

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

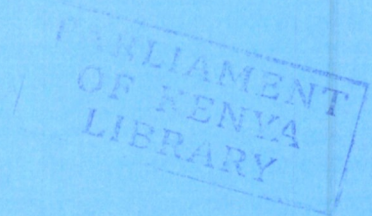
REPORT

THE NATIONAL ASSEMBLY OF  
PAPERS LAID

DATE: 8<sup>th</sup> AUG 2019 DAY: Thursday

TABLED BY: Majority Whip

CLERK-AT-THE-TABLE: Estrode debet



THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
BUDALANGI CONSTITUENCY

FOR THE YEAR  
ENDED 30 JUNE 2018





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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND  
BUDALANGI CONSTITUENCY

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2018

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

1911

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

**BUDALANGI CONSTITUENCY**

**Reports and Financial Statements**

**For the year ended June 30, 2018**

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**I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT**

**(a) Background information**

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

**Mandate**

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

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

**Vision**

Equitable Socio-economic development countrywide

**Mission**

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





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

**Reports and Financial Statements  
For the year ended June 30, 2018**

**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 BUDALANGI 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 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Name of FAM
3.	Sub-County Accountant	Name of DA
4.	Chairman NGCDFC	Name of Chair
5.	Member NGCDFC	Name of alternate signatory

**(d) Fiduciary Oversight Arrangements**

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

P.O. Box 171-50410 Port Victoria  
Old Action Aid Building- Bunyala District Headquarters  
Busia, KENYA



**Reports and Financial Statements  
For the year ended June 30, 2018**

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**(f) NGCDF BUDALANGI Constituency Contacts**

Telephone: (254) 0720 945 978  
E-mail: budalangi@NGCDF.go.ke  
Website: www.ngcdf.go.ke

**(g) NGCDF BUDALANGI Constituency Bankers**

1. National Bank of Kenya  
P.O. Box 264-50400  
Busia

**(h) Independent Auditors**

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

**(i) Principal Legal Adviser**

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



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
BUDALANGI CONSTITUENCY  
Reports and Financial Statements  
For the year ended June 30, 2018**

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

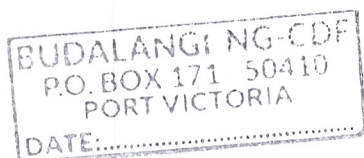
First and foremost, I want to thank God and the people of Budalangi for giving me the chance to serve them as Chairman of Budalangi NGCDFC. Together with the able team of NGCDFC members, we have taken this noble task with humility and commitment. As we present our financial statements contained herein we believe that our guiding principles of transparency, accountant ability and commitment are pillars against which our service towards the people of Budalangi is anchored.

As NG-CDFC we have achieved a 34% budget absorption rate as indicated in the appropriation account. We managed a 67% in bursary allocation as at 30<sup>th</sup> June, given that there was a large no. of applicants that led to delayed processing of their applications hence delayed payments, that prolonged our disbursements beyond the closure of the financial year. This will be completed within the first week of the next financial year (2018/2019)

Despite the achievements mentioned above, NGCDFC experienced the following challenges;

- I. There was an ongoing litigation thus delayed gazette of NG-CDFC that led to delayed submission of projects proposals that prompted lagged disbursements from the board.
- II. Most projects could not be initiated due to delayed funds and subsequent delayed formation of PMCS.

With the challenges experienced during financial year 2017/2018, we are still committed to attaining 100% absorption rate within the first half of FY 2018/2019.



Sign

**CHAIRMAN NGCDF COMMITTEE**



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

**Reports and Financial Statements**

**For the year ended June 30, 2018**

**III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

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


The Accounting Officer in charge of the NGCDF-BUDALANGI 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, 20XX. 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-BUDALANGI 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, 20XX, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- BUDALANGI 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-BUDALANGI 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-BUDALANGI Constituency financial statements were approved and signed by the Accounting Officer on 15/07/2018 2018.

  
JULIUS JUMA ANDERA  
Fund Account Manager  
Name:



  
ZABLON ONKOBA  
Sub-County Accountant  
Name:  
ICPAK Member Number:





# REPUBLIC OF KENYA

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NAIROBI



## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - BUDALANGI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Budalangi Constituency set out on pages 9 to 24, which comprise the statement of financial assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Budalangi Constituency as at 30 June, 2018, 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 do not comply with the Public Financial Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

#### Basis for Adverse Opinion

##### 1. Cash and Cash Equivalents

A variance of Kshs.61,000 in the amounts of unrepresented cheques recorded in the bank reconciliation statement and the counterfoil bank cheques leaves provided for audit review was noted as tabulated below;

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*Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Budalangi Constituency for the year ended 30 June 2018*

Date	Cheque No.	Recipient	Amount as per Reconciliation statement Kshs.	Amount as per Cheque book Kshs.	Variance Kshs.
13/06/2018	8410	ACK Busiada Girls	3,000	23,000	20,000
13/06/2018	8413	Argwings Kodheck	4,000	6,000	2,000
13/06/2018	8414	BDS Secondary School	12,000	4,000	(8,000)
13/06/2017	8925	Nyahobi Secondary School	13,000	3,000	(10,000)
13/06/2017	8926	Nyambare Secondary School	12,000	13,000	1,000
13/06/2017	8928	Nyawara Girls Secondary School	6,000	12,000	6,000
13/06/2017	8937	St. Anne's Bunyala Girls'	6,000	56,000	50,000
		<b>Total</b>	<b>56,000</b>	<b>117,000</b>	<b>61,000</b>

The variance was however not explained. Further, it was noted that the bank reconciliation statements contained one thousand four hundred and seven (1407) cheques amounting to Kshs.17,729,052 representing payments in cash book but not yet presented to the bank. The cheques which dated between 3 February 2017 and 13 June 2017 had become stale by 30 June 2018 yet they had not been reversed. No explanation was provided for not reversing the stale cheques as required by good practice.

In the circumstances, it was not possible to ascertain the cash and cash equivalents balance of Kshs.15,703,304 as at 30 June 2018 is fairly stated.

## 2. Unreconciled Balances in Statement of Assets

A review of the trial balance as at 30 June 2018 reflected a net overstatement of credit side by Kshs.1,222,316. Further, the statement of financial assets and liabilities reflects a figure of Kshs.15,703,304 as total financial assets which differ with the net liabilities totaling Kshs.16,925,620, resulting to a variance of Kshs.1,222,316.

In the circumstances, it was not possible to ascertain the accuracy and completeness of the financial assets and liabilities reported during the year under review.

## 3. Other Grants and other Payments

The Fund provided various floods emergency services amounting to Kshs.2,933,312. However, the services and goods provided were not properly supported in that the payment vouchers were only supported using manual receipts. Further, there was no committee approval or involvement in this relief effort since only the imprest bearer seems to have been involved.

