

REPUBLIC OF KENYA




OFFICE OF THE AUDITOR-GENERAL



THE NATIONAL ASSEMBLY  
PAPERS LAID

**REPORT**

DATE: 17 SEP 2019 TUESDAY

TABLED BY: MAJORITY LEADER OF  


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**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NATIONAL GOVERNMENT  
CONSTITUENCIES DEVELOPMENT FUND  
MUMIAS EAST CONSTITUENCY**

**FOR THE YEAR  
ENDED 30 JUNE 2018**



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**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND**

**MUMIAS EAST CONSTITUENCY**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2018**

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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 – MUMIAS EAST  
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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

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**Vision**

Equitable Socio-economic development countrywide

**Mission**

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

**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 Constituency's 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	Peter Maraya Adagi
3.	Sub County Accountant	Loice Adikinyi Wanyama
4.	Chairman NGCDFC	Tabitha Okayah Washika
5.	Member NGCDFC	Juvenalis Odongo Orao

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**(d) Fiduciary Oversight Arrangements**

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF – Mumias East 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) Mumias East NGCDF Headquarters**

P.O. Box 142 – 50106  
Shianda – Malaha Road  
Shianda,  
Mumias - KENYA

**(f) Mumias East NGCDF Contacts**

Telephone: (254) 722359906  
E-mail: [cdfmumiaseast@ngcdf.go.ke](mailto:cdfmumiaseast@ngcdf.go.ke)  
Website: [www.ngcdf.go.ke](http://www.ngcdf.go.ke)

**(g) Mumias East NGCDF Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
2. Kenya Commercial Bank  
Mumias Branch  
1147339775  
Mumias – Kenya.

**(h) Independent Auditors**

Auditor General  
The Office of 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 – MUMIAS EAST  
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II. FORWARD BY THE CHAIRMAN NGCDF COMMITTEE

I am pleased to present the financial statements for Mumias East Constituency for the financial year ended 30th June 2018. During the year, the Constituency was allocated a total of Kshs 98,189,655.16 consisting of Kshs 86,810,344.82 as normal allocation and Kshs 11,379,310.34 as additional allocations.

Mumias East National Government Constituencies Development Fund Committee (NGCDFC) allocated funds to various projects across the Constituency. It is noteworthy that during the FY 2017/2018, we received 50% of the normal Constituency funding equivalent to Kshs 43,405,172 and these funds were then disbursed to earmarked projects. During the year, a total of Kshs 11,149,000 was allocated to Primary Schools, Ksh. 19,160,344.83 allocated to Secondary Schools, Ksh. 2,000,000 allocated to tertiary institutions, Ksh. 14,396,390 allocated to security projects.

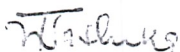
We are pleased to report notable growth as witnessed by real progress towards improvement of our schools, security and other infrastructural facilities. The impressive results not only reflect good leadership at committee management level but also confirm the stakeholder's involvement and team work embraced in Mumias East constituency development matters. Mumias East NGCDFC has successfully implemented Administration blocks in nine newly established Secondary Schools. Completion of twin laboratories is currently ongoing in two of our major Secondary schools. Majorly, infrastructural projects funded are classrooms, administration blocks, laboratories, dormitories and toilets. The continued funding towards the education sector in the Constituency has contributed to increased enrolment in primary, secondary and tertiary institutions as well as increasing performance of learners in National examinations.

The NG-CDF (Amendment) Act 2016 introduced a major shift in the scope of projects funding eligibility. Under this Act only projects falling within the functions of the National Government are funded. This effectively means that the Fund has since narrowed its scope on education, security, sports and environment sectors as well as other national government functions.

Despite the above impressive performance, the NGCDFC has noted various challenges in project implementation and management during the FY 2017/2018. The capacity exhibited by most of our project committees is wanting. Some project management committees fail to comply with the public procurement procedures and regulations as well as delay in submission of the required returns for funds disbursed. The NGCDFC has intensified capacity building activities for Project Management Committees, NGCDF staff and NGCDF Committee on various aspects of NGCDF projects management and emerging issues. The intensity is aimed at achieving continuous improvements in our performance.

