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**REPORT**

NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 MAR 2023	DAY: Wednesday
OF	Majority Party Whip
CLERK-AT THE-TABLE:	Finlays Muriuki

**THE AUDITOR-GENERAL**

**ON**

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

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



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 00100, NAIROBI  
REGISTRY  
28 SEP 2022  
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**SHINYALU CONSTITUENCY**  
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT**  
**FUND**

**REPORTS AND FINANCIAL STATEMENTS**

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

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

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

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

**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 Shinyalu 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 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

<b>No</b>	<b>Designation</b>	<b>Name</b>
1.	AIE Holder	<b>IGNATIUS ATEYA</b>
2.	A.I.E holder	<b>PEREZ ANYANGO</b>
3.	Sub-County Accountant	<b>ROSELYN KOLWA</b>
4.	Chairman NGCDFC	<b>BENARD SHITIABAYI</b>
5.	Member NGCDFC	<b>JAMIN LUMITI</b>

#### **(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of Shinyalu Constituency NGCDF. The reports and recommendation of ARMC when adopted by the NGCDF Board are forwarded to the

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Constituency Committee for action. Any matters that require policy guidance are forwarded by the Board to the Cabinet Secretary and National Assembly Select Committee.

**(e) NGCDF SHINYALU CONSTITUENCY Headquarters**

NG-CDF Office  
Khalisia Plaza  
P.O. Box 405-50100  
KAKAMRGA

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**(f) NGCDF SHINYALU Constituency Contacts**

Telephone: (254) 722612112  
E-mail: [cdfshinyalu@ngcdf.go.ke](mailto:cdfshinyalu@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) NGCDF SHINYALU Constituency Bankers**

EQUITY BANK  
P.O Box 2512-50100  
KAKAMEGA

**(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. NG-CDFC CHAIRMAN'S REPORT**



**BENARD SHITIAMBAYI NG-CDFC CHAIRPERSON**

I am pleased to once again present the reports and financial statements of the Shinyalu National Government Constituency Development Fund financial year 2020/2021. In the financial year 2020/2021 Shinyalu constituency received a total of Ksh 155,867,724 (One hundred and fifty five million eight hundred and sixty seven thousand seven hundred and twenty four), out of this funds ksh 63,267,724 (sixty three million two hundred and sixty seven thousand seven hundred and twenty four) was for the financial year 2019/2020 and ksh 600,000 (six hundred thousand) was for the 2016/2017 financial year.

### **KEY ACHIEVEMENTS**

- We prioritised and disbursed ksh 10,275,190 (TEN MILLION two hundred and seventy five thousand one hundred and ninety), which was more than half the total funds received as bursary support for needy students in the constituency. These funds have benefited over 7000 needy and vulnerable students. This was a strong statement in line with the constituency strategic plan that has education as one of the major pillars for social economic transformation.
- We also managed to intervene and construct exhaustible pit latrines at St Philips Mukomari primary school, Friends school lungango secondary school, Chirobani primary school, Makuchi primary school, Magakha primary school, Ibukaburu primary school, Lirhanda boarding primary and at Mugomari primary schools to a tune of ksh 5,679,400 (five million six hundred and seventy nine thousand four hundred only) from the



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emergency reserve. The schools had been condemned by the public health department and were facing closure

- We also managed to construct classrooms in some schools and administration blocks in the following schools shagungu primary school administration block, Dr kisia secondary school four number classrooms and administration block, muraka primary school eight number classroom storey building, shamiloli primary school four number classrooms, munasio primary school four number classrooms, shirulu primary school three number classrooms, and at magakha eight number classrooms.
- The constituency procured and had a comprehensive 5 year strategic plan (2018-2023) drawn up that will be the guiding principle in implementation of the fund to achieve social economic development for the people of Shinyalu constituency. The plan focuses on thirteen strategic themes including Education and training, agriculture, commerce, urban development housing and tourism, employment creation and promotion, water, energy, roads, security, environmental management, technology and finally resource mobilization and governance
- In line with the environment strategic theme we were able to purchase and distribute over 10,000 indigenous tree seedlings to over 20 schools to heed the national government call of achieving 10 % forest cover by the year 2020.
- The constituency also organized and executed a successful soccer tournament in the month of December 2020 that aimed at enhancing youth talent by providing a higher platform for them to showcase their skills to potential professional soccer scouts and big league teams.

*SHINYALU Constituency  
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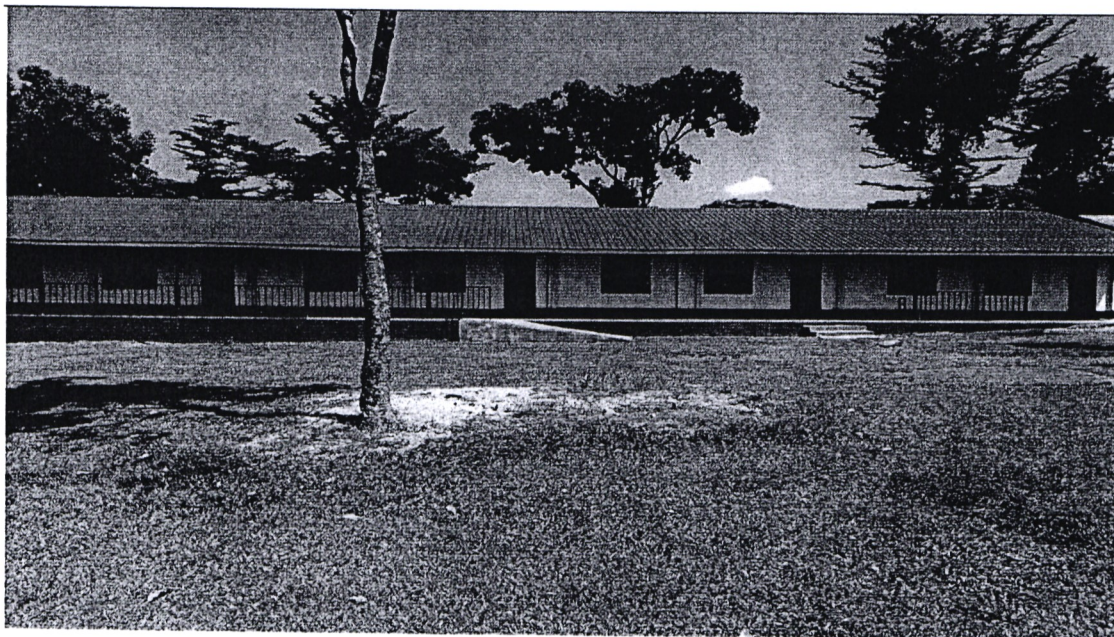


SHAGUNGU PRIMARY SCHOOL ADMINISTRATION BLOCK



MURAKA PRIMARY SCHOOL EIGHT NUMBER CLASSROOMS STOREY BUILDING

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LIRHANDA BORDING PRIMARY SCHOOL FOUR NUMBER CLASSROOMS



SHILONGO PRIMARY SCHOOL EIGHT NUMBER CLASSROOMS

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**DR KISIA SECONDARY SCHOOL FOUR NUMBER CLASSROOM AND ADMINISTRION BLOCK**

**CHALLENGES, EMERGING ISSUES AND THE WAY FORWAD**

- As we appreciate the continued support from the national government in making slight additions to the kitty we however regrettably wish to say that it's not enough to assist the constituency make the rapid anticipated challenge of providing proper infrastructure for the education sector and security organs. The national government should seriously consider the re-introduction of the poverty index scheme for distribution of the national cake.
- Its common knowledge that there are certain pockets of regions in this country that have a high poverty index like Shinyalu and they have to be jump started economically to catch up with regions that have made huge strides in matters development.

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- We remain committed as a committee to ensure that the fund makes the expected impact in the constituency in terms of enabling needy and bright students attend and complete their formal education in a convenient environment.
- We also are focused to ensure our constituency achieves the lowest regional and national crime indices.

Thank you and God bless you.