#### 4. Use of Goods and Services

##### 4.1 Committee Expenses

Included in the committee expenses of Kshs.2,703,200 is Kshs.1,779,200 incurred in respect of office administration and committee allowances without proper support documents including approved minutes and attendance registers as tabulated below;

Payee	Description	Voucher No.	Date	Kshs
Julius Andera-	Office Administration	30	28/3/2018	400,000
Julius Andera	Committee Allowances	22	21/2/2018	300,000
Julius Andera	Committee Allowances	58	13/6/2018	300,000
Julius Andera	Committee Allowances	67	25/6/2018	120,000
Julius Andera	Committee Allowances	21	21/2/2018	109,200
Julius Andera	Committee Allowances	33		150,000
Julius Andera	Committee Allowances	65	25/6/2018	200,000
Julius Andera	Committee Allowances	41	27/4/2018	200,000
<b>Total</b>				<b>1,779,200</b>

As a result, the probity of committee expenditure amounting to Kshs.1,779,200 could not be confirmed.

##### 4.2 Un-Vouched Expenditure

Payment vouchers amounting to Kshs.3,631,580 as tabulated below, which are relating to expenditures towards use of goods and services were not availed for audit review.

Payee	Date	P.V.No.	Kshs.
Paul Akello Ogulla	31/7/2017	10	658,000
Technosons Sub-SaharaSlans	7/31/2017	11	241,580
Julius Andera	6/24/2018	62	500,000
Julius Andera	24/12/2018	61	
Julius Andera-Office Running Expenses	1/30/2018	20	300,000
Julius Andera	6/25/2018	72	300,000
Julius Andera -Office Administration	3/28/2018	31	200,000
Julius Andera -Office Running expenses	4/27/2018	42	200,000
Julius Andera -Office Running Expenses	30/1/2018	19	130,000
Julius Andera	6/25/2018	69	200,000
Julius Andera	6/25/2018	71	200,000
Julius Andera	27/4/2018	39	156,000
Julius Andera	6/25/2018	70	150,000
		<b>Total</b>	<b>3,631,580</b>

In the circumstances, it was not possible to confirm the propriety of the expenditures on use of goods and services totaling Kshs.3,631,580.

## **5. Lack of an Updated Fixed Assets Register**

The Fund did not avail the updated asset register as at 30 June 2018. Hence, it was not possible to confirm the accuracy and completeness of the fixed asset value of Kshs.10,051.729 as reported in summary of fixed asset register under annex 2.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund - Budalangi Constituency in accordance with ISSAI 30 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 adverse 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. Except for the matter described in the Basis for Adverse Opinion section, I have determined that there are no key audit matters to communicate in my report.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the 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 money has not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1. Completion of Classrooms at Lake View Nandekere Primary School**

During the year under review, the Fund through the Constituency Development Fund Committee awarded a contract to a local contractor at sum of Kshs.2,000,000 towards completion of class rooms at Lake View Nandekere Primary School. However, procurement documents such as; tender advertisement, tender opening minutes, tender evaluation minutes, notification of award, acceptance letter, contract agreement form and local service order were not availed for audit review.

Further, it was noted that the contractor was not paid directly and instead funds transferred to Lake View Nandekere Primary School project management committee (PMC) account for onward remittance to the contractor. Records like interim certificates and PMC approval minutes were not availed to support payments to the contractor. Physical verification

revealed that the project remained incomplete despite the full allocation having been transferred to the institution.

Consequently, was not possible to ascertain that the tender was awarded in compliance with the procurement laws and regulations.

## **2. Outstanding Employees Cost**

Review of records indicated that Fund did not pay staff salaries for six months from August 2017 to January 2018 estimated to Kshs.840,426 inclusive of taxes and other statutory deductions. Further, records of temporary staff whose contracts were terminated in February 2018 were not availed for review. It was thus not possible to ascertain the amounts owed to them as gratuity were paid. Hence, the Fund contravened circular referenced CDFBOARD/Circulars/Vol1.1/166 of June 2013 which provides that CDFC staff shall be entitled to the prescribed monthly salary and gratuity at the rate of 31% of the annual basic salary for three years of contract.

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

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

### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the procedures performed, except for the matter described in the Conclusion on Internal Controls Effectiveness, Governance and Risk Management Systems section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

#### **1. Project Performance**

The Fund was to implement projects/programmes costing Kshs.4,933,312 during the year under review. The expenditure comprises of Kshs.2,000,000 under transfers to other government entities and Kshs.2,933,312 under other grants and transfers. However, for all the projects, the management did not avail implementation status report for audit verification.

#### **2. Budgetary Performance**

The Fund revenue was budgeted at Kshs.105,712,986 against actual receipt of Kshs.43,707,172 representing underfunding of Kshs.62,005,813. The Fund made payments

of Kshs.35,527,577 against receipt of Kshs.43,707,172 representing an overall underutilization of Kshs.8,179,595. Further, the Fund spent a total Kshs.35,527,577 against a budget of Kshs.105,712,986 representing under expenditure of Kshs.70,185,409 or 34% as shown in the table below:

<b>Component</b>	<b>Current year final budget figures Kshs.</b>	<b>Actual expenditure figures Kshs.</b>	<b>Budget Utilization Difference Kshs</b>	<b>% Budget Under - Absorption %</b>
<b>Receipts</b>				
Transfers from CDF Board	105,712,986	50,928,512	54,784,474	51%
<b>Total</b>	<b>105,712,986</b>	<b>50,928,512</b>	<b>54,784,474</b>	<b>51%</b>
<b>Payments</b>				
Compensation of Employees	2,168,569	840,826	1,327,743	61%
Use of goods and services	9,819,967	6,749,749	3,070,218	31%
Transfers to Other Government Units	41,784,181	2,000,000	39,784,181	95%
Other grants and transfers	39,743,242	25,707,002	14,036,240	35%
Acquisition of Assets	7,230,000	230,000	7,000,000	97%
Other Payments	4,967,027	0	4,967,027	0%
<b>Total</b>	<b>105,712,986</b>	<b>35,527,577</b>	<b>70,185,409</b>	<b>66%</b>

Consequently, the Fund failed to implement projects and programmes worth Kshs.70,185,409 thus denying the Budalangi constituents the services and benefits that would have been derived from the projects.

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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 Fund's 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.

