

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 AUG 2019

DAY

Wednesday

TABLED
BY:

Hon. Benjamin Wainaina
(Majority Party Whip)
Halima Ahmed

PARLIAMENT
OF KENYA
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REPORT

OF

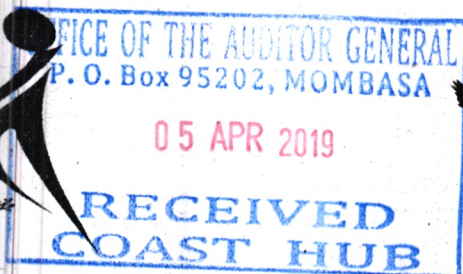
THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
MAGARINI CONSTITUENCY**

**FOR THE YEAR ENDED
30 JUNE 2018**





**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MAGARINI
CONSTITUENCY**

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2018**

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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY
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I. KEY CONSTITUENCY INFORMATION AND MANAGEMENT

(a) Background information

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

Mandate

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

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

Vision

Equitable Socio-economic development countrywide

Mission

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



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

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Core Values

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

(b) Key Management

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

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Accounting Officer	Yusuf Mbuno
2.	A.I.E holder	Juma Nyundo Buduguh
3.	Sub-County Accountant	Jason Kimathi Ndung'u
4.	Chairman NGCDFC	Samson Kombeh Ngudu
5.	Member NGCDFC	Rachel Mbeyu

(d) Fiduciary Oversight Arrangements

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

(e) NGCDF Magarini Constituency Headquarters

NG CDF Office Building
Next to Assistant County Commissioner's Office
Gongoni
P.O Box 1907-80200
MALINDI



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MAGARINI CONSTITUENCY

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(f) NGCDF MAGARINI CONSTITUENCY CONTACTS

Telephone: (254) 733540364
E-mail: magarini@ngcdf.go.ke
Website: www.ngcdf.go.ke

(g) NGCDF MAGARINI CONSTITUENCY BANKERS

Kenya Commercial Bank Ltd
Malindi Branch
P.O. Box 9-80200
MALINDI
1108017754

(h) INDEPENDENT AUDITORS

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) PRINCIPAL LEGAL ADVISER

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya



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

**Reports and Financial Statements
For the year ended June 30, 2018**

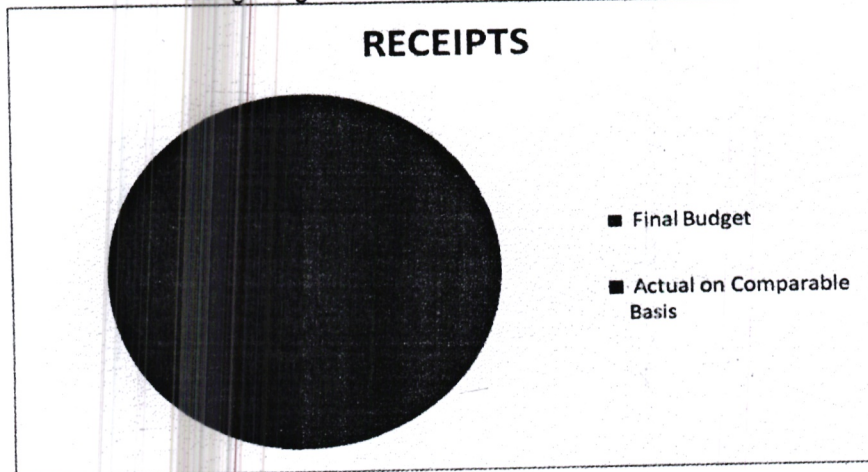
II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

In the 2017/2018 financial year, Magarini the constituency was allocated Kshs 98,189,654. The NG-CDFB has so far disbursed Kshs 85,174,138. Out of this Kshs 40,247,753 or almost half of the annual allocation remained unspent as at 1st July 2018. However the actual expenditure for the year came to Kshs 94,924,093. This is due to the fact that there were funds which were received before 30th June 2017 but whose projects were implemented in 2017/2018 financial year.