Signature



**BENARD SHITIABAYI**  
**CHAIRPERSON NGCDF COMMITTEE**

**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 *Shinyalu Constituency 2018-2022* plan are to:

- a) Education and training
- b) Agriculture
- c) Commerce
- d) Urban Development, Housing and Tourism
- e) Employment creation and promotion
- f) Health
- g) Water
- h) Energy
- i) Roads
- j) Security
- k) Environmental management
- l) Technology
- m) Resource Mobilization and Governance

**Progress on attainment of Strategic development objectives**

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

<b>Constituency Sector</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Education	To have all children of school going age attending school	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none"> <li>- number of usable physical infrastructure build in primary, secondary, and tertiary institutions</li> <li>- number of bursary's</li> </ul>	In FY 20/21 we increased number of classrooms, dormitories, laboratories etc from ... to... in the following schools/institutions - Bursary beneficiaries at all

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			beneficiaries at all levels	levels were as per the attached schedules
Security				
Environment				
Sports				
Emergency				

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

Shinyalu 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 SHINYALU NG CDF, the committee funds the following key sectors with the following sustainable priorities.

- a. **Education and Training:** SHINYALU 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.

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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**

Under environment, during the Financial Year under review, Shinyalu NGCDF promoted environmental conservation by constructing water tanks for four Primary Schools for rain water harvesting.

We have endeavoured to demonstrate to students/pupils the for environmental conservation and promoting sustainable environmental practises through planting of trees in Schools, installation of rain water harvesting equipment in all our Projects and allocation of Funds towards other environmental activities.

**3. Employee welfare**

We invest in providing the best working environment for our employees. Shinyalu 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. Shinyalu 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. Shinyalu constituency also has bursary programs aligned to the NG-CDF Act for employees seeking to further their education or advance themselves through formal programs relating to their current or prospective jobs.

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 practises-**

Shinyalu 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-**

SHINYALU 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.

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

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**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 the NGCDF-SHINYALU 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, 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 the NGCDF-SHINYALU 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 *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 the NGCDF- SHINYALU Constituency 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 the NGCDF SHINYALU Constituency 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**

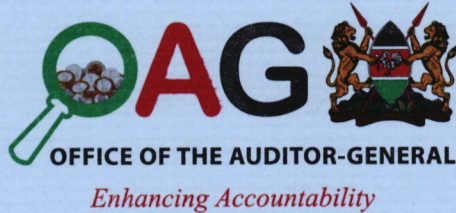
The NGCDF- SHINYALU Constituency financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2021.

  
Chairman NGCDF Committee  
Name: BENARD SHITIABAYI

  
Fund Account Manager  
Name: PEREZZ ANYANGO

# REPUBLIC OF KENYA

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

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### **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 – Shinyalu Constituency set out on pages 18 to 61, which comprise of the statement of assets and liabilities as at 30 June, 2021, and the

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*Report of the Auditor-General on National Government Constituencies Development Fund - Shinyalu Constituency  
for the year ended 30 June, 2021*

statement of receipts and payments, statement of cash flows and 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 - Shinyalu 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 National Government Constituencies Development Fund Act, 2015 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1.0 Unsupported Project Management Committee Bank Account Balances**

Note 17.4 to the financial statements reflects a balance of Kshs.17,359,232 in respect to forty (40) bank accounts for Project Management Committees as disclosed in Annex 5. However, re-computation of the balance reflects Kshs.28,579,163 resulting to an unexplained and an unreconciled variance of Kshs.11,219,931.

In addition, bank reconciliation statements, certificates of bank balance and cash books in support of the individual balances were not provided for audit review.

In the circumstances, the accuracy and completeness of the Project Management Committee bank balance of Kshs.17,359,232 could not be confirmed.

#### **2.0 Inaccuracies in Summary of Fixed Asset Register**

Annex 4 on summary of fixed asset register reflects closing historical cost balance of Kshs.12,414,530. However, the cost excludes Information Communication Technology (ICT) assets procured during the year amounting to Kshs.150,800.

Further, no evidence was provided to show that the assets of the Fund were insured as provided by Section 36(3) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the accuracy, completeness and regularity of the summary of fixed assets register of Kshs.12,414,530 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 - Shinyalu Constituency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits

of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **1.0 Budgetary Control and Performance**

The summary statement of appropriation reflects final receipts budget and actual receipts on a comparable basis of Kshs.219,605,955 and Kshs.161,311,666 respectively, resulting in under-funding of Kshs.58,126,617 or 26 % of the budget. Similarly, the Fund spent Kshs.151,311,666 against an approved budget of Kshs.219,605,955 resulting to an underperformance of Kshs.68,294,289 or 31% of the budget.

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

#### **2.0 Unresolved Prior Year Audit Matters**

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

## **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**

#### **1.0 Delay in Project Implementation**

The statement of receipts and payments reflects other grants and other transfers of Kshs.23,247,595 as disclosed in Note 7 to the financial statements which includes environment projects amount of Kshs.3,220,656. Included in the expenditure is an amount of Kshs.630,164 that was disbursed to Luvuni Primary School for the construction and completion of nine (9) classrooms and an administration block that were funded in phases in previous years totalling Kshs.4,778,501. However, physical inspection carried out in the month of May, 2022, revealed that the administration block had not been

completed, the project had stalled and the contractor had abandoned the site for two (2) years. No explanation was provided for the failure to complete the project.

In the circumstances, the value for money for the expenditure incurred on implementation of the projects may not have been obtained.

## **2.0 Unsatisfactory Implementation of Project**

The statement of receipts and payments reflects other grants and transfers of Kshs.23,247,595 as disclosed in Note 7 to the financial statements which includes Kshs.8,279,400 for emergency projects, out of which, Kshs.500,000 was disbursed to Chirobani Primary School for construction of pit latrines. However, physical inspection carried out in the month of May, 2022, revealed that although the latrines had been completed and were in use, painting had not been done and the walls had cracks. No explanation was provided for the anomalies.

In the circumstances, the value for money for the expenditure incurred on implementation of the project may not have been obtained.

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**

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 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 controls 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 controls 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 controls.
- 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 controls 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

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

**VII. STATEMENT OF RECEIPTS AND PAYMENTS**

	Note	2020 – 2021	2019 - 2020
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from NGCDF Board	1	155,867,724	157,082,447
Proceeds from Sale of Assets	2		
Other Receipts	3		
<b>TOTAL RECEIPTS</b>		<b>155,867,724</b>	<b>157,082,447</b>
<b>PAYMENTS</b>			
Compensation of employees	4	2,095,517	1,971,933
Use of goods and services	5	9,338,410	16,648,831
Transfers to Other Government Units	6	116,479,244	118,697,811
Other grants and transfers	7	23,247,595	42,822,344
Acquisition of Assets	8	150,800	
Other Payments	9		
<b>TOTAL PAYMENTS</b>		<b>151,311,666</b>	<b>180,140,919</b>
<b>SURPLUS/(DEFICIT)</b>		<b>4,556,058</b>	<b>(23,058,472)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Shinyalu Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
 \_\_\_\_\_

**Fund Account Manager**  
**Name: PEREZZ ANYANGO**

  
 \_\_\_\_\_

**National Sub-County**  
**Accountant**  
**Name: ROSELYN KOLWA**  
**ICPAK M/No: 14950**

  
 \_\_\_\_\_


**Chairman NG-CDF Committee**  
**Name: BENARD SHITIABAYI**


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


**VIII. STATEMENT OF ASSETS AND LIABILITIES**

	Note	2020-2021	2019-2020
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances ( as per the cash book)	10A	9,832,371	5,611,614
Cash Balances (cash at hand)	10B		
<b>Total Cash and Cash Equivalents</b>		<b>9,832,371</b>	<b>5,611,614</b>
<b>Accounts Receivable</b>			
Outstanding Imprest	11	529,000	
<b>TOTAL FINANCIAL ASSETS</b>		<b>10,361,371</b>	<b>5,611,614</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Accounts Payable (Deposits)</b>			
Retention	12A		
Gratuity	12B		
<b>TOTAL FINANCIAL LIABILITIES</b>			
<b>NET FINANCIAL ASSETS</b>		<b>10,361,371</b>	<b>5,611,614</b>
<b>REPRESENTED BY</b>			
<b>Fund balance b/fwd</b>	13	5,611,614	27,170,086
Prior year adjustments	14	193,699	1,500,000
Surplus/Deficit for the year		4,556,058	(23,058,472)
<b>NET FINANCIAL POSITION</b>		<b>10,361,371</b>	<b>5,611,614</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Shinyalu Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:

  
\_\_\_\_\_  
**Fund Account Manager**  
**Name: PEREZZ ANYANGO**

  
\_\_\_\_\_  
**National Sub-County Accountant**  
**Name: ROSELYN KOLWA**  
**ICPAK M/No: 14950**

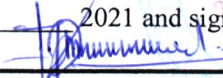
  
\_\_\_\_\_  
**Chairman NG-CDF Committee**  
**Name: BENARD SHITIABAYI**

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

STATEMENT OF CASHFLOW

		2020 - 2021	2019 - 2020
		Kshs	Kshs
<b>Receipts from operating activities</b>			
Transfers from NGCDF Board	1	155,867,724	157,082,447
Other Receipts	3		
<b>Total receipts</b>		<b>155,867,724</b>	<b>157,082,447</b>
<b>Payments for operating activities</b>			
Compensation of Employees	4	2,095,517	1,971,933
Use of goods and services	5	9,338,320	16,648,831
Transfers to Other Government Units	6	116,479,344	118,697,811
Other grants and transfers	7	23,247,595	42,822,344
Other Payments	9		
<b>Total payments</b>		<b>151,160,806</b>	<b>180,140,919</b>
<b>Total Receipts Less Total Payments</b>		<b>4,706,858</b>	<b>(23,058,473)</b>
<b>Adjusted for:</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	15		
Increase/(Decrease) in Accounts Payable: (deposits/gratuity and retention)	16		
Prior year adjustments	14	193,699	1,500,000
<b>Net cash flow from operating activities</b>		<b>4,900,557</b>	<b>(23,058,472)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Assets	2	-	
Acquisition of Assets	9	(150,800)	
<b>Net cash flows from Investing Activities</b>		<b>(150,800)</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>4,749,757</b>	<b>(21,558,472)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>	<b>10</b>	<b>5,611,614</b>	<b>27,170,086</b>
<b>Cash and cash equivalent at END of the year</b>		<b><u>10,361,371</u></b>	<b><u>5,611,614</u></b>


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-Shinyalu Constituency financial statements were approved on 2021 and signed by:

for 

**Fund Account Manager**  
**Name: PEREZZ ANYANGO**



**National Sub-County Accountant**  
**Name: ROSELYN KOLWA**  
**ICPAK M/No: 14950**



**Chairman NG-CDF Committee**  
**Name: BENARD SHITIABAYI**

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

**IX. SUMMARY STATEMENT OF APPROPRIATION**

Receipts/Payments	Original Budget	Adjustments		Final Budget	Actual on comparable basis	Budget utilization difference	% of Utilization
	a	Opening Balance (C/Bk) and AIA	b Previous Years' Outstanding Disbursements	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>	2020/2021			2020/2021	30/06/2021		
	Kshs		Kshs	Kshs	Kshs	Kshs	
Transfers from NGCDF Board	137,088,879	5,611,614	76,905,462	219,605,955	161,479,338	58,126,617	74%
Proceeds from Sale of Assets							
Other Receipts							
<b>TOTALS</b>	<b>137,088,879</b>	<b>5,611,614</b>	<b>76,905,462</b>	<b>219,605,955</b>	<b>161,479,338</b>	<b>58,126,617</b>	<b>74%</b>
<b>PAYMENTS</b>							
Compensation of Employees	2,005,000	552,108		2,557,108	2,095,517	461,591	82%
Use of goods and services	10,082,198	44,902		10,127,100	9,338,410	788,691	92%
Transfers to Other Government Units	98,714,019		75,300,000	174,014,019	116,479,344	57,534,675	67%
Other grants and transfers	26,136,861	5,014,604	267,724	31,419,189	23,247,595	8,171,594	74%
Acquisition of Assets	150,800		1,337,738	1,488,538	150,800	1,337,738	10%
Other Payments							
<b>TOTALS</b>	<b>137,088,897</b>	<b>5,611,614</b>	<b>76,905,462</b>	<b>219,605,955</b>	<b>151,311,666</b>	<b>68,294,289</b>	<b>69%</b>

**SHINYALU Constituency**  
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- (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%)]

(Explain whether the changes between the original and final budget are as a result of reallocations within the budget or other causes as per IPSAS 1.9.23.) The actual on a comparable basis in the Summary Statement of Appropriation: Recurrent and Development Combined should agree to the amounts reported in the Statement of Receipts and Payments.

<b>Reconciliation of Summary Statement of Appropriation to Statement of Assets and Liabilities</b>	
<b>Description</b>	<b>Amount</b>
Budget utilisation difference totals	68,294,289
Less undisbursed funds receivable from the Board as at 30 <sup>th</sup> June 2021	58,126,617
	10,167,672
Add Accounts payable	
Less Accounts Receivable	529,000
Add/Less Prior Year Adjustments	193,699
Cash and Cash Equivalents at the end of the FY 2020/2021	<b>9,832,371</b>

The NGCDF-Shinyalu Constituency financial statements were approved on \_\_\_\_\_ 2021 and signed by:

for 

**Fund Account Manager**  
**Name: PEREZZ ANYANGO**



**National Sub-County Accountant**  
**Name: ROSELYN KOLWA**  
**ICPAK M/No: 14950**



**Chairman NG-CDF Committee**  
**Name: BENARD SHITIABAYI**

*SHINYALU Constituency  
National Government Constituencies Development Fund (NGCDF)  
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**X. BUDGET EXECUTION BY SECTORS AND PROJECTS**

Programme/Sub-programme	Original Budget 2020/2021	Adjustments		Final Budget 2020/2021	Actual on comparable basis 30/06/2021	Budget utilization difference
		Opening Balance (C/Bk) and AIA	Previous Years' Outstanding Disbursemen ts			
	Kshs		Kshs	Kshs	Kshs	Kshs
<b>1.0 Administration and Recurrent</b>						
1.1 Compensation of employees	2,005,000	552,108		2,557,108	2,095,517	461,591
1.2 Committee allowances	2,000,000	35,345		2,035,345	1,933,660	101,685
1.3 Use of goods and services	3,969,532	175		3,969,707	3,633,490	336,217
<b>Sub Total</b>	<b>7,974,532</b>	<b>587,628</b>		<b>8,562,160</b>	<b>7,662,667</b>	<b>899,493</b>
<b>2.0 Monitoring and evaluation</b>						
2.1 Capacity building	2,000,000		382	2,000,382	2,095,517	229,382
2.2 Committee allowances	1,500,000		9,000	1,509,000	1,508,340	660
2.3 Use of goods and services	612,666			612,666	491,920	120,746
<b>Sub Total</b>	<b>4,112,666</b>		<b>9,382</b>	<b>4,121,666</b>	<b>3,771,260</b>	<b>350,785</b>
<b>3.0 Emergency</b>						
Emergency	7,192,206		1,314,353	8,506,560	8,279,400	227,160
<b>Sub Total</b>	<b>7,192,206</b>		<b>1,314,353</b>	<b>8,506,560</b>	<b>8,279,400</b>	<b>227,160</b>

