

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - Embakasi Central Constituency set out on pages 17 to 45, which comprise the statement of assets and liabilities as at 30 June, 2021, statement of receipts and payments, statement of cash flows and the summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund - Embakasi Central Constituency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1. Omissions in Presentation and Disclosures in the financial statements

Review of financial statements of the Fund for the year ended 30 June, 2021 revealed presentation and disclosure errors as follows;

- i. The Constituency Fund bankers under key Constituency Information and Section in page 4 excludes an account of the Fund held at Equity Bank.
- ii. Annex 5 containing a list of Project Management Committee (PMC) account balances as at 30 June, 2021 does not reflect all the PMC account balances for projects undertaken during the year under review.

As a result, the financial statements as presented do not comply fully with the prescribed reporting format prescribed by the Public Accounting Standards Board of Kenya.

2. Inaccuracies in the Financial Statements

Review of the financial statements for the year under review revealed several inaccuracies and errors as detailed below;

- i. The statement of assets and liabilities reflects total financial liabilities amounting to Kshs.15,523,249 and Kshs.14,885,857 for 2020/2021 and 2019/2020 financial years respectively. However, the makeup of the liabilities in the financial statements comprising retention and gratuity reflects Nil balances for both financial years hence Nil total financial liabilities.
- ii. The statement of assets and liabilities reflects Nil balances in respect of net financial assets for both financial years. However, recast of net financial assets for 2020/2021 and 2019/2020 financial years reflects Kshs.15,523,249 and Kshs.14,885,857 respectively.
- iii. The statement of receipts and payments reflects comparative transfers from National Government Constituencies Development Fund (NGCDF) amount of Kshs.123,040,876 as disclosed in Note 1 to the financial statements. However, recast of the amounts reflected in the note totals to Kshs.104,040,876 resulting to unreconciled variance of Kshs.19,000,000.

As a result, the accuracy of the financial statements could not be confirmed.

3. Misclassification of Expenditure

The statement of receipts and payments reflects use of goods and services expenditure amounting to Kshs.8,581,654 as disclosed in Note 5 to the financial statements. However, review of the supporting schedules provided for audit revealed an amount of Kshs.280,000 in respect to salaries paid to staff on internship which was wrongly charged to use of goods and services instead of compensation of employees.

As a result, the accuracy of the financial statements could not be confirmed.

4. Variances between the Statement of Receipts and Payments and Supporting Schedules

4.1 The statement of receipts and payments reflects use of goods and services expenditure amounting to Kshs.8,581,654 as disclosed in Note 5 to the financial statements. However, supporting schedules provided for audit reflected expenditure of Kshs.9,444,384 resulting to unreconciled and unexplained variance of Kshs.862,730.

4.2 The statement of receipts and payments reflects transfers to other government units amount of Kshs.73,817,133 as disclosed in Note 7 to the financial statements which includes emergency projects expenditure of Kshs.10,629,205. However, the supporting schedule reflects Kshs.9,766,475 resulting to unexplained variance of Kshs.862,730.

Consequently, the accuracy and completeness of the statements of receipts and payments could not be confirmed.

5. Unreconciled and Unsupported Cash and Cash Equivalents

The statement of assets and liabilities reflects cash and cash equivalents balance of Kshs.15,523,249 as disclosed in Note 10 A to the financial statements. However, the balance was not supported by Board of Survey reports on cash and bank balances. The Management did not provide explanation for the omission.

Further, review of the bank reconciliation statements, cashbook and bank statements provided for audit revealed the following anomalies;

- i. Payments in cash book not recorded in the bank statement (unpresented cheques) includes statutory deductions amounting to Kshs.719,986 some of which date back to the year 2019 that had not been submitted to the Kenya Revenue Authority.
- ii. The bank reconciliation statement for June, 2021 includes a cheque of Kshs.10,800 recorded as payment in bank statement not yet recorded in cashbook. However, the bank statement reflected an amount of Kshs.15,800 resulting to a variance of Kshs.5,000.
- iii. The bank reconciliation statement for June, 2021 includes an amount of Kshs.16,000 recorded as a receipt in cashbook not yet recorded in bank statement. However, the receipt was not dated and could not be traced to the cashbook.