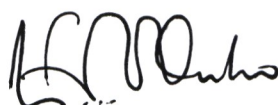
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- 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 going concern 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.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**02 July 2019**



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
 BUDALANGI CONSTITUENCY  
 Reports and Financial Statements  
 For the year ended June 30, 2018**

**V. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF board	1	43,707,172	82,296,552
<b>TOTAL RECEIPTS</b>		<b>43,707,172</b>	<b>82,296,552</b>
<b>PAYMENTS</b>			
Compensation of employees	2	840,826	2,282,272
Use of goods and services	3	6,749,780	7,517,422
Transfers to Other Government Units	4	2,000,000	47,155,000
Other grants and transfers	5	25,707,002	36,184,623
Acquisition of Assets	6	230,000	-
<b>TOTAL PAYMENTS</b>		<b>35,527,208</b>	<b>93,139,316.28</b>
<b>SURPLUS/(DEFICIT)</b>		<b><u>8,179,964</u></b>	<b><u>(10,842,765.)</u></b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUDALANGI Constituency financial statements were approved on 16/SEP/2018 and signed by:

Fund Account Manager  
 Name: JULIUS J. ANDERA

**BUDALANGI NG-CDF**  
 P.O. BOX 171 - 50410  
 PORT VICTORIA  
 DATE: .....

Sub-County Accountant  
 Name: ZABLON ONKOBA  
 ICPAK Member Number:



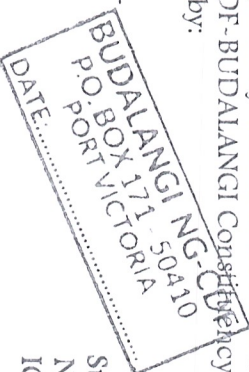
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)**  
**BUDALANGI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2018**

**VI. STATEMENT OF ASSETS**

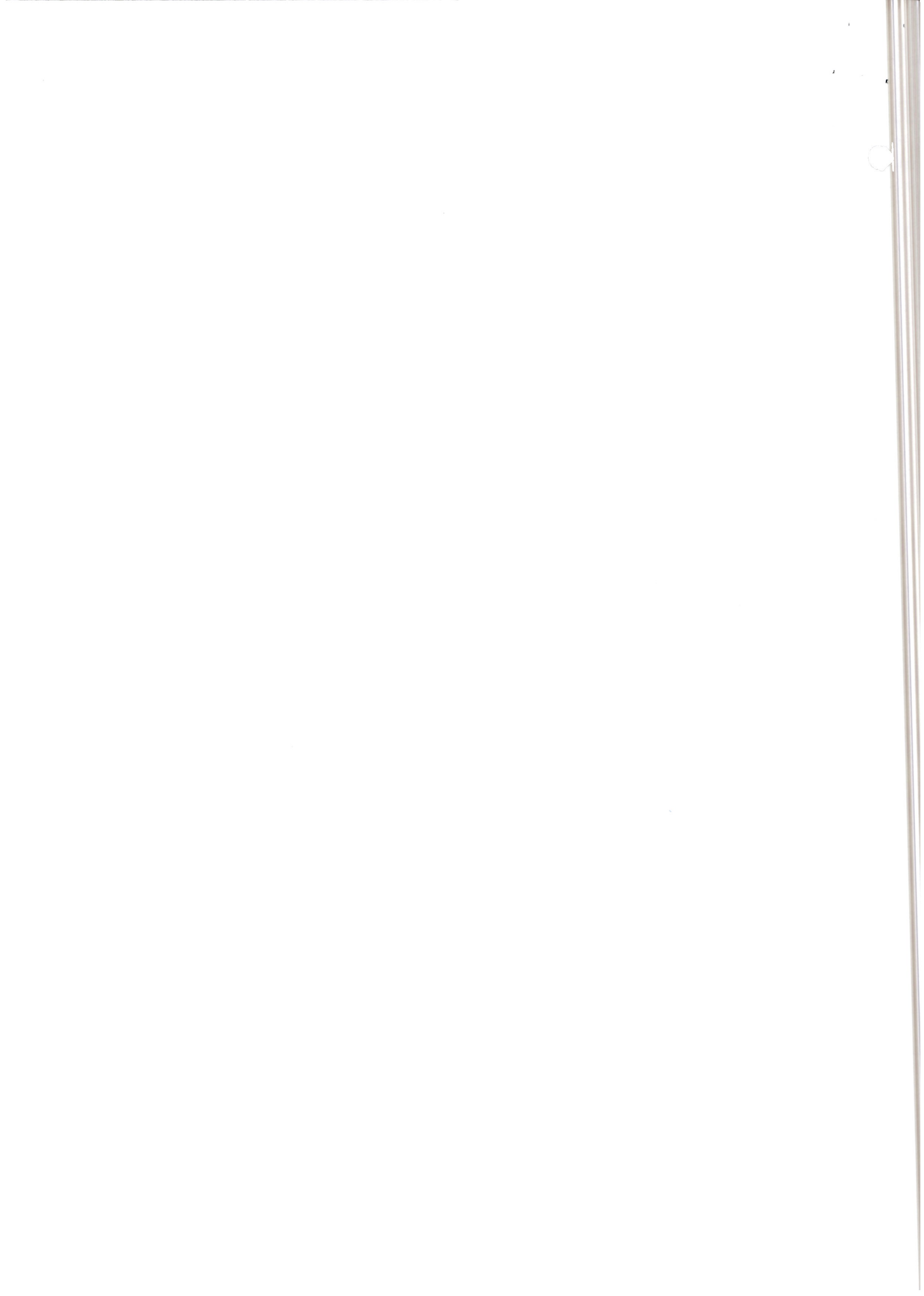
	Note	2017 - 2018	2016 - 2017
<b>FINANCIAL ASSETS</b>		<b>Kshs</b>	<b>Kshs</b>
Cash and Cash Equivalents			
Bank Balances ( as per the cash book)	8A	15,703,304	8,745,656
<b>TOTAL FINANCIAL ASSETS</b>		<u>15,703,304</u>	<u>8,845,656</u>
<b>REPRESENTED BY</b>			
Fund balance b/fwd 1st July...	8B	8,745,656	19,588,421
Surplus/Deficit for the year		8,179,964	(10,842,765)
<b>NET LIABILITIES</b>		<u>16,925,620</u>	<u>8,745,656</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-BUDALANGI Constituency financial statements were approved on 2018 and signed by:

Fund Account Manager  
 Name: JULIAS J ANDERA



Sub-County Accountant  
 Name: ZABLON ONKOBA  
 ICPAK Member Number: .....



