

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MOIBEN CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund- Moiben Constituency set out on pages 8 to 38, which comprise the statement of assets and liabilities as at 30 June 2017, and the statement of receipts and payments, statement of cash flows, and summary statement of appropriation for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters discussed 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- Moiben Constituency as at 30 June 2017, 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 National Government Constituencies Development Fund Act, 2015.

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified and Other Matter sections of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Bank balance

The statement of assets and liabilities for the year ended 30 June 2017 reflects a bank balance of Kshs.25,570,451 as at 30 June 2017 comprising of Kshs.22,737,002 held in Co-operative Bank of Kenya account No.01141442946600 and Kshs.2,833,449 held in African Banking Corporation Limited (ABC) Bank account No. 005224001000439. Audit review of the bank reconciliation statements for the two accounts revealed the following unsatisfactory matters;

1.1 ABC Bank Account

1.2 The bank reconciliation statement for the month of June 2017 reflects receipts in bank statement not yet recorded in cash book amounting to Kshs.9,179 indicated as interest earned on the account and credited on 30 June 2017 which had not been

recorded in the cashbook. In addition, the bank reconciliation statement reflects payments in bank not recorded in cash book in respect of bank charges amounting to Kshs.13,916 relating to the period between 28 February 2017 and 31 May 2017.

1.3 Co-operative Bank Account

The bank reconciliation statement for the month June 2017 reflects unrepresented cheques amounting to Kshs.1,340,287 out of which, twelve (12) cheques amounting to Kshs.225,000 were dated 6 October 2016 and earlier and were therefore stale but had not been reversed in the cash book as at 30 June 2017. The bank reconciliation statement also reflects payments in bank statement not recorded in cash book amounting to Kshs.34,610.50 in respect of bank charges and other bank levies and which had not been recorded in the cashbook as at 30 June 2017.

Under the circumstances, the accuracy of the bank balance of Kshs.25,570,451 could not be confirmed.

2.0 Failure to Close Old Bank Account

According to the Treasury authority letter dated 18 March 2016 to open a new bank account with ABC Bank, the old account was to be closed and the funds transferred to the new account. However, the Fund did not close the old account as per the National Treasury directive but instead continued to operate both accounts. Although the NG-CDF Board on 6 February 2017 allowed the Fund to continue operating the old account at Co-operative Bank and utilize all the funds in the account within six months from the date of the letter and prepare the bank reconciliation for the account and have the account closed, the account had not been closed as at the time of audit in May 2018 which is over 10 months after the allowed period. Consequently, the management is in breach of the law

3.0 Project Management Committee (PMC) Bank Balances

Annex 4 to the financial statements reflects PMC bank account balances amounting to Kshs.52,521,431 as at 30 June 2017 held in one hundred and eight (108) PMC bank accounts which had not been utilized. However, bank reconciliation statements together with the cashbooks and bank statements were not availed for audit verification.

Consequently, accuracy, completeness and existence of the Project Management Committee bank balance of Kshs.52,521,431 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Government Constituencies Development Fund- Moiben Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0. Budgetary Control and Performance

1.1 Budget Performance

The National Government Constituencies Development Fund- Moiben Constituency had an approved budget of Kshs.162,749,147 for the financial year 2016/2017. During the same period, the Fund incurred expenditures totalling Kshs.96,878,717 or approximately 60% of the approved budget which result to under absorption of Kshs.65,870,430 or 40% of the approved budget as shown below:

Item	Approved Budget (Kshs)	Expenditure (Kshs)	Under Absorption (Kshs)	Under Absorption (%)
Compensation of Employees	4,538,320	1,559,795	2,978,525	66
Use of goods and services	18,474,558	10,620,991	7,853,567	43
Transfers to other Government Units	53,372,751	41,907,931	11,464,820	21
Other grants and transfers	67,339,651	35,790,000	31,549,651	47
Acquisition of Assets	19,023,867	7,000,000	12,023,867	63
Total	162,749,147	96,878,717	65,870,430	40

Failure to utilize all the funds as budgeted is an indication that the programs or activities are not being implemented as planned thus not achieving the intended objective of improving delivery of goods and services to the people of Moiben Constituency.

