


Enhancing Accountability

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REPORT

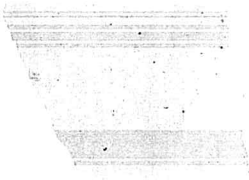
OF

THE AUDITOR-GENERAL

ON

**NATIONAL GOVERNMENT
CONSTITUENCES DEVELOPMENT
FUND – VOI CONSTITUENCY**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 957 NAIROBI KENYA

Revised Template 30th June 2020



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND
VOI CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

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

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

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

Table of Content	Page
I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT.....	2
II. FOREWARD BY THE CHAIRMAN NGCDF COMMITTEE.....	5
III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES.....	9
IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	11
V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES.....	12
VI. REPORT OF THE INDEPENDENT AUDITORS ON THE NGCDF- VOI CONSTITUENCY.....	13
VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 TH JUNE 2020.....	14
VIII. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 TH JUNE 2020.....	15
IX. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 TH JUNE 2020.....	16
X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED (PERIOD FOR THE YEAR ENDED 30 TH JUNE 2020.....	17
XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30 TH JUNE 2020.....	18
XII. SIGNIFICANT ACCOUNTING POLICIES.....	24
XIII. NOTES TO THE FINANCIAL STATEMENTS.....	28
ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE.....	36
ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES.....	37
ANNEX 3 – UNUTILIZED FUND.....	38
ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER.....	39
ANNEX 5 –FMC BANK BALANCES AS AT 30 TH JUNE 2020.....	40
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	43

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	A.I.E holder	Stephen Charo
2.	Sub-County Accountant	Patricia Nduku
3.	Chairman NGCDFC	Hermatton Mbogo
4.	Member NGCDFC	Charity Mgendi

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF Voi Headquarters

P.O. Box 168-80300
NG-CDF Building
At Dan Mwazo Social Hall, Law Courts - Garsen Road
Voi

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

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

We are in the era of social media and devolution facing daily criticism and negative publicity. This has strengthened our resolve to perform even better as we continued to discharge our mandate. Ours is a unique public service for the People by the People through Public Participation and Project implementation by the People. For a long time people were planned under, planned for, planned over and planned in by the authorities. But for us at CDF we, have put the people first in all key areas from inception to implementation and management of resources. We train and empower them on financial management and source for labour and materials from them.

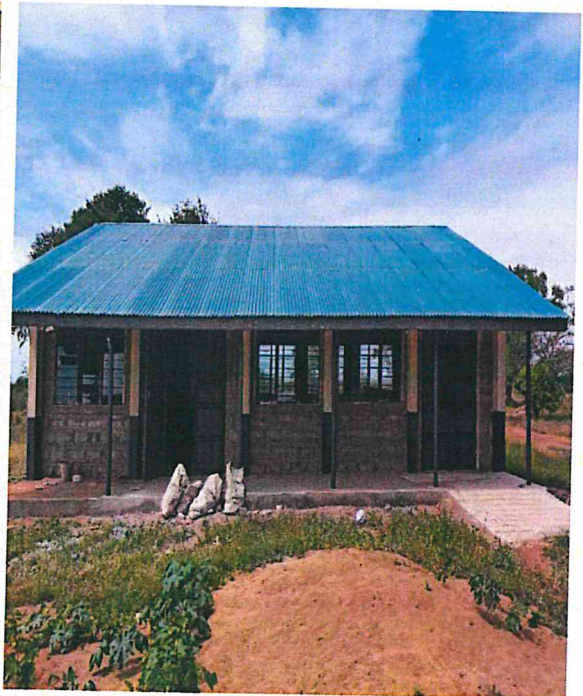
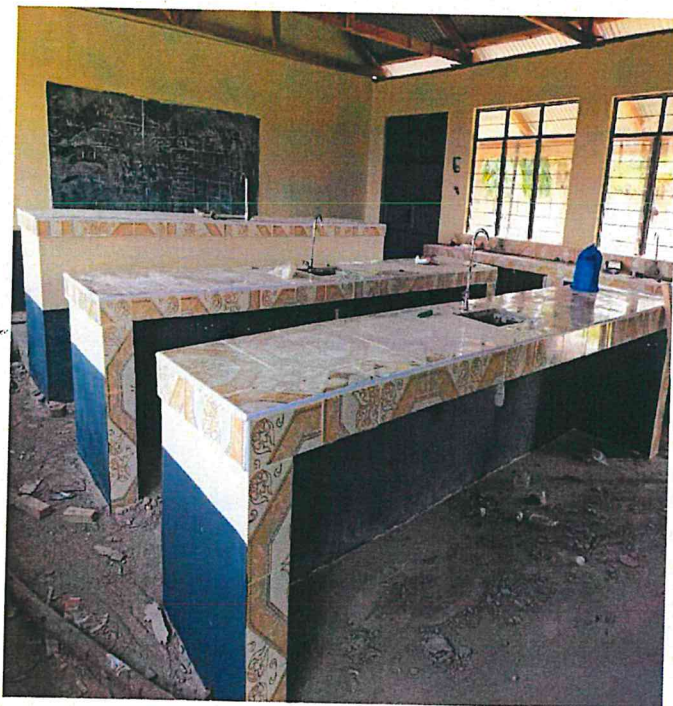
Summary of Key Achievements

1. Bursary: The scholarship programme for 180 form ones and 40 scholarships
2. Education Projects: Constructed to completion 6 New Classroom in 8 different schools
3. Security Projects: Constructed to Completion 2 new Chiefs offices

Some of the projects implementation pictorial presentation are as below;

Risk Management Integration & Mitigation Strategies In The Constituency Operation

1. How risk management has been integrated in the constituency/department operations.
2. How risk mitigation strategies have been implemented



Miasenyi Secondary School Laboratory Construction

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

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



EXTENSION OF NG-CDF VOI OFFICE

OBJECTIVES OF RISK MANAGEMENT

1. To adopt and maintain a practical risk management frame work as developed by the NG-CDF Board
2. To define risk and maintain a register of emerging risks
3. To develop standard operational procedures of mitigating risks
4. To refine and adopt best practices in risk management process and corporate governance
5. To develop a culture of reward and sanction for risk accountability
6. To enhance risk response and implementation strategies
7. To assist in ensuring an effective internal control system of checks and balances
8. To provide a greater level of transparency into the operations of the fund
9. To establish risk management process in all objectives and mandate of the fund
10. To enable the constituency plan for fall back measures any future risks in any eventuality

Sign


CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

III. STATEMENT OF PERFORMANCE AGAINST CONSTITUENCY'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of NGCDF- Voi Constituency's 2018-2022 Plan are to:

(Enumerate all the objectives of the constituency as per the Strategic Plan)

- 1) To improve access to education and training
- 2) To improve learning environment
- 3) To improve the working environment of security and interior personnel
- 4) To enhance environmental conservation
- 5) To build youth talents and skills in sports
- 6) To improve access to ICT infrastructure

