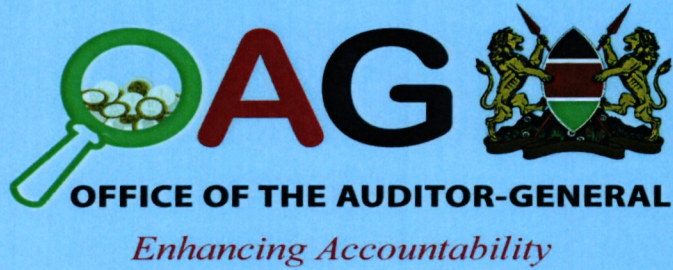


REPUBLIC OF KENYA



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REPORT

THE NATIONAL ASSEMBLY	
DATE: 22 NOV 2022	
DAY: Tuesday	
TABLED BY:	LoM
CLERK AT THE TABLE:	Amora

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**

Revised Template 30th June 2021



LOIMA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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

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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

The National Government Constituencies Development Fund (NG-CDF) formerly Constituencies Development Fund (CDF), is established under the NG-CDF Act 2015 as amended in 2016. The Act is a successor to the Constituencies Development Fund (CDF) Act of 2003 which initiated the Fund and its subsequent amendments/reviews of 2007 and 2013. At cabinet level, NG-CDF is represented by the Cabinet Secretary for the Treasury, who is responsible for the general policy and strategic direction of the Fund.

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

Core Values

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

Functions of NG-CDF Committee

The Functions of the NG-CDF Committee is as outlined in section 11 of The National Government Constituencies Development Fund Regulations, 2016.

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	A.I.E holder	James Emuria Echwa
2.	Sub-County Accountant	James Muli
3.	Chairman NGCDFC	Lopayo Lawrence Lomuria
4.	Member NGCDFC	Emily Ariong

(d) Fiduciary Oversight Arrangements

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

Loima NGCDF
Loima Constituency Office
Lodwar - Uganda Road
Lorugum

(f) Contacts

Loima NGCDF
P.O Box 193-30500
LODWAR
Telephone: (254) 070 830 9703
E-mail: cdfloima@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) Bankers

Loima NGCDF
Equity Bank Ltd
Lodwar Branch
P.O Box
LODWAR

(h) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 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. LOIMA NG-CDFC CHAIRPERSON'S REPORT



**Lopayo Lawrence Lomuria,
Chairman, NGCDF Loima**

I am privileged to present our annual financial report for the FY 2020/2021. This year we have had a major challenge with the outbreak of Covid 19 virus that slowed down economic performance in the Country and the whole world. Even with the slowed economic activities, the Constituency has witnessed an improved performance in the overall management of the fund, we have equally launched some of the projects that had been earlier initiated.

The report is a true reflection of Loima NG-CDFC budget performance against actual amounts for current year; based on economic classification and programmes. The NG-CDF have improved the Education and Security infrastructures within the Constituency which is evident from the Transfers to Other Government entities, other grants and transfers.

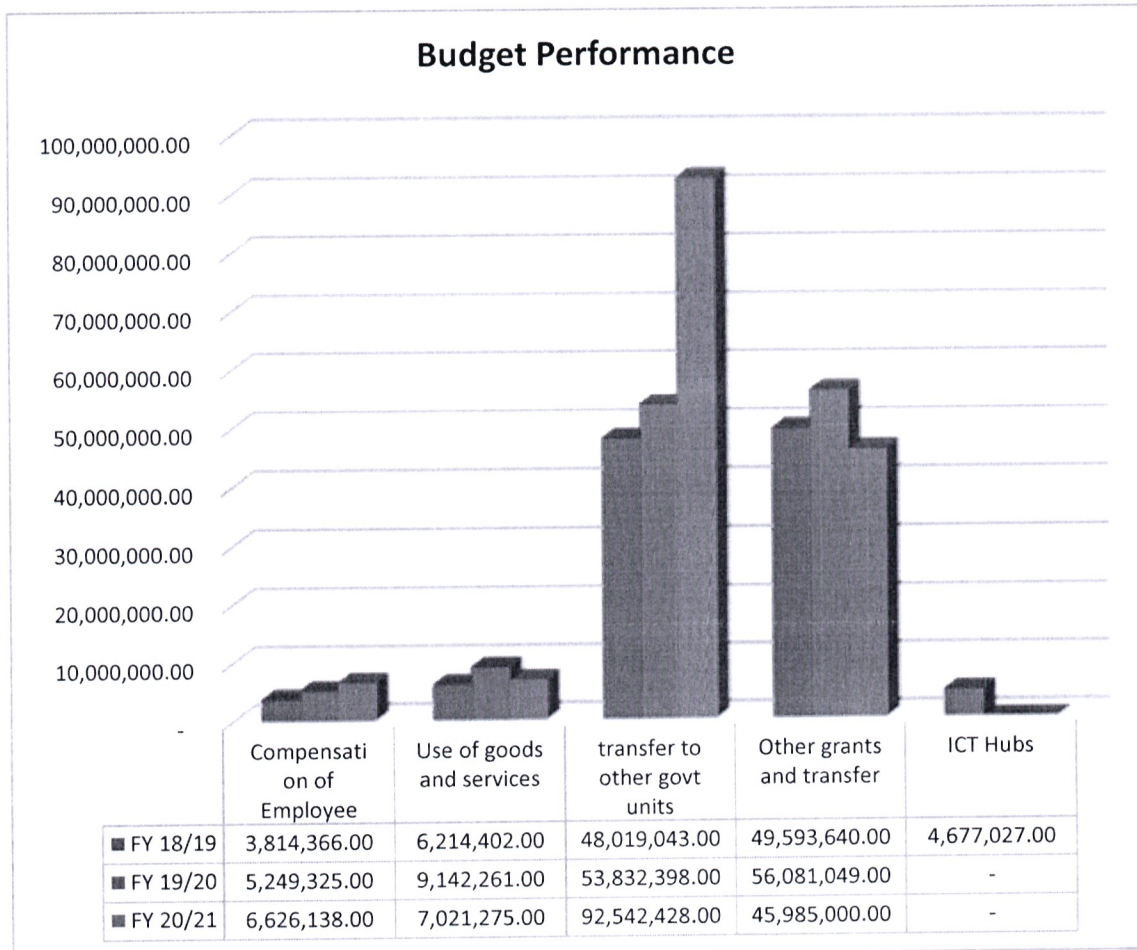
Budget performance

During the 2020/2021 FY, Loima NG-CDF was allocated **KES 137,088,879.31** out of which **KES. 92,000,000** was disbursed and **KES 45,088,879** remain outstanding from the Board. The total funds received and spent during the 2020/2021 FY was **KES. 161,367,724** of which **Kes 69,367,724** are funds that overlapped from the previous **FY 2019/2020**.