1.2 Project Implementation Status

The project implementation status report availed for audit shows that during the financial year 2016/2017, Moiben Constituency had budgeted to disburse Kshs.118,322,069 towards implementation of one hundred and thirteen (113) projects out of which Kshs.84,697,931 or approximately 72% was disbursed to one hundred (100) projects with total budget of Kshs.105,172,069, while thirteen (13) projects with total budget of Kshs.13,150,000 were not funded during the year as detailed below;

NO	Project Name	project activity	Budget Amount (Kshs)	Amount Disbursed (Kshs)	Balance (Kshs)	completion %	REMARKS
1	Chepng'ochoch Primary School	completion of the administration block	300,000	300,000	-	100%	complete
2	Chepkoiel North Primary School	1 classroom completion	100,000	100,000	-	100%	complete

3	Tuiyoluk Primary School	completion of the administration block	200,000	200,000	-	100%	complete
4	Tuiyoluk Primary School	renovation of classrooms-Verandah	837,931	837,931	-	100%	complete
5	Sosiyo Primary	completion of dormitory	250,000	250,000	-	100%	complete
6	Chemungen Primary School	completion of a classroom	100,000	100,000	-	100%	complete
7	Komba-Emit Primary School	completion of a classroom	100,000	100,000	-	100%	complete
8	Kuryot Primary School	completion of a classroom	100,000	100,000	-	100%	complete
9	Kapchesimbol Primary School	completion of a classroom	50,000	50,000	-	100%	complete
10	Emsilies Primary School	completion of the administration block; walling, roofing, plastering, fixing windows and doors	300,000	300,000	-	100%	complete
11	Kabatu Primary School	construction of 1 classroom to completion	800,000	800,000	-	100%	complete
12	Ngoisa Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
13	Ack Kapkorio Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
14	Kaptuktuk Primary School	construction of 1 classroom to completion and completion of 2 ongoing classrooms	1,300,000	1,300,000	-	100%	complete
15	Kapsiliot Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
16	Assis Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
17	Ranymoi Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
18	Kimogoch Primary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
19	Elgeyo Sawmill Primary School	construction of a classroom to completion	850,000	850,000	-	100%	complete
20	Kapnasu Primary School	completion of 2 classrooms	100,000	100,000	-	100%	complete
21	Toloita Secondary School	dormitory completion	100,000	100,000	-	100%	complete
22	Chelalang Secondary School	1 classroom completion	50,000	50,000	-	100%	complete
23	Komba-Emit Secondary School	1 classroom completion	100,000	100,000	-	100%	complete
24	Livingstone Secondary School	2 storey building classroom completion	2,000,000	2,000,000	-	100%	complete
25	Koitoror Secondary School	construction of a classroom to completion	800,000	800,000	-	100%	complete
26	Uswo Secondary School	construction of a classroom to completion and purchase of water tanks and fittings	1,300,000	1,300,000	-	100%	complete
27	Kabuliot Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
28	Kapchesimbol Pri School	construction of a six door toilet	200,000	200,000	-	100%	complete
29	Toloita Sec. School	construction of a six door toilet	200,000	200,000	-	100%	complete
30	Rcea Tugen Estate Sec	construction of a library-seed finance /safaricom	300,000	300,000	-	100%	complete
31	Toloita Sec. School	construction of a six door toilet	500,000	500,000	-	100%	complete
32	Ngomongo Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
33	Dcc's Office Moiben	renovation of the office	1,000,000	1,000,000	-	100%	complete

