (C)	9,810,000	-
Net changes in account receivables D= A+B-C	-	-

**16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	100,000
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	<b>100,000</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**17. OTHER IMPORTANT DISCLOSURES**

**17.2: PENDING STAFF PAYABLES (See Annex 1)**

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	1,213,850	566,525
	1,213,850	566,525

**17.3: UNUTILIZED FUND (See Annex 2)**

	2019-2020	2018-2019	2018-2019
		Restated	As per Certificate
	Kshs	Kshs	Kshs
Compensation of employees	1,382,564	594,415	27,890
Use of goods and services	350,420	2,592,657	2,592,657
Amounts due to other Government entities (see attached list)	20,081,356	181,356	81,356
Amounts due to other grants and other transfers (see attached list)	21,625,351	154,109	154,109
Acquisition of assets	20,111	20,111	20,111
	43,459,802	3,542,648	2,876,123

*Being accrued staff gratuity Ksh.566,525 in Compensation of employees which was initially expensed in Financial Year 2018/2019.*

*Being Retention fee Ksh. 100,000 payable to M/s Wakwetu two Thousand Ltd. in Transfer to Government units .*

**17.4: PMC account balances (See Annex 4)**

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	11,380,523	20,601,304
	11,380,523	20,601,304

**THE LOCAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALAVA CONSTITUENCY**  
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**ANNEX 1 - ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
		a	b	c	d=a-c	
<b>Senior Management</b>		78,120	01.07.2019	0	78,120	
Bonface Wekesa		162,440	01.02.2018	0	162,440	
Ian Lavusa Madaga		155,000	01.02.2018	0	155,000	
Jane Chisika Mufili		130,200	01.02.2018	0	130,200	
Thomas Masai Werashipala		130,200	01.02.2018	0	130,200	
David Jomo Lumbasi		120,125	01.02.2018	0	120,125	
Shadrack Lusala Mukwe		112,220	01.02.2018	0	112,220	
Isabella Ingatina Amisi		108,500	01.02.2018	0	108,500	
Nathan Lumuli Lumbasi		108,500	01.02.2018	0	108,500	
James Simon Sioma		108,500	01.02.2018	0	108,500	
Manase Burudi Shatuma		78,120	01.02.2018	0	78,120	
<b>Sub-Total</b>		<b>1,213,805</b>		<b>0</b>	<b>1,213,805</b>	

**LOCAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALAVA CONSTITUENCY**  
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**ANNEX 2-UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2019/20	Outstanding Balance 2018/19	Comments
Compensation of employees				
Use of goods & services		1,382,564	594,415	
Amounts due to other Government entities		350,420	2,592,657	
		20,081,356	181,356	
Amounts due to other grants and other transfers				
		21,625,351	3,368,428	
Sub-Total				
Acquisition of assets				
Others ( <i>specify</i> )		43,489,691	154,109	
		20,111	20,111	
Sub-Total				
Grand Total		43,459,802	3,542,648	

**REPORTS AND FINANCIAL STATEMENTS CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – MALAVA CONSTITUENCY**  
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**ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER**

Asset class	Historical Cost b/f (Kshs) 2018/19	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2019/20
Land	400,000			400,000
Buildings and structures	19,244,660			19,244,660
Transport equipment	10,627,703			10,627,703
Office equipment, furniture and fittings	407,840			407,840
ICT Equipment, Software and Other ICT Assets	1,829,808			1,829,808
Other Machinery and Equipment	518,838			518,838
<b>Total</b>	<b>33,028,849</b>			<b>33,028,849</b>



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –  
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**ANNEX 4 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2020**