The tabular presentation of the budget performance for FY 2020/2021 was as below:

Budget Category	Budget in KES
Compensation of Employees	6,656,464
Use of goods and services	5,681,335
Transfers to Other Government Units	77,200,000
Other grants and transfers	47,850,880
	137,088,879

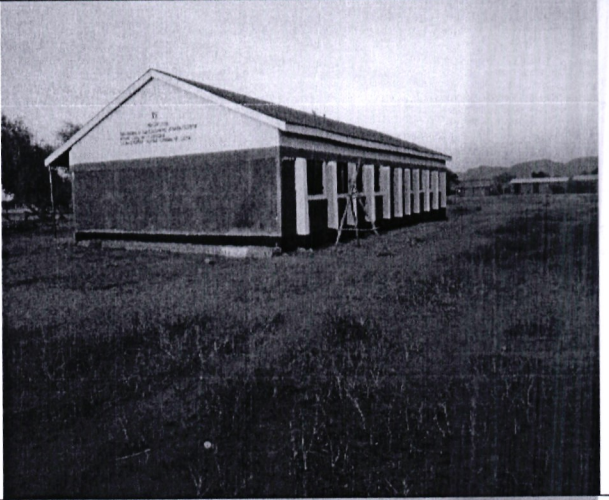



Below we present a graphical comparison of the budget execution of the current and prior financial year.

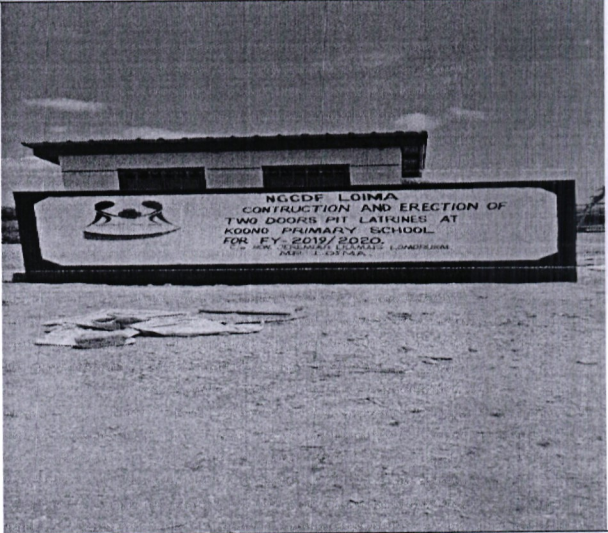


Key achievements for Loima NG-CDF,

1. Upon disbursement of funds by NGCDF- Board we endeavour to absorb funds through transfers to PMC account within the stipulated timeframe.
2. Completion of the projects on time.
3. Proper management of the projects by the PMCs
4. Good quality projects
5. Emergency projects that have a great impact on the population.

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

S/No	Project activity	Project description	Pictorials
1.	Primary Schools Infrastructure	During FY 2020/2021 Loima NG-CDF planned and constructed a total of 54 classrooms for primary schools each at a cost of 2.4 M	
2.	Secondary school infrastructure	Secondary schools project for FY 2020/2021 varied; dormitories, administration blocks and classrooms for some depending on the immediate need.	
3.	Security Projects	Namoruputh police station and Lopuke security house units are complete ready for use.	
			

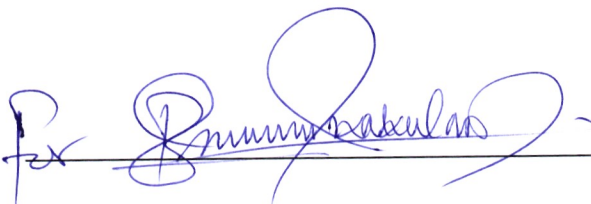
4.	Environment projects	Under this Vote or budget line we did resolve as Loima NGCDFC to utilization for the construction and renovation of primary schools pit latrines.	
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Challenges

1. Late or delayed release of funds from the treasury and the NGCDF Board
2. Delayed approval of the projects by the NGCDF BOARD for the case of projects that needed any other supporting documents from the constituency.
3. Late approval of projects and reallocations

Recommendations

- The NGCDF BOARD should speed up the approval of projects once the documents are availed from the constituencies.
- Timely release of funds from the NGCDF BOARD to the constituency to make sure that all the Constituency allocation is disbursed by the end of the Financial Year.



**Lopayo Lawrence Lomuria
Loima Constituency
NG-CDFC Chairperson**

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S 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.

The key development objectives of *Loima Constituency 2018-2022* plan are to:

- a) To improve access to education and training for Primary, secondary and Tertiary institutions in Loima Constituency
- b) To improve learning environment
- c) To improve the working conditions of security personnel
- d) To promote environmental conservation
- e) To build youth talents and skills in sports
- f) To improve access to ICT infrastructure

Progress on attainment of Strategic development objectives

- a) Increase in transition from primary to secondary.
- b) Increase in transition from secondary school to TVET and Universities
- c) Increase in number of youth with TVET skills
- d) Increase in employability of the youth
- e) Improved performance in primary, secondary and TVET
- f) Increased security coverage
- g) Secure business environment
- h) Increased number of youth engaged in gainful employment
- i) Increase in knowledge, skills and passion for sustainable environment
- j) Increase in online business uptake by youth

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 Sector	Objective	Outcome	Indicator	Performance
Education	To improve access to education and transferable skills	Provision of bursary to needy and bright primary/secondary/tertiary institution students Lobby for deployment of additional teachers Carry out public enrolment drives	No. of students benefiting No. of teachers posted No. of new students enrolled	1602 tertiary institutions students benefitted from bursary allocation. 2790 Secondary students allocated with bursary.

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

		with the local administration		
Infrastructure	To develop and sustain proper infrastructure for conducive learning environment	Rehabilitation/ Renovation of classrooms in various primary schools Construction of classrooms in various primary/secondary schools	No. of class rooms Rehabilitated/ Renovated No. of class rooms constructed No. of laboratories constructed No. of schools	18 classrooms constructed for various primary schools 2 dormitories constructed and 1 secondary school supported with assorted laboratory equipment.
Security	To improve access to security services to residents of Loima constituency.	To enhance security in the Constituency by Rehabilitation/Renovation of Security houses, construction of Barracks, police stations and routine maintenance of access roads.	No. of security house units constructed and renovated/ rehabilitated No. of police station constructed Km of access roads maintenance and cleared	8No. Police houses and One police station
Environment	Enhance environmental conservation through water harvesting and energy saving.	To eradicate deforestation in the Constituency through tree planting and training on importance of tree planting To improve sanitation both in primary and Secondary schools through construction of pit latrines.	No. of pit latrines construction in both Primary and secondary schools. No. of trees planted in both Primary and secondary schools.	Most funds were used to construct pit latrines in various schools across the Constituency
Sports	To build the skills and talent of youth through sports	Sponsor sports tournaments right from the wards Provision of sports equipment to youth and make them available in sporting facilities	No. of institutions supported with equipment % of tenders awarded to youth No. of youth forums held No. of	4 teams from each ward supported with uniforms (Football-2 teams & volleyball- 2 teams) for both boys and girls.