This information is shown in the pie chart below
Allocation

Receipt/Expense Item	Original budget	Final Budget	Actual on Comparable Basis
RECEIPTS	98,189,654	107,939,609	85,174,138
PAYMENTS	98,189,654	107,939,609	54,676,340

Budget Against Actual Expenditure



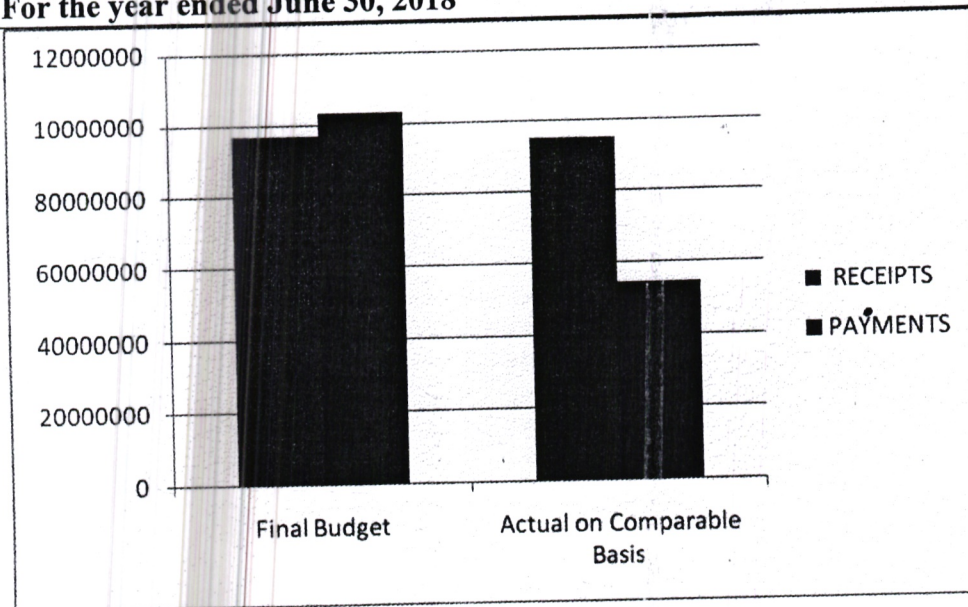
There was under absorption due to delays in disbursement of funds from the NG-CDFB.

Receipt/Expense Item	Final Budget	Actual on Comparable Basis
RECEIPTS	107,939,609	94,924,093
PAYMENTS	107,939,609	54,676,340



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

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In terms of project implementation, the constituency undertook several projects including the disbursements of bursary and scholarship. One of the flagship projects is Marereni police station which has improved the security of the area and its environs. In terms of education bursary and scholarship, the committee disbursed over Kshs 34,000,000.00 benefitting more than 200 students in secondary schools, colleges, universities and other institutions of higher learning. This was enabled by the implementation of the free secondary education policy by the Kenya government. Because the bursary day schools had been excluded, it meant more students in boarding secondary were able to benefit from the kitty. Emerging issues in Magarini constituency.

The general election in August 8, 2017 followed by a repeat presidential election in late 2017 adversely affected the formation of the necessary framework for planning and implementation of NG-CDF related programs. There was also heavy flooding when river Galana/Sabaki burst its banks following heavy rains in upcountry. Then there was the government free secondary education policy which led to higher primary –secondary school transition rate. Through an agreement with the local MCAs NG-CDF Committee provided one year scholarships to all students joining form one who had scored 350 marks and above in their KCPE examinations while the rest (those who scored 349 marks and below) were to be absorbed by the county government of Kilifi.

Challenges facing the Magarini constituency in the period under review.

One of the biggest challenges is staff attrition. Following the change of guard at the constituency, trained, experienced and competent staffs were laid off when the new committee took office. The heavy flooding in some parts of the constituency rendered many families homeless, turning them into internal displaced persons (IDPs). Some areas like Bate primary school were marooned off from the other areas.

This led to demand for bursary by day scholars, hence overstretching the bursary kitty. The government free secondary education posed challenges too. The increased enrolment in most schools in the constituency led to an increased demand for additional classrooms and related infrastructure in the schools. The schools came to NG-CDF for assistance. The transition from one NG-CDF team to the current one following the general election had its own challenges too apart from delays in the disbursements of funds from the NGCDF board. This has led to delayed project implementation.

However The NG-CDFC in conjunction with the Coast Regional Office organised a three day

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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workshop for the new committee as part of their orientation at Kaskazi beach hotel in Ukunda.

The workshop was facilitated by persons from the National Government Constituencies Development Fund Board (NGCDFB), Nairobi. The committee also bought two tents from the emergency kitty for Marereni secondary school. The tents are used as temporary classrooms.

Wayforward.

The National Government Constituencies Development Fund Board (NGCDFB) should ensure that every constituency has a clerk of works and accounts clerk recruited through the NG-CDFB who will not be affected by the changes occasioned by transitions occasioned by a general election or by-elections.



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Galana Teachers' Training College-Administration Block...Magarini Ward.