Progress on attainment of Strategic development objectives

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

Constituency Program	Objective	Outcome	Indicator	Performance
Education	To improve access to education and training	Increased enrolment in primary schools and improved transition to secondary schools and tertiary institutions	<ul style="list-style-type: none">- Increased number of students accessing education- Increased number of schools with adequate facilities and equipment- Improved performance in national examinations- Increased number of schools with adequate sanitation facilities	In FY 19/20 -we increased number of useable classrooms by 66 through renovations and constructed 14 new ones for students and added new secondary 2 schools and 1 tertiary institution 3000 students benefited from Bursary
Security	To improve the working and living conditions of security personnel in the Constituency	Increase and Improve the conditions of police stations within the constituency	<ul style="list-style-type: none">- Increased number of housing units and offices for security personnel	In FY 2019/20 we worked on completion of 3 Chief's offices and fenced other two offices

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

Constituency Program	Objective	Outcome	Indicator	Performance
Environment	To promote environmental conservation in the Constituency	Increase in knowledge, skills and passion for sustainable environment practices	- Increased number of institutions with adequate sanitation facilities and water storage facilities and increase afforestation	In FY 2019/20 we invested in water harvesting program in 30 schools by providing 10,000 litres water tanks, water harvesting gutters for hygiene and improved sanitation
Sports	To build and enhance youth skills through sports interventions	Promotion of youth initiatives in building and nurturing their talents and skills in sports	- Increased sports activities through annual sports tournaments, Building more facilities in schools, provision of equipment and sports kits	In FY 2019/20 we rehabilitated two Mwangea Secondary Sports fields by grading, compacting and putting up a drainage system
Disaster Management	To establish risk register for the constituency	Reduction in Risk Levels/Increased Risk and disaster preparedness	- Improved Constituency Internal Control System - Reduced level of complaints; resolved past cases and reduced reporting of present cases - Securing the services of a security firm	In the FY 2019/20 We improved internal control system through checks and Strengthening corporate governance by inculcating a culture of best practices on NG-CDF mandate Installed fire extinguishers and bought sanitizers, face masks, thermos-guns, detergents, fumigation chemicals and water tanks for fight against COVID19 global pandemic Maintained an open door policy of feed- back and respecting criticism while taking corrective measures and drawing valuable lessons learnt from reported complaints
ICT	To improve access to ICT infrastructure and innovation	Increase online and internet business opportunities for the youth	Establish ICT hubs in the Constituency and resource centers	In the FY 2019/20 we established two ICT HUBS at Voi Library and in our offices, provided 10 laptops for the Library and bought 4 for the office

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

IV. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

NGCDF – Voi Constituency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on social sector, namely; Education & Training, Security Sector Support, Environment, and Sports. This pillar also makes special provisions for Kenyans with various disabilities and previously marginalized communities.

1. Sustainability strategy and profile -

The aspiration of the people of Voi constituency as captured in this strategic plan forms the basis and justification for its implementation. This Strategic Plan focuses on providing Voi Constituency with a roadmap towards the delivery of quality services. The plan was prepared through a participatory approach that ensured consultations and involvement of the people of Voi, their leaders and external stakeholders at all stages. It has set out its vision, mission, core values, goals and strategic objectives as well as strategies. The implementation of the plan will ensure Sustainable development and social economic transformation in Voi constituency. The plan provides a review of past performance, a situation status analysis and further identifies strategic gaps to be filled by the implementation of this strategic plan.

2. Environmental performance

Uncontrolled environmental degradation and effects of climate change negatively impact on the socio-economic development of the constituency. Major contributors to environmental degradation are human activity. These activities include deforestation through illegal logging, charcoal burning, forest clearing for agricultural activities, overstocking and subsequent overgrazing, illegal quarrying and water pollution through waste disposal. The depletion of mangrove forest reduces reproduction of marine life, deforestation and overgrazing leads to desertification and reduce rainfall and water sources, water pollution leads to water borne diseases while climate change has increased the frequency of high tide flooding.

Voi Constituency depends heavily on wood fuel for domestic use. Forest resources contribute heavily towards household budget through the burn and sell of charcoal. Widespread poverty, unemployment and climate change are the major driving forces to environmental degradation in the constituency.

3. Employee welfare

The NGCDFC ensures recruitment of competent staff is done in compliance with the Employment Act and other laws governing recruitment of employees. The Constituency has 8 staff: 5 Male and 3 Female, the all cover the 6 Wards within the Constituency.

Employees have been employed on contract basis of 3 years and they are renewable based on performance. They NHIF scheme and also considered on NSSF retirement plan.

We have continuously improved the capacity of our staff by ensuring we recruited skilled employees, continuous coaching and mentoring, participation in various conferences including NGCDF trainings, on-the-job training by delegation of duties and job rotation of staff regardless of the roles and duties as prescribed in their job descriptions.

4. Market place practices-

After the development of the strategic plan, the NGCDFC has become more visible and competitive within the communities in the Constituency. In terms of management of resources, we have noted reduced operation cost and all the complaints from the community, both past and present, have either been resolved fully or it's been handled amicably by the management. We have built very strong internal control systems which have reduced wastage and corruption in the constituency.

Our Management best practices involve:

- a) There's a clear communication of our vision, mission and strategy;
- b) The Committee and staff have shown exemplary leadership by example;
- c) Through the SP 2017-2022, we have set demanding but realistic targets;
- d) The Fund Account Manager has ensured an open and communicative management style;
- e) Our Objectives as defined in our strategic plan are SMART.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

VOI CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

5. Community Engagements-

We are proud of the positive economic impact we have on our communities, from job creation to sustainable development projects, improvement of security and education sector. As NGCDF Voi, we have a deep commitment in ensuring full support on community engagement especially in Social Corporate Responsibility, especially at this period where the world is facing a pandemic

V. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

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


The Accounting Officer in charge of the NGCDF- Voi 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 Voi's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF- Voi Constituency further confirms the completeness of the accounting records maintained for the NGCDF Voi, 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- Voi Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF, - Voi Constituency financial statements were approved and signed by the Accounting Officer on 10/09/ 2020.

Fund Account Manager
Name: Stephen Charo


Sub-County Accountant
Name: Patricia Nduku
ICPAK Member Number:

REPUBLIC OF KENYA

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Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - VOI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the National Government Constituencies Development Fund - Voi Constituency set out on pages 14 to 43, which comprise of the statement of assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter 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 – Voi Constituency as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the National Government Constituencies Development Fund Act No. 30 of 2015 and the Public Finance Management Act 2012.