Lvima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021

			tournaments held in the constituency No. of teams provided with sports equipment	100% tenders awarded to youth. 1 tournament held for the entire constituency.
Emergency	To cater for any unforeseen catastrophes in the Constituency	To rehabilitate/ Renovation of blown off roofs of classrooms, acquisition of Covid 19 items to prevent the spreading of the virus	No. of institutions supported with covid-19 materials No. of classrooms renovated/rehabilitated	Funds were used to acquire covid 19 materials, sanitizers, etc for the Constituents

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

LOIMA NG-CDF 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 -

To ensure sustainability of LOIMA NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** LOIMA NG-CDF focus on human capital for constituency development is entrenched in its strategy to support needy and bright students from each ward of the constituency. The intention is to empower the constituents such that in years to come, the beneficiaries at secondary school levels would have transitioned to Tertiary institutions while those at tertiary level would have transitioned to the job market as employees or employers thereby contributing positively to the economic growth of the constituency. This strategy takes care of both marginalised groups including girls and people living with disabilities.
- b. **Security Sector Support:** Among its key pillars; NGCDF has security as a priority area with intention to provide better working environment for the security providers within the constituency as well a secure constituency. The strategy is to have a long-term collaborative working approach that enhances community engagement in security activities. This is aimed at eliminating crime and vices in the long run by providing a better working environment for the law enforcement agencies while collaborating with community in trust on matters of security.
- c. **Environment:** The Constituency acknowledges that all its operation has an impact on environment. Cognizant of the Sustainable development goals, the NG-CDF has allocated part of its budget on environment conservation through activities such as tree planting, water conservation, sensitization forums for agro-forestry as well as best practices to reduce soil erosion.
- d. **Sports:** The NG-CDF has taken sports as a key pillar of cohesion and integration. To sustain this pillar, the strategy taken is that of developing skills through sports with intention of identifying, nurturing talent and encouraging physical fitness among the constituents.

To attain this level of sustainability, we acknowledge challenges currently arising from the effects of Covid- 19 that have adversely affected the sporting activities and thereby limiting the potential benefits envisaged in using sports as development strategy within the constituency. On macro levels FY 20/21 has been a challenging year with limited funding towards these activities which may hamper the success of priority strategies undertaken.

2. Environmental performance

- *No environmental activity was carried out in this financial*

3. Employee welfare

We invest in providing the best working environment for our employees. LOIMA constituency recruitment is guided by Employment Act, NGCDF Act and other regulations as issued from time to time. In line with the law and regulations, the Constituency offers equal opportunity to all while adhering to the one third gender rule and special groups. We also Recognize and appreciate of our employees for exemplary performance. The reward and sanctions system is based on performance appraisal.

The constituency promotes a healthy lifestyle and provides all employees with health insurance cover through a reliable insurance Scheme. Employees are encouraged and supported to continually build on their skills and knowledge. LOIMA constituency invests in capacity building programs for employees. These include courses on technical competencies relevant to each employee and continuous sensitization on cross cutting issues.

The committee has a policy on safety in compliance with Occupational Safety and Health Act of 2007, (OSHA) and has ensured the work environment is conducive for everybody in terms of movement and accessibility within the office. The Constituency has also put in place disaster mitigating measures including fire extinguishers and accessible escape routes in case of emergency.

4. Market place practices-

LOIMA NGCDF Constituency is committed to fair and ethical market practises.

The Procurement of goods and services is done through a transparent and competitive bidding process that allows equal opportunities to all participants. We support local vendors drawn from the constituency for purposes of uplifting them economically. Our ethical market practises ensure the fund get value for money on all goods and services procured.

We are also committed to healthy relations with our suppliers which is enhanced through organized sensitization forums that relate to the procurement legal framework and ethical subject matters. We are dedicated to honouring all contracts and settling payments promptly.

NGCDF has put in efforts to ensure:

- a) Responsible competition practice by encouraging fair competition and zero tolerance to corruption
- b) Good business practice including cordial Supply chain and supplier relations by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement
- d) Product stewardship by safeguarding consumer rights and interests

5. Community Engagements-

LOIMA NGCDF has endeavoured to sustain community engagement through CSR as well as appreciating our existence through engaging local contractors and suppliers when necessary. We have also engaged the community through sports and community projects.

Public Participation in Project Identification and Implementation and Monitoring

The NG-CDFC deliberated on project proposals from all the wards in the constituency and considered the most beneficial to the constituency, considering the national development plans and policies and the constituency strategic development plan. The identified list of priority projects, both immediate and long term, was submitted to the NG CDF Board in accordance with the Act.

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.

The NG CDFC during bursary programme, engaged the community through the community leaders to identify the needy students to be awarded with the bursary.

Public Awareness

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

LOIMA NG-CDF have continually practiced public participation and public awareness during project identification and proposal collections in all the wards in the constituency.

V. STATEMENT OF 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.

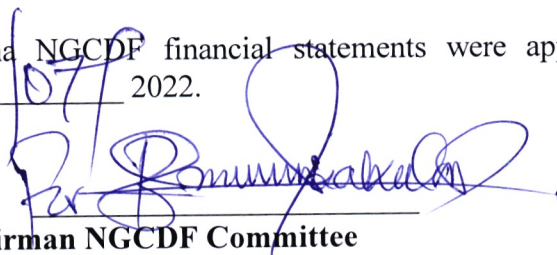
The Accounting Officer in charge of Loima National Government Constituencies Development Fund is responsible for the preparation and presentation of the entity’s financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2021. 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 Loima National Government Constituencies Development Fund 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 constituency’s financial statements give a true and fair view of the state of entity’s transactions during the financial year ended June 30, 2021, and of the entity’s financial position as at that date. The Accounting Officer charge of Loima National Government Constituencies Development Fund further confirms the completeness of the accounting records maintained for the constituency, 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.

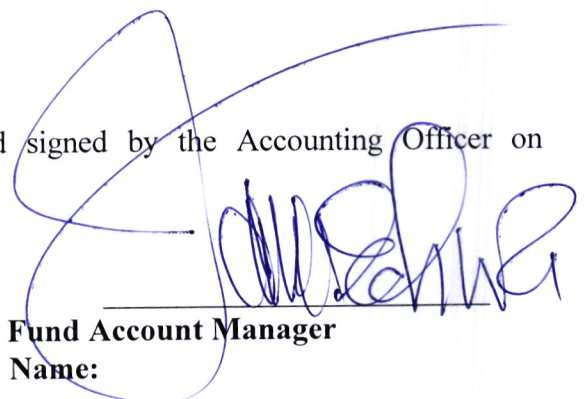
The Accounting Officer in charge of Loima National Government Constituencies Development Fund confirms that the constituency has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity’s funds received during the year 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 constituency’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

Loima NGCDF financial statements were approved and signed by the Accounting Officer on 06/07/2022.