- iv. Cheques amounting to Kshs.2,932,000 which had been issued in the month of March, 2021 were reversed under unclear circumstances in the month of May, 2021. The reversal took place only two (2) months from the date of issue. Further, no documentation approving the reversals was not provided for verification.
- v. Several payments in the Cashbook were not dated, and the cheque numbers did not follow a chronological order.
- vi. The cashbook reflected cash at hand amounting to Kshs.1,801,300 as at 31 December, 2020. However, the balance was not reflected as an opening balance in the month of January, 2021 and in the subsequent months. Further, no cash transactions were recorded during that period.
- vii. The financial statements in Note 10A reflects that the Fund had an account at Equity bank with Nil balance as at 30 June, 2021. However, no cashbook, bank statements, bank reconciliations, board of survey report and certificate of bank balance was provided for audit. In the absence of the above documents, it was not possible to confirm whether any transactions took place in the account.

In view of the above, the accuracy, validity and completeness of cash and cash equivalents as at 30 June, 2021 could not be confirmed.

6. Unutilized Project Management Committee Funds

The financial statements reflects unutilized Project Management Committee account balances amounting to Kshs.251,107 as reflected in Note 17.4. Review of the balances, also disclosed in Annex 5 to the financial statements, revealed the following anomalies:

- i. No bank statements for the PMC as listed in Annex 5 to the financial statements were provided. Further, two PMC accounts for Komarock South Primary PMC and Embakasi Central hall and office PMC where Kshs.60,500,000 and Kshs.1,142,500 respectively, were transferred to during the year under review were not disclosed in the financial statements.
- ii. Annex 5 reflects unutilized Project Management Committee account balances amounting to Kshs.251,107 which were not returned to the Constituency Fund account contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the accuracy of PMC account balance of Kshs.251,107 could not be confirmed.

7. Unsupported Use of Goods and Services Expenditure

The statement of receipts and payments reflects use of goods and services amounting to Kshs.8,581,654 as disclosed in Note 5 to the financial statements. However, the amount

includes Kshs.1,846,655 whose supporting documents such as payment vouchers, invoices among others records were not provided for audit.

As a result, the accuracy of the financial statements cannot be confirmed.

8. Unsupported Bursary Disbursements

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.57,731,000 and as disclosed in Note 7 to the financial statements. The amount includes bursaries to tertiary institutions amounting to Kshs.42,791,000. However, bursary disbursements totalling Kshs.23,656,000 were not supported by payment vouchers and other relevant documents. In addition, review of the supporting schedules provided for audit revealed a disbursement of Kshs.35,085,000 which was wrongly charged to tertiary institutions' bursaries instead of secondary schools' bursaries leading to misclassification of the expenditure.

In addition, Kshs.14,940,000 was disbursed to special schools including three (3) private Institutions towards training of youths on various vocational courses. However, disbursements amounting to Kshs.8,982,413 were not supported by payment vouchers, acknowledgment letters. Further, confirmation of the beneficiaries' attendance of the training were also not provided for audit.

Consequently, the accuracy and validity of bursaries disbursement amounting to Kshs.42,791,000 could not be confirmed.

9. Unsupported Transfers

The statement of receipts and payments reflects acquisition of assets amounting to Kshs.6,573,277 and as disclosed in Note 8 to the financial statements. The amount includes Kshs.1,142,500 which was transferred to Embakasi Central halls and offices PMC account for works executed at the Embakasi Central Constituency office. However, project returns, appointment letters for the PMC members, request for the transfer of funds to the PMC, bank statements for the PMC account, bill of quantities for the works, site instructions, works progress reports, completion certificates and minutes of site meetings were not provided for audit.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The summary statement of appropriation reflects final receipts budget and actual on comparable basis of Kshs.221,484,645 and Kshs.186,153,267 respectively, resulting to an underfunding amounting to Kshs.35,331,379 or 16% of the budget. Similarly, the Fund spent Kshs.170,630,018 against an approved budget of Kshs.221,484,645 resulting to an under expenditure of Kshs.50,854,628 or 23% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unsupported Receipts

The statement of receipts and payments reflects other receipts amounting to Kshs.142,185 as disclosed in Note 2 to the financial statements. The other receipts relate to unutilized funds from Project Management Committees which were transferred to the Constituency Fund bank account. However, details of the closed PMC accounts and the individual bank statements for the accounts were not provided for audit. It was not possible to confirm whether all the unspent funds were surrendered to the Constituency Fund account as required by Regulation 15(2) of the National Government Constituencies Development Fund Regulations, 2016 which states that the PMC shall prepare and submit hand over reports to a constituency Committee.

