

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND- NORTH IMENTI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund - North Imenti Constituency set out on pages 9 to 35, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and 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 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- North Imenti Constituency as at 30 June, 2019, 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 the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Irregular Committee Allowances

Note 5 to the financial statements for the year under review reflects use of goods and services totaling Kshs.6,008,679 which includes Kshs.1,407,000 and Kshs.1,943,460 in respect to other committee allowances and committee allowances respectively both totaling to Kshs.3,350,460. However, review of the allowances paid to the National Government - Constituencies Development Fund Committee (NG-CDFC) - North Imenti revealed that the committee was paid sitting allowances for thirty (30) meetings held during the year under review contrary to Section 43(11) of the National Government Constituencies Development Fund Act, 2015 which stipulates that the Constituency Committee should meet at least six times in a year but the committee should not hold more than twenty-four meetings in the same financial year, including sub-committee meetings.

Further, included in Kshs.3,350,460 was Kshs.119,000 paid to three (3) officers as allowances for six (6) days training in Embu from 9 to 14 September, 2018. However, the officers were each paid seven (7) days allowances resulting into overpayment of Kshs.17,000 being one night out allowance for the six officers. No explanation has

been provided for paying the one (1) extra night out. In addition, the work ticket was not provided for audit review, hence it was not possible to determine how the officers travelled to the venue.

In addition, included in Kshs.3,350,460 was Kshs.62,000 paid to the NG-CDFC members and the Fund staff for distribution of bursary cheques. However, signed delivery schedules as proof of cheque delivery and work tickets or other means of transport showing how the officers travelled to the distribution venues were not provided for audit review. Further, no reasons were provided as to why the recipient institutions would not have been called upon to collect their respective cheques.

In the circumstances, the propriety and value for money of the Kshs.3,350,460 expenditure for the year ended 30 June, 2019 could not be ascertained.

2.0 Unconfirmed Project Management Committee Bank Balances

Note 6 and 7 to the financial statements reflects Kshs.45,225,000 and Kshs.45,703,105 in respect to transfer to other government entities and other grants and other payments respectively both totaling to Kshs.90,928,105 which includes Kshs.8,183,191 reflected at Annex 5 as Project Management Committee (PMC) bank balances being the unspent project funds held by various institutions' PMCs. However, the respective cash books, bank certificates and bank reconciliation statements were not availed for audit review contrary to the requirement of Sections 100 and 90 (1), (3) of the Public Finance Management (National Government) regulations 2015.

In the circumstances, the Fund was in breach of the law and it has not possible to ascertain the accuracy of Kshs,8,183,191 PMC bank balances as at 30 June, 2019.

3.0 Unconfirmed Bursary Disbursements

Note 7 to the financial statements reflects other grants and other payments amount of Kshs.45,703,105 which included Kshs.15,716,105 and Kshs.10,000,000 in respect to bursaries to secondary schools and tertiary institutions respectively all totaling to Kshs.25,716,105. However, only bursaries totaling to Kshs.11,093,480 were acknowledged by the respective beneficiary schools and institutions through issuance of acknowledgement receipts while bursaries totaling Kshs.14,622,625 were not acknowledged or accounted for by the recipient schools and institutions.

In the circumstance, it was not possible to ascertain whether the Kshs.14,622,625 bursaries were received by the respective schools and institutions and whether the same was expended as appropriated during the year ended 30 June, 2019.

4.0 Presentation of the Financial Statements

4.1 Inaccurate Heading of Financial Statements

Review of the financial statements for the year ended 30 June, 2019 revealed that the title of the statement of assets and liabilities did not include accounting year as at

“30 June 2019.” Also, the statements of receipts and payments, statement of cash flows, summary statement of appropriation: recurrent and development combined did not include the phrase “for the year ended 30 June, 2019” contrary to implementation guideline on pages 73 to 77 of the International Public Sector Accounting Standard (IPSAS) number 1 on presentation of financial statements.

4.2 Summary Statement of Appropriation: Recurrent and Summary Statement of Appropriation: Development

Review of the financial statements for the year ended 30 June, 2019 revealed that the summary statement of appropriation: recurrent and summary statement of appropriation: development were not included in the financial statements for the year ended 30 June, 2019 contrary to the Public Sector Accounting Standards Board (PSASB) financial reporting template issued in June, 2019 for a National Government entity which requires an entity to include summary statement of appropriation: recurrent and summary statement of appropriation: development.