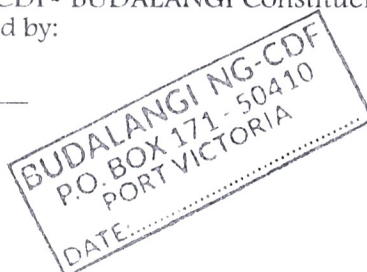
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)  
BUDALANGI CONSTITUENCY  
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For the year ended June 30, 2018**

**VII. STATEMENT OF CASHFLOW**

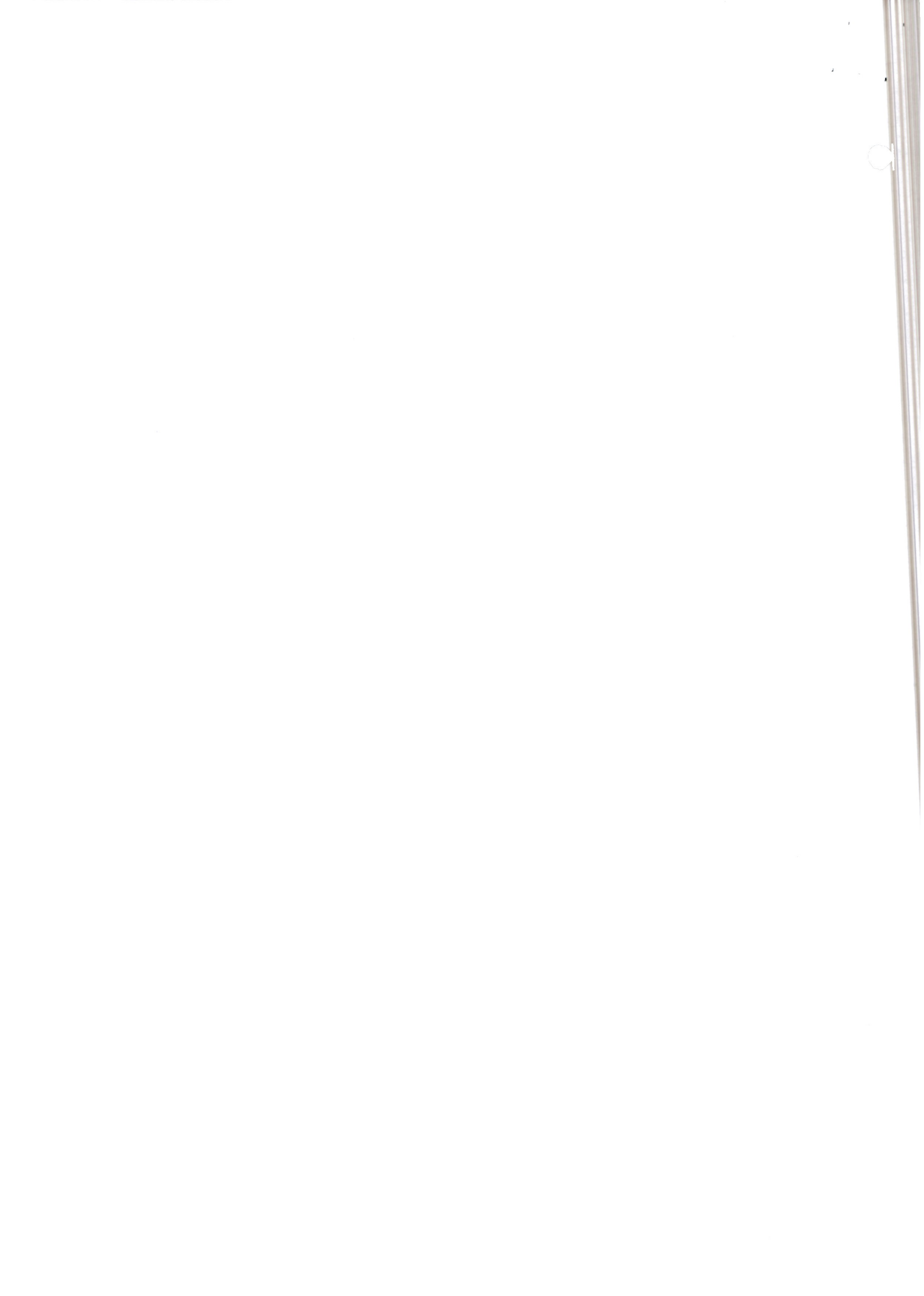
Receipts for operating income		2017 – 2018	2016 - 2017
Transfers from NGCDF Board	1	43,707,172	82,296,552
		<b>43,707,172</b>	<b>82,296,551</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	2	(840,426)	(2,282,272)
Use of goods and services	3	(6,749,780)	(7,517,422)
Transfers to Other Government Units	4	(2,000,000)	(47,155,000)
Other grants and transfers	5	(25,707,002)	(36,184,623)
Other Payments	7		(2,655,000)
		<b>(35,297,208)</b>	<b>(93,139,317)</b>
<b>Net cash flow from operating activities</b>		<b>8,409,964</b>	<b>(10,842,765)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	(230,000)	-
<b>Net cash flows from Investing Activities</b>		<b>(230,000)</b>	<b>-</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENT</b>		<b>8,179,964</b>	<b>(10,842,765)</b>
Cash and cash equivalent at BEGINNING of the year	8A	8,745,656	19,588,421
Cash and cash equivalent at END of the year	8B	<u>16,925,620</u>	<u>8,745,656</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- BUDALANGI Constituency financial statements were approved on \_\_\_\_\_ 2018 and signed by:

Fund Account Manager  
Name: JULIAS JUMA



Sub-County Accountant  
Name: ZABLON ONKOBA  
ICPAK Member Number:



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BUDALANGI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

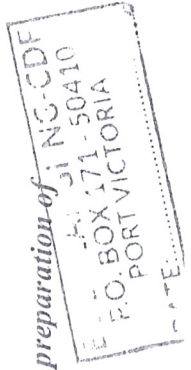
VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