Basis for Qualified Opinion

1.0 Unsupported Use of Goods and Services

The statement of receipts and payments for the year ended 30 June, 2020 reflects use of goods and services of Kshs.7,834,911 as disclosed in Note 5 to the financial statements. Included in the amount is Kshs.4,213,000 in respect of committee allowances of which the following observations were made:

- i. Included in the committee allowances are sitting allowances of Kshs.998,000, Kshs.946,000 paid to committee members during employee's recruitment and Kshs.639,400 for projects monitoring and evaluation all totalling to Kshs.2,583,000. However, allowances of Kshs.2,009,000 were not supported by minutes, signed attendance registers, evidence of payment to the committee members in form of signed payments schedules, details of applicants' interviewed, interview results and evidence of travel to project sites.

- ii. Further, an amount of Kshs.200,000 relates to cash purchases of foodstuffs which however is contrary to the Public Procurement and Asset Disposal Regulations, 2006 First Schedule - Threshold Matrix for Class C procuring entities which sets the maximum low value procurement at Kshs.5,000.
- iii. In addition, available records indicated that Management paid projects monitoring and evaluation allowances of Kshs.560,000 for ten (10) days and car hire services of Kshs.100,000, all totalling to Kshs.660,000 vide payment voucher number 182. However, this payment was not included in the expenditure schedule availed for audit review.
- iv. A further, Kshs.351,400 was charged to committee allowances. However, audit review of the supporting documents revealed the following anomalies:

No.	PV No.	PV Amount (Kshs.)	Amount not Adequately Supported (Kshs.)	Observations/Comments
1	Cash	200,000	58,000	The allowances comprised Kshs.18,000 paid to non-members of the NG-CDF Voi Constituency Committee, while Kshs.40,000 was paid to media persons. However, details of how the amounts/rates were determined and why the same was charged to committee allowances was not provided for audit verification.
2	180	151,400	41,000	The amount comprised Kshs.41,000 incurred on branding of NGCDF Voi logo, hence not qualifying as monitoring and evaluation.
	Total	351,400	99,000	

Consequently, the propriety, accuracy and completeness of the expenditure of Kshs.7,834,911 under use of goods and services reflected in statement of receipts and payments for the year ended 30 June, 2020 could not be confirmed.

2.0 Errors in Reconciliation of Bank Balance

The statement of assets and liabilities as at 30 June, 2020 reflects bank balance of Kshs.3,586,228. Audit review of the bank reconciliation statement indicated two payments in bank statement not yet recorded in cash book in respect of bank charges of Kshs.1,120 and a cheque number 8603 for Kshs.105,920, all totalling to Kshs.107,040. However, bank charges are not reconciling items while cheque number 8603 payable to Coast Institute of Technology in Voi, being bursary for eight students amounting to Kshs.107,040, was already recorded in cashbook through payment voucher number 171 dated 30 May, 2020, thus not a reconciling item.

Further, the bank reconciliation statement indicated receipts in bank statement not yet recorded in cashbook in respect of the same cheque number 8603 but with a different amount of Kshs.150,920. However, the Management did not explain the discrepancy in amounts written on the two cheques.

Consequently, the accuracy and completeness of bank balance of Kshs.3,586,228 reflected in the statement of assets and liabilities as at 30 June, 2020 could not be confirmed.

3.0 Unsupported Project Management Committee Bank Balances

Annex 5 to the financial statements for the year ended 30 June, 2020 reflects sixty-seven (67) Project Management Committee bank balances of Kshs.57,094,548. However, the supporting certificates of bank balances were not provided for audit verification. Further, included in the sixty-seven (67) projects are eleven (11) projects with nil bank balance as at 30 June, 2020. However, at the time of the audit in the month of January, 2021, seven months after the closure of the financial year, there was no evidence of project handing over and closure of the Project Management Committee bank accounts.

Further, quarterly reports tabled before the Constituency Committee on the status of the projects management committee accounts were not availed for audit review, contrary to Regulations, 15(10) of the National Government Constituencies Development Fund, 2016 which states that, 'The Officer of the Board seconded to the Constituency shall - (a) keep a record of the bank accounts opened by a project management committee; and (b) table a quarterly report to a Constituency Committee on the status of the project management committee accounts'.

Consequently, the accuracy and completeness of the project Management committee bank accounts balances of Kshs.57,094,548 as at 30 June, 2020 could not be confirmed.

4.0 Omitted Asset in Summary of Fixed Assets Register

Annex 4 – Summary of Fixed Assets Register reflects a balance of Kshs.28,666,795, being cumulative historical cost of the Fund's fixed assets. However, the value of land on which the NGCDF – Voi Constituency office is constructed was not included in the summary of fixed assets register nor traced in the detailed fixed assets register. Further, included in the assets balance is Kshs.15,000,000 in respect of NGCDF – Voi Constituency offices. However, the Management did not provide details of how the amount was arrived at.

Consequently, the accuracy and completeness of Annex 4 – summary of fixed assets register balance of Kshs.28,666,795 as at 30 June, 2020 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 - Voi 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 judgement 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

1.1 Revenue Budget Analysis

The summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2020 indicates that National Government Constituencies Development Fund – Voi Constituency had a receipts budget of Kshs.201,177,911 against actual receipts of Kshs.131,718,862, resulting to a shortfall of Kshs.69,459,049 or 35%.

Failure by the Board to disburse funds as per the budget may adversely affect delivery of goods and services to the residents of Voi Constituency, contrary to values and principles of public service as provided for under Article 232 (1-c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

1.2 Expenditure Analysis

The summary statement of appropriation - recurrent and development combined for the year ended 30 June, 2020 indicates that National Government Constituencies Development Fund – Voi Constituency had an expenditure budget of Kshs.201,177,911 and actual expenditure of Kshs.128,225,231, resulting to a net under expenditure of Kshs.72,952,680 or 36%.

The National Government Constituencies Development Fund - Voi Constituency underutilized its allocation for compensation of employees by Kshs.369,915 or 8%, use of goods and services by Kshs.1,978,959 or 20%, transfers to other government units by Kshs.37,933,899 or 34% and other grants and transfers by Kshs.32,590,907 or 50% during the year, resulting to an overall underutilization of Kshs.72,952,680 or 36%. This implies that public funds were lying idle at the expense of other deserving areas and is contrary to values and principles of public service as provided for under Article 232 (1 – c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

The under expenditure on budgeted programs denies the residents of Voi Constituency the much needed services that are meant to improve their living standards and for which the Government has allocated funding.

2.0 Projects Implementation Status

Projects implementation status report as at 30 June, 2020 availed for audit review indicated forty-two (42) projects with an approved total budget of Kshs.110,792,327, out of which Kshs.84,392,327 had been disbursed by the CDF Board leaving a balance of Kshs.26,400,000. Further, the amount held at the PMC bank accounts as at 30 June, 2020 totaled to Kshs.46,805,455.

Further, the Board had not disbursed Kshs,26,400,000 to the Fund to implement approved projects.