In the circumstances, the presentation of the Fund’s financial statements for the year under review is not in compliance with the International Public Sector Accounting Standard (IPSAS) number 1 and PSASB stipulated formats.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Government Constituencies Development Fund- North Imenti 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 recurrent and development combined reflects approved budgeted receipts of Kshs.172,577,532 and actual receipt of Kshs.117,957,136 (68%) resulting in net receipts short fall of Kshs.54,620,396 or 32%.

In addition, the National Government Constituencies Development Fund (NG-CDF) Board approved a budget of Kshs.172,577,532 which included Kshs.163,404,879

which was to be transferred to North Imenti Constituency Fund but only transferred Kshs.108,784,483 resulting to Kshs.54,620,396 in respect to funds approved by the Board but not transferred to the Fund.

Failure to transfer the Kshs.54,620,396 by the Board results to the Fund being unable to deliver equivalent promised services to the residents of North Imenti Constituency.

Further, the summary statement of appropriation: recurrent and development combined reflects an approved budgeted expenditure of Kshs.172,577,532. However, only Kshs.111,988,841 (65%) was spent resulting in an under-expenditure of Kshs.60,588,691.

However, included in the Kshs.60,588,691 under expenditure for the year under review was Kshs.8,962,413 in respect to cash at bank, being funds released by the Board but not spent by the Fund and therefore there was no equivalent value for money.

Failure to spend funds already released by the Board denied the residents of North Imenti Constituency equivalent services.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Project Implementation Status

Review of the Fund's project implementation status report for the year under review revealed that one hundred and sixty-two (162) projects worth Kshs.159,015,036 were budgeted to be implemented during the year under review. However, only one (1) project worth Kshs.4,677,027 had been completed while one hundred and fifty-nine (159) projects worth Kshs.149,791,849 were ongoing and two (2) projects worth Kshs.4,546,160 had not started as at 30 June, 2019 as follows;

Project	Total Allocation (Kshs)	Disbursement (Kshs)	No of Projects	Implementation Status
ICT Hubs	4,677,027	4,677,027	1	Completed
Sub-Total	4,677,027	4,677,027	1	

Primary Schools Projects	40,850,000	24,225,000	70	Ongoing
Secondary Schools Projects	35,000,000	21,000,000	46	
Bursary	28,310,345	25,716,075	2	
Security Projects	20,600,000	13,200,000	36	
Sports	3,734,000	2,150,000	1	
Environment	3,680,000	1,500,000	1	
Emergency	8,876,924	3,137,000	1	
Acquisition of assets	8,740,580	8,432,180	2	
Sub-Total	149,791,849	99,360,255	159	
Other Balances	2,331,620	0	1	Not Started
Allocation awaiting approval	2,214,540	0	1	
Sub-Total	4,546,160	0	2	
Grand Total	159,015,036	104,037,282	162	

In view of the foregoing, Imenti North constituents did not get the expected services equivalent to two (2) projects worth Kshs.4,546,160 not started and one hundred and fifty-nine (159) ongoing projects worth Kshs.149,791,849 all totalling Kshs.154,338,009. This is an indication of inappropriate project implementation mechanism.

2.0 Inadequacies in project implementation - Transfer to Primary Schools

2.1 Irregular Procurement for Reroofing of Classrooms- CCM Irinda Primary School

Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.24,225,000 in respect to transfers to primary schools which further includes Kshs.500,000 transferred to CCM Irinda Primary School for reroofing of five (5) classrooms. However, review of the respective project file revealed that bank statements, bill of quantities, work inspection certificates, expenditure summary, and project management committee minutes approving the payments and bank withdrawals were not provided for audit review. Further, one hundred and twenty (120) blue box profile, gauge twenty-eight (28), three (3) meters iron sheets costing Kshs.132,000 were procured from a supplier who was not among the three (3) bidders who quoted for supply of the materials.

In addition, included in the Kshs.500,000 was Kshs.210,000 spent on supply of labour services which was separately procured and awarded to a contractor. However, contract agreement showing contract amount, tender opening minutes, tender evaluation minutes showing how the contractor was selected, letters of offer and acceptance and regret letters to unsuccessful bidders were not provided for audit review. Therefore, it appears the contractor was single sourced contrary to Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015.