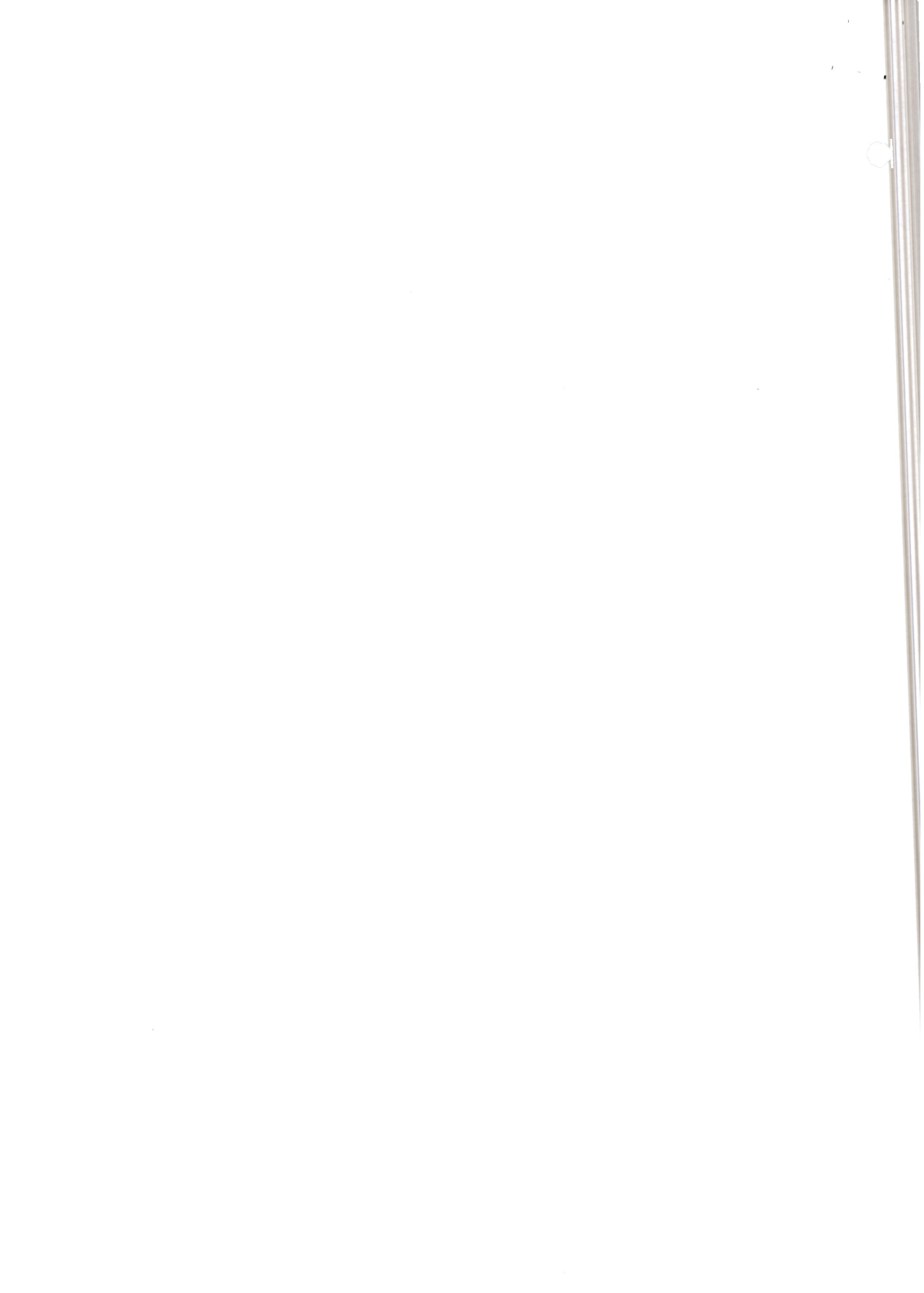
Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>RECEIPTS</b>						
Transfers from NGCDF Board	86,810,345	19,204,651	105,712,986	50,928,512	54,784,474	48%
Proceeds from Sale of Assets						
Other Receipts						
<b>TOTAL</b>	<b>86,810,345.00</b>	<b>19,204,651.00</b>	<b>105,712,986</b>	<b>50,928,512</b>	<b>54,784,474</b>	<b>48%</b>
<b>PAYMENTS</b>						
Compensation of Employees	1,570,793.00	597,776	2,168,569	840,826.00	1,327,743	39%
Use of goods and services	9,742,138	77,829	9,819,967	6,749,780	3,070,218	69%
Transfers to Other Government Units	28,784,181	13,000,000	41,784,181	2,000,000.00	39,784,181	5%
Other grants and transfers	35,036,206	4,707,035.6	39,743,242	25,707,002.00	14,036,240	65%
Acquisition of Assets	7,000,000	230,000	7,230,000	230,000.00	7,000,000	3%
Other Payments	4,677,027	290,000.00	4,967,027		4,967,027	0%
<b>TOTALS</b>	<b>86,810,345</b>	<b>18,902,641</b>	<b>105,712,986</b>	<b>35,527,208</b>	<b>70,185,409</b>	<b>34%</b>

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. There being a late disbursement of the AIE there was a time constraint given the legal procedures that have to be followed in the proper implementation of projects.
- ii. There being on-going litigation cases there was a delay in the formation of CDFC that was liable for the preparation of







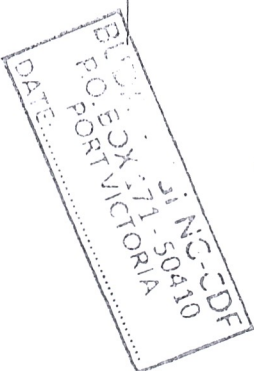
NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – BUDALANGI CONSTITUENCY  
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- iii. *The late formation of the CDFC also affected the immediate employment of the CDFC staff and as such, the staff were absorbed in February 2019.*
- iv. *The 5% utilization of transfer to other government units was due to the late formation of PMCs to coordinate the implementation of projects due to the late disbursement of funds from the board.*
- v. *The underutilization of the Acquisition of assets was brought about by the limited time frame that could not allow the completion of the legal procurement procedures necessary to acquire an asset.*
- vi. *The adjustments was due to additional reallocations of Ksh. 11,000,000 from the board for proposals yet to be approved by the board.*
- vii. *There was 0% utilization of other payment was due to delayed disbursement of funds from the board which led to the stall.*

The NGCDF- BUDALANGI Constituency financial statements were approved on 24/7/2018 and signed by:

Fund Account Manager  
Name: JULIUS ANDERA

Sub-County Accountant  
Name: ZABLON ONKOBA  
ICPAK Member Number:





**IX. 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-BUDALANGI 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**