34	Chelelmetio Primary School	construction of a six door toilet	200,000	200,000	-	100%	complete
35	Koitoror Secondary School	construction of a six door toilet	200,000	200,000	-	100%	complete
36	Imaniat Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
37	Muget Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
38	Kapchesimbol Pri School	construction of a six door toilet	200,000	200,000	-	100%	complete
39	Ranymoi Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
40	R.C.E.A Tugen Estate Pri. School	construction of a six door toilet	200,000	200,000	-	100%	complete
41	Kapkoros Primary School	construction of a six door toilet	200,000	200,000	-	100%	complete
42	Charar Primary School	construction of a six door toilet	200,000	200,000	-	100%	complete
43	Kimumu Primary School	construction of a six door toilet	200,000	200,000	-	100%	complete
44	Chepkanga Health Centre	completion of the dispensary	750,000	750,000	-	100%	complete
45	Mumetet Chiefs Office	completion of the chiefs office	50,000	50,000	-	100%	complete
46	Mumetet Chiefs Office	completion of the chiefs office	1,000,000	1,000,000	-	100%	complete
47	Chepkanga Chiefs Office	construction of ap quarters	1,000,000	1,000,000	-	100%	complete
48	Kaplolo Chiefs Office	construction of the chiefs office to completion	1,800,000	1,800,000	-	100%	complete
49	Acquisition Of Assets	Office vehicle GKB752R	7,000,000	7,000,000	-	100%	Vehicle purchased and in use
		COMPLETED PROJECTS	30,737,931	30,737,931	-		
50	Various Secondary Schools And Tertiary Institutions	Payment Of Bursaries To Needy Students	36,914,138	16,440,000	20,474,138	45%	ongoing
51	Chemarmar Primary School	completion of dormitory	50,000	50,000	-	90%	ongoing
52	Maua Primary School	completion of a classroom	50,000	50,000	-	90%	ongoing
53	Soin Primary School	completion of a classroom	300,000	300,000	-	90%	ongoing
54	Kapkei Primary School	completion of the administration block	150,000	150,000	-	90%	ongoing
55	Sasitwa Primary School	construction of a classroom to completion	800,000	800,000	-	90%	ongoing
56	Moiben Primary School	renovation of 8NO.classrooms	800,000	800,000	-	90%	ongoing
57	Chebarus 'C' Primary School	construction of a classroom to completion	900,000	900,000	-	90%	ongoing
58	Endao Primary School	construction of a classroom to completion	900,000	900,000	-	90%	ongoing
59	Mutei Pri School	construction of a six door toilet	200,000	200,000	-	90%	ongoing
60	Itet Pri. School	construction of a six door toilet	200,000	200,000	-	90%	ongoing
61	Cheplaskei Polytechnic	roofing of the lecture halls	300,000	300,000	-	90%	ongoing
62	Tugen Estate Secondary School	wiring of classrooms	200,000	200,000	-	90%	ongoing
63	Aic Chebisaas Boys High School	purchase of beds	200,000	200,000	-	90%	ongoing
64	Kabatu Primary School	construction of a six door toilet	200,000	200,000	-	90%	ongoing
65	Kimuchi Pri. School	construction of a six door toilet	200,000	200,000	-	90%	ongoing