I wish to sincerely thank the NGCDF Committee, NG-CDFC staff, Project Management Committees for the cooperation and support that saw the achievement of the above milestones. The success of our work would not be possible without the continued backing of our stakeholder whom I wish to extend our gratitude for their continued support and confidence in our work. Going forward, the Committee envisions to even perform better and attain better heights.

Thank you.



Chairperson,

Mumias East NGCDF

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III. STATEMENT OF NG-CDF 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 CDF shall prepare financial statements in respect of that NG-CDF. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Mumias East NG-CDF is responsible for the preparation and presentation of the NG-CDF's financial statements, which give a true and fair view of the state of affairs of the NG-CDF for and as at the end of the financial year 2017/18 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 NG-CDF; (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 NG-CDF; (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 Mumias East NG-CDF accepts responsibility for the NG-CDF's 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's financial statements give a true and fair view of the state of NG-CDF's transactions during the financial year ended June 30, 2018, and of the NG-CDF's financial position as at that date. The Accounting Officer in charge of the Mumias East NG-CDF further confirms the completeness of the accounting records maintained for the NG-CDF, which have been relied upon in the preparation of the NG-CDF's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Mumias East NG-CDF confirms that the NG-CDF has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the NG-CDF's 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's 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 Mumias East NG-CDF financial statements were approved and signed on 10<sup>th</sup> August 2018.

Fund Account Manager

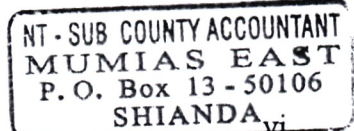
Name: Peter Maraya



Sub-County Accountant

Name: NICHANOR D. ACHOLA

ICPAK Member No.:





# REPUBLIC OF KENYA

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## OFFICE OF THE AUDITOR-GENERAL

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

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#### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Government Constituencies Development Fund – Mumias East Constituency set out on pages 1 to 22, which comprise the statement of assets as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of comparison of budget and actual amounts 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 - Mumias East Constituency 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 (Cash Basis) and comply with the National Government Constituencies Development Fund Act, 2015.

#### Basis for Qualified Opinion

##### 1. Inaccuracies in Financial Statements

###### 1.1 Prior Year Adjustment

The statements of assets reflects prior year adjustment of Kshs.15,340 as disclosed under note 9 to the financial statements which had not been supported appropriate bank certificate of balance and transaction details.

###### 1.2 Disclosure of Accounts Payable

The financial statements reflects other pending payables balance of Kshs.18,582,978 under annex 1 to the financial statements which is not reflected anywhere on the statement of assets.

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

### **1.3 Cash and Cash Equivalents**

The cash and cash equivalents balance of Kshs.18,598,138 does not include Kshs.74,784,483 being receipt of disbursement from NG-CDF Board on 30 June 2018. The non-accounted for receipt of Kshs.74,784,483 comprised Kshs.54,784,483 being balance for 2017/2018 and Kshs.20,000,000 relating to 2016/2017. Further, the receipt of Kshs.74,784,483 from the NGCDF Board has not been disclosed in the financial statements under other important disclosures as per the reporting format prescribed by the Public Sector Accounting Standards Board (PSASB).

Further, the bank reconciliation statements for the year ended 30 June 2018 revealed that the unrepresented cheques totalling Kshs.5,822,426 includes cheques totalling Kshs.972,853 relating to the period between March 2014 and October 2017 and were therefore stale. However, no explanation was given for failure to reverse the stale cheques to the cash book.

### **1.4 Project Management Committee (PMC) Bank Balances**

Annexure 3 to the financial statements discloses PMC bank account balances outstanding on twenty project accounts. However, the amount has not been disclosed in the financial statements under other important disclosures as per the reporting format prescribed by the PSASB. In addition, the bank reconciliation statements together with certificate of bank balances were not availed for audit review.

Consequently, it was not possible to ascertain the accuracy and completeness of the financial statements for the year under review.

## **2. Summary Statement of Appropriation: Recurrent and Development Combined**

The summary statement of appropriation: recurrent and development combined for the year under review shows final budget amount of Kshs.111,076,171 after an adjustment of Kshs.24,265,826 which comprised of bank balance brought forward from 2016/2017 of Kshs.12,886,516 and NGCDF Board budget revision of Kshs.11,379,310. However, the adjustment of Kshs.24,265,826 excludes Kshs.20,000,000 in respect of the NGCDF Board for 2016/2017.