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
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Marereni police station...Adu Ward

SAMSON KOMBEH NGUDU
CHAIRMAN NGCDF COMMITTEE

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY
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For the year ended June 30, 2018**

III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

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

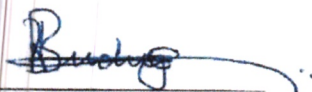
The Accounting Officer in charge of the NGCDF-Magarini Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the NGCDF-Magarini Constituency accepts responsibility for the entity's NG CDF Magarini financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the NG CDF Magarini financial statements give a true and fair view of the state of NG CDF Magarini transactions during the financial year ended June 30, 2018, and of the NG CDF Magarini financial position as at that date. The Accounting Officer in charge of the NGCDF-Magarini Constituency further confirms the completeness of the accounting records maintained for the NG CDF Magarini which have been relied upon in the preparation of the NG CDF Magarini financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the NGCDF-Magarini Constituency confirms that the NG CDF Magarini has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG CDF Magarini funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the NG CDF Magarini financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The NGCDF-Magarini Constituency financial statements were approved and signed by the Accounting Officer on 30-06 2018.



**Fund Account Manager
Juma Nyundo Buduguh**



**Sub-County Accountant
Jason Kimathi Ndung'u
ICPAK Member Number:**

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.oagkenya.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND - MAGARINI CONSTITUENCY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Magarini Constituency set out on pages 10 to 33 which comprise the statement of assets as at 30 June 2018, and 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 - Magarini as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0. Inaccuracies in Financial statements

The statement of appropriation: recurrent and development reflects total receipts of Kshs.94,924,093, while the statement of receipts and payments reflects an amount of Kshs.91,737,032, resulting to unreconciled nor explained variance of Kshs.3,187,061. Consequently, the accuracy of the statement of appropriation for the year ended 30 June 2018 could not be ascertained.

2.0. Cash and Bank Balances

2.1. Bank Reconciliation Statements

The statement of assets as at 30 June 2018 reflects bank balances of Kshs.40,247,753. However, the bank reconciliation statement for month of June

Report of the Auditor-General on the Financial Statements of National Government Constituencies Development Fund - Magarini Constituency for the year ended 30 June 2018

availed for audit did not have a breakdown of receipts in bank not yet recorded in cashbook of Kshs.2,986,837

Consequently, the accuracy and completeness of bank balance of Kshs.40,247,753 at 30 June 2018 could not be confirmed.

2.2. Stale Cheques

Included in the bank reconciliation for the bank balances of Kshs.40,247,753 as at 30 June are stales cheques amounting to Kshs.15,000 dated as back as September 2017. The same had not been reversed into the cash book as at the time of this audit. The management has not explained why the same had not been reversed in the cash book. As a result, the accuracy and completeness of bank balance of Kshs.40,247,753 at 30 June 2018 could not be confirmed.

3.0 Use of Goods and Services

3.1 Committee Allowance

Note 5 to the financial statements for the year ended 30 June 2018 reflects committee allowances amount of Kshs.3,726,000. However, payment vouchers, minutes and schedules were not availed for audit to confirm this expenditure.

In consequence, the validity, accuracy and completeness of committee allowances amount of Kshs.3,726,000 for the year ended 30 June 2018 could not be ascertained.

3.2 Unsupported Payments

Note 5 to the financial statements for the year ended 30 June 2018 reflects use of goods and services of Kshs.10,057,421. However, supporting vouchers and records availed for audit indicate payments amounting to Kshs.9,062,480 was in the name of the Fund Manager, rather than the suppliers or specific individuals of the use of goods and services items as detailed below:

Item No.	Item Details	Name In the Vouchers	Amount Kshs.
1	Utilities and Supplies	Fund Manager	2,634,600
2	Communication Supplies	Fund Manager	257,880
3	Domestic Travel and Accommodation	Fund Manager	750,000
4	Printing Services	Fund Manager	725,000

Item No.	Item Details	Name In the Vouchers	Amount Kshs.
5	Training Expenses	Fund Manager	562,000
6	Hospitality Services	Fund Manager	407,000
7	Committee Allowances	Fund Manager	3,726,000
	Total		9,062,480

Consequently, the validity, accuracy and completeness of use of goods and services amount of Kshs.9,062,480 for the year ended 30 June 2018 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 – Magarini 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 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 matter described in the Basis for Qualified Opinion section, I have determined that there are no Key Audit Matters to communicate in my report.