<b>4.0 Bursary and Social Security</b>										
4.1 Secondary Schools	9,682,220	267,724	18,768	9,968,712	8,362,590	1,606,122				
4.2 Tertiary Institutions	5,400,000			5,400,000	1,912,600	3,487,400				
<b>Sub Total</b>	<b>15,082,220</b>	<b>267,724</b>	<b>18,768</b>	<b>15,368,712</b>	<b>10,275,190</b>	<b>4,913,905</b>				
<b>5.0 Sports</b>										
5.1 Sports	1,241,778		1,417,499	2,659,277	1,417,499	1,241,778				
<b>Sub Total</b>	<b>1,241,778</b>		<b>1,417,499</b>	<b>2,659,277</b>	<b>1,417,499</b>	<b>1,241,778</b>				
5.3										
<b>6.0 Environment</b>										
6.1 Kakamega Forest			50,000							
6.2 Environment			1,213,984	1,213,984	700,000	513,984				
6.3 Singila primary school	630,164			630,164	630,164					
6.4 Maluma primary school	630,164			630,164	630,164					
6.5 Luvini Primary school	630,164			630,164	630,164					
6.6 Dr Kisia Secondary school	630,164			630,164	630,164					
<b>Sub Total</b>	<b>2,520,657</b>		<b>1,263,984</b>	<b>3,784,641</b>	<b>3,220,657</b>	<b>563,984</b>				
<b>7.0 Primary Schools Projects (List all the Projects)</b>										
Lwanda primary school			1,200,000	1,200,000		1,200,000				
Shilongo primary school			3,000,000	3,000,000	3,000,000					
Lirhanda Girls Boarding primary school			2,500,000	2,500,000		2,500,000				
Shanderema primary school			6,000,000	6,000,000	6,000,000					
Mukumu Primary school			2,000,000	2,000,000		2,000,000				
Mukhonje Primary school			600,000	600,000	600,000					
Shitsava Primary school			200,000	200,000		200,000				
Solyo primary school			600,000	600,000	600,000					
Ikuywa primary school			300,000	300,000	300,000					
Shirulu primary school			4,500,000	4,500,000	3,900,000	600,000				



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

St Kizito Bukusi primary school			300,000	300,000				300,000
Shanda primary school			6,000,000	6,000,000			6,000,000	
Shihumbu primary school			2,000,000	2,000,000				2,000,000
Mukango primary school			600,000	600,000				600,000
Bukhya Primary school	8,814,019			8,814,019			7,000,000	1,814,019
Ebukaburu primary school	3,000,000			3,000,000			3,000,000	
Ihondolo primary school	2,000,000			2,300,000			2,000,000	
Khayega primary school	20,000,000		18,000,000	38,000,000			28,000,000	10,000,000
Lubao primary school	5,500,000			5,500,000			5,500,000	
Lunyu primary school	5,000,000			5,000,000			5,000,000	
Makakha primary school	3,000,000		3,000,000	6,000,000			6,000,000	
Makuchi primary school	8,400,000			8,400,000			4,000,000	4,400,000
Muraka primary school	1,500,000			1,500,000				1,500,000
Musanyi primary school	1,000,000			1,000,000				1,000,000
Shagungu primary school	1,500,000			1,500,000			1,500,000	
Shihuli primary school	3,000,000			3,000,000			2,479,344	520,656
Singila primary school	3,000,000			3,000,000			3,000,000	
St.Pauls Shibuyeye primary school	5,500,000		6,000,000	11,500,000			9,000,000	2,500,000
Ingolomoso primary school	5,000,000			5,00,000				5,000,000
Wakukha primary school	4,000,000			4,000,000				4,000,000
<b>Sub Total</b>	<b>80,214,019</b>		<b>56,800,000</b>	<b>137,014,019</b>			<b>95,979,344</b>	<b>41,034,675</b>
<b>8.0 Secondary Schools Projects (List all the Projects)</b>								
St Gabriel Mundulu secondary school			1,600,000	1,600,000				1,600,000
Shanderema secondary school			7,500,000	7,500,000			7,500,000	
St. Philips mugomari secondary school			2,300,000	2,300,000				2,300,000

St Ignatius Mukumu Boys Sec school	4,000,000				4,000,000	4,000,000	
Bishop sulumeti Secondary school	3,000,000				3,000,000	3,000,000	
Dr. Rev kisia secondary school	4,000,000				4,000,000	1,000,000	3,000,000
Iloro secondary school	4,000,000				4,000,000	3,000,000	1,000,000
Ivakale SA Secondary school	2,000,000				2,000,000	2,000,000	
St Anne Munasio secondary school	1,500,000				1,500,000		1,500,000
<b>Sub Total</b>	<b>18,500,000</b>			<b>11,400,000</b>	<b>29,900,000</b>	<b>20,500,000</b>	<b>9,400,000</b>
<b>9.0 Tertiary institutions Projects (List all the Projects)</b>							
Land for tertiary institution				6,200,000	6,200,000		6,200,000
<b>Sub Total</b>				<b>6,200,000</b>	<b>6,200,000</b>		<b>6,200,000</b>
<b>10.0 Security projects</b>							
Virhembe Police post				200,000	200,000		200,000
Mukhonje Ileho police post				200,000	200,000		200,000
Shinyalu police post				300,000	300,000		300,000
Mukhonje Assistant Chiefs office				200,000	200,000		200,000
<b>Sub Total</b>				<b>900,000</b>	<b>900,000</b>		<b>900,000</b>
<b>11.0 Acquisition of assets</b>							
11.1 Motor Vehicles (including motorbikes)							
11.2 Construction of CDF office							
11.3 Purchase of furniture and equipment				1,337,738	1,337,738		1,337,738
11.4 Purchase of computers				150,800	150,800		150,800
11.5 Purchase of land							

**SHINYALU Constituency**  
**National Government Constituencies Development Fund (NGCDF)**  
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<b>Sub Total</b>	<b>150,800</b>	<b>1,488,538</b>	<b>1,488,538</b>	<b>150,800</b>	<b>1,337,738</b>
<b>12.0 Others</b>					
12.1 ICT innovation Hub		1,000,000	1,000,000		1,000,000
12.2 NHIF	100,000		1,00,000	54,850	45,150
<b>Sub Total</b>	<b>100,000</b>	<b>1,000,000</b>	<b>1,100,000</b>	<b>54,850</b>	<b>1,045,150</b>
Funds pending approval**					
<b>GRAND TOTAL</b>	<b>137,088,879</b>	<b>82,517,076</b>	<b>219,605,955</b>	<b>151,311,667</b>	<b>68,294,288</b>

(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)

## **XI. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

#### **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.

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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, imprest 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 sec 6(2) and sec 7(2) of NGCDF Act, 2015

**11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest 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 June 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 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 30<sup>th</sup> June 2019.

**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.

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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

<b>Description</b>		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
NGCDF Board			
AIE NO B096868		600,000	51,780,656
AIE NO B104781		45,000,000	4,000,000
AIE NO B104838		18,267,724	25,922,481
AIE NO B124709		9,000,000	11,379,310
AIE NO B119641		10,000,000	20,000,000
AIE NO B128030		13,000,000	15,000,000
AIE NO B128273		6,900,000	6,000,000
AIE NO B132033		6,000,000	23,000,000
AIE NO B132327		6,000,000	
AIE NO B138996		12,000,000	
AIE NO B126288		7,100,000	
AIE NO B105083		10,000,000	
AIE NO B140727		12,000,000	
<b>TOTAL</b>		<b>155,867,724</b>	<b>157,082,447</b>



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**2. COMPENSATION OF EMPLOYEES**

	2020-2021	2019-2020
	Kshs	Kshs
NG-CDFC Basic staff salaries	1,927,036	1,919,013
<b>Personal allowances paid as part of salary</b>		
House Allowance		
Transport Allowance		
Leave allowance		
Gratuity to contractual employees		
Employer Contributions Compulsory national social security schemes	168,480	52,920
<b>Total</b>	<b>2,095,516</b>	<b>1,971,933</b>

**3. USE OF GOODS AND SERVICES**

	2020-2021	2019-2020
	Kshs	Kshs
Committee Expenses	1,508,340	4,057,000
Utilities, supplies and services		
Communication, supplies and services		5,499
Other Committee expenses	1,933,660	4,072,500
Domestic travel and subsistence	164,800	
Printing, advertising and information supplies & services		
Office rent		2,310,000
Water and sewerage charges		10,000
Training expenses	1,771,000	2,120,650
Hospitality supplies and services		1,091,030
Fuel ,oil, lubricants	1,150,000	1,000,000
Specialized materials and services		
Bank services	198,150	
Office and general supplies and services	205,020	1,067,481
Other operating expenses	2,120,540	
Routine maintenance – vehicles and other transport equipment	286,900	914,671
Routine maintenance – other assets		
<b>Total</b>	<b>9,338,410</b>	<b>16,648,831</b>