Failure to implement projects as planned denies the residents of Voi Constituency the much-needed services that are meant to improve their living standards and for which the Government has allocated funding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the 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 Projects Implementation Anomalies

Five (5) projects which received Kshs.13,651,977 were verified in the month of January, 2019 with anomalies noted as detailed below;

No.	Name of the Project	Details of the Project	Approved Proposal (Kshs.)	Disbursement in 2019/20 (Kshs.)	Remarks
1	Mwanyambo Primary School	Renovation of six Classrooms to completion (roofing, plastering, flooring, fixing of doors & windows and painting)	3,000,000	3,000,000	No Bills of Quantities availed at the time of physical verification to confirm if the works awarded were actually done to specifications.
2	New Marungu Secondary School	Construction of a chain link fence round the school of a proximately 4.5 acres at a cost of Kshs.2,999,059.	3,000,000	3,000,000	The project is complete and in use. The BQS were not provided at the time of physical verification to confirm whether the works were done as per specifications
3	Mwakingali Primary School	Renovation of 5 classrooms to completion (roofing, plastering, flooring, fixing of doors and	2,500,000	2,500,000	The project is complete and in use. The BQS were not provided to confirm whether the works were done as per specifications

No.	Name of the Project	Details of the Project	Approved Proposal (Kshs.)	Disbursement in 2019/20 (Kshs.)	Remarks
		windows & painting.			
4	Ndile Primary	Construction of two classrooms	2,200,000	2,954,760	The project is complete and in use. The disbursed amount exceeded the budget by Kshs.754,760
5	Bungale Primary School	Construction of dormitory to completion at a cost of Kshs.3,617,216	Not in the current code list	2,197,217	Done to completion however works were not done as per the BQs; Flash doors were supposed to be 10 but only 5 were installed, roofing sheets were 30 gauge instead of the expected 28 gauge quoted, 8 mortise locks were fixed instead of the 12.
Total				13,651,977	

Under the circumstances, the propriety and value for money for Kshs.13,651,977 spent on the five (5) projects in the year ended 30 June, 2020 could not be confirmed.

There is need therefore for proper implementation and follow up mechanism to ensure that projects are fully implemented for better delivery of goods and services to the citizens of Voi Constituency.

2.0 Non-Compliance with Procurement and Asset Disposal Act, 2015

The statement of receipts and payments for the year ended 30 June, 2020 reflects transfers to other government entities of Kshs.75,150,574 as disclosed in Note 6 to the financial statements. The following observations were made:

2.1 Construction of Kasigau Technical College

Note 6 to the financial statements for the year ended 30 June, 2020 reflects transfers to tertiary institutions of Kshs.15,415,596, out of which Kshs.4,254,689 was disbursed to Kasigau Technical College Project Management Committee (PMC). The disbursement was in respect of completion of proposed construction of a four-classroom block, administration block and a workshop project with an original contract price of Kshs.6,818,970. Review of records availed for audit revealed the following anomalies:

- i) The Fund Management awarded additional works of Kshs.1,591,930 in respect of proposed electrical installation on the on-going project. However, details of how the contractor was selected and the cost of the works determined were not provided for audit review.

- ii) Another disbursement of Kshs.1,100,000 was made to the same PMC in respect of proposed construction of two new four-door pit latrines at a contract sum of Kshs.1,452,758 awarded to the same contractor. This resulted to additional works (variation of works) costing Kshs.3,044,688 or 44.6%, contrary to Section 139 (4) (e) of the Public Procurement and Asset Disposal Act, 2015 which states that ‘the cumulative value of all contract variations do not result in an increment of the total contract price by more than twenty-five per cent of the original contract price. Details of how the contractor was selected and the cost of additional works entailing construction of the new four-door pit latrines were determined were not provided for audit review.
- iii) The original contract of Kshs.6,818,970 included provisional sum of Kshs.1,400,000 which was expended without evidence of approval and tenderer’s certificate, contrary to Section 139(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer of a procurement entity on the recommendation of an evaluation committee to approve the request on the use of provisional sums and which shall be accompanied by a certificate from the tenderer making a justification for such costs.

Consequently, the Fund was in contravention of the law.

2.2 Proposed Construction of Voi Public Library

Note 6 to the financial statements for the year ended 30 June, 2020 reflects transfers to tertiary institutions of Kshs.15,415,596, out of which Kshs.3,060,906 was disbursed for the completion of Voi community library project. Records availed for audit review indicated that the project contract was awarded at a contract sum of Kshs.25,825,442. However, as at 30 June, 2020 the Fund had disbursed Kshs.28,914,086 to the project resulting to unexplained excess disbursement of Kshs.3,088,644.06.

Further, included in the disbursement is Kshs.3,178,585.80, for purchase of furniture, fencing and landscaping. However, details of how the works and services were procured and the prices determined were not availed for audit verification.

In the circumstances, the accuracy of the expenditure of Kshs.28,914,086 for the year ended 30 June, 2020 could not be confirmed.

3.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June, 2020 reflects other grants and transfers of Kshs.32,401,247 of which the following observations were made:

3.1 Sports Projects

Note 7 to the financial statements for the year ended 30 June, 2020 reflects a balance of Kshs.2,180,877 in respect of sports projects which was disbursed to Mwangea Secondary School for grading of a playing field and construction of a podium project. Records availed for audit revealed that the project was procured using requests for quotations. This is contrary to the Public Procurement and Asset Disposal Regulations, 2006 First Schedule-Threshold Matrix for Class C procuring entity which sets a maximum amount of Kshs.500,000 for this method of procurement.

Further, a variation of Kshs.367,000 was made on 11 February, 2020, one month after the project was initiated, contrary to Section 139 (3) of the Public Procurement and Asset Disposal Act, 2015 which states that 'no contract price shall be varied upwards within twelve months from the date of the signing of the contract'. In addition, request and approval of the variation and specific details of the additional works and rates for the same were not availed for audit review.

Consequently, the legality of sports expenditure of Kshs.367,000 and the related procurement worth Kshs.2,180,877 for the year ended 30 June, 2020 could not be confirmed.