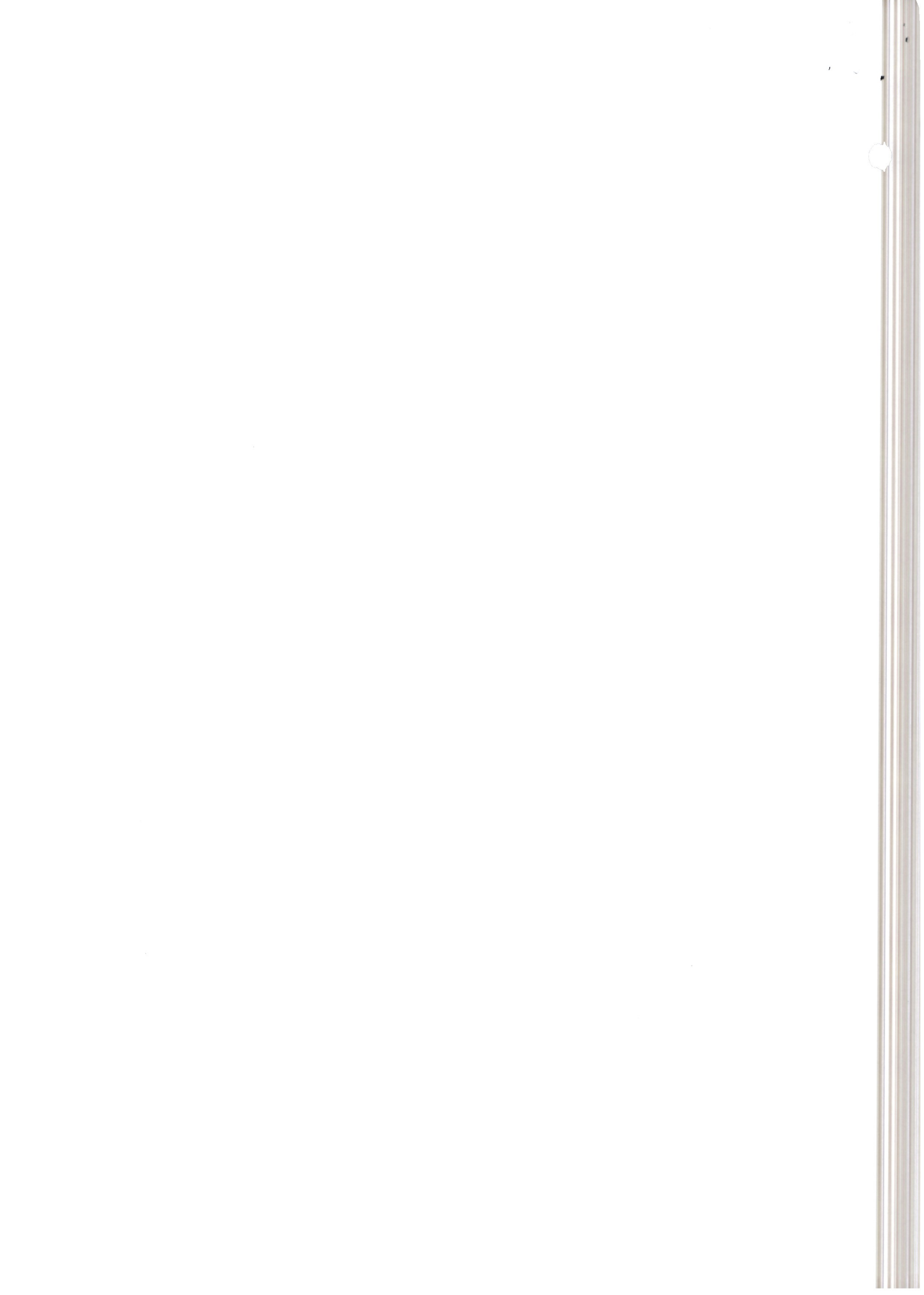
The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

**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 (CONTINUED)*

**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 2018, 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 ENTITY - (indicate actual name of the entity)**

**Reports and Financial Statements**

**For the year ended June 30, 2014 (Kshs'000)**

**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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**

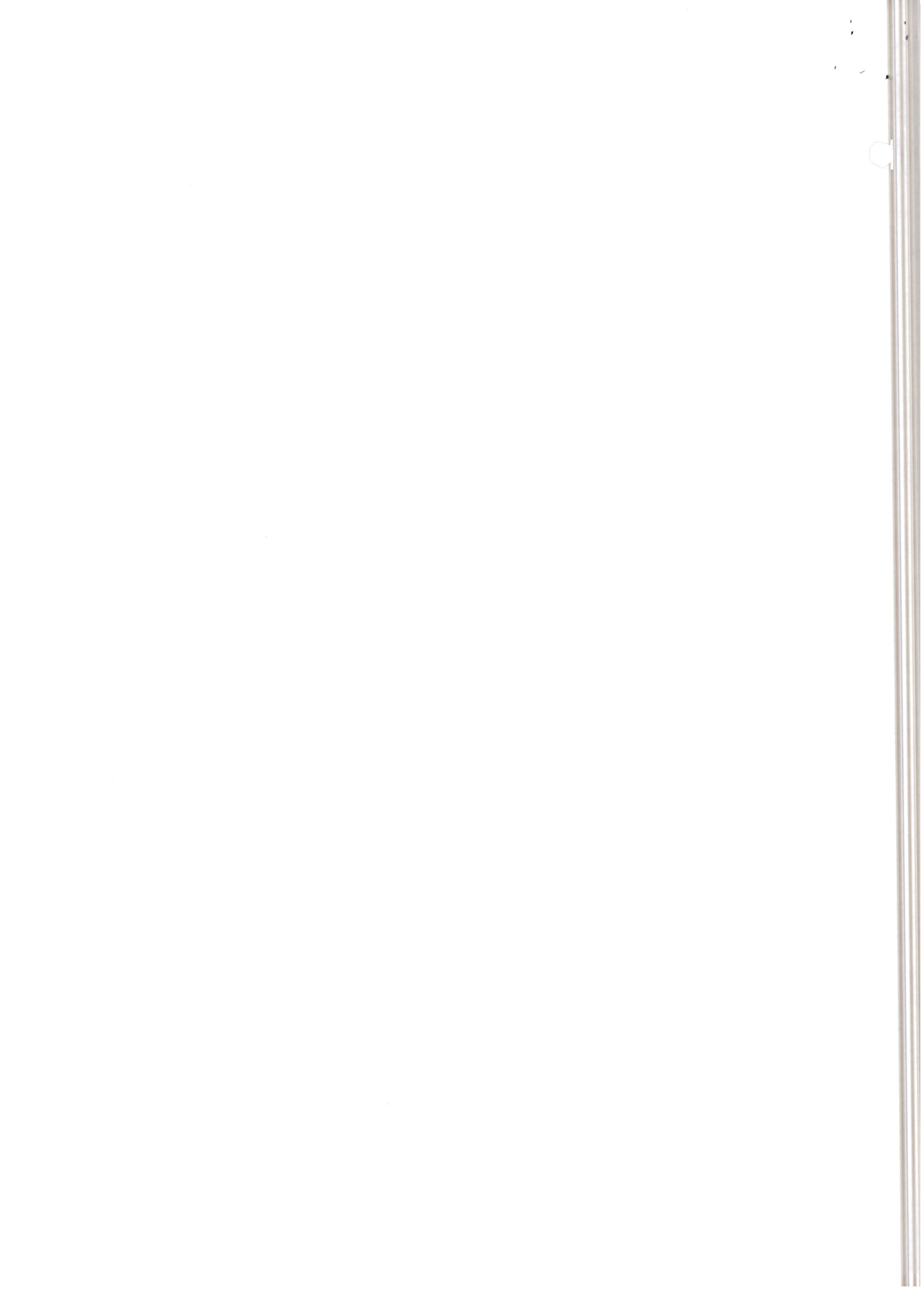
For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations 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 Funds**

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.





*SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

**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 2017 for the period 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2018 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 2018.