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Tande Primary School	Cooperative	01139610482600	-	161,320
Mukoko Primary school	Cooperative	01139632431400	-	701,292
Muriola Primaary School	Cooperative	01139632796400	-	309,981
Mwikhupo Primary School	Cooperative	01139632389100	-	636,709
Matioli K Primary School	Cooperative	01139167483600	71,199	492,081
Kokoyo Primary School	Cooperative	01139804719600	1,120	157,329
Masungutsa Primary School	Cooperative	01139804719900	-	81,553
Teresia Primary School	Cooperative	01139167461600	-	100,604
Chimoroni Primary School	Cooperative	01139166903700	1,052	1,001,550
Kakoyi Primary School	Cooperative	01139098409101	8,040	1,003,040
Chesero Primary School	Cooperative	01139632381700	93,908	1,005,247
Mukangu Primary School	Cooperative	01141165784700	2,518	6,118
Matende Primary School	Cooperative	01139098493403	1,000	1,470
Malimali Primary School	Cooperative	01139098493000	1,490	1,000
Lusumu Primary School	Cooperative	01139631203400	4,318	1,923
Matete Primary School	Cooperative	01139435276700	464,048	1,260
Fubuye Primary School	Cooperative	01139098489904	1,968,688	1,968,688
Shikokhwe Primary School	Cooperative	01139165472402	-	188,958
Sambuli Primary School	Cooperative	01139098487401	-	582,556
Emusali Primary School	Cooperative	01141545858600	-	81,108
Kimangeti Primary school	Cooperative	01139098488501	709	1,001,280
Chegulo Primary School	Cooperative	01139411334600	37,561	17,610
Mukavakava Primary School	Cooperative	01139098488101	1,500	1,500
Mukongolo Primary School	Cooperative	01139098423001	33,700	1,600
Bulupi Primary School	Cooperative	01139098494701	16,325	1,000

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

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PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
Malava Primary School	Cooperative	01139098492502	12,156	2,985
Sheywe Primary School	Cooperative	01141804848300	83,201	-
Bisunu Primary School	Cooperative	01139167272600	1,463	-
Bunuku Primary School	Cooperative	01139098489001	1,000	-
Lukala Primary School	Cooperative	01139098495601	1,643	-
Lutali Primary School	Cooperative	01139631045900	905,413	-
Lurale Primary School	Cooperative	01139098491000	3,250	-
Makhwabuye Primary School	Cooperative	01139098490601	902,678	-
Malichi Primary School	Cooperative	01139098489602	1,798	-
Lunyu Primary School	Cooperative	01139167562200	1,554	-
Mukhungula Primary School	Cooperative	01139098490900	1,000	-
Mukhuyu Primary School	Cooperative	01139166939000	3,024	-
Musidi Primary School	Cooperative	01139167273900	5,223	-
Mutsuma Primary School	Cooperative	01139098486300	900,240	-
Namatala Primary School	Cooperative	01139609943600	2,254	-
Namushiya Primary School	Cooperative	01139098486101	2,400	-
Samitsi Primary School	Cooperative	01139098486200	903,705	-
Shanda Primary School	Cooperative	01139167273100	2,298	-
Shivikhwa Primary School	Cooperative	01139098495300	1,000	-
Silungai Primary School	Cooperative	01139435339101	4,174	-
St. Martin Primary School	Cooperative	01139435276000	84,741	-
Tumbeni Primary School	Cooperative	01139098495501	1,009	-
Bukhakunga Secondary School	Cooperative	01139098255202	-	3,000
Tombo Secondary School	Cooperative	01139165050100	-	282,674
Malava Girls Secondary School	Cooperative	01139098138302	-	345,582