3.2 Security Projects

Note 7 to the financial statements for the year ended 30 June, 2020 reflects security projects expenditure of Kshs.16,600,000. Audit review of the project records revealed the following anomalies;

No.	Project Name	Amount (Kshs.)	Findings
1	Construction of Assistant County Commissioner's office, clerk's office and board room at Tausa	5,500,000	Tender awarded to a contractor at a contract sum of Kshs.5,215,813.40. However, Contractor not traced in the list of prequalified suppliers. Further, the contract sum included provisional sum of Kshs.700,000 whose details of how it was to be spent was not provided. In addition, as at the time of the audit in the month of January, 2021, the project was complete and a total Kshs.5,412,361.50 had been paid leading to a variance of Kshs.196,548.10 or 4% with no evidence of any approved variations.
2	Construction of Chief's office and 2 door toilet at Ndara Assistant Chief's office (New)	2,500,000	The tender award included a provisional sum of Kshs.480,000. However, details of how the amount was expended were not availed for audit review. Further, land ownership documents for the land in which the project was erected were not provided for audit review.
3	Construction of Maungu Police Station	5,500,000	This relates to a tender awarded to a contractor at a contract sum of Kshs.9,627,276 which included provisional sum of Kshs.1,150,000. However, details of how the amount was expended were not availed for audit review.
4	Construction of Chief's office and 2 door toilet at Kasigau Assistant Chief's office	2,500,000	This relates to a tender awarded on 12 December, 2019 to a bidder who had been incorporated on 1 July, 2019 and whose details could not be traced in the list of prequalified suppliers. In addition, the contract sum amounted to Kshs.2,848,850, being Kshs.348,850 more than the budgeted amount. Project inspection revealed that part

No.	Project Name	Amount (Kshs.)	Findings
			of the building with a total area of about 24M ² had not been constructed citing inadequate funding
5	Fencing of Assistant Chief's office at Ghazi	600,000	Details of how the contractor was identified, evaluated and awarded the contract were not availed for audit. Further, BOQ and certificate of work done were not availed for audit review.
	Total	16,600,000	

In the Circumstances, the validity and lawfulness of security projects expenditure of Kshs.16,600,000 for the year ended 30 June, 2020 could not be confirmed.

4.0 Acquisition of Assets

4.1 Construction of a VIP Toilet at the Constituency Offices

Note 8 to the financial statements for the year ended 30 June, 2020 reflects overhaul of vehicles and other transport equipment of Kshs.4,537,379, out of which Kshs.548,677 is in respect of construction of a 4 door VIP toilet at the NG – CDF Voi Constituency offices. Records availed for audit revealed that the Fund received quotations from three firms. However, the Fund's tender register indicated that quotations were sent to two firms only instead of at least three. Further, the Fund Management used requests for quotations, contrary to the Public Procurement and Asset Disposal Regulations, 2006 First Schedule-Threshold Matrix for a Class C procuring entity which sets a maximum amount of Kshs.500,000 for this method of procurement.

In addition, certificate numbers 1 and 2 of Kshs.356,340 and Kshs.164,041 respectively, all totalling Kshs.520,381 for the works were settled during the year under review. However, a tax invoice and evidence that the required VAT was withheld by the Fund, were not availed for audit review, contrary to Section 19A (2) of VAT Act, 2012 which states that, 'a person appointed under subsection (1) shall, on purchasing taxable goods or services, withhold the tax payable thereon and remit the same directly to the Commissioner at such times as the Commissioner may direct'.

Consequently, the Fund Management was in contravention of the law.

4.2 Supply of 10,000 Litre Water Tank, Peripheral Water Pump, Gutters and Concrete Base

Note 8 to the financial statements for the year ended 30 June, 2020 reflects overhaul of vehicles and other transport equipment of Kshs.4,537,379, out of which Kshs.657,562 is in respect of supply of 10,000 litre water tank, peripheral water pump, gutters and concrete base at the NG-CDF Voi Constituency offices. However, records availed for audit indicated that, the Fund Management used requests for quotations, contrary to the Public Procurement and Asset Disposal Regulations, 2006 First Schedule Threshold Matrix for a Class C procuring entity which sets a maximum amount of Kshs.500,000 for this method of procurement.

Further, the approved code list/budget indicated an allocation of Kshs.600,000 to the project. Therefore, a contract sum of Kshs.657,562 exceeded the allocation by Kshs.57,562 which however, has not been supported.

Consequently, the Fund Management contravened the law.

5.0 Non Compliance with Tax Procedures Act, 2015

Audit review of NG-CDF Voi Constituency's Kenya Revenue Authority's Personal Identification Number (PIN) certificate indicated that the Fund is registered for Income Tax - Company and Income Tax – Payee tax obligations. However, the Fund is a statutory establishment and not a company whose operations are not geared towards profits and therefore should not be registered for Income Tax-company. Further, according to Kenya Revenue Authority's i-tax portal, the Fund has never filed Income Tax-Company returns, contrary to Section 24(1) of the Tax Procedures Act, 29 of 2015 which states that a person required to submit a tax return under a tax law shall submit the return in the approved form and in the manner prescribed by the Commissioner.

Consequently, the Fund is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures, 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.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the Fund's 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 Fund's financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2022

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

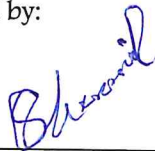
Reports and Financial Statements


For the year ended June 30, 2020

VII. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2020.

	Note	2019 - 2020	2018 - 2019
		Kshs	Kshs
RECEIPTS			
Transfers from NGCDF board	1	123,053,876	108,134,483
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	79,000	205,000
			-
TOTAL RECEIPTS		123,132,876	108,339,483
PAYMENTS			
Compensation of employees	4	4,538,885	3,836,473
Use of goods and services	5	7,834,911	12,695,935
Transfers to Other Government Units	6	75,150,574	62,000,562
Other grants and transfers	7	32,401,247	58,103,824
Acquisition of Assets	8	6,150,979	-
Other Payments	9	2,148,635	2,452,552
			-
TOTAL PAYMENTS		128,225,231	139,089,346
			-
SURPLUS/(DEFICIT)		(5,092,355)	(30,749,863)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF- Voi Constituency financial statements were approved on 10/09/2020 and signed by:


Fund Account Manager
Name: Stephen Charo


Sub-County Accountant
Name: Patricia Nduku
ICPAK Member Number:

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

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES FOR THE YEAR ENDED 30TH JUNE 2020

Programme/Sub-programme	Original Budget 2019/2020 Kshs	Adjustments Kshs	Final Budget 2019/2020 Kshs	Actual on comparable basis 30/06/2020 Kshs	Budget utilization difference Kshs
1.0 Administration and Recurrent					
1.1 Compensation of employees	4,408,800	500,000	4,908,800	4,538,885	369,915
1.2 Committee allowances	1,833,263	359,576	2,192,839	1,834,411	358,428
1.3 Use of goods and services	2,000,000	500,000	2,500,000	2,400,000	100,000
Sub-total	8,242,063	1,359,576	9,601,639	8,773,296	828,343
2.0 Monitoring and evaluation					
2.1 Capacity building	1,500,000	-	1,500,000	100,000	1,400,000
2.2 Committee allowances	1,021,031	500,000	1,521,031	1,500,000	21,031
2.3 Use of goods and services	1,600,000	500,000	2,100,000	2,000,500	99,500
Sub-total	4,121,031	1,000,000	5,121,031	3,600,500	1,520,531
3.0 Emergency					
3.1 Emergency projects	7,198,241	-	7,198,241	671,600	6,526,641
Sub-total	7,198,241	-	7,198,241	671,600	6,526,641
4.0 Bursary and Social Security					
4.1 Primary Schools special needs		-	-	-	-
4.2 Secondary Schools	19,006,389	3,422,924.73	22,429,313	6,182,500	16,246,813
4.3 Tertiary Institutions/Universities	9,000,000	1,408,888	10,408,888	4,907,147	3,850,762