Consequently, the accuracy and completeness of the summary statement of appropriation: recurrent and development for the year ended 30 June 2018 could not be confirmed.

## **3. Summary of Fixed Asset Register**

The summary of fixed asset register at annexure 2 to the financial statements reflects opening/historical cost figure of Kshs.15,396,792 and a closing balance of Kshs.15,734,792, resulting in an increase of Kshs.338,000. However, from the statement of receipts and payments for the year under review, there was no expenditure incurred in respect to acquisition of assets.

Consequently, the accuracy of the summary of fixed asset register at annexure 2 for the year ended 30 June 2018 could not be confirmed.

#### 4. Use of Goods and Services

##### 4.1. Unauthorized Expenditure

Included in the use of goods and services figure of Kshs.3,924,319 are payments totalling Kshs.107,200 that were made before authorization as analysed below:

Date	Payee	P.V. No	Item	Amount Kshs.
29 June 2018	Fund Manager	60	Committee allowances	52,000
29 June 2018	Fund Manager	59	Other committee costs	30,000
29 June 2018	Fund Manager	58	Routine maintenance of motor vehicles	8,000
29 June 2018	Fund Manager	57	Hospitality, supplies & services	5,266
29 June 2018	Fund Manager	56	Printing, advertising, information supplies & services	11,934
			<b>Totals</b>	<b>107,200</b>

##### 4.2. Understatement of Training Expenses

Included the use of goods and services figure of Kshs.3,924,319 is training expenses figure of Kshs.675,000 for the year ended 30 June 2018. However, the training figure of Kshs.675,000 excludes an expenditure of Kshs.887,000 incurred on training and capacity building paid vide payment voucher Nos. 64 and 63 of Kshs.550,000 and Kshs.337,000 respectively.

In the circumstances, it was not possible to ascertain the accuracy and completeness of the use of goods and services figure of Kshs.3,924,319 incurred during the year under review.

#### 5. Transfers to Other Government Units

Included in transfers to other government units figure of Kshs.10,785,000 is transfers to secondary schools of Kshs.8,550,000 incurred on projects but were not supported by certificates of work done from State Department for Public Works as detailed below:

Payee	Date	P.V No.	Cheque No.	Amount Kshs.
KCB - Shitoto Sec. School	25-May-18	039	002616	1,500,000
KCB - Emakhwale Sec. School	25-May-18	039	002617	1,500,000
Musango Sec. School	25-May-18	039	002618	360,000
Mahola Sec. School	25-May-18	039	002622	360,000
Epanja Sec. School	25-May-18	039	002625	360,000
St. Peters Khabakaya Sec. School	25-May-18	039	002626	360,000
KCB - St. Gabriel Isongo Sec	25-May-18	039	002627	1,000,000
Bumini Sec. School	25-May-18	039	002628	750,000
St. Peters Khaunga Sec. School	25-May-18	039	002629	360,000
Wanga College of Science & Technology	25-May-18	037	002611	2,000,000
<b>Total</b>				<b>8,550,000</b>

In the circumstances, the probity of the expenditure of Kshs.8,550,000 incurred on these projects during 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- Mumias East Constituency in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

#### 1. Budgetary Performance and Analysis

##### 1.1 Budget Performance

During the year under review, the Fund had an approved budget of Ksh.111,076,171 on various projects. During the same period, the Fund incurred expenditure amounting to Kshs.37,708,890 or 34% of the budget resulting to an under expenditure of Kshs.73,367,281 or approximately 66% of the approved budget as below:

Item	Approved Budget 2017/18 (Kshs)	Actual Expenditure (Kshs)	Under/(Over) Expenditure (Kshs)	Under/ (Over) Expenditure %
Compensation of Employees	2,220,000	2,231,681	( 11,681 )	(1)
Use of Goods and Services	5,971,152	3,924,319	2,046,833	34
Transfers to Other Government Units	35,419,345	10,785,000	24,634,345	70
Other Grants and Transfers	67,465,675	20,767,890	46,697,785	69
<b>Total</b>	<b>111,076,171</b>	<b>37,708,890</b>	<b>73,367,281</b>	<b>66</b>

Non-utilization of funds is an indication that services and approved programs were not delivered, and therefore the budget did not meet the intended objectives of improving service delivery to the residents of Mumias East Constituency.