Other Matter

1.0. Budgetary Controls and Performance

1.1. Revenue Budget

The Fund had a final revenue budget of Kshs.107,939,609 and the actual receipts was Kshs.94,924,093 resulting to an overall under collection of Kshs.13,015,517 or 12% as detailed below: -

Vote Item	Final Budget (Kshs)	Actual Disbursement (Kshs)	Over Disbursement (Kshs)	Under Disbursement (Kshs)	% Over/Under Disbursement
Transfers from NG-CDF Board	101,376,715	85,174,138	16,202,578		16%
Other receipts	6,562,894	9,749,955		3,187,061	49%
Total	<u>107,939,609</u>	<u>94,924,093</u>	<u>16,202,578</u>	<u>3,187,061</u>	12%

From the analysis of the table above, the Fund failed to receive all the budgeted amount from the National Government Constituencies Development Fund Board. It had a shortfall of Kshs.16,202,578 or 16%. This will negatively impact on timely completion of projects to the detriment of the welfare of Magarini constituents.

On the other hand, the Fund was able to exceed its other receipts collection by Kshs.3,187,061 or 49%. This is a remarkable achievement if other receipt target projection was realistic as there is a possibility that the management had set low targets on other receipts hence need to review this source of income to achieve maximum revenue growth.

1.2. Expenditure Budget

The Fund had a final budget of Kshs.107,939,609 on its various programmes and activities. However, the actual expenditure was Kshs.54,676,340, resulting to an overall under expenditure of Kshs.53,263,270 or 49% as detailed below: -

Vote Item	Final Budget (Kshs)	Actual Amount (Kshs)	Under Absorption (Kshs)	% Over/Under Absorption
Compensation of Employees	4,647,521	2,473,229	2,174,293	47%
Use of goods and services	12,939,503	9,957,421	2,982,082	23%
Transfers to Other Government Units	36,871,248	4,000,000	32,871,248	89%
Other grants and transfers	47,004,310	38,245,691	8,758,619	19%
Other payments	6,477,027		6,477,027	100
Total	107,939,609	54,676,340	53,263,270	49%

From the above analysis, there was an under expenditure of Kshs.53,263,270 or 49% of the approved budget. This means that almost 50% of the projects and programmes that were earmarked to be completed in the year under review were either started and not completed or not started at all. This is incredibly poor budget performance by the Fund to the detriment of the welfare of the Magarini constituents. There is need therefore for the management of the Fund to re-evaluate its budget making process with a view to coming up with a realistic budget to finance the necessary projects which will positively have impact the lives of residents of Magarini Constituency.

1.3 Project Implementation Status

The project status report availed for audit review indicated that a total of Kshs.61,075,862 was allocated for sixteen (16) projects. Further, out of sixteen (16) projects, three (3) projects with total allocation of Kshs.10,575,862 were on-going while

one (1) project with allocation of Kshs.5,000,000 had stalled since 2015/2016 financial year. Twelve (12) projects with a total allocation of Kshs.45,500,000 had not started at all as detailed in the table below:-

	Name of the Project	Project Description	Allocation as per approved proposal Kshs.	Current Status
1	Marereni Police Station	Completion of (roofing, plastering, flooring and painting 5 unit staff house)	2,000,000	Ongoing
2	Waresa Training Institute	Construction of TVET Institution	5,000,000	Prior Year - Stalled
3	Marereni Secondary School	Construction of and equipping of a science laboratory.	5,000,000	Awaiting for funds
4	Galana Teachers Training	Construction of two hostels (men and women) at Galana Teachers training College	5,575,862	Ongoing
5	Mawazo Primary School	Construction of New 2 No. of classrooms with desks	3,000,000	Awaiting for funds
6	Kibokoni Primary School	Renovation of 4 classrooms	1,000,000	Awaiting for funds
7	Sabaki Primary School	Renovation of 4 classrooms	1,000,000	Awaiting for funds
8	Kaembeni Secondary School	Construction of four classrooms with desks	5,250,000	Awaiting for funds
9	Waresa Secondary School	Construction of two New classrooms with desks	3,000,000	On going
10	Watala Secondary School	Construction of 4 New classrooms with desks	5,250,000	Awaiting for funds
11	Kibokoni Secondary School	Construction and finish of a girls hostel	8,000,000	Awaiting for funds
12	Waresa Technical Training Institute	Constituency contribution towards National Government project - Construction of one workshop	10,000,000	Awaiting for funds
13	Adu Police Station	Construction of 10 rooms staff quarters	3,000,000	Awaiting for fund
14	Hawa Wanje Police Post	Construction of New police post	2,000,000	Awaiting for fund
15	Magarini Chiefs office	Construction of New chief's office	1,000,000	Awaiting for fund
16	Gandini Assistant Chiefs Office	Construction of New chief's office	1,000,000	Awaiting for fund
	Total		61,075,862	

As can be seen from the table above, projects worth Kshs.45,500,000 or 74% of the total projects budgeted for implementation during the year under review were not implemented.