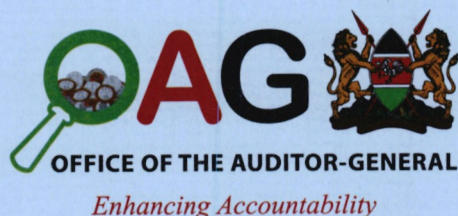
Chairman NGCDF Committee
Name:



Fund Account Manager
Name:

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - LOIMA CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Loima Constituency set out on pages 17 to 51, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the statement

of receipts and payments, statement of cash flows and the summary statement of appropriation 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 the National Government Constituencies Development Fund - Loima Constituency as at 30 June, 2021, 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 Public Finance Management Act, 2012 and the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Inaccuracies in Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.13,127,496 as disclosed in Note 10A to the financial statements, held in a commercial bank. The bank reconciliation statement reflected unrepresented cheques amounting to Kshs.31,361,158 out of which cheques amounting to Kshs.11,971,032 were stale cheques. There was no evidence of the cheques reversals in the cashbook or their replacement.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.13,127,496 could not be confirmed.

2. Unsupported Transfer to Other Government Units

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects transfer to other Government units amount of Kshs.92,542,428. The expenditure comprises of transfers to primary schools amount of Kshs.78,992,428 and secondary schools amount of Kshs.13,550,000. However, approved work and procurement plans were not provided for audit.

In the circumstances, the accuracy and completeness of transfer to other Government units amount of Kshs.92,542,428 could not be confirmed.

3. Unsupported Other Grants and Transfers

The statement of receipts and payments and as disclosed in Note 7 to the financial statements reflects other grants and transfers of Kshs.45,985,000 which includes bursary to secondary schools amount of Kshs.15,109,000 and to tertiary institutions of Kshs.16,289,000, all totalling to Kshs.31,398,000. However, there was no evidence showing that vetting, identification and categorizing of needy students was done by the Bursary Sub-committee. Further, receipts and acknowledgement letters from the various institutions that received funds and updated database of institutions were not provided for audit review.

In addition, the payments included transfers to security projects amounting to Kshs.2,800,000 transferred to two (2) projects for the construction of police stations which were not supported by procurement documents such as tender opening, evaluation and award minutes.

In the circumstances, the accuracy and completeness of transfer to other Government units amount of Kshs. 45,985,000 could not be confirmed

4. Unsupported Project Management Committee Bank Balances

Note 17.4 to the financial statements reflects Project Management Committee (PMC) bank balances amounting to Kshs.517,589 held in ten (10) PMC bank accounts as disclosed in Annex 5 to the financial statements. However, cash books, bank reconciliation statements, certificates of bank balances and bank statements for the ten (10) bank accounts were not provided for audit. Further, it was established that during the year under review, development funds amounting to Kshs.99,942,428 was disbursed to sixty-five (65) projects out of which only ten (10) projects were disclosed in the financial statements.

In the circumstances, the existence, accuracy and completeness of Project Management Committee bank balances of Kshs.517,589 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund - Loima 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

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on a comparative basis of Kshs.210,391,217 and Kshs.165,302,338 respectively resulting to an under funding of Kshs.45,088,879 or 21% of the budget. Similarly, the Fund expended Kshs.152,174,841 against an approved budget of Kshs.210,391,217 resulting to an under expenditure of Kshs.58,216,376 or 28% of the budget.

In addition, the receipts include an amount of Kshs.75,967,724 or 47% of total receipts budgeted between 2015/2016 and 2019/2020 financial years.

The underfunding and under performance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the 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. Delay in Projects Implementation

During the year under review, eleven (11) projects with a budget and disbursement of Kshs.23,700,000 were verified in April, 2022. Ten (10) of the projects with disbursements of Kshs.22,700,000 were complete, one (1) project with disbursements of Kshs.1,000,000 was ongoing.

Delay in implementation of approved projects denied the public benefits accruing from the approved projects.

2. Irregular Emergency Projects

The statement of receipts and payments reflects other grants and other payments amount of Kshs.45,985,000 which includes emergency projects payments of Kshs.7,187,000 as disclosed in Note 7 to the financial statements. The emergency payments of Kshs.7,187,000 was made to six (6) projects to meet various emergencies in the constituency during the year.

However, there was no evidence to indicate Constituency Committee reported to the Board within thirty days of occurrence of emergency in respect to utilization of Kshs.7,187,000 in emergencies during the year contrary to section 20(2) of National Government Constituencies Development Fund Regulations, 2016 which states that the utilization of the emergency reserve shall be reported to the Board within thirty days of the occurrence of the emergency, in the format prescribed by the Board.

In the circumstances, Management was in breach of 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, 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 controls, risk management and overall 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

The 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 controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

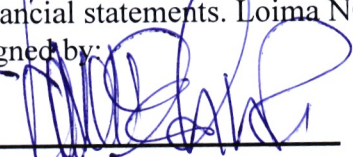
Nairobi


09 September, 2022

VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR YEAR ENDED 30 JUNE 2021

	Note	2020 - 2021	2019 - 2020
			Kshs
RECEIPTS			
Transfers from NGCDF Board	1	161,367,724	124,540,875
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	-	-
TOTAL RECEIPTS		161,367,724	124,540,875
PAYMENTS			
Compensation of employees	4	6,626,138	5,249,325
Use of goods and services	5	7,021,275	9,142,261
Transfers to Other Government Units	6	92,542,428	53,832,398
Other grants and transfers	7	45,985,000	56,081,049
Acquisition of Assets	8	-	-
Other Payments	9	-	-
TOTAL PAYMENTS		152,174,841	124,305,033
SURPLUS/(DEFICIT)		9,192,883	235,842

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Loima NGCDF financial statements were approved on 06/07/2022 and signed by:


Fund Account Manager
Name: JAMES EMURIA
ECHWA


National Sub-County
Accountant
Name: JAMES MULI
ICPAK M/No:

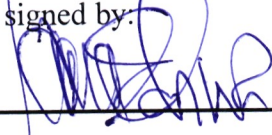

Chairman NG-CDF Committee

Name: LOPAYO LAWRENCE.
LOMURIA

VIII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2021

	Note	2020 - 2021	2019 - 2020
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	13,127,496	3,934,614
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		13,127,496	3,934,614
Accounts Receivable			
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		13,127,496	3,934,614
FINANCIAL LIABILITIES			
Accounts Payable (Deposits)			
Retention	12A	-	-
Gratuity	12B	-	-
NET FINANCIAL SSETS		13,127,496	3,934,614
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	3,934,613	3,698,771
Prior year adjustments	14	-	-
Surplus/Defict for the year		9,192,883	235,842
NET FINANCIAL POSITION		13,127,496	3,934,613

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Loima NGCDF financial statements were approved on 30/07/2022 and signed by:


Fund Account Manager
Name: JAMES ECHWA
EMURIA


National Sub-County Accountant

Name: JAMES MULI
ICPAK M/No:

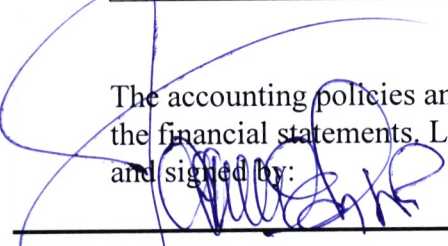

Chairman NG-CDF Committee


Name: LOPAYO LAWRENCE
LOMURIA

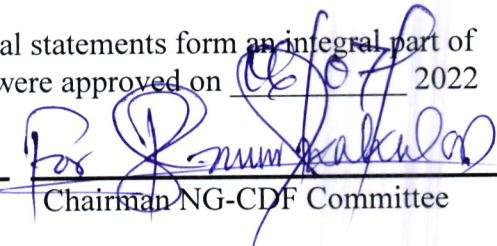
IX. STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
Receipts from operating activities			
Transfers from NGCDF Board	1	161,367,724	124,540,875
Other Receipts	3	-	-
Total Receipts		161,367,724	124,540,875
Payments for operating activities			
Compensation of Employees	4	6,626,138	5,249,325
Use of goods and services	5	7,021,275	9,142,261
Transfers to Other Government Units	6	92,542,428	53,832,398
Other grants and transfers	7	45,985,000	56,081,049
Other Payments	9	-	-
Total Payments		152,174,841	124,305,033
Adjusted for:			
Decrease/(Increase) in Accounts receivable	15	-	-
Increase/(Decrease) in Accounts Payable	16	-	-
Prior year Adjustments	14	-	-
Net Adjustments		-	-
Net cash flow from operating activities		9,192,883	235,842
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	8	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		9,192,883	235,842
Cash and cash equivalent at BEGINNING of the year	10	3,934,613	3,698,771
Cash and cash equivalent at END of the year		13,127,496	3,934,613

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. Loima NGCDF financial statements were approved on 20/07/2022 and signed by:


Fund Account Manager
Name: JAMES ECHWA
EMURIA


National Sub-County
Accountant
Name: JAMES MULI
ICPAK M/No:


Chairman NG-CDF Committee
Name: LOPAYO LAWRENCE
LOMURIA

X. SUMMARY STATEMENT OF APPROPRIATION

Receipt/Expense Item	Original Budget a	Opening Balance (C/Bk) and AIA	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
RECEIPTS			Previous years Outstanding Disbursements				
Transfers from NG-CDF Board	137,088,879	3,934,614	69,367,724	210,391,217	165,302,338	45,088,879	79%
Proceeds from Sale of Assets	-	-	-	-	-	-	0.0%
Other Receipts	-	-	-	-	-	-	0.0%
TOTAL RECEIPTS	137,088,879	3,934,614	69,367,724	210,391,217	165,302,338	45,088,879	79%
PAYMENTS							
Compensation of Employees	6,656,464	-	-	6,656,464	6,626,138	30,326	99%
Use of goods and services	5,681,535	390,664	25,296	6,097,495	7,021,275	(923,780)	115%
Transfers to Other Government Units	77,200,000	500,000	69,342,428	147,042,428	92,542,428	54,500,000	63%
Other grants and transfers	47,550,880	2,763,950	-	50,314,830	45,985,000	4,329,830	91%
Acquisition of Assets	-	-	-	-	-	-	0.0%
Other Payments	-	280,000	-	280,000	-	280,000	0.0%!
TOTAL	137,088,879	3,934,614	69,367,724	210,391,217	152,174,841	58,216,376	72%

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Comments on underutilisation of funds (below 90%).

1. Compensation of employees-The underutilisation was brought by staff payables i.e gratuity and funds yet to be received from the board
2. Use of goods and services-the overutilized of funds comprises of expenditures under emergency
3. Transfer to other government units-Funds not yet received from the board.
4. The changes between the original and the final budget for transfers to government entities, other grants is also as a result of reallocations done during the financial year


Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities	
Description	Amount
Budget utilization difference totals	58,216,376
Less undisbursed funds receivable from the Board as at 30th June 2021	45,088,879
	13,127,497
Add Accounts payable	-
Less Accounts Receivable	-
Add/Less Prior Year Adjustments	-
Cash and Cash Equivalents at the end of the FY 202021	13,127,497

Loima NGCDF financial statements were approved on 06/07 2022 and signed by:



Fund Account Manager

**Name: JAMES ECHWA
EMURIA**



**National Sub-County
Accountant**

Name: JAMES MULI

ICPAK M/No:



Chairman NG-CDF Committee

**Name: LOPAYO LAWRENCE
LOMURIA**

XI. BUDGET EXECUTION BY SECTORS AND PROJECTS

Programme/Sub-programme	Original Budget(a)	Adjustments(b)		Final Budget c = (a+b)	Actual on comparable basis(d)	Budget utilization difference(e = c-d)	% of Utilisation(f=d/c %)
		Opening Balance (C/Bk) and AIA	Previous years Outstanding Disbursements				
	2020/2021			2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
1.0 Administration and Recurrent							
1.1 Compensation of employees	6,656,464	-		6,656,464	6,626,138	30,326	
1.2 Committee allowances	728,434			728,434	676,000	52,434	(1)
1.3 Use of goods and services	840,434	336,018	25,296	1,201,748	2,255,975	(1,054,227)	188
Total	8,225,333	336,018	25,296	8,586,647	9,558,113	(971,466)	
2.0 Monitoring and evaluation						-	
2.1 Capacity building	1,000,000			1,000,000	-	1,000,000	-
2.2 Committee allowances	1,112,666			1,112,666	1,148,000	(35,334)	103
2.3 Use of goods and services	2,000,000	54,646		2,054,646	2,941,300	(886,654)	143
Total	4,112,666	54,646	-	4,167,312	4,089,300	78,012	
3.0 Emergency							
3.1 Primary Schools				-		-	

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

3.2	Secondary schools																				
3.3	Tertiary institutions																				
3.4	Security projects																				
3.5	COVID-19 MATERIALS	7,192,880					7,192,880				7,187,000			5,880							
Total		7,192,880					7,192,880				7,187,000			5,880							
4.0	Bursary and Social Security																				
4.1	Secondary Schools	16,458,000	1,763,950				18,221,950			15,109,000			3,112,950								83
4.2	Tertiary Institutions	14,000,000	1,000,000				15,000,000			16,289,000			(1,289,000)								109
4.3	Social Security																				
4.4	Special Needs																				
Total		30,458,000	2,763,950				33,221,950			31,398,000			1,823,950								
5.0	Sports																				
5.1		2,500,000					2,500,000			2,500,000											100
Total		2,500,000					2,500,000			2,500,000											
6.0	Environment																				
6.1		1,800,000					1,800,000			1,800,000											100
Total		1,800,000					1,800,000			1,800,000											100