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

**Reports and Financial Statements**

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

PMC	Bank	Account number	Bank Balance 2019/20	Bank Balance 2018/19
St. Monica Namatala Girls	Cooperative	01139631104304	-	723,840
St. MarygorettKalenda Sec	Cooperative	01139167171000	-	520,436
Tumbeni Secondary School	Cooperative	01139631019703	13,785	948,552
Isanjiro Girls Secondary School	Cooperative	01139545084600	107,974	3,251
Chimoroni Secondary School	Cooperative	01139098227403	116,299	1,001,970
Silungai Boys Secondary School	Cooperative	01139098261801	116,515	1,012,825
Manda Secondary School	Cooperative	01141804798500	18,341	2,000,000
Namushiya Secondary School	Cooperative	01139098232402	244,680	1,050
Matioli Secondary School	Cooperative	01141631086500	213	1,001,737
Mutsuma Secondary School	Cooperative	01139098350503	175,055	1,005,227
Sawawa Secondary School	Cooperative	01139631376400	33,657	1,002,379
Malava Boys Secondary School	Cooperative	01139098141202	61,556	1,837
Mugai Secondary School	Cooperative	01139098254702	86,200	1,001,100
Kuvasali Secondary School	Cooperative	01139098227002	116,515	2,566
Shamoni Secondary School	Cooperative	01139098143202	3,524	2,726
Matete Secondary School	Cooperative	01141098255300	1,012,446	-
Lwanda K Secondary School	Cooperative	01139098255502	503,429	-
Mahira Secondary School	Cooperative	01139098142302	352,960	-
Shivanga Secondary School	Cooperative	01139098254901	900,975	-
Kuvasali Police Post	Cooperative	01141804538400	310,872	230,790
Burundu Chiefs Office	Cooperative	01141804813500	74,246	-
Chemuche Chiefs Office	Cooperative	01141804813400	69,456	-
Shivanga Chiefs Office	Cooperative	01141805176200	529,425	-
<b>Total</b>			<b>11,380,523</b>	<b>20,601,304</b>



**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)																								
1.0	Basis for Qualified Opinion																												
	Prior Year Balances																												
		<table border="1"> <thead> <tr> <th>Expenditure Item</th> <th>2018/2019 Kshs.</th> <th>2017/2018 Kshs.</th> <th>Variances Kshs.</th> </tr> </thead> <tbody> <tr> <td>Use of Goods and Services</td> <td>5,449,364</td> <td>3,710,107</td> <td>(1,739,257)</td> </tr> <tr> <td>Transfer to other Government Units</td> <td>41,820,480</td> <td>41,673,384</td> <td>(147,096)</td> </tr> <tr> <td>Other Grants and Transfers</td> <td>6,210,692</td> <td>6,357,788</td> <td>147,096</td> </tr> <tr> <td>Acquisition of Assets</td> <td>177,871</td> <td>3,977,871</td> <td>3,800,000</td> </tr> <tr> <td>Other payments</td> <td>3,500,000</td> <td>1,439,257</td> <td>2,060,743</td> </tr> </tbody> </table>	Expenditure Item	2018/2019 Kshs.	2017/2018 Kshs.	Variances Kshs.	Use of Goods and Services	5,449,364	3,710,107	(1,739,257)	Transfer to other Government Units	41,820,480	41,673,384	(147,096)	Other Grants and Transfers	6,210,692	6,357,788	147,096	Acquisition of Assets	177,871	3,977,871	3,800,000	Other payments	3,500,000	1,439,257	2,060,743			
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	<p>It was noted that the summary statement of appropriation: recurrent and development combined reflects adjustments on original budget figures which do not agree with previous certified balances detailed below.</p> <p>Further, the following was noted;</p> <p>(i) The compensation of employees figure of Kshs.2,541,645 includes Kshs.566,525 unpaid accrual gratuity leading to overstatement of the expenses by Kshs.566,525.</p> <p>(ii) On the statement of cash flows, transfer to other governments units figure of Kshs.96,752,904 is not in agreement with statement of receipts figure of Kshs.96,652,904 by Kshs.100,000.</p> <p>(iii) The summary statement of appropriation (combined) transfer from National Government Constituencies Development Fund</p>	<p>i). It is true the expenses were overstated by Ksh.566,525. This was an oversight since the amount was provision for staff gratuity. This has since been rectified.</p> <p>ii). The variance of Ksh.100,000w</p>	<p>Collins Obuya                      Fund Account                      Manager</p>	<p>Not Resolved</p>	<p>N/A</p>																								