Management was therefore in breach of the law.

2. Irregularities in Implementation of Emergency Projects

During the year under review, the Projects Fund disbursed Kshs.10,629,205 to various PMC accounts for implementation of emergency projects. Among the projects allocated funds was proposed boundary wall at Chief's office and Embakasi Central office grounds at a cost Kshs.5,573,863. However, there was no evidence of appointment of the Project Management Committees for the project as required by Regulation 15 of the National Government Constituency Development Funds Regulation 2016.

In addition, no separate bank account was opened for the project and instead, payments were made directly from the Constituency Fund account to the contractor. Also, documents relating to procurement of the contractor for the works including tender advertisement, tender opening and evaluation minutes, professional opinion and evidence of approval of award by the Accounting Officer were not provided for audit hence it was not possible to confirm whether the contractor was competitively procured.

Further, review of records in respect of emergency activities revealed that there was no National Government Constituencies Development Fund committee approval for the emergency projects. Although the amount was spent under emergency vote, procurement documents provided revealed that the process of awarding the contract and issuance of the local service order for the construction of the boundary wall was done in the financial year 2019/2020 implying that the project was not urgent or unforeseen as stipulated by Section 8(5) of the Act and could have been identified and prioritized for implementation in the year under review.

Management was therefore in breach of the law.

3. Non-compliance with Reporting Requirements for Emergency Expenditure

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.16,086,133 which includes emergency expenditure amounting to Kshs.10,629,205 as disclosed in Note 7 to the financial statements. However, no documentary evidence was provided to indicate the Fund had reported any of the emergency expenditure to the National Board using the prescribed format as required in Regulation 20 of the National Government Constituency Development Fund Regulations, 2016.

Management was in breach of the law.

4. Non-Compliance with Bursaries Disbursement Guidelines

The statement of receipts and payments reflects other grants and transfers amounting to Kshs.73,817,133 as disclosed in Note 7 to the financial statements. The amount includes bursary disbursements of Kshs.42,791,000 and Kshs.14,940,000 to tertiary institutions and special schools respectively, all totalling to Kshs.57,731,000. Review of records of bursaries disbursement revealed the following anomalies;

- i. There was no evidence of formation of the education bursary committee to vet bursary applicants contrary to guidelines of the circular number NG-CDFB/CEO/BOARDCIRCULARS Vol II (021) issued on 18 June, 2020.
- ii. Review of sample of the application forms revealed that the forms lacked evidence of vetting by an education bursary committee in the application forms since they were not signed by the chairman, secretary or any member of the committee as prove of approval or rejection of the application. In addition, it was not ascertained whether the amounts were awarded to successful applicants in the absence of documentary evidence. Further, the minutes of the vetting committee and the details of the successful applicants were not provided for audit.

In the circumstances, Management was in breach of bursaries disbursement guidelines.

5. Irregularities in Implementation of Primary and Secondary Schools Projects

The statement of receipts and payments reflects transfer to other government entities amounting to Kshs.77,586,608 as disclosed in Note 6 to the financial statements. Review of documents provided for audit revealed irregularities in implementation of primary and secondary schools projects as shown below: -

5.1 Komarock South Primary School

- (i) An amount of Kshs.60,500,000 was disbursed to the PMC of Komarock South Primary for construction of 32 classrooms, 72 toilet cubicles, 4 offices, a staff room and a school hall at a contract sum of Kshs.108,351,405. However, appointment letters for the project management committee members, bank account for the project, registration certificate for the school and ownership documents of the land where the school was constructed were not provided for audit.
- (ii) Similarly, procurement documents including tender opening and tender evaluation committees minutes, appointment letters for the tender opening and tender evaluation committees and inspection and acceptance committee reports, letter of notification, professional opinion and performance security were also not provided for audit. In addition, program of works, site instructions, works progress reports, completion certificates and site meeting minutes were also not provided for audit.
- (iii) A payment of Kshs.10,000,000 to the contractor was not approved by the Accounting Officer while another payment of Kshs.10,000,000 was not supported by a payment voucher. Further, site inspection done on 21 April, 2022 revealed that the project was incomplete and was not ready for occupation as earlier planned. There were indications of poor workmanship as evidenced by visible cracks on walls while asian type toilets were fixed without determination of tile level and were therefore submerged.
- (iv) Several works were incomplete including electrical works, plumbing works, wall tiles were not fitted, cabro blocks in the parking area were not done, inspection chambers (manholes) did not have covers and drainage works for the whole building had not been done. Additionally, a slab had been done instead of a roof as per the bill of quantities without evidence of contract variation contrary to Section 139(1) of the public Procurement and asset Disposal Act (2015) which states an amendment or a variation to a contract resulting from a procurement is effective only if the variants or amendment has been approved in writing.