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

7.0 Primary Schools Projects										
Kabulokor Primary School	2,000,000				2,000,000	2,000,000	2,000,000	2,000,000	-	100
Kaekoroakwan Primary School	600,000		2,000,000		2,600,000	900,000	1,700,000			35
Kaitese Primary School	2,000,000				2,000,000	2,000,000	2,000,000		-	100
Kalemunyanga Primary School	2,700,000		750,000		3,450,000	2,700,000	750,000			78
Kangalita Primary School	2,000,000				2,000,000		2,000,000		2,000,000	-
Kangalita Primary School	500,000		1,800,000		2,300,000	2,500,000	(200,000)			109
Kangataruk Primary School	400,000		2,000,000		2,400,000	400,000	2,000,000			17
Kanyangapus Primary School	2,000,000				2,000,000	2,000,000			-	100
Kanyangapus Primary School	-	500,000	2,000,000		2,500,000	500,000	2,000,000			20
Katukuri Primary School	2,000,000				2,000,000	2,000,000			-	100
Kodopa Primary School	2,000,000				2,000,000	2,000,000			-	100
Kodopa Primary School	500,000		2,000,000		2,500,000	500,000	2,000,000			20
Kolomegur Primary School	-		-		-				-	-
Koono Primary School	750,000		2,000,000		2,750,000	750,000	2,000,000			27
Kosol-Etom Primary School			2,000,000		2,000,000		2,000,000			-
Kospir Primary School	2,000,000				2,000,000	2,000,000			-	100

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Kospir Primary School	400,000		2,000,000	2,400,000	400,000	2,000,000	17
Kotaruk Primary School	1,200,000		2,000,000	3,200,000	1,200,000	2,000,000	38
Kotela Primary School	-		1,892,428.32	1,892,428	892,428	1,000,000	47
Lochor Edome Primary School	2,000,000			2,000,000	2,000,000	-	100
Lochor Esekon Primary School	1,500,000		2,000,000	3,500,000	1,500,000	2,000,000	43
Lochor Esekon Primaty School	-		2,000,000	2,000,000	500,000	1,500,000	25
Lokatul Primary School	2,000,000			2,000,000	2,000,000	-	100
Lokipetot Arengan Primary School	2,000,000			2,000,000	2,000,000	-	100
Lokiriana Primary School	2,400,000			2,400,000	2,400,000	-	100
Lokopu Primary School	-		3,000,000	3,000,000	2,000,000	1,000,000	67
Lokorikipi Primary School	2,000,000			2,000,000	2,000,000	-	100
Lokwatubwa Primary School	2,000,000			2,000,000	2,000,000	-	100
Lokwatubwa Primary School	600,000		2,000,000	2,600,000	600,000	2,000,000	23
Lomilo Primary School	2,000,000		500,000	2,500,000	2,000,000	500,000	80
Loroo Primary School	2,000,000		500,000	2,500,000	2,000,000	500,000	80
Nabuin Primary School	2,000,000			2,000,000	2,000,000	-	100
Naipa/Kopeto Primary School						-	100

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

	2,000,000				2,000,000	2,000,000		
Naipa/Kopeto Primary School	2,000,000				2,000,000	2,000,000	-	100
Naipa/Kopeto Primary School	500,000		2,000,000		2,500,000	500,000	2,000,000	20
Nakabaran Primary School	600,000		2,000,000		2,600,000	600,000	2,000,000	23
Nakejuakaal Pprimary School	2,000,000				2,000,000	2,000,000	-	100
Nakwapua Primary School	-		2,000,000		2,000,000	650,000	1,350,000	33
Namagirat Primary School	2,400,000				2,400,000	2,400,000	-	100
Nameyana Primary School	2,000,000				2,000,000	2,000,000	-	100
Namoru Primary School	1,500,000		1,000,000		2,500,000	1,500,000	1,000,000	60
Namoru Primary School	-		2,000,000		2,000,000	500,000	1,500,000	25
Namoruarengan Primary School	700,000		2,000,000		2,700,000	700,000	2,000,000	26
Napeikar Primary School	2,000,000		-		2,000,000	2,000,000	-	100
Naremit Primary School	-		2,000,000		2,000,000	2,000,000	-	100
Natuntun Primary School	-		2,000,000		2,000,000	2,000,000	-	100
Natuntun Primary School	500,000		2,000,000		2,500,000	500,000	2,000,000	20
Nawomor Primary School	-		2,000,000		2,000,000	2,000,000	-	100
Nawomor Primary School	900,000		2,000,000		2,900,000	900,000	2,000,000	31

**Loima National Government Constituencies Development Fund (NGCDF)
Reports and Financial Statements for The Year Ended June 30, 2021**

Sasak Primary School	-		2,000,000	2,000,000	2,000,000	-	100
Tamanak Primary School	-		3,000,000	3,000,000	2,000,000	1,000,000	67
Turkana Girls Primary School	2,300,000		2,300,000	2,300,000	2,300,000	-	100
Kalomegur Primary School	2,000,000	-	2,000,000	2,000,000	2,000,000	-	
Kasogol-Etom Primary School	700,000	-	700,000	700,000	700,000	-	
						-	
Total	63,650,000	500,000	56,442,428	120,592,428	78,992,428	41,600,000	66
8.0 Secondary Schools Projects							
Lorengippi Secondary School	2,150,000		400,000	2,550,000	-	2,550,000	-
Loima Girls Secondary Scholl	2,100,000		2,100,000	2,100,000	2,100,000	-	100
Lomil Girls Secondary School	3,000,000		1,000,000	4,000,000	3,000,000	1,000,000	75
Loima Boys Secondary School	1,300,000		2,000,000	3,300,000	1,300,000	2,000,000	39
Loima Girls Secondary Scholl	600,000		2,000,000	2,600,000	600,000	2,000,000	23
Kalemnyang Secondary School	2,000,000		400,000	2,400,000	2,000,000	400,000	
Turkwel Boys Secondary School	600,000		2,000,000	2,600,000	600,000	2,000,000	
Lorengippi Secondary School	700,000		1,800,000	2,500,000	2,150,000	350,000	
Lorengippi Secondary School			1,700,000			1,000,000	

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Napeililim Secondary School	500,000			2,200,000	1,200,000	1,600,000	
Total	13,550,000	-	12,900,000	26,450,000	13,550,000	12,900,000	237
9.0 Tertiary institutions Projects							
Total	-	-	-	-	-	-	
10.0 Security Projects							
 Lorengippi Security Houses	1,000,000		-	1,000,000	1,000,000		
 Kotaruk Security Houses	1,800,000			1,800,000	1,800,000		
Total	2,800,000	-	-	2,800,000	2,800,000	-	
11.0 Acquisition of assets							
 11.1 Motor Vehicles	-		-	-	-	-	
 11.2 Construction of CDF office	-		-	-	-	-	
 11.3 Purchase of furniture and equipment	-		-	-	-	-	
 11.4 Purchase of computers	-		-	-	-	-	
Total	-	-	-	-	-	-	
12.0 Other payments							
Loima Sub-County of Education						280,000	52

**Loima National Government Constituencies Development Fund (NGCDF)
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	300,000	280,000	-	580,000	300,000	-
Loima Constituency strategic plan				-	-	-
Loima constituency sports	2,500,000			2,500,000	2,500,000	-
Total	2,800,000	280,000	-	3,080,000	300,000	2,780,000
13.0 unallocated fund						
Unapproved projects						
AIA				-		-
PMC savings						
Total	137,088,879	3,934,614	69,367,724	210,391,217	152,174,841	58,216,376

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

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 (gratuity 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 Loima NGCDF. 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.