66	Koitoror Primary School	construction of a six door toilet	200,000	200,000	-	90%	ongoing
67	Assis Dispensary	completion of the dispensary	600,000	600,000	-	90%	ongoing
68	Kongnyalil Primary School	completion of a classroom	120,000	120,000	-	80%	ongoing
69	Simotwet Primary School	renovation of 1NO.classrooms	800,000	800,000	-	80%	ongoing
70	Kapkei Secondary School	completion of admin block and staff quarters	1,800,000	1,800,000	-	80%	ongoing
71	Kapsiliot Sec School	construction of ablution block	500,000	500,000	-	80%	ongoing
72	Kalyet Secondary School	completion of a dining hall	1,500,000	1,500,000	-	80%	ongoing
73	Kapkei Pri. School	construction of a six door toilet	200,000	200,000	-	80%	ongoing
74	Chepkosom Pri. School	construction of a six door toilet	200,000	200,000	-	80%	ongoing
75	Chemungen Secondary School	laboratory completion	1,000,000	1,000,000	-	70%	ongoing
76	Kimoning Dispensary	completion of the dispensary	700,000	700,000	-	70%	ongoing
77	Kongnyalil Dispensary	completion of the dispensary	750,000	750,000	-	70%	ongoing
78	Chelelmetio Primary School	construction of a classroom to completion	800,000	800,000	-	50%	ongoing
79	Kimuchi Primary School	construction of a classroom to completion	900,000	900,000	-	50%	ongoing
80	Sosiyo Secondary School	construction of a boys ablution to completion	500,000	500,000	-	50%	ongoing
81	Moiben Chiefs Office	construction of the chiefs office and ap quarters	5,000,000	5,000,000	-	50%	ongoing
82	Moi Marulla Primary School	construction of a classroom to completion	800,000	800,000	-	40%	ongoing
83	Karuna Primary School	construction of a classroom to completion	1,700,000	1,700,000	-	40%	ongoing
84	Muget Primary School	construction of administration block to completion	2,000,000	2,000,000	-	40%	ongoing
85	Uswo Primary School	construction of a 6-door toilet	200,000	200,000	-	30%	ongoing
86	Cheplaskai Primary School	construction of a classroom to completion	800,000	800,000	-	30%	ongoing
		ONGOING PROJECTS	63,434,138	42,960,000	20,474,138		
87	Tilatil Primary School	construction of a classroom to completion	800,000	800,000	-	0%	not started
88	Ngomongo Primary School	construction of a classroom to completion	1,800,000	1,800,000	-	0%	not started
89	Koitoror Primary School	renovation of 10NO.classrooms	600,000	600,000	-	0%	not started
90	Mindililwo Primary School	renovation of 5NO.classrooms	500,000	500,000	-	0%	not started
91	Kapkoros Primary School	renovation of 5NO.classrooms; flooring, plastering and painting	500,000	500,000	-	0%	not started
92	Chelalang Primary School	purchase of upvc pipes for water distribution to the school from a 2.0km dam	300,000	300,000	-	0%	not started
93	Cheburbur Primary School	purchase of upvc pipes for 1km water distribution to the school from a dam	500,000	500,000	-	0%	not started
94	Mosop Primary School	purchase of 10km upvc pipes for water distribution to the school	3,000,000	3,000,000	-	0%	not started
95	Soin Primary School	purchase of upvc pipes for water distribution to the	1,500,000	1,500,000	-	0%	not started

		school from a 7.5km dam					
96	Kimumu Sec School	laboratory completion	500,000	500,000	-	0%	not started
97	Konda Nursery School	purchase of upvc pipes	100,000	100,000	-	0%	not started
98	St. Peters Ngoisa Sec School	construction of a six door toilet	200,000	200,000	-	0%	not started
99	Kaplolo Chiefs Office	construction of a six door toilet	200,000	200,000	-	0%	not started
100	Karuna Chiefs Office	construction of the chiefs office	500,000	500,000	-	0%	not started
		PROJECTS NOT STARTED	11,000,000	11,000,000	-		
101	Chepkosom Primary School	Construction of a 6-door toilet to completion	200,000	-	200,000	0%	Not Funded
102	Ainaptich Primary School	Renovation of 1no. Classroom-flooring, plastering and general repairs.	500,000	-	500,000	0%	Not Funded
103	Arbabuch Primary School	Renovation of 5no. Classrooms-flooring, plastering and painting.	500,000	-	500,000	0%	Not Funded
104	Eldoret Gk Magereza Primary School	Renovation of 1no. Classroom-replacing asbestos with iron sheets	500,000	-	500,000	0%	Not Funded
105	Mumetet Primary School	Renovation of 2no. Classrooms-plastering & flooring and painting of iron sheets	500,000	-	500,000	0%	Not Funded
106	Sergoit Primary School	Renovation of 5no. Classrooms-flooring, plastering and general repairs.	500,000	-	500,000	0%	Not Funded
107	Bidii Primary School	Construction of 1no. Classroom to completion	800,000	-	800,000	0%	Not Funded
108	Chemaluk Primary School	Renovation of 8no. Classrooms-flooring, plastering and general repairs.	800,000	-	800,000	0%	Not Funded
109	Tungurwet Primary School	Construction of 1no. Classroom to completion	800,000	-	800,000	0%	Not Funded
110	Tangasir Primary School	Completion of 1 classroom	50,000	-	50,000	0%	Not Funded
111	Mutei Primary School	Renovation of 5 Classrooms-flooring, plastering, verandah ceiling and painting	1,000,000	-	1,000,000	0%	Not Funded
112	Seko Secondary School	Construction of a modern library	4,000,000	-	4,000,000	0%	Not Funded
113	Chepkoiel A.P Camp	Construction of the A.P camp-5no. single unit quarters	3,000,000	-	3,000,000	0%	Not Funded
		PROJECTS NOT FUNDED	13,150,000	-	13,150,000		
		GRAND TOTAL	118,322,069	84,697,931	33,624,138		