##### 1.2 Project Implementation Status

The Fund budgeted to spend Kshs.78,997,415 on implementation of ninety-two (92) projects during the year under review as detailed below:

Project Category	Budget			Completed			On going			Not started			Re-allocated		
	No.	Value Kshs	%	No.	Value Kshs	%	No.	Value Kshs	%	No.	Value Kshs	%	No.	Value Kshs	%
Emergency	1	4,568,966	5.8	0	0	0	1	4,568,966	12	0	-	0	0	-	0
Bursary	3	28,383,620	36	0	0	0	2	21,702,586	58	0	-	0	1	6,681,034	9
Sports	1	1,736,206	2.2	0	0	0	1	1,736,206	4.7	0	-	0	0	-	0
Environment	1	1,736,206	2.2	0	0	0	1	1,736,206	4.7	0	-	0	0	-	0
Primary schools	59	11,149,000	14	0	0	0	3	435,000	1.2	56	10,714,000	34	0	-	0
Secondary schools	14	8,350,000	11	10	3,600,000	96	4	4,750,000	13	0	-	0	0	-	0
Tertiary Institutions	1	2,000,000	2.5	0	0	0	0	-	0	1	2,000,000	6.4	0	-	0
Security	8	14,396,390	18	1	150,390	4	2	2,246,000	6	5	12,000,000	38	0	-	0
Strategic Plan	1	2,000,000	2.5	0	0	0	0	-	0	1	2,000,000	6.4	0	-	0
Innovation Hubs	4	4,677,027	5.9	0	0	0	0	-	0	4	4,677,027	15	0	-	0
<b>Total</b>	<b>93</b>	<b>78,997,415</b>		<b>11</b>	<b>3,750,390</b>	<b>5</b>	<b>14</b>	<b>37,174,964</b>	<b>47</b>	<b>67</b>	<b>31,391,027</b>	<b>40</b>	<b>1</b>	<b>6,681,034</b>	<b>9</b>

According to the project implementation status report availed for audit review, eleven (11) projects budgeted for Kshs.3,750,390 were complete, fourteen (14) projects with total budget of Kshs.37,174,964 were on-going at various levels of completion while sixty-seven (67) projects with total budget of Kshs.31,391,027 had not started as at 30 June 2018. One (1) project budgeted for Kshs.6,681,034 under bursary was indicated as re-allocated and no further details were provided to support the re-allocation.

Non-implementation of the budgeted projects implies that the Mumias East constituents may have been denied the benefits accruing from the completed projects and therefore the objective of improving service delivery and poverty reduction was not achieved.

## 2. Construction of Fence at Wanga College of Science and Technology

The transfers to other government units figure of Kshs.10,785,000 for the year ended 30 June 2018 includes transfers to tertiary institutions amount of Kshs.2,000,000 as disclosed in note 4 to the financial statements. The transfer was made to Wanga College of Science and Technology on 5 May 2018 towards the construction of fence using concrete fencing posts, heavy gauge barbed wire, a gate house and toilet construction. However, as at the time of audit in February 2019, the project had not started eight and a half months since the funds were disbursed to the institution.

Failure to initiate and complete the projects as planned is likely to affect service delivery to Mumias East Constituents.

## 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**

#### **Routine Maintenance of Vehicles**

The use of goods and services figure of Kshs.3,924,319 includes routine maintenance – vehicles and other transport equipment figure of Kshs.320,453 as disclosed in note 3 to the financial statements incurred on repairs of CDFC bus registration number- GK A585T. However, there were no pre-service and post service reports by the Chief Mechanical Engineer of the State Department of Public Works as required by government financial regulations.