**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 ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

**X. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

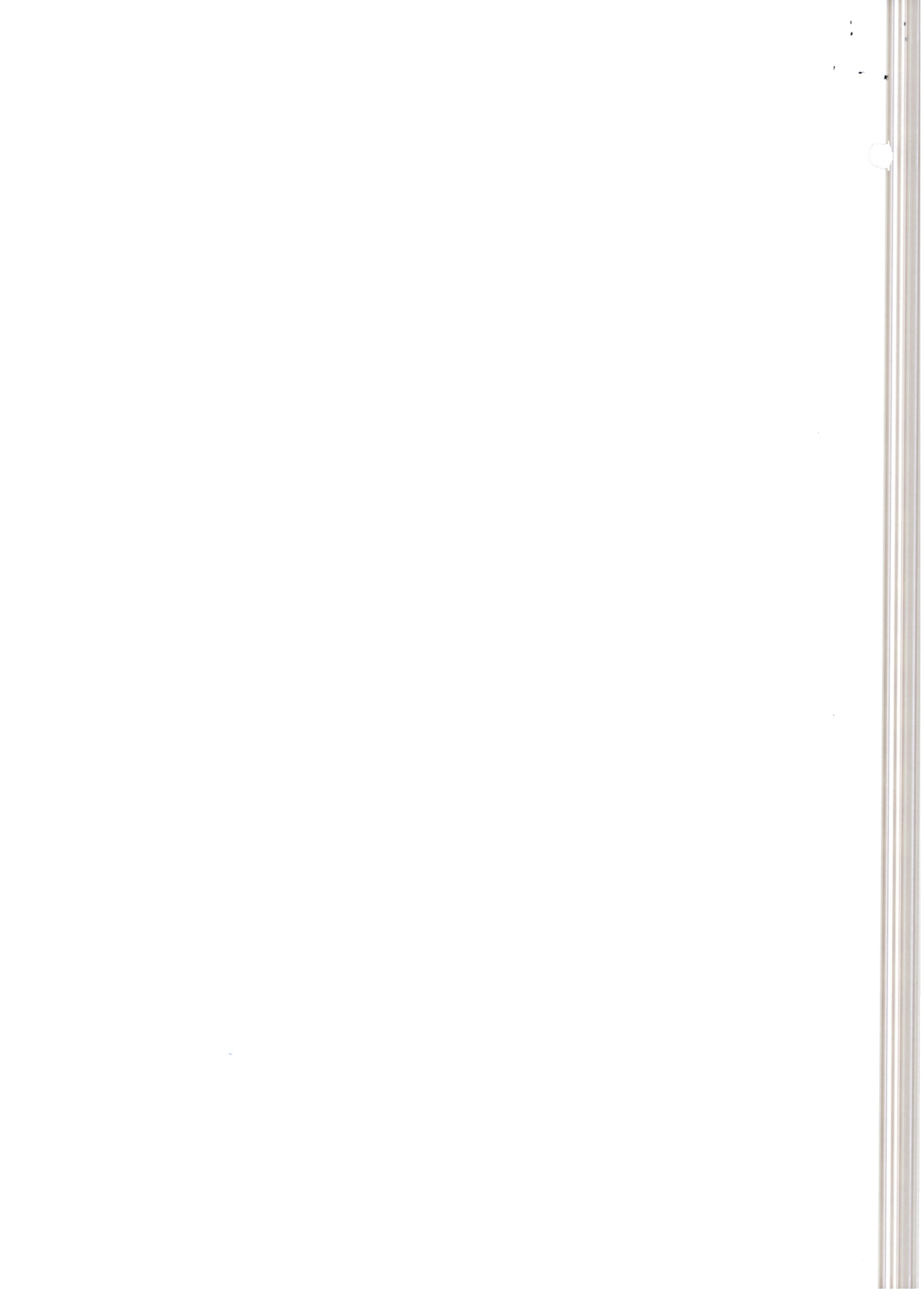
Description	2017-2018	2016-2017
	Kshs	Kshs
NGCDF Board		
AIE NO A855206		120,000
AIE NO A855698		280,000
AIE NO A		4,094,828
AIE NO A55772	5,500,000	36,853,449
AIE NO 896807	37,905,172	40,948,275
<b>TOTAL</b>	<b>43,707,172</b>	<b>82,296,552</b>

**2. COMPENSATION OF EMPLOYEES**

	2017-2018	2016-2017
	Kshs	Kshs
Basic wages of contractual employees	756,826	2,119,612
Personal allowances paid as part of salary		
Other personnel payments-NSSF	84,000	162,660
<b>Total</b>	<b>840,826</b>	<b>2,282,272</b>

**3. USE OF GOODS AND SERVICES**

	2017-2018	2016-2017
	Kshs	Kshs
Committee Expenses	2,703,200	1,910,000
Other Committee Expenses	658,000	1,000,000
Fuel, Oil and Lubricants	250,000	544,000
Communication, supplies and services	300,000	178,319
Printing, advertising and information supplies & services	241,580	600,000
Training expenses	700,000	900,000
Office and general supplies and services	1,005,500	1,230,000
Other operating expenses	276,100	1,150,000
Routine maintenance – Motor Vehicles and other assets	615,400	5,103
<b>Total</b>	<b>6,749,780</b>	<b>7,517,422</b>



**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**

**Reports and Financial Statements**

**For the year ended June 30, 2014 (Kshs'000)**

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools	2,000,000	23,755,000
Transfers to secondary schools	-	10,400,000
Transfers to tertiary institutions	-	13,000,000
<b>TOTAL</b>	<b>2,000,000</b>	<b>47,155,000</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	2017-2018	2016- 2017
	Kshs	Kshs
Bursary – secondary schools and Tertiary Institutions	22,773,690	19,314,350
Mock & CAT	-	1,477,900
Security projects	-	7,997,034.68
Sports projects	-	1,588,368
Environment projects	-	1,600,000
Emergency projects	2,933,312	3,206,970
Other Projects		1,000,000
<b>Total</b>	<b>25,707,002</b>	<b>36,184,623</b>

**6. ACQUISITION OF ASSETS**

Non-Financial Assets

	2017-2018	2016-2017
	Kshs	Kshs
Purchase of ICT Equipment, Software and Other ICT Assets	230,000	300,000
Purchase of Office Furniture and General Equipment	-	96,000
<b>Total</b>	<b>230,000</b>	<b>396,000</b>

**7. OTHER PAYMENTS**

	2017-2018	2016-2017
	Kshs	Kshs
Emergency Supplies and Services	-	2,655,000
<b>TOTAL</b>	<b>-</b>	<b>2,655,000</b>



**NATIONAL GOVERNMENT ENTITY - (indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs'000)**

**8A. BALANCES BROUGHT FORWARD**

	2016-2017 Kshs	2015-2016 Kshs
Bank accounts	8,745,656	19,588,421
Total	<u>8,745,656</u>	<u>19,588,421</u>

**8B. Bank Accounts (cash book bank balance)**

Name of Bank, Account No. & currency	2017-2018 Kshs	2016-2017 Kshs
<i>National Bank of Kenya , 01021037100000</i>	7,523,340	8,745,656
<b>Total</b>	<b>7,523,340</b>	<b>8,745,656</b>





**NATIONAL GOVERNMENT ENTITY - (Indicate actual name of the entity)**  
**Reports and Financial Statements**  
**For the year ended June 30, 2014 (Kshs)**