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**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Transfers to primary schools (see attached list)	95,979,344	83,477,811
Transfers to secondary schools (see attached list)	20,500,000	35,220,000
Transfers to tertiary institutions (see attached list)		
<b>TOTAL</b>	<b>116,479,344</b>	<b>118,697,811</b>

**5. OTHER GRANTS AND OTHER PAYMENTS**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Bursary – secondary schools (see attached list)	8,362,590	20,173,409
Bursary – tertiary institutions (see attached list)	1,912,600	9,246,200
Bursary – special schools (see attached list)		
Mock & CAT (see attached list)		
Social Security programmes (NHIF)	54,850	
Security projects (see attached list)		
Sports projects (see attached list)	1,417,499	584,500
Environment projects (see attached list)	3,220,656	1,800,000
Emergency projects (see attached list)	8,279,400	11,018,235
<b>Total</b>	<b>23,247,595</b>	<b>42,822,344</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**6. 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	150,800	
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
<b>Total</b>	<b>150,800</b>	

**7. CASH BOOK BANK BALANCE**

**10A: BANK ACCOUNTS (CASH BOOK BANK BALANCE)**

Name of Bank, Account No. & currency	2020-2021	2019-2020
	Kshs	Kshs
<i>Equity bank 0500279933658 kshs</i>	9,832,371	5,611,614
<b>Total</b>	<b>9,832,371</b>	<b>5,611,614</b>
<b>10B: CASH IN HAND</b>		
Location 1		
Location 2		
Location 3		
Other Locations ( <i>specify</i> )		
<b>Total</b>		
<i>[Provide cash count certificates for each]</i>		

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**8: OUTSTANDING IMPRESTS**

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Ignatius Ateya</i>	<b>23.03.2021</b>	<b>700,000</b>	<b>171,000</b>	<b>529,000</b>
<b>Total</b>		700,000	171,000	<b>529,000</b>

*[Include an annex if the list is longer than 1 page.]*

**9. GRATUITY**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Gratuity as at 1 <sup>st</sup> July (A)	424,080	424,080
Gratuity held during the year (B)		
Gratuity paid during the Year (C)		
Closing Gratuity as at 30 <sup>th</sup> June D= A+B-C	<b>424,080</b>	<b>424,080</b>

*[Provide short appropriate explanations as necessary]*

**10. BALANCES BROUGHT FORWARD**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>(1<sup>st</sup> July 2020)</b>	<b>(1<sup>st</sup> July 2019)</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	5,611,614	27,170,086
Cash in hand		
Imprest		
<b>Total</b>	<b>5,611,614</b>	<b>27,170,086</b>

*[Provide short appropriate explanations as necessary]*

**11. PRIOR YEAR ADJUSTMENTS**

	<b>Balance b/f FY 2019/2020 as per Audited Financial statements</b>	<b>Adjustments</b>	<b>Adjusted Balance** b/f FY 2019/2020</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances		193,699	1,500,000
Cash in hand	-		
Imprest			
<b>TOTAL</b>		<b>193,699</b>	<b>1,500,00</b>

**12. OTHER IMPORTANT DISCLOSURES**

**1: PENDING STAFF PAYABLES (See Annex 2)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
NGCDFC Staff	424,080	424,080
Others ( <i>specify</i> )		
	<b>424,080</b>	<b>424,080</b>

**2: UNUTILIZED FUND (See Annex 3)**

	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of employees	461,591	552,108
Use of goods and services	788,691	44,902
Amounts due to other Government entities (see attached list)	57,534,675	77,658,120
Amounts due to other grants and other transfers (see attached list)	8,171,594	2,924,208
Acquisition of assets	1,337,738	1,337,738
Others ( <i>specify</i> )		
Funds pending approval		
	<b>68,294,289</b>	<b>82,517,076</b>

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**17.4: PMC account balances (See Annex 5)**

	2020-2021	2019-2020
	Kshs	Kshs
PMC account balances (see attached list)	17,359,232	25,128,262
	<b>17,359,232</b>	<b>25,128,262</b>

**ANNEX 2. ANALYSIS OF PENDING STAFF PAYABLES**

Name of Staff	Designation	Date employed	Outstanding Balance 30 <sup>th</sup> June 2021	Comments
<b>NG-CDFC Staff</b>				
1. ZAKARIA SHICHENJE	Office messenger		212,040	
2. VICTORIA LIHABI	Office assistant		212,040	
3.				
	<b>Sub-Total</b>		424,080	
	<b>Grand Total</b>		424,080	

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**ANNEX 3 – UNUTILIZED FUND**

Name	Brief Transaction Description	Outstanding Balance 2020/21	Outstandi ng Balance 2019/20	Comments
<b>Compensation of employees</b>	Payment of staff salaries ,NSSF and gratuity	461,591	551,108	
<b>Use of goods &amp; services</b>	Purchase of fuel, repairs and maintenance, purchase of a photocopier, office furniture, stationery, telephone, travel and subsistence, office tea and office rent	336,218	44,902	
<b>Committee Expenses</b>		101,685	101,685	
<b>Monitoring and Evaluation</b>				
Goods and Services		120,746		
Committee Expenses	Payment of Committee sitting allowances, transport and conferences	660		
Capacity Building	Undertake training of the PMCs/NGCDFCs on NGCDFC related issues	229,382	350,788	
Emergency	To cater for any unforeseen occurrences in the constituency during the financial year	227,160	227,160	
<b>Bursary</b>				
Bursary secondary	Payment of Bursary for needy students in Secondary Schools	1,606,122		
Bursary Tertiary	Payment of Bursary for needy students in Tertiary Institutions	3,487,400	5,093,522	
Sports	Organize football, netball, rugby and volleyball games from the ward to the constituency level and award the winners with uniforms, kits, trophies and certificates Kshs 980,000.00. Kshs 261,777.58 for facilitation	1,241,778	1,242,778	
Kakamega forest	Planting of trees	50,000		
Environment	Water Tanks	513,984	563,984	
<b>Amounts due to other Government entities</b>				
<b>PRIMARY SCHOOL</b>				

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<b>PROJECTS</b>				
Lwanda primary school	Construction of 2 classrooms	1,200,000		
Lirhandu Gilrs Boarding primary school	Construction of 4 classrooms	2,500,000		
Mukumu primary school	Renovation of Dining Hall and Kitchen to completion	2,000,000		
Shitsava primary school	Painting ,roofing and flooring of 2 classrooms	200,000		
Solyo primary school	Painting, roofing and flooring of 2 classrooms and administration block	600,000		
Ikuywa primary school	Painting, roofing and flooring of 3 classrooms	300,000		
Shiruli primary school	Construction of 6-door pit latrines	600,000		
St. Kizito Bukusi Primary school	Completion of 3 No Classrooms (Painting roofing and flooring)	300,000		
Shihumbu Primary school	Purchase of 2 Acre land	2,000,000		
Mukango primary school	Roofing, plastering and flooring of 2 classrooms	600,000		
Bukhaywa primary school	Construction of 8 number classrooms	1,814,019		
Khayega DEB Primary school	Construction of 32 number classrooms storey building	10,000,000		
Makuchi primary school	Construction of 8 number classrooms	4,400,000		
Muraka primary school	Construction of 8 number classrooms storey building	1,500,000		
Musanyi primary school	Purchase 1 acre piece of land plus title deed acquisition	1,000,000		
Shihuli Primary school	Construction of 3 number classrooms	520,656		
St Pauls Shibuye primary school	Construction of 8 number class rooms storey building	2,500,000		
Ingolomosio primary school	Construction of 8 number classrooms storey building and administration block	5,000,000		
Wakukha primary school	Construction of 4 number classrooms	4,000,000		
<b>SUB TOTAL</b>		<b>41,034,675</b>		
<b>SECONDARY SCHOOL PROJECTS</b>				