Consequently, the propriety of Kshs.320,453 incurred on motor vehicle repairs 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 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 Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 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 scepticism throughout the audit. I also:

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

From the matters communicated with management, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. These matters are described in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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

**Nairobi**

**8 August 2019**

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

I. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2017-2018	2016-2017
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from CDF Board - AIEs' Received	1	43,405,172	110,727,766
<b>TOTAL RECEIPTS</b>		<b>43,405,172</b>	<b>110,727,766</b>
<b>PAYMENTS</b>			
Compensation of employees	2	2,231,681	2,796,049
Use of Goods and Services	3	3,924,319	8,762,886
Transfers to Other Government Units	4	10,785,000	42,278,000
Other Grants and Transfers	5	20,767,890	49,358,196
Acquisition of Assets	6	-	512,428
<b>TOTAL PAYMENTS</b>		<b>37,708,890</b>	<b>103,707,559</b>
<b>SURPLUS / DEFICIT</b>		<b>5,696,282</b>	<b>7,020,207</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias East NG-CDF financial statements were approved on 10<sup>TH</sup> August 2018 and signed by:

Fund Account Manager

Name: Peter Maraya

Sub-County Accountant

Name: NICHANCA C. AQELA

ICPAK Member No.:

NT - SUB COUNTY ACCOUNTANT  
MUMIAS EAST  
P. O. Box 13 - 50106  
SHIANDA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

II. STATEMENT OF ASSETS

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances (as per the Cash Book)	7	18,598,138	12,886,516
<b>TOTAL FINANCIAL ASSETS</b>		<b>18,598,138</b>	<b>12,886,516</b>
<b>REPRESENTED BY:</b>			
Fund balance b/fwd. 1st July 2016			
	8	12,886,516	5,860,560
Surplus / Deficit for the Year			
		5,696,282	7,020,207
Prior Year Adjustments			
	9	15,340	5,749
<b>NET LIABILITIES</b>		<b>18,598,138</b>	<b>12,886,516</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias East NG-CDF financial statements were approved on 10<sup>th</sup> August 2018 and signed by:

Fund Account Manager

Name: Peter Maraya

Sub-County Accountant

Name: NICHANDE E. ACHLA

ICPAK Member No.:

NT - SUB COUNTY ACCOUNTANT  
MUMIAS EAST  
P. O. Box 13 - 50106  
SHIANDA

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF CASHFLOW

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
Receipts For Operating Income			
Transfers from CDF Board	1	43,405,172	110,727,766
		43,405,172	110,727,766
Payments For Operating Expenses			
Compensation of Employees	2	2,231,681	2,796,049
Use of Goods and Services	3	3,924,319	8,762,886
Transfers to Other Government Units	4	10,785,000	42,278,000
Other Grants and Transfers	5	20,767,890	49,358,196
		37,708,890	103,195,131
Adjusted for:			
Adjustments during the year	9	15,340	5,749
Net Cash Flow From Operating Activities		5,711,622	7,538,384
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	6	-	(512,428)
Net Cash Flows From Investing Activities		-	(512,428)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>			
Cash and cash equivalent at BEGINNING of the year	8	12,886,516	5,860,560
Cash and cash equivalent at END of the year		18,598,138	12,886,516

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Mumias East NG-CDF financial statements were approved on 10<sup>th</sup> August 2018 and signed by:

Fund Account Manager

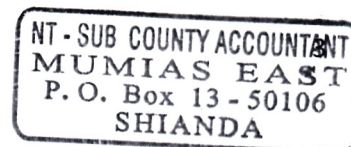
Name: Peter Mwangi



Sub-County Accountant

Name: NICHANOR O. ACHOLA

ICPAK Member No.:



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 a	Adjustments b	Final Budget c = a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Transfers from CDF Board	86,810,345	24,265,826	111,076,171	56,291,688	54,784,483	51%
<b>TOTALS</b>	86,810,345	24,265,826	111,076,171	56,291,688	54,784,483	51%
<b>PAYMENTS</b>						
Compensation of Employees	2,220,000	-	2,220,000	2,231,681	(11,681)	101%
Use of Goods and Services	5,592,930	378,222	5,971,152	3,924,319	2,046,833	66%
Transfers to Other Government Units	21,499,000	13,920,345	35,419,345	10,785,000	24,634,345	30%
Other Grants and Transfers	57,498,415	9,967,260	67,465,675	20,767,890	46,697,785	31%
<b>TOTALS</b>	86,810,345	24,265,826	111,076,171	37,708,890	73,367,281	34%

The Mumias East NG-CDF financial statements were approved on 10<sup>th</sup> August 2018 and signed by:

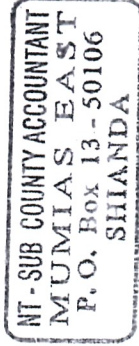
Fund Account Manager

Name: Peter Maraya

Sub-County Accountant

Name: NICHANZO D. ACHILA

ICPAK Member No.:



## 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 – Mumias East 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.