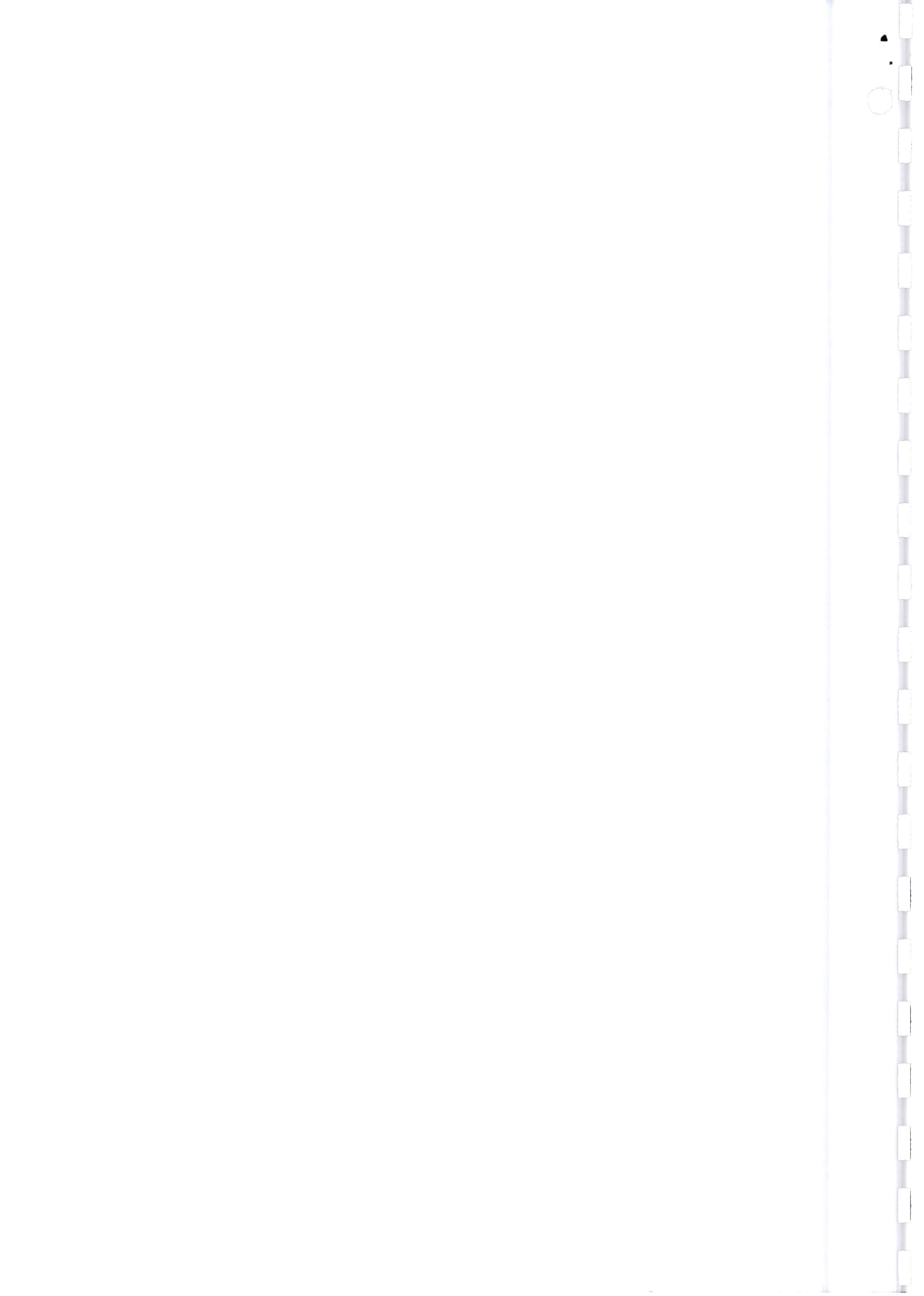
**REPORTS AND FINANCIAL STATEMENTS DEVELOPMENT FUND (NGCDF) – MALAVA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