In the circumstances, the Fund is in breach of the law and the propriety and value for money for the Kshs.500,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

2.2 Construction of Special Classroom- Nkabune Primary School

Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.24,225,000 in respect to transfers to primary schools which further includes Kshs.1,000,000 transferred to Nkabune Primary School for construction to completion of a special classroom. However, review of the project file revealed that bank statements, bill of quantities, work inspection certificates, expenditure returns and project management committee minutes approving payments and bank withdrawals were not provided for audit review.

Further, included in the Kshs.1,000,000 was Kshs.146,400 and Kshs.141,950 respectively both totaling to Kshs.288,350 paid to a supplier for supply of timber, machine cut stones and sand and another supplier for assorted roofing materials and cement. However, quotation opening minutes, evaluation committee minutes showing how the suppliers were selected, letters of offer and acceptance and regret letters to the losing bidders were not provided for audit review. Therefore, it appears the suppliers were single sourced contrary to Section 58 (2) of the Public Procurement and Assets Disposal Act, 2015.

In addition, physical verification carried out in November, 2019 revealed that the classroom whose completion date was not indicated, was yet to be completed as windows and painting work had not been done and the project appeared to have stalled as there was no contractor on site.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.1,000,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

2.3 Construction of Special Classroom - Muringombugi Primary School

Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.24,225,000 in respect to transfers to primary schools which further includes Kshs.600,000 transferred to Muringombugi Primary School for construction of a special classroom. However, review of the respective project file revealed that the bill of quantities, work inspection certificates, expenditure returns and project management committee minutes approving payments and bank withdrawals were not provided for audit review.

In addition, physical verification carried out in November, 2019 revealed that the classroom whose completion date was not indicated was yet to be completed as plastering, painting, fixing of doors and windows had not been done and the contractor

was not on site. Therefore, the project appeared to have stalled contrary to Section 25. (1) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.600,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

3.0 Stalled Projects

Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.21,000,000 in respect to transfers to secondary schools. However, included in the Kshs.21,000,000 were five (5) projects worth Kshs.5,000,000 which appeared to have stalled as detailed below;

3.1 Kinoru Day Secondary School – Dining Hall

During the year under review, it was noted that Kshs.1,500,000 was transferred to Kinoru Day Secondary school for construction of a dining hall. However, physical verification carried out in November, 2019 revealed that flooring, plastering, fixing of windows and doors, painting and electrical works were not complete and no works were ongoing.

3.2 Ngiine Day Secondary School – Administration Block

Similarly, Kshs.500,000 was transferred to Ngiine Day Secondary School for construction of an administration block. However, physical verification carried out in November 2019 revealed that though there were materials on site, roofing, flooring, plastering, fixing of windows and doors, painting, electrical works were not done, and no works were ongoing.

3.3 Munithu Day Secondary School – Dining Hall Kitchen

Further, Kshs.1,000,000 was transferred to Munithu Day Secondary School for extension of an existing dining hall's kitchen. However, physical verification carried out in November, 2019 revealed that though there were materials on site, roofing, flooring, plastering, fixing of windows and doors, painting and electrical works were not done and no works were ongoing.

3.4 Kirige Day Secondary School – Dining Hall Kitchen

In addition, Kshs.1,000,000 was transferred to Kirige Day Secondary School for construction of classrooms. A review of the project file revealed that the project started during the financial year 2013/2014. However, physical verification carried out in November, 2019 revealed that, flooring, plastering, painting and electrical works were not done and no works were ongoing.

3.5 Thuura Day Secondary School – Dining Hall Kitchen

During the current year, Kshs.1,000,000 was also transferred to Thuura Secondary School for completion of an administration block which had earlier been constructed up to first floor. However, physical verification carried out in November 2019 revealed that flooring, plastering, fixing of windows and doors, painting and electrical works were not done and no works were ongoing.

In view of the foregoing, the Kshs.5,000,000 expenditure on stalled secondary schools' projects was contrary to Section 25(1) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.5,000,000 for the year ended 30 June, 2019 could not be ascertained.