Transfers from the National Government Constituency Development Fund (NG-CDF)

Transfers from the NG-CDF to the constituency are recognized when cash is received in the Constituency account.

Proceeds from Sale of Assets

Proceeds from disposal of assets are recognized as and when cash is received in the constituency account.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from sale of tender documents, rent receipts, interest earned on bank balances, hire of Plant/Equipment/Facilities, Unutilized funds from PMCs among others.

Unutilized Funds from PMCs.

All unutilized funds of the Project Management Committee (PMC) are returned to the constituency account. Unutilized funds from PMCs are recognised as other receipts upon return to the constituency account.

External Assistance

External assistance refers to grants and loans received from local, multilateral and bilateral development partners. In the year under review there was no external assistance 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 constituency and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the constituency 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 constituency 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 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 (gratuity 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. Gratuity earned on monthly is held on behalf of the employee and later paid at the end of the contract period. This is an enhancement to the cash accounting policy adopted by National Government Constituencies Development Fund as prescribed by PSASB. 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 are 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 financial 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 section 6(2) and section 7(2) of NGCDF Act, 2015.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest which is 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 1ST June 2020 for the period 1st July 2020 to 30th June 2021 as required by law. Included in the adjustments are Cash book opening balance, AIA generated during the year and constituency allocations not yet disbursed at the beginning of the financial year.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

14. Errors

Material prior period errors are 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

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

XIII. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2020 - 2021	2019 - 2020
AIE No.		Kshs	Kshs
	AIE NO. B 104734	20,000,000	51,740,875
Normal Allocation	AIE NO. A 823666	35,000,000	3,300,000
	AIE NO. B 104823	14,367,724	4,000,000
	AIE NO. B 124592	9,000,000	20,000,000
	AIE NO. B 119544	8,500,000	6,000,000
	AIE NO. B 119934	12,000,000	14,000,000
	AIE NO. B 128176	6,900,000	1,500,000
	AIE NO. B 128489	7,000,000	24,000,000
	AIE NO. B 132232	6,000,000	-
	AIE NO. B 138900	13,000,000	-
	AIE NO. B 126194	7,000,000	-
	AIE NO. B 126489	10,600,000	-
	AIE NO. B 140632	12,000,000	-
TOTAL		161,367,724	124,540,875

2. PROCEEDS FROM SALE OF ASSETS

Description	2020-2021	2019-2020
	Kshs	Kshs
Receipts from sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Interest Received		
Rents	-	-
Receipts from sale of tender documents	-	-
Hire of plant/equipment/facilities	-	-
Unutilized funds from PMCs	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	5,153,251	5,046,669
Personal allowances paid as part of salary		
House allowance	-	-
Transport allowance	-	-
Leave allowance	-	-
Gratuity-contractual employees	1,270,231	-
Employer Contributions Compulsory national social security schemes	202,656	202,656
Total	6,626,138	5,249,325

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Utilities, supplies and services	1,123,600	-
Electricity	-	-
Water & sewerage charges	-	-
Office rent	-	-
Communication, supplies and services	-	-
Domestic travel and subsistence	898,400	-
Printing, advertising and information supplies & services	130,300	-
Rentals of produced assets	-	-
Training expenses	-	-
Hospitality supplies and services	-	-
Other committee expenses	1,044,000	2,443,500
Committee allowance	780,000	3,174,730
Insurance costs	-	-
Specialized materials and services	-	-
Office and general supplies and services	2,009,375	3,524,031
Fuel , oil & lubricants	117,400	-
Other operating expenses	-	-
Bank service commission and charges	-	-
Other Operating Expenses	-	-
Security operations	-	-
Routine maintenance - vehicles and other transport equipment	918,200	-
Routine maintenance- other assets	-	-
TOTAL	7,021,275	9,142,261

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Transfers to Primary Schools	78,992,428	31,138,233
Transfers to Secondary Schools	13,550,000	22,694,165
Transfers to Tertiary Institutions	-	-
TOTAL	92,542,428	53,832,398

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2020 - 2021	2019 - 2020
	Kshs	Kshs
Bursary - Secondary (see attached list)	15,109,000	16,314,000
Bursary -Tertiary (see attached list)	16,289,000	17,148,249
Bursary- Special Schools	-	-
Sub-county Director Education	300,000	-
Social Security programmes (NHIF)	-	-
Security Projects (see attached list)	2,800,000	9,800,000
Sports Projects (see attached list)	2,500,000	2,180,000
Environment Projects (see attached list)	1,800,000	3,720,800
Emergency Projects (see attached list)	7,187,000	6,918,000
TOTAL	45,985,000	56,081,049

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

	2020-2021	2019-2020
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
	-	-
Total	-	-

9. OTHER PAYMENTS

	2020-2021	2019-2020
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10: CASH BOOK BANK BALANCE

10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)

Name of Bank, Account No. & currency	Account Number	2020 - 2021	2019 - 2020
		Kshs (30/6/2021)	Kshs (30/6/2010)
<i>Equity Bank, Lodwar Branch. Loima NG-CDF</i>	<i>A/C no.0990261717473</i>	13,127,496	3,934,614
		-	-
		-	-
TOTAL		13,127,496	3,934,614
10B: CASH IN HAND)			
		2020 - 2021	2019 - 2020
		Kshs (30/6/2021)	Kshs (30/6/2020)
Location 1		-	-
Location 2		-	-
Location 3		-	-
Other receipts (specify)		-	-
TOTAL		-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer</i>		<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance (30/6/2020)</i>
	Date imprest taken	<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
		-	-	
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
		-	-	-
TOTAL		-	-	-

12A. RETENTION

		2020-2021	2019-2020
		KShs	KShs
Retention as at 1st July (A)		-	-
Retention held during the year (B)		-	-
Retention paid during the Year (C)		-	-
Closing Retention as at 30th June D= A+B-C		-	-

12B. GRATUITY

		2020-2021	2019-2020
		KShs	KShs
Gratuity as at 1 st July (A)		-	-
Gratuity held during the year (B)		1,270,231	-
Gratuity paid during the Year (C)		1,270,231	-
Closing Gratuity as at 30 th June D= A+B-C		-	-