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St Gabriel Mundulu	Construction of administration Block. (Foundation setting and walling)	1,600,000		
St Philip Mukomari secondary school	Construction of an administration block And sink borehole	2,300,000		
Dr.Kisia Secondary school	Construction of Administration block with 4 number classrooms	3,000,000		
Iloro Secondary school	Construction of 2 number classrooms to completion and administration block	1,000,000		
St Anne Munasio Secondary school	Completion of No 4 classrooms-roofing, plastering, windows, doors and painting to completion.	1,500,000		
<b>Sub-Total</b>		<b>9,400,000</b>		
<b>Amounts due to Tertiary Institutions</b>				
Land for Tertiary Institution		6,200,000		
Sub Total		<b>6,200,000</b>		
<b>SECURITY PROJECTS</b>				
Virhembe police post	Completion of 2 police houses	200,000		
Mukhonje ileho police	Completion of 2 police houses	200,000		
Shinyalu police post	Completion of 2 police houses	300,000		
Mukhonje Assistant Chiefs Office	Completion of chief office	200,000		
<b>Sub-Total</b>		<b>900,000</b>		
<b>Acquisition of assets</b>		<b>1,337,738</b>		
<b>Others (specify)</b>				
ICT Innovation Hubs	Establish 1 ICT Hub at NGCDF office in partnership with ministry of ICT	1,000,000		
NHIF	Payment of NHIF deductions	45,150		
<b>Sub-Total</b>		<b>1,045,150</b>		
<b>Funds pending approval</b>				
<b>Grand Total</b>		<b>68,294,288</b>		

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

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2020/21</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Historical Cost (Kshs) 2020/21</b>
Land				
Buildings and structures				
Transport equipment	11,702,190			11,702,190
Office equipment, furniture and fittings	18,600			18,600
ICT Equipment, Software and Other ICT Assets	646,740	150,800		797,540
Other Machinery and Equipment	47,000			47,000
Heritage and cultural assets				
Intangible assets				
<b>Total</b>	<b>12,414,530</b>	<b>150,800</b>		<b>12,565,330</b>

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**ANNEX 5 –PMC BANK BALANCES AS AT 30<sup>TH</sup> JUNE 2021**

<b>PMC</b>	<b>Bank</b>	<b>Account number</b>	<b>Bank Balance 2020/21</b>	<b>Bank Balance 2019/20</b>
Ingolomosio Primary School	Cooperative	1139804278500	129,440	
Magakha Primary School	Cooperative	1139632654400	120,522.90	901
Shanda Primary School	Cooperative	1139166529300	1,950	1,740
Bukhaywa Primary School	Cooperative	1139165020600	229,094.75	1,000
Khayega Primary School	Equity	0500279036834	65,312	1,001
Muraka Primary School	Equity	0500279026025	2,015,851.20	
St Pauls Shibuye Primary Sch	Equity	0500279026117	265,040	420
Lirhanda Girls Primary Sch	Equity	0500279036361	71,117	244
Shilongo Primary School	Equity	05002790259939	3,200.05	
Makuchi primary school	Equity	0500279106780	60,200	733
Lunyu Primary School	Equity	0500279658461	3,000,000	3,000,000
Ebukaburu Primary School	Equity	0500279758253	840,235.80	1,080
Makuchi Primary School	Equity	0500279106780	60,200	733
Iloro Secondary School	Equity	0500279760879	9,322.90	91
Singila Primary School	Equity	0500279865136	2,000,000	
Ihondolo Primary School	Equity	0500279299657	102,180	800
Wakukha Primary School	Equity	0500279780192	11,620	
Rev Kisia Secodary School	Equity	0500279599437	3,000,000	2,850,000
Ivakale Secondary School	Equity	0500279026068	10,454.01	351
Wakukha primary school	Equity	0500279780192	11,620	2,351
Mukhonje Primary School	Equity	0500279519096	2,760	637
Shanderema Secondary Sch	Equity	0500279276833	8,500,000	8,500,005
Shamiloli Secondary School	Equity	0500279774314	4,000,000	367,001
Mukhonje Primary School	Equity	0500279519096	002,760	900
Bishop Sulumeti Mukomari	Equity	0500280883766		2,440,052

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Shihuli primary school	Equity	0500280757172		700
Ibukaburu primary school	Equity	0500279758253	840,235.80	2,723
Lubao primary school	Equity	0500280842605		210
Singila primary school	Equity	0500279865136	2,000,000	119
St Ignatius Mukumu boys	Equity	0500280787434		24
Shilongo primary school	Equity	05002790259939	3,200.05	1,009
Friends School Shilalyo Sec	Cooperative	1139165359202	122,856.91	503,577
Irobo Primary School	Cooperative	1139632241100	1,562.50	1,563
Itenyi Primary School	Cooperative	1141165048100		1,775
Ivakale Primary School	Cooperative	1139165107100	1,000	1,460
Lirhanda Mixed Primary Sch	Cooperative	1139167559901	22,232.50	22,273
Lugango Primary School	Cooperative	1109023471300		1,890
Lwanda Secondary School	Cooperative	1139167256501		591
Madioli Primary School	Cooperative	1139165659001	3,022.75	3,023
Madioli Primary School	Cooperative	1139165666900		270
Muleche Primary School	Cooperative	1139165051000	2,362.25	2,362
Mundulu Primary School	Cooperative	1139165050601	4341	4,341
Shanda Primary School	Cooperative	1139166529300	1,950	
Shavirotsi Primary School	Cooperative	1139165058101	6,249	6,249
Shitochi Primary School	Cooperative	1139167563200		1,000
Solyo Primary School	Cooperative	1139167557200	1,100	2,103
St Albert Shanjero Primary	Cooperative	1139023579001		3,795
St. Gerald Shanjero Sec	Cooperative	1139165032901	1,330	1,330
St. Joseph Mukulusu Sec	Cooperative	1139165082400		2,066
Virhembe Police Post	Cooperative	1120009847130		980
Wanzalala Primary School	Cooperative	1139632628100		53,123
Shagungu primary school	Cooperative	1139165034901	20,840	950,001
Musanyi Primary school	Cooperative	1139166961900	1,033,500	980,001
			<b>17,359,232</b>	<b>25,128,262</b>

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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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Time frame: (Put a date when you expect the issue to be resolved)</b>
KKH/2019-2022-1-01-0209-09(4)	As much as shinyalu NGCDF do maintain an assets register we were unable to locate and verify the physical condition of one motor vehicle registration no GK A083U Land Rover Defender 110TD1 S/W. The said motor vehicle had undergone a mojar overhaul in cmc motors kitale in july 2020 at a cost of kshs 156,252 which was paid vide payment voucher no 123 dated 15 <sup>th</sup> February 2020	The management acknowledges the audit findings. The said vehicle GKA O83U LAND Rover Defender was taken for overhaul at CMC Kitale but broke down again. It has since been towed back to shinyalu and the Audit team can verify this. Plans are underway for it to be bonded for sale so that the shinyalu NGCDF can get A.I.A.	Awaiting response from the OAG	
KKH/2019-2020-1-01-0209/(4)	During the year under review shinyalu NGCDF made payment of Khs1, 144,880 vide voucher no	The management is very apologetic that some of the documents raised by	Awaiting response from the OAG	

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	<p>003 dated 10<sup>th</sup> July 2020 which was neither examined nor approved except for the payment was to MS Natcorrel Enterprises for unknown professional services offered to the office by M/S Natcorrel Enterprises LPO no 014060 dated 8<sup>th</sup> June 2020 does not indicate services that were to be provided to the respective schools listed. The other attachment to the voucher do not relate to the payment made. Further there is no evidence of how the service provider was identified and what services were paid for</p>	<p>the auditors had not been filled at the time of the audit. However, the Shinyalu NGCDF procured services of a private contractor to prepare BQs and drawings of the schools that were listed on the LPO since the works officer was not willing to do so, in spite of being asked and later on being reminded as per the letters attached. The procurement was done through request for quotation as evidenced by the procurement documents attached the documents were delivered and used for construction of various structures in different schools some of them were visited by the Audit team which also had the opportunity of perusing those BQs some of the drawings are hereby attached</p>		
<p>KKH/2019/2 020-1-01- 0209-09(4)</p>	<p>Included in the use of goods and services is an item of legal fees amounting to KShs 393,000 that was paid out to M/S Marende &amp; Nyaundi Advocates by Shinyalu NGCDF to represent CDF committee members in</p>	<p>The management acknowledges the audit findings but denies that the services procured were to settle personal liability. This is so because the 1<sup>st</sup> respondent whom</p>	<p>Awaiting response from the AOG</p>	