##### **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.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**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

## **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **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

### **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 1<sup>st</sup> July 2017 to 30<sup>th</sup> 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 30<sup>th</sup> June 2018



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

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**SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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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	A855947	5,500,000	-
	A896771	37,905,172	-
	A825805	-	48,831,214
	A829941	-	4,094,828
	A855065	-	36,853,449
	A855706	-	20,948,275
<b>Total</b>		<b>43,405,172</b>	<b>110,727,766</b>

**2. COMPENSATION OF EMPLOYEES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,262,355	1,496,251
<b>Personal allowances paid as part of salary</b>		
House allowance	83,100	128,700
Transport allowance	119,000	182,000
Leave allowance	24,000	20,000
Employer Contribution to N.S.S.F	39,000	64,200
Gratuity	704,226	904,898
<b>Total</b>	<b>2,231,681</b>	<b>2,796,049</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**3. USE OF GOODS AND SERVICES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, Supplies and Services	28,960	23,010
Communication, Supplies and Services	45,000	87,000
Domestic Travel and Subsistence	304,700	304,400
Printing, Advertising and Information Supplies & Services	142,532	185,040
Training Expenses	675,000	1,990,800
Hospitality Supplies and Services	485,737	1,130,984
Other Committee Expenses	713,000	346,500
Committee Allowance	904,700	2,808,500
Insurance Costs	-	196,958
Specialised Materials and Services	-	605,065
Office and General Supplies and Services	4,237	70,000
Fuel, Oil & Lubricants	300,000	500,000
Routine Maintenance – Vehicles and Other Transport Equipment	320,453	514,629
<b>Total</b>	<b>3,924,319</b>	<b>8,762,886</b>

**4. TRANSFER TO OTHER GOVERNMENT ENTITIES**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Transfers to Primary Schools	435,000	31,848,000
Transfers to Secondary Schools	8,350,000	7,680,000
Transfers to Tertiary Institutions	2,000,000	-
Transfers to Health Institutions	-	2,750,000
<b>TOTAL</b>	<b>10,785,000</b>	<b>42,278,000</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

**5. OTHER GRANTS AND OTHER PAYMENTS**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary - Secondary	10,269,000	16,152,381
Bursary - Tertiary	10,048,500	8,621,000
Water	-	1,000,000
Security	150,390	11,408,900
Sports	-	2,832,554
Other Capital Grants And Transfer	-	3,744,061
Emergency Projects (Specify)		
Mumias East KEPSHA	300,000	-
St. Peter's Khabakaya Secondary School	-	150,000
Shianda Administration Police	-	1,000,000
Mumias East Maintainance	-	500,000
Mumias East Maintainance	-	1,500,000
Mumias East CDF Environment	-	250,000
Shianda Police Patrol Base	-	280,000
Lubinu Primary School	-	150,000
Emutetemo Primary School	-	75,000
Mutono Primary School	-	75,000
Isango Primary School	-	75,000
Khungoyokosi Muslim Primary School	-	75,000
Mukambi Primary School	-	68,000
Mwitoti Primary School	-	220,000
Mumias East CDF Environment	-	76,300
Shianda Police Patrol Base	-	96,000
St. Peter's Khabakaya Secondary School	-	250,000
Bumwende Primary School	-	74,000

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

Maraba - Matende Footbridge Committee	-	385,000
Emakhwale Primary School	-	150,000
Shitoto Primary School	-	150,000
<b>Total</b>	<b>20,767,890</b>	<b>49,358,196</b>