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

Mwakajo primary school		170,000	170,000	170,000	-
Mwambiti secondary school		170,000	170,000	170,000	-
New marungu secondary sch		170,000	170,000	170,000	-
Jack Mwashimba		170,000	170,000	170,000	-
Buguta secondary sch		170,000	170,000	170,000	-
Sub-total	2,000,000	2,040,000	4,040,000	4,040,000	-
7.0 Primary Schools Projects					
7.1 Mchang'a primary school	1,000,000	-	1,000,000	-	1,000,000
7.2 Ghazi primary school	500,000	-	500,000	500,000	-
7.3 Sagalla primary school	2,400,000	-	2,400,000	2,400,000	-
7.4 G..mosi primary school	1,500,000	-	1,500,000	-	1,500,000
7.5 Kalela primary school	2,200,000	-	2,200,000	-	2,200,000
7.6 Ndile primary school	2,200,000	-	2,200,000	2,200,000	-
7.7 Mwanyambo primary school	3,000,000	-	3,000,000	3,000,000	-
7.8 Mwakingali primary school	2,500,000	-	2,500,000	2,500,000	-
7.9 Mbulia primary school	3,000,000	-	3,000,000	3,000,000	-
7.10 Boniface rughanga primary school	1,500,000	-	1,500,000	1,500,000	-
7.11 Wray primary school	1,500,000	-	1,500,000	1,500,000	-
7.12 Marasi primary school	2,200,000	-	2,200,000	2,200,000	-
7.13 Kirutai primary school	1,500,000	-	1,500,000	-	1,500,000
7.14 Mwakiki primary school	1,500,000	-	1,500,000	1,500,000	-
7.15 Sowa primary school	1,000,000	-	1,000,000	1,000,000	-
7.16 Zungulukani primary school	1,100,000	-	1,100,000	-	1,100,000

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

7.17 Msharinyi primary school	1,000,000	-	1,000,000	1,000,000	-
Bungule primary school		2,197,216	2,197,216	2,197,216	
Mlondo primary school		1,000,000	1,000,000	1,000,000	
Wagalla primary school		1,029,285	1,029,285	1,029,285	
Mlundinyi primary school		4,111,762	4,111,762	4,111,762	
zungulukani primary school		600,000	600,000	600,000	
Ndii primary school		754,760	754,760	754,760	
Mrangi primary school		1,000,000	1,000,000	1,000,000	
Imani primary school		600,000	600,000	600,000	
Imani primary school		250,000	250,000	250,000	
Sowa primary school		300,000	300,000	300,000	
Mwambiti primary school		1,665,801	1,665,801	1,655,801	
wongonyi primary school		900,000	900,000	900,000	
Bonface mghanga primary school		1,000,000	1,000,000	1,000,000	
Itinyi primary school		1,000,000	1,000,000	1,000,000	
Sub-total	29,600,000	16,408,824	46,008,824	38,698,824	7,300,000
8.0 Secondary Schools Projects					
8.1 Our lady of perpetual succour girls secondary school	500,000	-	500,000	-	500,000
8.2 Jack Mwashumba secondary school	3,000,000	-	3,000,000	3,000,000	-
8.3 John mark secondary school	3,000,000	-	3,000,000	3,000,000	-
8.4 Mwaghogho secondary school	3,300,000	-	3,300,000	-	3,300,000
8.5 Kaloleni secondary school	3,300,000	-	3,300,000	-	3,300,000
8.6 Kasighau girls secondary school	3,500,000	-	3,500,000	-	3,500,000

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

8.7 New Marungu Secondary School	3,500,000	-	3,500,000	-	3,500,000
8.8 Mabomani Girls secondary School	17,000,000	-	17,000,000	-	17,000,000
Mwakichuchu secondary		2,500,000	2,500,000	2,500,000	
New marungu secondary sch		4,819,984	4,819,984	4,819,984	
New marungu secondary sch		470,000	470,000	470,000	
Allan njomba secondary		315,000	315,000	315,000	
Kaloleni secondary school		2,484,000	2,484,000	2,484,000	
Mwakitawa secondary school		2,000,000	2,000,000	2,000,000	
Moi boys high school		377,450	377,450	377,450	
New marungu secondary sch		909,270	909,270	909,270	
Mwangea secondary School		1,000,000	1,000,000	1,000,000	
Kaloleni secondary school		200,000	200,000	200,000	
Sub-total	37,100,000	15,075,704	52,175,704	21,036,154	31,100,000
9.0 Tertiary institutions Projects (List all the Projects)					
9.1 Kenya Medical Training College VOI	7,000,000	-	7,000,000	7,000,000	-
9.2 Kasighau Technical school	1,100,000	4,254,689	5,354,689	5,354,689	-
Voi community library		3,060,967	3,060,967	3,060,907	60
Sub-total	8,100,000	7,315,656	15,415,656	15,415,596	60
10.0 Security Projects					
10.1 Maungu police station	3,000,000	-	3,000,000	3,000,000	-
10.2 Ndara Assistant Chief office	1,300,000	-	1,300,000	1,300,000	-

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

10.3 kasighau assistant chief office	1,300,000	1,200,000	2,500,000	2,500,000	-
10.4 Assistant county commissioner office Tausa	3,000,000	-	3,000,000	3,000,000	-
10.5 Ghazi Assistant chief office	600,000	-	600,000	600,000	-
10.6 Wongonyi Assistant chiefs office	1,800,000	-	1,800,000	-	1,800,000
Ndara assistant chiefs office		1,200,000	1,200,000	1,200,000	
Tausa assistant county commissioners Office		2,500,000	2,500,000	2,500,000	
Maungu Police station		2,500,000	2,500,000	2,500,000	
kasigau chiefs office					
Marungu chiefs office		-			
Sub-total	11,000,000	7,400,000	18,400,000	16,600,000	1,800,000
11.0 Acquisition of assets					
11.1 Motor Vehicles (including motorbikes)	-	-	-	-	-
11.2 Construction of CDF office		4,537,379	4,537,379	4,537,379	-
11.3 Purchase of furniture and equipment	-	-	-	-	-
11.4 Purchase of computers	-	1,613,600	1,613,600	1,613,600	-
11.5 Purchase of land	-	-	-	-	-
12.0 Others					
12.1 Strategic Plan	-	979,379	979,379	979,379	-
12.2 Innovation Hub		1,169,256	1,169,256	1,169,256	-
AIA		79,000	79,000		79,000
Sub-total	-	8,378,614	8,378,614	8,299,614	79,000
Grand Total	137,367,724	63,810,186.73	201,177,910	128,225,231	72,952,679

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

Reports and Financial Statements

For the year ended June 30, 2020

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

5. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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

External Assistance

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

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

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

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

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

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

Reports and Financial Statements

For the year ended June 30, 2020

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Fund

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

11. Budget

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

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2019.