**XI. ANNEXURES**

**ANNEX 1 – UNUTILIZED FUNDS**

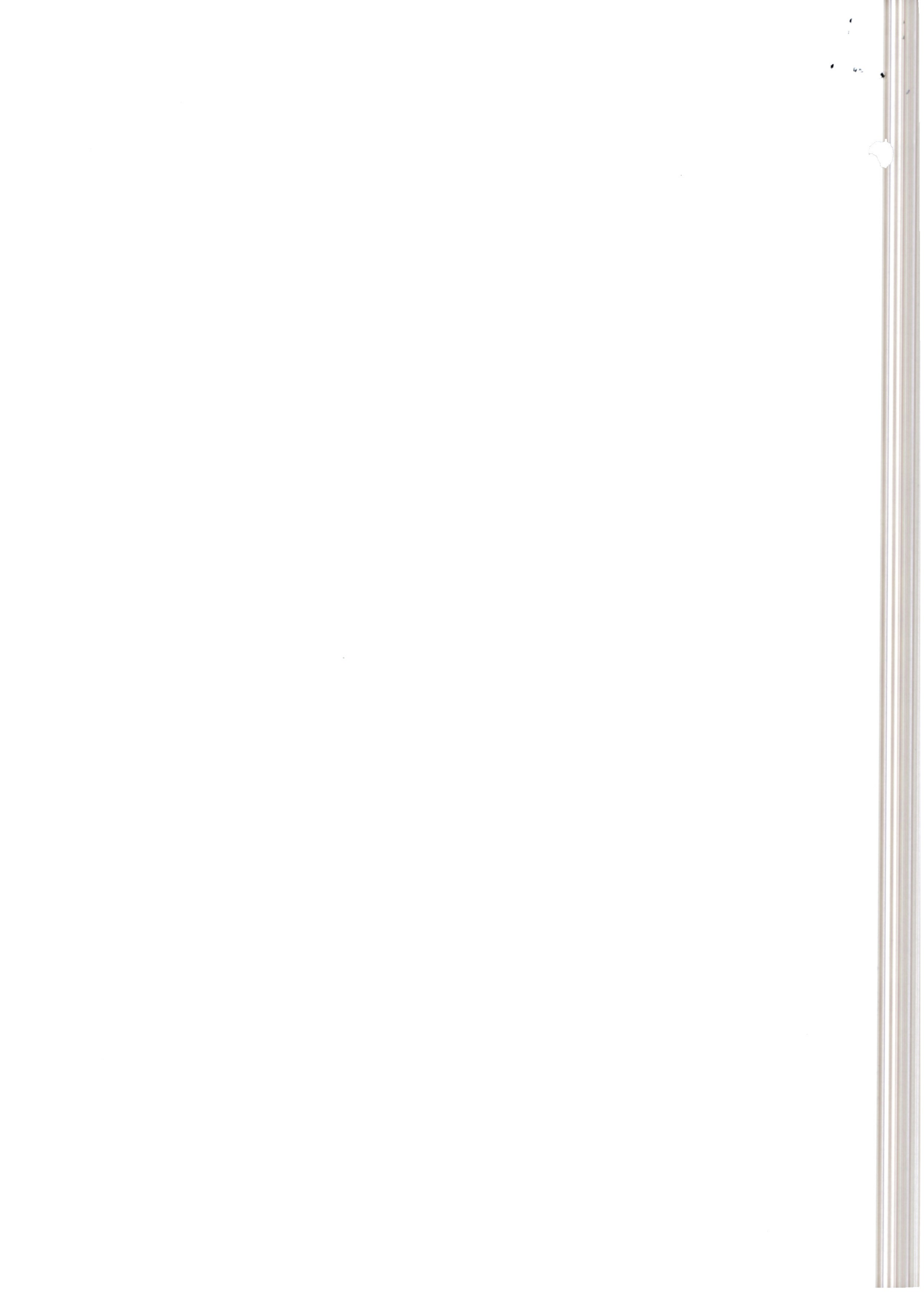
Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees		1,327,743	97,776	
Use of goods & services		3,070,218	216,422.73	
Amounts due to other Government entities		39,784,181	29,000	
<b>Sub-Total</b>				
<b>Amounts due to other grants and other transfers</b>		14,036,240	707,035.60	
<b>Sub-Total</b>				
<b>Sub-Total</b>				
Acquisition of assets		7,000,000		
<b>Sub-Total</b>				
<b>Grand Total</b>		<b>70,185,409</b>	<b>1,340,233.73</b>	



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-BUDALANGI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs')**

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

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Transport equipment	4,600,000	-	-	4,600,000
Office equipment, furniture and fittings	434,410	-	-	434,410
ICT Equipment, Software and Other ICT Assets	1,139,750	230,000	-	230,000
Other Machinery and Equipment	3,876,069	-	-	4,106,069
Intangible assets	1,500	-	-	1,500
<b>Total</b>	<b>10,051,729</b>	<b>-</b>	<b>-</b>	<b>10,281,729</b>



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-BUDALANGI CONSTITUENCY**  
**Reports and Financial Statements**  
**For the year ended June 30, 2017 (Kshs')**

**XII. 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	The Fund's revenue budget for the year under review was Kshs.82,296,552 against actual receipts of Kshs.81,896,551 representing an overall under-collection of Kshs.400,001. Further, the CDF spent a total Kshs.93,139,316 against a budget of Kshs.94,479,517 representing under-expenditure of Kshs.1,340,200 as shown in the table below:	None	N/A	N/A	N/A
2	The Fund was to implement a total of 48 projects and activities under various sectors during the financial year. Review of the Fund's performance indicated that as at 30 June 2017, 1% of the projects had not started, 35% of the projects were ongoing and 64 % had been completed.	None	N/A	N/A	N/A
3	Included in the transfer to other Government entities balance of Kshs.47,155,000 are payments totaling Kshs.12,500,000 made for various projects undertaken in various Government entities. However, as detailed below, physical verification of three of the projects revealed that the construction works were not done as specified in the bills of quantities: Further, evidence for authority, if any, granted to the works managers to vary the works was not	None	N/A	N/A	N/A



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND-BUDALANGI CONSTITUENCY**  
**Reports and Financial Statements**

**For the year ended June 30, 2017 (Kshs')**

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)
	availed for verification.				
4	In the circumstance, it is not possible to confirm the propriety of the expenditure of Kshs.47,155,000 reported to have been incurred on transfers to other Government entities during the year under review.  During the year under review, the Fund incurred expenditure totalling Kshs. 1,000,000 on purchase of furniture and construction of three shades at Bunyala Cultural Centre. However, physical verification revealed that the project was not executed yet full payment was made to Bunyala Project Management Committee. The Fund thus failed to provide expected services to the constituents. No plausible explanation has been provided by management for the anomaly.	None	N/A	N/A	N/A