13. BALANCES BROUGHT FORWARD

	2020- 2021	2019- 2020
	Kshs (1/7/2021)	Kshs (1/7/2020)
Bank accounts	3,934,614	3,698,771
Cash in hand	-	-
Imprest	-	-
TOTAL	3,934,614	3,698,771

14. PRIOR YEAR ADJUSTMENTS

	Balance b/f FY 2019/2020 as per Audited Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank accounts balances			-
Cash in hand	-	-	-
Accounts Payable	-	-	-
Receivables	-	-	-
Others (specify)	-	-	-
Total	-	-	-

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTADING IMPREST

	2020-2021	2019-2020
	KShs	KShs
Outstanding Imprest as at 1 st July (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
closing accounts in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

	2020 – 2019	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
closing account receivables D= A+B-C	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2020-2021	2019-2020
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
Total	-	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2020-2021	2019-2020
	Kshs	Kshs
NGCDFC Staff	-	-
Others (<i>specify</i>)	-	-
Total	-	-

17.3: UNUTILIZED FUND (See Annex 3)

	2020-2021	2019-2020
	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Amounts due to other Government entities (see attached list)	52,758,001	-
Amounts due to other grants and other transfers (see attached list)	1,400,000	-
Acquisition of assets	-	-
Others (<i>specify</i>)	-	64,712,329
Funds pending approval	4,058,673	-
Total	58,216,674	64,712,329

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.4: PMC account balances (See Annex 5)

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	517,589	2,005,692
Total	517,589	2,005,692

LOIMA Constituency
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ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
	a	b	c	d=a-c	
Construction of buildings					
1.					
2.					
3.					
Sub-Total	-			-	
Construction of civil works					
4.					
5.					
6.					
Sub-Total	-			-	
Supply of goods					
7.					
8.					
9.					
Sub-Total	-			-	
Supply of services					
10.					
11.					
12.					
Sub-Total	-			-	
Grand Total	-			-	

**LOIMA Constituency
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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Designation	Date employed	Outstanding Balance 30 th June 2021	Comments
NG-CDFC Staff				
1.				
2.				
3.				
	Sub-Total		-	
	Grand Total		-	

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ANNEX 3 – UNUTILIZED FUND

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Kaapese Primary School	Drilling of borehole	2,500,000		
Kaichameri Primary School	Drilling of borehole	2,500,000		
Nadapal Secondary School	Construction of school fence	2,500,000		
Kotela Primary School	Construction of 2 no. Classrooms	2,400,000		
Lorengippi Primary School	Construction off 2 no classrooms	2,400,000		
Lolupe Primary School	Construction of school fence	2,700,000		
Lobei Primary School	Construction of 2 no. Classrooms	2,400,000		
Logogo Primary School	Construction of 2 no. Classrooms	2,400,000		
Lorugum Boys Secondary School	Construction school fence	3,000,000		
Loima Girls Secondary School	Construction of student dormitory	3,000,000		
Kalemunyang Secondary School	Construction of student dining hall	2,800,000		
David Lee Secondary School	Construction of school fence	2,800,000		
Nakorimuyen Primary School	Construction of 2 no. Classrooms	2,400,000		
Namoruputh Primary School	Construction of 2 no. Classrooms	2,400,000		
Turkana Girls Secondary School	Construction of student dormitory	3,000,000		
Lobole Primary School	Construction of 2 no. Classrooms	2,400,000		
Natodoi Primary School	Drilling of borehole	2,500,000		
Nadapal Primary School	Construction of 2 no classrooms	2,400,000		
Kakalel Primary School	Drilling of borehole	1,969,000		

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Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Sub-Total		48,469,000		
Amounts due to other grants and other transfers		5,689,090		
Sub-Total		5,689,090		
Acquisition of assets		-		
Others (<i>specify</i>)		-		
Sub-Total		4,058,673		
Funds pending approval		58,216,674		
Grand Total				

LOIMA Constituency
National Government Constituencies Development Fund (NGCDF)
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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2019/2020	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2020/2021
Land				
Buildings and structures	15,000,000	-	-	15,000,000
Transport equipment	45,100,000			45,100,000
Office equipment, furniture and fittings	511,000	-	-	511,000
ICT Equipment, Software and Other ICT Assets	67,000	-	-	67,000
Other Machinery and Equipment	-	-	-	
Heritage and cultural assets	-			
Intangible assets	-	-	-	
Total	60,678,000	-	-	60,678,000

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2021

PMC	Bank	Account number	Bank Balance 2020/21	Bank Balance 2019/20
Nabiun Primary School	Equity Bank	0990279754525	5,952	2,005,692
Kangalita Primary School	Equity Bank	0990279761351	14,588	-
Katukuri Primary School	Equity Bank	0990279757804	35,280	-
Nameyana Primary School	Equity Bank	0990262786017	2,775	-
Naipa Primary School	Equity Bank	0990280761252	69,845	-
Kalomegur Primary School	Equity Bank	0990279752343	6,600	-
Napeidukan Primary School	Equity Bank	0990277532539	856	-
Lobole Primary School	Equity Bank	0990280978390	105,880	-
Logogo Primary School	Equity Bank	0990280963447	275,760	-
Napeikar Primary School	Equity Bank	0990279752217	53	-
Total			517,589	2,005,692

**LOIMA Constituency
National Government Constituencies Development Fund (NGCDF)
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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor and subsequent progress made on the resolution of the issues.

Presentation and accuracy of financial statement	The financial statements are not accurately presented in accordance with International Public Sector Accounting Standards.	<i>We have revised the figures accordingly to reflect a true and fair view of the report</i>	The manager	Resolved	immediately
Compensation of Employees	The validity and accuracy of compensation of employees' expenditure Kshs.3, 814,366 for the year ended 30 June 2019 could not be confirmed.	<i>We have amended the figures accordingly to reflect a true position</i>	The manager	Resolved	immediately
Committee Allowances	The validity and propriety of the committee allowances expenditure of Kshs.1,521,900 for the year ended 30 June 2019 could not be confirmed	The management will ensure that all the documents are availed for audit verification	The manager	Resolved	immediately
Training Expenses	The validity and propriety of training expenditure of Kshs.1,034,080 for the year ended 30 June 2019 could not be confirmed	The management will avail the document for evidence		Resolved	immediately
Office and General Supplies and Services	The validity and propriety of office and general supplies and services expenditure figure of Kshs.2, 347,422 for the year ended 30 June 2019 could not be confirmed	We have revised and reconciled the figures to reflect a true position.	The manager	Resolved	immediately

LOIMA Constituency
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		The projects has just been completed and the labelling of the projects is underway.	resolved	
		Actual expenditures which include payment vouchers supported with relevant documents and summary of actual expenditures for PMC's were all availed during the audit for verification.	resolved	

