

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

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

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

Basis for Qualified Opinion

1.0 Unsupported Use of Goods and Services

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

- i. Included in the committee allowances are sitting allowances of Kshs.998,000, Kshs.946,000 paid to committee members during employee's recruitment and Kshs.639,400 for projects monitoring and evaluation all totalling to Kshs.2,583,000. However, allowances of Kshs.2,009,000 were not supported by minutes, signed attendance registers, evidence of payment to the committee members in form of signed payments schedules, details of applicants' interviewed, interview results and evidence of travel to project sites.
- ii. Further, an amount of Kshs.200,000 relates to cash purchases of foodstuffs which however is contrary to the Public Procurement and Asset Disposal Regulations, 2006 First Schedule - Threshold Matrix for Class C procuring entities which sets the maximum low value procurement at Kshs.5,000.
- iii. In addition, available records indicated that Management paid projects monitoring and evaluation allowances of Kshs.560,000 for ten (10) days and car hire services of Kshs.100,000, all totalling to Kshs.660,000 vide payment voucher number 182.

However, this payment was not included in the expenditure schedule availed for audit review.

- iv. A further, Kshs.351,400 was charged to committee allowances. However, audit review of the supporting documents revealed the following anomalies:

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

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

2.0 Errors in Reconciliation of Bank Balance

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

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

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

3.0 Unsupported Project Management Committee Bank Balances

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

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

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

4.0 Omitted Asset in Summary of Fixed Assets Register

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

Consequently, the accuracy and completeness of Annex 4 – summary of fixed assets register balance of Kshs.28,666,795 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget Analysis

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

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

1.2 Expenditure Analysis

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

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

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

2.0 Projects Implementation Status

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Projects Implementation Anomalies

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

No.	Name of the Project	Details of the Project	Approved Proposal (Kshs.)	Disbursement in 2019/20 (Kshs.)	Remarks
1	Mwanyambo Primary School	Renovation of six Classrooms to completion (roofing, plastering, flooring, fixing of doors & windows and painting)	3,000,000	3,000,000	No Bills of Quantities availed at the time of physical verification to confirm if the works awarded were actually done to specifications.
2	New Marungu Secondary School	Construction of a chain link fence round the school of a proximately 4.5 acres at a cost of Kshs.2,999,059.	3,000,000	3,000,000	The project is complete and in use. The BQS were not provided at the time of physical verification to confirm whether the works were done as per specifications
3	Mwakingali Primary School	Renovation of 5 classrooms to completion (roofing, plastering, flooring, fixing of doors and windows & painting.	2,500,000	2,500,000	The project is complete and in use. The BQS were not provided to confirm whether the works were done as per specifications
4	Ndile Primary	Construction of two classrooms	2,200,000	2,954,760	The project is complete and in use. The disbursed amount exceeded

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

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

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

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

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

2.1 Construction of Kasigau Technical College

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

- i) The Fund Management awarded additional works of Kshs.1,591,930 in respect of proposed electrical installation on the on-going project. However, details of how the contractor was selected and the cost of the works determined were not provided for audit review.
- ii) Another disbursement of Kshs.1,100,000 was made to the same PMC in respect of proposed construction of two new four-door pit latrines at a contract sum of Kshs.1,452,758 awarded to the same contractor. This resulted to additional works (variation of works) costing Kshs.3,044,688 or 44.6%, contrary to Section 139 (4) (e) of the Public Procurement and Asset Disposal Act, 2015 which states that 'the

cumulative value of all contract variations do not result in an increment of the total contract price by more than twenty-five per cent of the original contract price. Details of how the contractor was selected and the cost of additional works entailing construction of the new four-door pit latrines were determined were not provided for audit review.

- iii) The original contract of Kshs.6,818,970 included provisional sum of Kshs.1,400,000 which was expended without evidence of approval and tenderer's certificate, contrary to Section 139(2) of the Public Procurement and Asset Disposal Act, 2015 which requires an accounting officer of a procurement entity on the recommendation of an evaluation committee to approve the request on the use of provisional sums and which shall be accompanied by a certificate from the tenderer making a justification for such costs.

Consequently, the Fund was in contravention of the law.

2.2 Proposed Construction of Voi Public Library

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

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

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

3.0 Other Grants and Transfers

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

3.1 Sports Projects

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

Further, a variation of Kshs.367,000 was made on 11 February, 2020, one month after the project was initiated, contrary to Section 139 (3) of the Public Procurement and Asset Disposal Act, 2015 which states that 'no contract price shall be varied upwards within twelve months from the date of the signing of the contract'. In addition, request and

approval of the variation and specific details of the additional works and rates for the same were not availed for audit review.

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

3.2 Security Projects

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

No.	Project Name	Amount (Kshs.)	Findings
1	Construction of Assistant County Commissioner's office, clerk's office and board room at Tausa	5,500,000	Tender awarded to a contractor at a contract sum of Kshs.5,215,813.40. However, Contractor not traced in the list of prequalified suppliers. Further, the contract sum included provisional sum of Kshs.700,000 whose details of how it was to be spent was not provided. In addition, as at the time of the audit in the month of January, 2021, the project was complete and a total Kshs.5,412,361.50 had been paid leading to a variance of Kshs.196,548.10 or 4% with no evidence of any approved variations.
2	Construction of Chief's office and 2 door toilet at Ndara Assistant Chief's office (New)	2,500,000	The tender award included a provisional sum of Kshs.480,000. However, details of how the amount was expended were not availed for audit review. Further, land ownership documents for the land in which the project was erected were not provided for audit review.
3	Construction of Maungu Police Station	5,500,000	This relates to a tender awarded to a contractor at a contract sum of Kshs.9,627,276 which included provisional sum of Kshs.1,150,000. However, details of how the amount was expended were not availed for audit review.
4	Construction of Chief's office and 2 door toilet at Kasigau Assistant Chief's office	2,500,000	This relates to a tender awarded on 12 December, 2019 to a bidder who had been incorporated on 1 July, 2019 and whose details could not be traced in the list of prequalified suppliers. In addition, the contract sum amounted to Kshs.2,848,850, being Kshs.348,850 more than the budgeted amount. Project inspection revealed that part of the building with a total area of about 24M ² had not been constructed citing inadequate funding

No.	Project Name	Amount (Kshs.)	Findings
5	Fencing of Assistant Chief's office at Ghazi	600,000	Details of how the contractor was identified, evaluated and awarded the contract were not availed for audit. Further, BOQ and certificate of work done were not availed for audit review.
	Total	16,600,000	

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

4.0 Acquisition of Assets

4.1 Construction of a VIP Toilet at the Constituency Offices

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

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

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

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

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

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

Consequently, the Fund Management contravened the law.

5.0 Non Compliance with Tax Procedures Act, 2015

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

Consequently, the Fund is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 January, 2022