5.2 Komarock Primary School

- (i) The Fund Management disbursed Kshs.5,184,485 to Komarock Primary School for construction and completion of three (3) classrooms at the School at a contract sum of Kshs.7,184,485. However, there was no evidence of appointment of the committee or a separate bank account opened and maintained for the project.

- (ii) In addition, procurement documents including tender opening committee and tender evaluation committee minutes, appointment letters for the tender opening, tender evaluation committee and inspection and acceptance committees, letter of notification to successful and unsuccessful bidders, professional opinion and performance security were not provided for audit. Also, program of works, site instructions, works progress reports, completion certificates and site meeting minutes were also not provided for audit.
- (iii) Further, physical inspection carried out on 21 April, 2022 revealed that the project had been implemented in the 2019/2020 financial year as per the project label. It was also revealed during the inspection that the staircase had not been done as provided for in the bill of quantities.

5.3 Mwangaza Secondary School

An amount of Kshs.800,000 was disbursed to the PMC of Mwangaza Secondary School for additional works of construction of an 832 metre perimeter wall at the school for a contract sum of Kshs.12,903,360. Review of documents provided for audit revealed that the funds for the additional works were transferred to the PMC despite the total contract sum of Kshs.12,903,360 having been paid in the financial year 2019/2020 to the contractor in three (3) installments on 30 September, 2019, 16 January, 2020 and 24 June, 2020 respectively. It was not clear why the Management of the Constituency for transferred additional funds as there were no documents provided as evidence request and approval of contract variation or extra works and approval for the contract variation.

Further, an inspection carried out on 21 April, 2022 revealed that the works for the wall had been fully executed. However, test results on reinforced concrete foundation base and columns were not provided for audit, and therefore, it was not possible to ascertain the strength of the wall.

5.4 Kayole North Primary School

The Fund Management disbursed Kshs.449,378 to the PMC for Kayole North Primary School for additional works for construction of a 558 metre perimeter wall at a contract sum of Kshs.10,604,978. Review of documents provided for audit revealed that the amount was in addition to Kshs.11,135,227 which had been earlier disbursed to PMC and paid to the contractor in three (3) instalments on 6 July, 2020, 7 August, 2020, and 24 June, 2020. However, the purpose for the additional funds was not explained and the documents such as contract variation or extra works were provided for audit.

In addition, physical inspection at the site on 21 April, 2022 revealed that the wall had been fully executed. However, test results on reinforced concrete foundation base and columns were not provided for audit, and therefore, it was not possible to ascertain the strength of the wall. Further, the project signage indicated that the project was implemented in the financial year 2018/2019.

6. Failure to Identify and Prioritize Projects

The statement of receipts and payments reflects transfer to government entities and other grants and transfers amounting to Kshs.77,586,608 which includes transfers to security, sports, environmental and emergency projects totalling to Kshs.16,086,133 as disclosed in Note 7 to the financial statements. Review of the documents provided for audit revealed that thirteen (13) projects were implemented during the year under review. Although the implemented projects were included in the approved list of the National Government Constituencies Fund Board for 2019/2020 and 2020/2021. There was no evidence that public participation was conducted in the wards to ensure the residents came up with the projects to be implemented and equal distribution of projects among the wards as no advertisements for public forums, venue for the public forums supported by photos, minutes of public participation, ward reports, project proposals and Committee minutes showing the criteria for prioritizing the projects were provided for audit.

Consequently, the Fund Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless the 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 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness

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

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

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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 August, 2022