From the above analysis, the budget was not fully implemented as envisaged. The slow and lack of completion of projects may impact negatively on delivery of goods and services to the residents of Magarini Constituency.

1.4 Project Inspection

During the year under review, five (5) projects with a total allocation of Kshs.18,247,268 and whose actual expenditure was Kshs.14,651,358 were visited for verification on 9 March, 2019 and the following state of affairs of the specific projects were observed:

	Project Name	Description of Works	Amount Allocated Kshs	Remarks
1	Galana Girls Secondary School CDF	Construction of 2 No. classrooms	3,000,000	The works were found to be ongoing. However, the contractor had been paid Kshs.2,800,000 which is 94% of the contract sum as at the date of visit yet the works appeared to be only 90% complete.
2	Majenjeni Secondary School	Completion of a twin lab	2,351,358	The project was commissioned in August 2014 yet not certified of completion has been issued though the project is complete.
3	Mapimo Boys Secondary School	Construction of 2 No classrooms	3,000,000	Project is complete and in use. However, land donated by MP has not been registered in the name of the school.
4	Mapimo Girls Secondary	Completion of girls hostel	3,800,000	Project is substantially complete save a pit latrine worth Kshs.15,575.
5	Mjanaheri Secondary School	Construction of 2 classrooms	2,500,000	The project is on-going and 70% complete
	Total		14,651,358	

The delay in starting and non-completion of projects may have impacted negatively on the delivery of goods and services to the residents of Magarini Constituency.

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

Violation of Public Procurement Laws in Procurement of Goods and Services

Note 5 to the financial statements for the year ended 30 June 2018 reflects use of goods and services of Kshs.10,057,421. Included in this figure are procurement of goods and services of Kshs.4,144,123. However, records availed for audit revealed payments that were made in cash instead of engaging already prequalified suppliers for the same. Further, it was not clear how goods and services were procured as there was no competitive process in identification of suppliers for goods and services worth Kshs.4,144,123.

In the circumstances, the management was in breach of the law and the regularity of the expenditure of Kshs.4,144,123 on use of goods and services for the year ended 30 June 2018 could not be confirmed.

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, except for the matter(s) described in the Basis for [Conclusion on Effectiveness of Internal Controls, Risk Management and Governance/Qualified Opinion] section of my report, 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 1315 and ISSAI 1330. 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, whether due to fraud or error 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 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 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.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 policies and procedures may deteriorate.

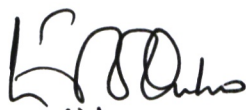
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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 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 ability to continue as a going concern or 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 National Government Constituencies Development Fund – Magarini Constituency to cease to continue as a going concern or 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 National Government Constituencies Development Fund – Magarini Constituency 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

06 May 2019


**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**

IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
RECEIPTS			
Transfers from NG-CDF board-AIEs' Received	1	85,174,138	82,396,552
Proceeds from Sale of Assets	2	-	-
Other Receipts	3	6,562,894	4,632,172
TOTAL RECEIPTS		91,737,032	87,028,724
PAYMENTS			
Compensation of employees	4	2,473,229	2,691,526
Use of goods and services	5	10,057,421	13,272,271
Transfers to Other Government Units	6	4,000,000	70,600,000
Other grants and transfers	7	38,145,691	74,391,226
Acquisition of Assets	8	-	3,362,710
Other Payments	9	-	-
TOTAL PAYMENTS		54,676,340	164,317,733
SURPLUS/DEFICIT		37,060,692	(77,289,009)

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The NGCDF-Magarini Constituency financial statements were approved on 30.06.2018 2018 and signed by:



Fund Account Manager
Juma Nyundo Buduguh



Sub-County Accountant
Jason Kimathi Ndung'u
ICPAK Member Number:



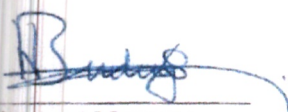
**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY
Reports and Financial Statements
For the year ended June 30, 2018**


V. STATEMENT OF ASSETS

	Note	2017-2018 Kshs	2016-2017 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	40,247,753	3,187,061
Cash Balances (cash at hand)	10B	-	-
Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		40,247,753	3,187,061
REPRESENTED BY			
Retention	12	-	-
Fund balance b/fwd 1st July...	13	3,187,061	80,476,070
Surplus/Deficit for the year		37,060,692	(77,289,009)
Prior year adjustments	14	-	-
NET LIABILITIES		40,247,753	3,187,061

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The NGCDF-Magarini Constituency financial statements were approved on 30-06 2018 and signed by:


Fund Account Manager
Juma Nyundo Buduguh


Sub-County Accountant
Jason Kimathi Ndung'u
ICPAK Member Number




**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY**
Reports and Financial Statements
For the year ended June 30, 2018

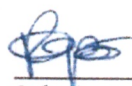
VI. STATEMENT OF CASHFLOW

		2017-2018	2016-2017
Receipts for operating income			
Transfers from CDF Board	1	85,174,138	82,396,552
Other Receipts	3	6,562,894	1,626,000
		91,737,032	84,022,552
Payments for operating expenses			
Compensation of Employees	4	2,473,229	2,691,526
Use of goods and services	5	9,957,421	13,272,269
Transfers to Other Government Units	6	4,000,000	70,600,000
Other grants and transfers	7	38,245,691	74,466,226
Acquisition of Assetd	8	-	3,362,710
Other Payments	9	-	-
		54,676,340	164,392,732
Adjusted for:			
Adjustments during the year	14	-	3,081,172
Net cash flow from operating activities		37,060,692	(77,289,008)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2	-	-
Acquisition of Assets	9	-	-
Net cash flows from Investing Activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		37,060,692	(77,289,008)
Cash and cash equivalent at BEGINNING of the year	13	3,187,061	80,476,070
Cash and cash equivalent at END of the year		40,247,753	3,187,061

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The NGCDF-Magarini Constituency financial statements were approved on 30-06-2018 and signed by:


Fund Account Manager
Juma Nyundo Buduguh


Sub-County Accountant
Jason Kimathi Ndung'u
ICPAK Member Number:



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

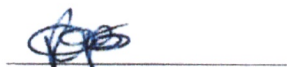
For the year ended June 30, 2018

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a+b	d	e=c-d	f=d/c %
RECEIPTS						
Transfers from NG-CDF Board	98,189,654	3,187,061	101,376,715	85,174,138	16,202,578	84%
Proceeds from Sale of Assets	-	-	-	-	-	
Other Receipts	-	6,562,894	6,562,894	9,749,955	(3,187,061)	
TOTAL	98,189,654	9,749,955	107,939,609	94,924,093	13,015,517	88%
PAYMENTS						
Compensation of Employees	2,288,621	2,358,900	4,647,521	2,473,229	2,174,293	53%
Use of goods and services	5,548,448	7,391,055	12,939,503	9,957,421	2,982,082	77%
Transfers to Other Government Units	36,871,248	-	36,871,248	4,000,000	32,871,248	11%
Other grants and transfers	47,004,310	-	47,004,310	38,245,691	8,758,619	81%
Acquisition of Assets	-	-	-	-	-	
Other Payments	6,477,027		6,477,027	-	6,477,027	
TOTAL	98,189,654	9,749,955	107,939,609	54,676,340	53,263,270	51%



Fund Account Manager
Juma Nyundo Buduguh



Sub-County Accountant
Jason Kimathi Ndung'u
ICPAK Member Number



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

VIII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

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

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

2. Reporting Entity

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

3. Reporting Currency

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

4. Significant Accounting Policies

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

a) Recognition of Receipts

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

Tax Receipts

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

Transfers from the Exchequer

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

SIGNIFICANT ACCOUNTING POLICIES

External Assistance

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

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

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

During the year ended 30th June 2018, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

b) Recognition of payments

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

Compensation of Employees

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

Use of Goods and Services

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

Acquisition of Fixed Assets

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

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



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

5. In-kind contributions

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

6. Cash and Cash Equivalents

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

7. Accounts Receivable

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

8. Accounts Payable

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

9. Pending Bills

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

10. Unutilized Funds

Unutilized funds consist of bank balances in the constituency account and previous year(s) balances not yet disbursed by the Board to the constituency at the beginning of the financial year. These balances are available for use in the year under review to fund projects approved in the respective prior financial years consistent with sec 6(2) and sec 7(1) of NGCDF Act, 2015.

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

SIGNIFICANT ACCOUNTING POLICIES

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2017 for the period 1st July 2017 to 30th June 2018 as required by Law and there was one supplementary adjustment to the original budget during the year. Included in the adjustments are the unutilized funds.