Forty-nine (49) projects with total budgets of Kshs.30,737,931 and which was disbursed in full were complete, while thirty seven (37) projects budgeted for Kshs.63,434,138 out of which Kshs.42,960,000 was disbursed to them were at various levels of completion of between 50% and 90%, while fourteen (14) projects with total disbursement amounting to Kshs.11,000,000 had not started as at 30 June 2017. In addition, thirteen (13) projects with total budget of Kshs.13,150,000 were not funded during the year while the fund had idle cash at bank amounting to Kshs.25,570,450 as at 30 June 2017.

Due to non-implementation of twenty-seven (27) projects budgeted for Kshs.24,150,000, the residents of Moiben Constituency failed to receive the benefits accruing from the planned programs and activities for the year ended 30 June 2017.

Project verification

During the year under review, twenty (20) projects funded for Kshs.19,750,000 were verified in May 2018. Sixteen (16) projects with funding of Kshs.10,250,00 were found to be complete and in use while four (4) projects with funding of Kshs.9,500,000 were in progress with estimated completion percentage of between 40% - 80% as shown below:

	Project Name	Project Description	Disbursed Amount (Kshs)	Comments
1	Muget pri. School	construction of a 6 door toilet	200,000	Project completed and in use
2	Kaptuktuk primary school	construction of 1 classroom to completion and completion of 2 classrooms ongoing	1,300,000	Projects completed and in use
3	Chebarus 'c' primary school	construction of a classroom to completion	900,000	Project completed and in use
4	Kabatu primary school	construction of a classroom to completion	800,000	Project completed and in use
5	Moiben primary school	renovation of 8 classrooms	800,000	Project completed and in use, floor of 8 classrooms repaired, metallic doors fitted, part of veranda repaired
6	Chemungen primary school	completion of a classroom	100,000	Project completed and in use
7	Chepng'ochoch primary school	completion of the administration block	300,000	Windows fitted, ceiling board fitted, painting done, project complete and in use
8	Livingstone secondary school	Completion of 4 classrooms on 1storey building- flooring, plastering, windows, doors	2,000,000	Doors and windows fitted, plastered and painted, project complete and in use
9	Chepkanga chiefs office and ap houses	construction of AP quarters	1,000,000	Project completed and in use
10	Chepkanga health centre	completion of staff quarters house	750,000	Doors and windows fitted, House plastered and painted, project complete and in use
11	Dc's office moiben	renovation of the office	1,000,000	Steel doors fitted, armoury completed, painting done. Project complete and in use.
12	Kabatu primary school	construction of a six door toilet	200,000	Project completed and in use
13	Aic chebisas boys high school	purchase of beds for students	200,000	Beds bought and in use
14	Kimumu primary school	construction of a six door toilets	200,000	Project completed and in use
15	R.C.E.A Tugen pri	construction of a six door toilet	300,000	Project completed and in use
16	R.c.e.a tugen estate sec. School	construction of a library	200,000	Project complete and in use.
		Completed Projects	10,250,000	
17	Muget primary school	construction of administration block to completion	2,000,000	Slab done, walling done up to lintel, contractor not on site, project not complete
18	Kalyet secondary school	completion of a dining hall	1,500,000	Flooring done, windows fitted but no classes, doors not fitted. Project not completed
19	Chemungen secondary school	laboratory completion	1,000,000	Project not completed; painting, ceiling and sceptic tank not done
20	Moiben chiefs office	Construction of the chiefs office and AP quarters	5,000,000	Slab of the 2 buildings done, walling done up to lintel, project not complete
		Ongoing Projects	9,500,000	
		Grand Total	19,750,000	

Delay in completion of the four projects with total disbursement of Kshs.9,500,000 has an effect of denying the residents of Moiben Constituency the benefits of the complete projects.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

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

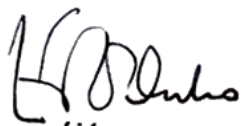
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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



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

Nairobi

15 August 2018