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	<p>kakamega Constitutional petition number 9 of 2020 where they were personally culpable. Though the details of the case have not been provided for audit review, there was no determination of the culpability of the shinyalu NG CDF</p>	<p>the office paid for their services was not sued in his personal capacity but as the chairman of the of the NG CDF committee shinyalu shown on the petition. The advocate's fee note only mentioned the 1<sup>st</sup> respondent also the 2<sup>nd</sup> respondent who is the NG CDF Board filed her own defence and paid appointed her own advocate to defend her. There is no evidence that the 3<sup>rd</sup> respondent Hon kizito Mugali who is the only party sued in his individual capacity was paid for by the office. The management prays that this surcharge of NG CDF members be set aside.</p>		
<p>KKH/2019/2 020-1-01- 0209-09(4)</p>	<p>This position (clerk of works) is vacant and the services that would have been offered by the officer are lacking and as a result most of the projects implemented had poor workmanship and in the some had variances with the BQs which could have been sorted by proper supervision. Our interaction with the officer whose whereabouts could not be confirmed and no explanation was provided</p>	<p>The management acknowledges the audit findings. Shinyalu NG CDF had clerk of works project manager who was written a show cause letter on absenteeism but just disappeared. However the management has taken in the advice of the auditors and will start the recruitment process</p>	<p>Awaiting response from the AOG</p>	

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	the Fund maintaining such officer on the payroll when there was no evidence of performance.	of a clerk of works		
KKH/2019-2020-1-01-0209(4)	During the financial year the constituency development fund committee disbursed kshs 4,830,000.00 to the school for construction of 8 no classrooms at muraka primary school the project management committee advertised for a tender and on evaluation Jiangu jienda international total number of windows is twenty four on all the classrooms however the BQs provided for only ten windows surprisingly the quantity of the tenth window number i.e fraction of a window. From the foregoing the BQs may have been doctored to suit a particular contractor	The management acknowledges the audit findings and has taken in the advice of the auditors. We have written a letter to the contractor and copied to the head teacher and the county works officer to rectify the anomalies we shall invite you soon for verification.	Awaiting response from the OAG	
KKH/2019-2020-1-01-0209-09(4)	During the financial year NGCDF Committee disbursed kshs 4,000,000 to school for construction of 4 classrooms at shamililo secondary school the project management committee advertised the tender and kiganga junior investment emerged the winner at a contract sum of kshs 3,999,277 a site visit to the school on 19 <sup>th</sup> march 2021 to ascertain the status of the construction revealed the classrooms are completed and in use	The management acknowledges the audit findings your advice was taken in and the management has written a letter the contractor copied to the head teacher and the sub county works officer to rectify the amorality we shall invite you soon to verify	Waiting response for the OAG	



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	<p>however the floors whose total cost BQs is kshs 115,700 are pilling off hence poor workmanship in addition no skirting was done but was provided for in the BQs and even the contractor quoted for it at a cost of kshs 24,200</p>			
<p>KKH 2019-2020-1-01-0209-09(4)</p>	<p><b>Financial statements presentations and disclosure</b></p> <p>The following issues with regard to the preparation and presentation of the financial statements were observed in the course of the audits which need to be addressed before further processing of the accounts</p> <ol style="list-style-type: none"> <li>1. The financial statement are still labelled as revised template 30<sup>th</sup> june 2020.</li> <li>2. The statement notes and other disclosure reveal blank items that do not provide relevant information to the intended.</li> <li>3. A prior year adjustment of kshs 1,500,000 has not been explained.</li> <li>4. Annex 2 to the financial statement has no required details of the pending staff payables.</li> <li>5. Annex 3 has no details of the</li> </ol>	<p>The recommendations of the auditor has been taken in and the amended financial statement is hereby attached</p>	<p>Awaiting response from the OAG</p>	

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	unutilized funds. 6. Annex 4 is missing. 7. There is no evidence of the balances reflected in annex 5 for PMC accounts			

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	<p>Natcorrel Enterprises for unknown professional services offered to the office by M/S Natcorrel Enterprises LPO Sno 014060 dated 8<sup>th</sup> June 2020 does not indicate services that were to be provided to the respective schools listed. The other attachments to the voucher do no relate to the payment made. Further, there is no evidence of how the service provider was identified and what services were paid for.</p>	<p>the schools that were listed on the LPO since the works officer was not willing to do so, in spite of being asked and later on being reminded as per the copies of the letters attached . The procurement was done through request for quotation as evidenced by the procurement documents attached. The documents were delivered and used for construction of various structures in different schools. Some of them were visited by the Audit team which also had the opportunity of perusing those BQs. Some of the drawings are hereby attached</p>		
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>Included in the use of goods and services is an item of legal fees amounting to Kshs 393,000 that was paid out to M/S Marende &amp; Nyaundi Advocates by Shinyalu NGCDF to represent CDF committee members in kakamega constitutional petition number 9 of 2020 where they were personally culpable. Though the details of the case have not been provided for audit review, there was no determination of the culpability of the Shinyalu NGCDF.</p>	<p>The management acknowledges the audit findings but denies that the services procured were to settle personal liability. This is so because the 1<sup>st</sup> respondent whom the office paid for the services was not sued in his personal capacity but as The Chairman of National Government Constituencies Development Fund committee, Shinyalu constituency shown on the petition. The advocates fee note only mentions the 1<sup>st</sup> respondent and 2 others which means that the office was only paying for the services of the 1<sup>st</sup> respondent Also the 2<sup>nd</sup> respondent who is National Government Constituencies Development Fund Board filed her own defense and paid , appointed her own advocate to defend</p>	<p>Awaiting response from the OAG</p>	

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		<p>her. There is no evidence that the 3<sup>rd</sup> respondent, Hon Kizito Mugali who is the only party sued in his individual capacity was paid for by the office. The management prays that this surcharge of NGCDF members be set aside.</p>		
KKH/2019-2020-1-01-0209-09/(4)	<p>This position , (Clerk of Works) is vacant and the services that would have been offered by the officer are lacking and as a result most of the projects implemented had poor workmanship and in the some had variances with the BQs which could have been sorted by proper supervision. Our interaction with the officers on the ground revealed that this position had an officer whose whereabouts could not be confirmed and no explanation was provided the Fund maintaining such officer on the payroll when there was no evidence of performance.</p>	<p>The management acknowledges the audit findings. Shinyalu NGCDF had a clerk of works project manager who was written a show cause letter on absenteeism, but just disappeared. However, the management has taken in the advice of the auditors and will start the recruitment process of a clerk of works.</p>	Awaiting response from the OAG	
KKH/2019-2020-1-01-0209-09/(4)	<p>During the financial year, the Constituency Development Fund Committee disbursed Kshs 4,830,000.00 to the school for construction of eight (8 No) classrooms, at Muraka Primary School. The project management committee PMC advertised for a tender and on evaluation , Jiangsu Jianda International</p>	<p>The management acknowledges the audit findings and has taken in the advice of the auditors. We have written a letter to the contractor and copied to the Head Teacher and County Works Officer to rectify the anomalies. We shall invite you soon for verifications.</p>	Awaiting response from the OAG	