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

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	Kshs	Kshs
Utilities, supplies and services	1,174,539	2,316,292
Electricity	48,889	
Water & sewerage charges	364,300	
Office rent		
Communication, supplies and services		
Domestic travel and subsistence	1,032,200	283,800
Printing, advertising and information supplies & services		
Rentals of produced assets		
Training expenses		
Hospitality supplies and services		
Other committee expenses		
Committee allowance	4,213,000	9,086,825
Insurance costs		
Specialized materials and services		
Office and general supplies and services		
Fuel , oil & lubricants	100,000	864,330
Other operating expenses		
Bank service commission and charges	34,424	
Security operations	447,000	
Routine maintenance - vehicles and other transport equipment	420,559	144,688
Routine maintenance- other assets		
TOTAL	7,834,911	12,695,935

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities		
Transfers to primary schools (see attached list)	38,698,825	35,972,598
Transfers to secondary schools (see attached list)	21,036,154	19,690,044
Transfers to tertiary institutions (see attached list)	15,415,596	6,337,920
Transfers to health institutions (see attached list)		-
TOTAL	75,150,574	62,000,562

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

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER GRANTS AND OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Bursary – secondary schools (see attached list)	6,182,500	31,151,760
Bursary – tertiary institutions (see attached list)	2,726,270	13,701,255
Bursary – special schools (see attached list)		-
Mock & CAT (see attached list)		-
Security projects (see attached list)	16,600,000	6,550,000
Sports projects (see attached list)	2,180,877	1,655,900
Environment projects (see attached list)	4,040,000	1,000,000
Emergency projects (see attached list)	671,600	1,612,491
Other Projects(see attached list)		2,432,418
Total	32,401,247	58,103,824

8. ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Construction of Buildings	4,537,379	-
Overhaul of Vehicles and Other Transport Equipment		-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	546,400	-
Purchase of ICT Equipment, Software and Other ICT Assets	1,067,200	-
Purchase of Specialized Plant, Equipment and Machinery	-	-
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
Acquisition of Intangible Assets	-	-
		-
Total	6,150,979	-

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) – VOI
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. OTHER PAYMENTS

	2019-2020	2018-2019
	Kshs	Kshs
ICT HUB	1,169,256	-
Strategic plan	979,379	2,452,552
specify	-	-
	-	-
TOTAL	2,148,635	2,452,552

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2019-2020	2018-2019
	Kshs	Kshs
<i>KCB Voi A/C No. 1104887819</i>	3,586,228	8,664,986
<i>Name of Bank, Account No.</i>		
<i>Name of Bank, Account No.</i>		
Total	3,586,228	8,664,986

10B: CASH IN HAND

	2019-2020	2018-2019
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations	-	-
	-	-
Total	-	-

11: 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>Name of Officer or Institution</i>		-	-	-
Total				--

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

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12A. RETENTION

	2019 - 2020	2018-2019
	Kshs	Kshs
Supplier 1	-	-
Supplier 2	-	-
Supplier 3	-	-
	-	-
Total	-	-

[Provision for retention money for emergency project undertaken in FY 2018/19)

12B. GRATUITY DEPOSITS

	2019 - 2020	2018-2019
	Kshs	Kshs
Name 1	-	-
Name 2	-	-
Name 3	-	-
Add as appropriate	-	-
Total	-	-

[Provision for staff gratuity at 15% of basic salary)

13. BALANCES BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	8,664,896	39,414,849
Cash in hand	-	-
Imprest	-	-
Total	8,664,896	39,414,849

[Unutilised funds at the beginning of the financial years in question]

14. PRIOR YEAR ADJUSTMENTS

Description of the error	Balance b/f	Adjustments	Adjusted Balance
	FY 2018/2019 as per Financial statements		b/f FY 2018/2019
	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

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

Reports and Financial Statements

For the year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CHANGES IN ACCOUNTS RECEIVABLE – OUTSTANDING IMPREST

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

16. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

17. OTHER IMPORTANT DISCLOSURES

17.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2019-2020	2018-2019
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services (Real Security Systems Bill for (FEBRUARY, MARCH, APRIL, MAY & JUN)	150,000	-
Total Amount	150,000	-

17.2: PENDING STAFF PAYABLES (See Annex 2)

	2019-2020	2018-2019
	Kshs	Kshs
NGCDFC Staff	848,833	-
Others (<i>specify</i>)	-	-
TOTAL	848,833	-

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

Reports and Financial Statements

For the year ended June 30, 2020

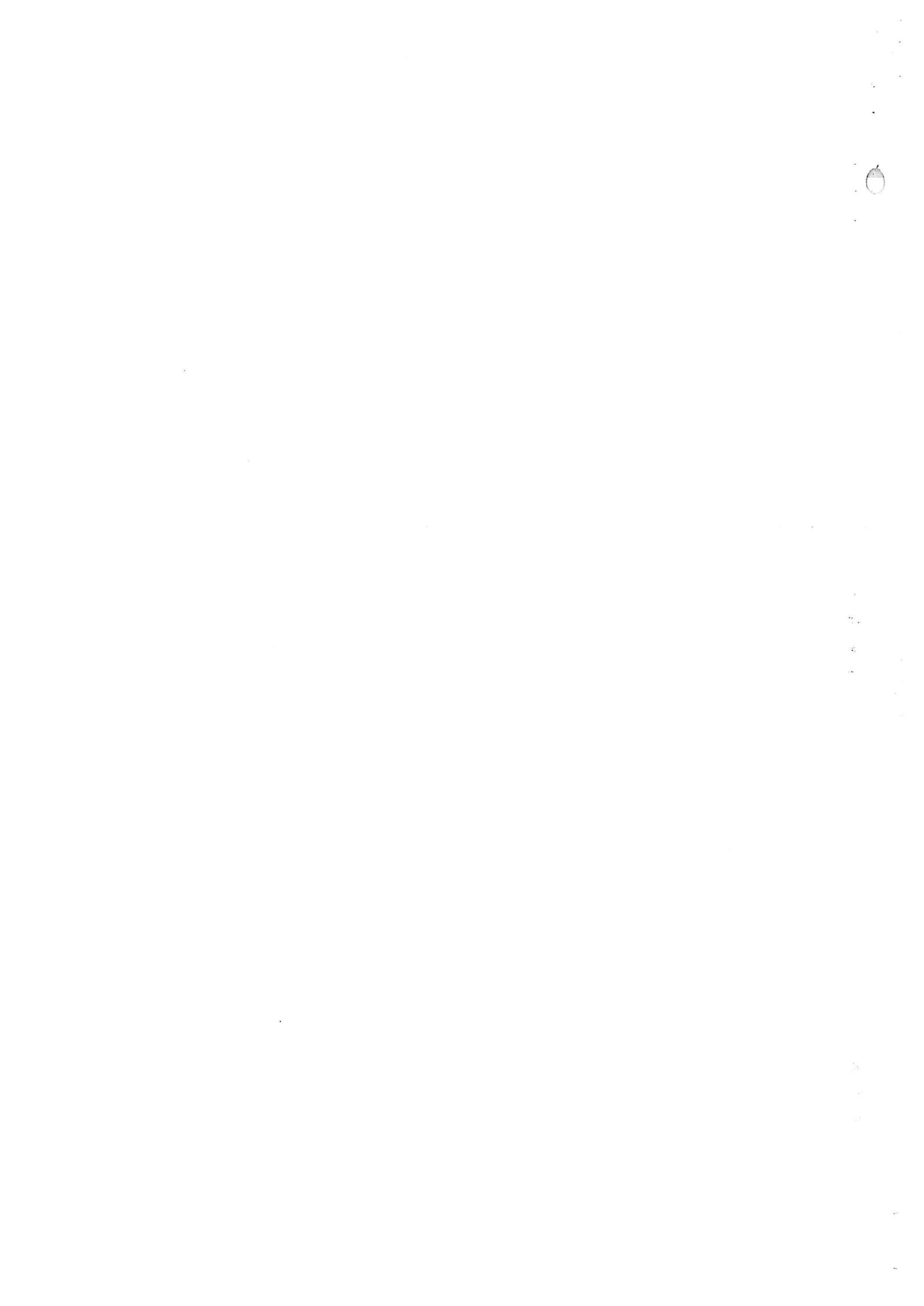
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17.3: UNUTILIZED FUND (See Annex 3)