<p>(iv) Board actual on comparable basis figure Kshs.166,165,306 varies with the statement of receipts and payment actual figure of Kshs.162,675,359 by Kshs.3,489,947.</p> <p>Annex 3 to the financial statements on the Project Management Committee (PMC) reflect a comparative bank balance total figure of Ksh.329,754 which differ with the previous year's certified balance of Kshs.6,748,349 by unreconciled variance of Kshs.6,418,595.</p> <p>In the circumstances, it was not possible to ascertain accuracy of the balances reflected in the financial statements for the year under review.</p>	<p>as retention money wrongly classified. This has been rectified and the retention properly disclosed.</p> <p>iii). The difference of Ksh.3,489,947 represents the opening balance as at 1<sup>st</sup> July 2018</p> <p>iv). This was an oversight while preparing the Financial Statement since it was an error of omission. However, the Financial statement has been rectified appropriately.</p>	
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<p>2.0</p>	<p><b>Irregular Procurement of Projects</b></p> <p>An amount of Kshs.1,000,000 was disbursed to Lunyu Primary School vide P.V. No.258 and cheque No.9794 for construction of 2 classrooms. However, no bill of quantities was availed for audit review. Also, it was noted from the documents that no tendering process were conducted for the project.</p> <p>Further, it was noted from the payment vouchers that the tender was awarded to a local contractor, but later, a payment of Kshs.665,505 was made in cash to an individual person on behalf of the contractor. No information was availed to explain how the individual paid was related to the contractor.</p> <p>In the circumstances, the procurement regulations were not adhered to as required.</p>	<p>The individual paid was a director of the contracted company. The other director requested for the money to be urgently paid since the suppliers and labourers had camped at his home demanding immediate payments.</p>	<p>Collins Obuya Fund Account Manager</p>	<p>Not Resolved</p>	<p>N/A</p>
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Projects Verification

Review of records for various project implemented during the year under review revealed anomalies in the project implementations as detailed in the remarks column below:

No	Project Name	Amount Disbursed Kshs.	Variance Kshs	Project Status and Comments	Remarks	FY Accounting to the Code list	Project Activity according to the Code list
1	Kuvasa li Police Post	700,000	695,000		The money was used to purchase land and not for the intended purpose which was to construct the office. No supporting documents, no minutes of the same, no requests made to show the reasons to re-allocate funds and no documents to show that the board agreed to the re-allocation of funds to a different project.	2017/2018	Construct office to slab level- Kshs. 700,000
2	Kuvasa li Police Post	300,000	92,160		Unsupported expenditure. The money WAS NOT USED for the intended purpose according to the code list hence cannot	2017/2018	Purchase 1/4 acre piece of land- Kshs. 300,000

The NGCDF met and resolved to buy 1 acre land at Ksh.700,000 as opposed to the initial decision of purchasing 1/4 acre at Ksh..300,000. We requested the NGCDF Board for approval and we are waiting for their confirmation letter.

The ksh.1,500,000 was used in construction of slab since the initial Ksh.1,000,000 had been partly used to acquire land at Ksh.700,000 leaving a balance of only Ksh.300,000

The sign post has been erected.

Collins Obuya  
 Fund Account  
 Manager

Not Resolved

N/A

**10. MALAYA CONSTITUENCIES DEVELOPMENT FUND (NGCDF) - MALAYA CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2020**

					be accounted for as it was budgeted.	2018/2019	
3	Kuvasa li Police Post	1,500, 000	1,44 9,66 7	50,3 33	Project completed in use Construction of slab was to be done the previous financial year 2017/2018. In this disbursement according to the code list, they requested money for constructing the slab twice. - No signboard erected as per the BQ worth Ksh.10,000 yet the project was handed over and is in use. - No project handover minutes. - No inspection and acceptance certificate.	Construction of office - Foundation, slab, walling and ring beam.	
4	Burund u Chief's Office	900,00 0	884, 970	15,0 30	Completed project in use - Delayed disbursement of funds hence Payments done the next financial year 2019/2020 - No acceptance and inspection certificate. - No signboard erected as per the BQ worth Kshs.30,000 yet the project	Construction of office block - Foundation, slab, walling & ring beam, windows, door fixing and roofin	The implementation of Burundu Chiefs office was delayed due to late disbursement of funds from the NGCDF Board. The sign post