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

12. Comparative Figures

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

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2018.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description		2017-2018	2016-2017
		Kshs	Kshs
Normal Allocation		5,500,000	4,094,828
		37,905,172	36,853,449
		41,768,966	500,000
Conditional grants		-	40,948,275
	AIE NO.A855912		
	AIE NO.A892839		
	AIE NO. A896929		
Receipt from other Constituency			-
TOTAL		85,174,138	82,396,552
2 PROCEEDS FROM SALE OF NON-FINANCIAL ASSETS			
Description		2017-2018	2016-2017
		Kshs	Kshs
Receipts from the Sale of Buildings			-
Receipts from the Sale of Vehicles and Transport Equipment			-
Receipts from the Sale Plant Machinery and Equipment			-
Receipts from the Sale of office and general equipment			-
			-
	Total		-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

Description		2017-2018	2016-2017
		Kshs	Kshs
Interest Received-			-
A.I.A		144,000	1,626,000
Interest Received		-	-
Other Receipts Not Classified Elsewhere (Reversals)		6,418,894	-
Total		6,562,894	1,626,000

4. COMPENSATION OF EMPLOYEES

Description		2017-2018	2016-2017
		Kshs	Kshs
Basic wages of contractual employees		1,417,854	1,707,368
Basic wages of casual labour		285,000	300,000
Personal allowances paid as part of salary		-	-
House allowance		-	-
Transport allowance		-	-
Leave allowance		-	-
Other personnel payments		-	-
Employer contribution to NSSF		132,476	169,434
gratuity		637,899	514,724
Total		2,473,229	2,691,526

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	Kshs	Kshs
Utilities, supplies and services	413,030	839,325
Office rent	-	-
Communication, supplies and services	257,880	477,000
Domestic travel and subsistence	750,000	580,000
Printing, advertising and information supplies & services	725,000	450,000
Rentals of produced assets	-	-
Training expenses	770,000	725,000
Hospitality supplies and services	516,900	806,000
Other committee expenses	-	-
Committee allowance	3,726,000	5,863,997
Insurance costs	-	-
Specialised materials and services	-	-
Office and general supplies and services	343,000	557,000
Fuel ,oil & lubricants	1,000,000	1,055,000
Other operating expenses	-	-
Routine maintenance – vehicles and other transport equipment	898,343	883,292
Routine maintenance – other assets	503,000	809,000
Electricity	79,247	74,484
Advertisements	-	-
Postal Services	-	-
Litigation	-	-
specify (Other payments- Bank charges	75,021	152,173
Total	10,057,421	13,272,271



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017-2018	2016-2017
	Kshs	Kshs
Transfers to primary schools	-	45,600,000
Transfers to secondary schools	4,000,000	20,000,000
Transfers to Tertiary institutions	-	5,000,000
Transfers to Health institutions	-	-
TOTAL	4,000,000	70,600,000

7. OTHER GRANTS AND OTHER PAYMENTS

Description	2017-2018	2016-2017
	Kshs	Kshs
Bursary-Secondary	18,284,560	26,058,000
Bursary-Tertiary	12,196,050	14,390,028
Bursary-Special schools	-	-
Mocks & CAT	-	-
water	-	-
Agriculture (food security)	-	3,000,000
Electricity projects	-	-
Security	-	-
Roads	3,200,081	11,900,000
Sports	-	-
Other capital grants and transfer	-	4,633,942
Environment	-	-
Emergency Projects (specify)	-	4,633,942
Total	4,465,000	9,775,314
	38,145,691	74,391,226



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

Reports and Financial Statements

For the year ended June 30, 2018

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

<u>Non Financial Assets</u>		2017-2018	2016-2017
		Kshs	Kshs
Purchase of Buildings		-	-
Construction of Buildings		-	-
Refurbishment of Buildings		-	-
Purchase of Vehicles		-	2,549,990
Purchase of Bicycles & Motorcycles		-	-
Overhaul of Vehicles		-	-
Purchase of office furniture and fittings		-	-
Purchase of computers ,printers and other IT equipments		-	597,720
Purchase of photocopier		-	215,000
Purchase of other office equipments		-	-
Purchase of soft ware		-	-
Acquisition of Land		-	-
		-	-
Total		-	3,362,710

9. OTHER PAYMENTS

		2017 - 2018	2016 - 2017
Strategic plan		-	-
ICT Hub		-	-
TVET		-	-
TOTAL		-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency		2017-2018	2016-2017
	Account Number	Kshs (30/6/2017)	Kshs (30/6/2016)
KCB Malindi Branch	1108017754	40,247,753	3,187,061
		-	-
		-	-
Total		40,247,753	3,187,061

10B: CASH IN HAND)			
		2017-2018	2016-2017
		Kshs (30/6/2018)	Kshs (30/6/2017)
Location 1			-
Location 2			-
Location 3			-
Other receipts (specify)			-
Total			-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

**Reports and Financial Statements
For the year ended June 30, 2018**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

Name of officer or Institution	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
		Kshs	Kshs	Kshs