	2019-2020	2018-2019
	Kshs	Kshs
Compensation of employees	369,915	3,425,509
Use of goods and services	1,978,959	1,202,695
Amounts due to other Government entities	38,913,272	28,169,917
Amounts due to other grants and other transfers	31,611,534	24,488,714
Acquisition of assets	-	-
AIA	79,000	6,214,027
	72,952,680	63,500,862

17.4: PMC account balances (See Annex 5)

	2019-2020	2018-2019
	Kshs	Kshs
PMC account Balances (see attached list)	57,094,548	20,732,943
Total	57,094,548	20,732,943



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

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

Jack Mwashimba Sec School	KCB Voi	1275081924	1,000	
John Mark Mwanjumwa Sec School	KCB Voi	1274161142	3,000,000	
Kaloleni Girls Sec Sch	Co-op	1139222686400	209,186	352,393
Buguta Secondary Sch	KCB VOI	1144535816		202,057
Cdf Voi Environment Project	KCB VOI	1233194704	40,439	41,630
Ndile primary school	Coop Voi	01139220337401	4,149	
Mwakingali Primary Sch	Equity Voi	790277723838	2,734,655	375
Ore Primary Sch	Equity Voi	790264683803	571	234,055
Kirutai Primary Sch	Equity Voi	0790278830099	266,707	1,300,000
Mkwachunyi Primary School	KCB Voi	1240282443	1,487	
Mwambani Primary Sch	Equity Voi	790266921320		222,965
Kale Primary Schol	Equity Voi	790277792945		3,223
Mbololo Social Hall	Equity Voi	790261351583	163,032	1,458,543
Our Lady Of Perpetual succour	KCB VOI	1162762144	36	24,002
Mwangea Sec School	KCB VOI	1204009406	2,196	138,355
Marungu Primary School	KCB VOI	1121108466		1,152
Mwakichuchu Sec School	KCB VOI	1109795076	2,515,136	16,328
Mwakiki Primary school	KCB Voi	1275241689	0.00	~
Miasenyi Sec Sch	KCB VOI	1128294656	156,476	1,118,687
Mwanyambo Pri Sch	KCB VOI	1109684266	3,000,008	1,519,808
Mbulia Primary	KCB VOI	1199001708	3,535,639	110,750
Moi High School	KCB VOI	1108056717	4,459	750
Ghazi Assitant Chief	KCB VOI	1256238988	127,647	2,699,155
Maungu Police Station Cdf Account	Equity Voi	0790279578329	5,500,000	
Ghanzi Primary School	KCB Voi	1104444763	500,631	~
Mwachunyi Primary School	KCB VOI	1240282443		1,520,060
Mwambiti Primary School	KCB Voi	1268251542	89,962	~
Voi Chiefs Office	Equity voi	790265403720	1,305	1,305
Mwambiti Sec School	KCB Voi	1114490873	13,875	~
Voi Primary School	KCB VOI	1197991697	30,624	663,170
Wray Pri School	Equity Voi	790277799901	1,620,603	26,131
New Marungu Sec School	Equity Voi	790271160663	312,117	479,486
Marungu Primary School	KCB Voi	1121108466	61	~
Kalambe Primary Sch	Equity Voi	790277744598	1,118	213,352
Bungule Primary Sch	Equity Voi	790278726757	1,722,526	1,670,162



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

Reports and Financial Statements

For the year ended June 30, 2020

Zungulukani Pri Sch	Equity Voi	790294494930	150,454	124,638
Mrangi Pri School	Equity Voi	790277735585	1,266,685	266,685
Mchanga Primary	Equity Voi	790265053132	1,080	~
TOTAL			57,094,548.00	20,732,943

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

Reports and Financial Statements

For the year ended June 30, 2020

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MSA/ NGCD F/ VOI/ 2016/ 2017/ (2)	i) Misstated Financial statements	The financial statements were revised and all cross casting and casting errors were corrected.	Mr Javan Mwandawiro	Resolved	August 2018
	ii) Unaccounted for supply of stationary.	The stores ledger were availed and all delivery and receipt.	Mr Evan Amuzi. Records Officer.	Resolved	August 2018
	iii) Bank reconciliations, payments in cash book not in bank statement	All stale cheques were replaced and some reversed in the cashbook. The cash book has been updated	Mr Javan Mwandawiro	Resolved	August 2018
	iv) FMCs bank account balances not disclosed	The omitted project account balance were availed	Mr Javan Mwandawiro	Resolved	August 2018
	v) Unsupported expenditures	Bill of quantities and minutes, bank statements available.	Mr Javan Mwandawiro	Resolved	August, 2018
	vi) Budget underutilisation	Under expenditure of budgeted items resolved	Mr Javan Mwandawiro	Resolved	August, 2018
	vii) Un presented cheques	All project cheques have been presented and stale bursary cheques replaced	Mr Javan Mwandawiro	Resolved	August, 2018