4.0 Irregular funding of Administration Block - CCM Irinda Secondary School

Note 6 to the financial statements reflects transfers to other Government entities totaling Kshs.45,225,000 which includes Kshs.21,000,000 in respect to transfers to secondary schools which further includes Kshs.800,000 disbursed to CCM Irinda Secondary school for construction of administration block. However, review of the project file revealed that Kshs.550,000 and Kshs.700,000 both totaling Kshs.1,250,000 was received from parents and Ministry of Education respectively towards the same project making it difficult to ascertain how the funds were utilized contrary to Section 49 of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.800,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

5.0 Security Projects

Note 7 to the financial statements reflects other grants and other payments totaling Kshs.45,703,105 which includes Kshs.13,200,000 in respect to security projects. However, included in the Kshs.13,200,000 were three (3) projects worth Kshs.1,700,000 which appeared to have stalled as detailed below;

5.1 Magundu Chiefs Camp

An audit review carried out during the year under review indicated that Kshs.700,000 was transferred to Magundu Chiefs office Project Management Committee (PMC) for extension of a chief's office, electrification, furnishing and water connection. However, physical verification carried out in November, 2019 revealed that electrification and furnishing had not been done while windows had been vandalized and no works were ongoing.

5.2 Kaaga Chiefs Camp

Likewise, Kshs.500,000 was transferred to Kaaga Chiefs Camp PMC for completion of the construction of a chief's office. However, physical verification carried out in November 2019 revealed that plastering, fixing doors, windows panes, ceiling, electrical wiring and its accessories had not been done and no works were ongoing.

5.3 Kaaga Assistants Chiefs Camp

Further, Kshs.500,000 was transferred to Kaaga Assistant Chief's office PMC for completion of the construction of an assistant chief's office and construction of ablution block. However, physical verification carried out in November 2019 revealed that tiles, electrification, and furnishing of the office had not been done and no works were ongoing.

In view of the foregoing, the Kshs.1,700,000 expenditure on stalled security projects was contrary to Section 25. (1) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.1,700,000 expenditure for the year ended 30 June, 2019 could not be ascertained.

6.0 Emergency Projects

Note 7 to the financial statements reflects other grants and other payments totaling Kshs.45,703,105 which includes Kshs.3,137,000 in respect to emergency projects. However, included in the Kshs.3,137,000 were two (2) projects worth Kshs.1,200,000 which were not supported by documents to show that the same were emergency projects among other anomalies as detailed below;

6.1 Mwitumwiru Primary School

A audit review during the year indicated that Kshs.600,000 was transferred to Mwitumwiru Primary School for construction of an eight (8) door toilet. The need to construct new toilets was due to overflow of eight (8) toilets that were in use there before. Review of the request for funding indicated that the school was issued with notice of closure by public health office due to inadequate sanitation facilities. However, the notice of closure from the public health office was not provided for audit review. Further, included in the Kshs.600,000 was Kshs.60,000 in respect to contingencies whose respective supporting documents, including, approved request showing how the contingency funds were to be spent was not provided for audit review. In addition, physical verification carried out in November, 2019 revealed that ceramic tiles which, according to bills of quantities were to be fitted to the toilets at a cost of Kshs.22,500 were not fitted.

6.2 Chungari Day Secondary School

Also, Kshs.600,000 was transferred to Chungari Day Secondary School for construction of toilets. However, approved request for funding, bill of quantities specifying the works to be done and report on urgent unforeseen situation were not availed for audit review.

In view of the foregoing, the Kshs.1,200,000 expenditure on emergency projects therefore appeared to have been on projects that were not emergency in nature contrary to Section 8(3) of the National Government Constituencies Development Fund Act, 2015.

In the circumstances, the Fund was in breach of the law and the propriety and value for money for the Kshs.1,200,000 for the year ended 30 June, 2019 could not be ascertained.

7.0 Untagged Fixed Assets

Annex 4 to the financial statements reflects Kshs.37,625,786 in respect to fixed assets. However, review of the fixed assets register and physical verification of the assets revealed that the assets were not tagged for ease of identification and movement contrary to Section 139.(1)(2) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the Fund was in breach of the law and the security, location and condition of the fixed assets could not be ascertained as at 30 June, 2019.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, and for its assessment of the effectiveness of internal control, risk management and governance.

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 going concern 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 Fund 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion with limited assurance as to 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 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 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 December, 2021