12: Retention

Supplier/ Contractor	PV No.	2017-2018	2016-2017
		Kshs	Kshs



**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. BALANCES BROUGHT FORWARD

		2017 - 2018	2016 - 2017
		(1/7/2018)	Kshs (1/7/2017)
Bank Accounts		40,247,753	3,187,061
Cash in Hand		-	-
Imprest			
Total		40,247,753	3,187,061

[Provide short appropriate explanations as necessary]

14. PRIOR YEAR ADJUSTMENTS

	2017- 2018	2016-2017
	Kshs	Kshs
Bank Accounts	-	-
Cash in Hand	-	-
Imprest	-	-
Total	-	-

15. OTHER IMPORTANT DISCLOSURES

15.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2017- 2018	2016-2017
	Kshs	Kshs
Construction of buildings	-	-
Construction of civil works	-	-
Supply of goods	-	-
Supply of services	-	-
	-	-

**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.2: PENDING STAFF PAYABLES (See Annex 2)

	Kshs	Kshs
Senior management	-	-
Middle management	-	-
Unionisable employees	-	-
Others (<i>specify</i>)	-	-
	-	-
	-	-

15.3: UNUTILIZED FUNDS (See Annex 3)

	Kshs	Kshs
Compensation of employees	2,174,293	-
Use of goods and services	2,982,082	-
Transfer to other government entities	32,871,248	-
Other grants and transfers	8,758,619	-
Other payments	6,477,027	-
Others (<i>specify</i>)	-	-
	-	-
	53,263,270	-



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI CONSTITUENCY

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2016	Outstanding Balance 2014	Comments
		a	b	c	d=a-c		
Senior Management							
1.							
2.							
3.							
	Sub-Total						
Middle Management							
4.							
5.							
6.							
	Sub-Total						
Unionisable Employees							
7.							
8.							
9.							
	Sub-Total						
Others (specify)							
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI CONSTITUENCY

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ANNEX 3 – UNUTILIZED FUNDS

Name	Brief Transaction Description	Outstanding Balance 2017/18	Outstanding Balance 2016/17	Comments
Compensation of employees				
Use of goods & services				
Amounts due to other Government entities				
Sub-Total				
Amounts due to other grants and other transfers				
Sub-Total				
Sub-Total				
Acquisition of assets				
Others (<i>specify</i>)				
Sub-Total				
Grand Total				



NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)

MAGARINI CONSTITUENCY

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2016/17	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost (Kshs) 2017/18
Land	N/A			N/A
Buildings and structures	14,948,395			14,948,395
Transport equipment	42,098,836			42,098,836
Office equipment, furniture and fittings	697,020			697,020
ICT Equipment, Software and Other ICT Assets	551,492			551,492
Other Machinery and Equipment	N/A			N/A
Heritage and cultural assets	N/A			N/A
Intangible assets	N/A			N/A
Total	58,295,743			58,295,743

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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND – MAGARINI
CONSTITUENCY**

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ANNEX 5 –PMC BANK BALANCES AS AT 30TH JUNE 2018

PMC	Bank	Account number	Bank Balance 2017/18	Bank Balance 2016/17
		.		
Adimaye Pry School	KCB	1203808321	-	132,785
Adu Police Station	KCB	1202453414	-	483,079
Assistant Chief's Office Gandini	KCB	1201017890	-	186,112
Bura Chiefs' Office	KCB	1199550027	-	588,228
Galana Girls Sec School	KCB	1168884632	-	13,870
Garashi AP Post	KCB	1205712046	-	987,423
Godoma TTI	KCB	1175175617	-	5,000,000
Kadzandani Pry School	KCB	1151751391	-	50,210
Kaembeni Sec School	KCB	1178488462	-	326,350
Kagombani Pry School	KCB	1201175119	-	1,342,355
Kaguguta Pry School	KCB	1197927585	-	305,481
Kasikini Pry School	KCB	1203178840	-	177,246
Kata Pry School	KCB	1202605052	-	125,340
Kibokoni Pry School	KCB	1197605274	-	90,218
Kibokoni Sec School	KCB	1179025466	-	1,600,757
Kinyaule Pry School	KCB	1197879919	-	356,408
Kundeni Pry School	KCB	1202907296	-	811,708
Magarini Constituency Office	KCB	1132948967	-	927,278
Magarini Environmental Committee	KCB	1153307847	4,895	758,035
Magarini United Sports	KCB	1158396147	-	56,762
Magarini Stars Fc	KCB	1197629211	-	205



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**NATIONAL GOVERNMENT CONSTITUENCY DEVELOPMENT FUND (NGCDF)
MAGARINI CONSTITUENCY**

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PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