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	<p>Company Ltd emerged the winner at a contract sum of Kshs 14,500,000.00 . Because the school has a small piece of land, the PMC settled on putting up a one storey structure.</p> <p>A site visit to the school on 19<sup>th</sup> March 2021 to ascertain the status of the construction revealed the following;</p> <ul style="list-style-type: none"><li>I. The contractor was not on site</li><li>II. The building is painted with three (No) classrooms on the ground floor without doors and windows . However , the forth classroom on the same floor had windows but no door.</li><li>III. The floor and staircase were poorly floored (rough) hence poor workmanship, which requires being re-done . If not re-done by the contractor, the school will loss Kshs 125,154 or more to re- floor the classrooms. Furthermore, according to the BQs , floor finishes were supposed to be ceramic tiles that is not the case.</li><li>IV. No skirting was done but the BQ provided</li></ul>			
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	<p>for it and although the contractor quoted for it in the BQs at a cost of Kshs 3,083.00</p> <p>V. Costs quoted by the contractor in the BQs associated with doors and windows not fitted are as follows:</p> <p><b>Doors</b>  Doors on the classrooms physically counted are eight whose cost per unit is Kshs 28,000.00. However, the BQs provided for eleven doors hence three extra doors that have nowhere to be fitted hence unaccounted for cost of Kshs 84,000. In respect of three extra doors. Additionally, doors not fitted are also three whose cost is Kshs 84,000. Combining the cost of three extra doors and three doors not fitted on the classrooms gives a total of Kshs 168,000 that is unaccounted for by the Fund.</p> <p><b>Windows</b>  Each classroom has four windows and the price of a window is Kshs 13,300. Two classrooms have no windows hence eight windows. This implies that the cost of eight windows, which is Kshs 106,400. Further scrutiny of the BQs revealed serious anomalies that could have been detected by the tender committee during tender evaluation and award. The</p>			
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	<p>total number of windows is twenty four on all the classrooms. However, the BQs provided for only ten windows. Surprisingly, the quantity of the tenth window (item c ) is not a whole number i.e a fraction of a window. From the foregoing, the BQs may have been doctored to suit a particular contractor.</p>			
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>During the financial year, the Constituency Development Fund Committee (CDFC) disbursed Kshs 4,000,000.00 to the school for construction of four (No) classrooms, at Shamiloli Seconndary School. The project management committee (PMC) advertised for a tender and an evaluation , Kiganga Juniour Investment emerged the winner at a contract sum of Kshs 3,999,277.00. A site visit to the school on 19<sup>th</sup> March 2021 to ascertain the status of the construction revealed the classrooms are completed and in use. However, the floors whose total cost in the BQs is Kshs 115,700 are pilling - off hence poor workmanship. In addition, no skirting was done but was provided for in the BQs and even the contractor quoted for it at a cost of Kshs 24,200</p>	<p>The management acknowledges the audit findings. Your advice was taken in, and the management has written a letter the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify.</p>	<p>Awaiting response from the OAG</p>	

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	<p>During the financial year, the constituency Development Fund Committee (CDFC) disbursed Kshs 1,952,000.00 to the school for construction of four (No) classrooms. The project management committee (PMC) advertised for a tender and on evaluation, M/S Ayoti Contractors emerged the winner at a contract sum of Kshs 4,497,570.</p> <p>A site visit to the school on 19<sup>th</sup> March 2021 to ascertain the status of the construction revealed the classrooms are completed and not in use. Physical verification of the classrooms revealed that the ceiling board was fitted and with cardboards. The roof leaks and has already destroyed the ceiling boards. As a result of the poor work, Kshs 732,840 that was incurred on the roof is likely to go on the waste.</p>	<p>The management acknowledges the audit findings. Your advice was taken in, and the management has written a letter the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify.</p>	<p>Awaiting response from the OAG</p>	
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>During the financial year, the Constituency Development Fund Committee (CDFC) disbursed Kshs 4,000,000.00 to the school for construction of eight (No) classrooms, at Shanderema Primary School. The project management committee (PMC) advertised for a tender and on evaluation, M/S Gari Hills Enterprises Limited emerged a winner at a contract sum</p>	<p>The management acknowledges the audit findings. Your advice was taken in, and the management has written a letter the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify.</p>	<p>Awaiting response from the OAG</p>	



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	<p>of Kshs 4,497,570.</p> <p>A site visit to the school on 18<sup>th</sup> March 2021 to ascertain the status of the construction revealed the classrooms are not yet completed. Physical verification of the classrooms revealed that the iron bars (T5) used to partition the windows are not strong enough for the size of the windows fitted. If pupils push and exert pressure the partitions can easily break. Furthermore, there was no skirting in the only classroom, which had been floored.</p>			
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>During the financial year, the Constituency Development Fund Committee (CDFC) disbursed Kshs 7,500,000.00 to the school for construction of eight (No) classrooms, at Makuch Primary School. The project management committee (PMC) advertised for a tender and on evaluation, M/S Western Cross Express Company Ltd emerged a winner at a contract sum of Kshs 16,123,468.</p> <p>A site visit to the school on 18<sup>th</sup> March 2021 to ascertain the status of the construction revealed the classrooms are not yet completed. Physical verification of the classrooms revealed that the iron bars (T5) used to</p>	<p>The management acknowledges the audit findings. Your advice was taken in, and the management has written a letter the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify. But the management will like to clarify that the contractor is not MS Gari Hills Enterprises but Western Cross Express Ltd</p>	<p>Awaiting response from the OAG</p>	

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	<p>partition the windows are not strong enough for the size of the windows fitted. If pupils push and exert pressure the partitions can easily break. Furthermore, there was no skirting was provided for in the BQs at a cost of Kshs 11,556, it was not done in the only classroom, which was floored.</p>			
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>During the financial year, the Constituency Development Fund Committee (CDFC) disbursed Kshs 8,000,000.00 to the school for construction of eight (No) classrooms and administration block, at Shanda Primary School. The project management committee (PMC) advertised for a tender and on evaluation, M/S HAMD Trading Company Ltd emerged a winner at a contract sum of Kshs 16,200,000. A site visit to the school on 18<sup>th</sup> March 2021 to ascertain the status of the construction revealed the classrooms are not yet completed. Physical verification of the classrooms revealed that the iron bars (T5) used in partitioning of the windows are weak for the kind/size of windows fitted and considering that, the windows do not likely to have grills. As such, Kshs</p>	<p>The management acknowledges the audit findings. Your advice was taken in, and the management has written a letter the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify.</p>	<p>Awaiting response from the OAG</p>	

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	<p>823,782.00 (refer BQ extract below) spent on the windows is likely to be wasteful expenditure when the windows get spoiled in the near future. Up to the time of the site visit, the contractor was paid once implying the initial Kshs 8,000,000.00 that was disbursed to the PMC. In addition, skirting costing Kshs 10,800 as per the BQs was not done in all the classrooms.</p>			
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p>During the financial year, the Constituency Development Fund Committee (CDFC) disbursed Kshs 1,000,000.00 to the school for construction of administration block, at Shagungu Primary School. The project management committee (PMC) advertised for a tender and on evaluation, M/S Samuekirapa Business Ventures Ltd emerged a winner at a contract sum of Kshs 3,951,741.60. A site visit to the school on 19<sup>th</sup> March 2021 to ascertain the status of the construction revealed that the administration block is not yet completed but the work in progress (finishes). Physical verification of the project revealed that the external doors are supposed to be made of heavy duty mild steel. However, the two doors fitted are not doors but</p>	<p>Your advice was taken in, and the management has written a letter to the contractor, copied to the Head Teacher and the Sub County Works Officer to rectify the anomaly. We shall invite you soon to verify.</p>	<p>Awaiting response from the OAG</p>	

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	<p>grills hence the school is likely to loss Kshs 32,000 being the cost of the non-fitted doors and Kshs 14,700 the cost for skirting not done.</p> <p>Also, although the building was being painted, skirting had not been done but provided</p>			
<p>KKH/2019-2020-1-01-0209-09/(4)</p>	<p><b>Financial statements presentation and disclosure</b></p> <p>The following issues with regard to the preparation and presentation of the financial statements were observed in the course of the audits which need to be addressed before further processing of the accounts</p> <ol style="list-style-type: none"><li>1. The financial statements are still labeled as revised template 30<sup>th</sup> June 2020</li><li>2. The statements, notes and other disclosures reveal blank items that do not provide relevant information to the intended.</li><li>3. A prior year adjustment of Kshs 1,500,000 has not been explained</li><li>4. Annex 2 to the financial statements has no required details of the pending staff payables</li><li>5. Annex 3 has no</li></ol>	<p>The recommendations of the auditor has been taken in and the amended financial statement is hereby attached</p>	<p>Awaiting response from the OAG</p>	

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	details of the unutilized funds 6. Annex 4 is missing 7. There is no evidence of the balances reflected in annex 5 for PMC accounts			