**6. ACQUISITION OF ASSETS**

Non-Financial Assets	2017 - 2018	2016 - 2017
	Kshs	Kshs
Refurbishment of Buildings	-	174,428
Purchase of Computers, Printers & Other IT Equipment	-	338,000
<b>Total</b>	<b>-</b>	<b>512,428</b>

**7. BANK BALANCES (Cash Book Bank Balance)**

Name of Bank, Account No. & Currency	Amount in Bank Account Currency	Exc rate	2017 - 2018	2016 - 2017
			Kshs	Kshs
Kenya Commercial Bank, Mumias Branch, A/C No. 1147339775, Kenya Shillings.	-	-	18,582,798	12,886,516
<b>Total</b>			<b>18,582,798</b>	<b>12,886,516</b>

**8. BALANCES BROUGHT FORWARD**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank Accounts	12,886,516	5,860,560
<b>Total</b>	<b>12,886,516</b>	<b>5,860,560</b>

**9. PRIOR YEAR ADJUSTMENTS**

Description	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank Accounts	15,340	5,749
<b>Total</b>	<b>-</b>	<b>5,749</b>

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST  
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Reports and Financial Statements

For the year ended June 30, 2018

*NOTES TO THE FINANCIAL STATEMENTS (Continued)*

10. OTHER IMPORTANT DISCLOSURES

10.1. OTHER PENDING PAYABLES (See Annex 1)

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Amounts due to other Government Entities	3,110,000	3,110,000
Amounts due to other Grants and Transfers	14,102,346	9,448,294
Outstanding Administration & Recurrent Budget	616,475	38,354
Outstanding Monitoring, Evaluation & Capacity Building Budget	753,977	289,867
<b>Total</b>	<b>18,582,798</b>	<b>12,886,516</b>

Reports and Financial Statements

For the year ended June 30, 2018

**ANNEX 1 - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To - Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
		a	b	c	d=a-c		
<b>Amounts due to other Government entities</b>							
1. Primary School Projects		3,110,000.00		-	3,110,000.00	3,110,000.00	
<b>Sub-Total</b>		<b>3,110,000.00</b>		-	<b>3,110,000.00</b>	<b>3,110,000.00</b>	
<b>Amounts due to other Grants and Other Transfers</b>							
2. Bursary		28,383,620.00		20,317,500.00	1,862,754.00	477,668.00	
3. Social Security Programmes		8,124,140.13		-	8,124,140.13	8,124,140.13	
4. Sports Activities		0.30		-	0.30	0.30	
5. Environmental Projects		0.46		-	0.46	0.46	
6. Constituency Office		0.58		-	0.58	0.58	
7. DCC Office Extension		150,390.10		150,390.10	0.10	-	
8. Audit Fees		550,000.00		-	550,000.00	550,000.00	
9. Emergency		4,568,965.52		300,000.00	3,565,450.32	296,484.80	
<b>Sub-Total</b>		<b>41,777,117.09</b>		<b>20,767,890.10</b>	<b>14,102,345.89</b>	<b>9,448,294.27</b>	
<b>Others (Specify)</b>							

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MUMIAS EAST CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To - Date	Outstanding Balance 2018	Outstanding Balance 2017	Comments
10. Administration & Recurrent	Outstanding Administration & Recurrent Budget	5,208,620.00		4,015,800.00	616,474.74	38,354.36	
11. Monitoring, Evaluation & Capacity Building	Outstanding Monitoring, Evaluation & Capacity Building Budget	2,604,310.00		2,140,200.00	753,977.42	289,867.42	
<b>Sub-Total</b>		<b>7,812,930.00</b>		<b>6,156,000.00</b>	<b>1,370,452.16</b>	<b>328,221.78</b>	
<b>Grand Total</b>		<b>52,700,047.09</b>		<b>26,923,890.10</b>	<b>18,582,798.05</b>	<b>12,886,516.05</b>	



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## ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost (Kshs) 2017/18	Historical Cost (Kshs) 2016/17
Land	700,000	700,000
Buildings and Structures	10,241,971	10,241,971
Transport Equipment	3,504,212	3,504,212
Office Equipment, Furniture and Fittings	760,375	760,375
ICT Equipment, Software and Other ICT Assets	351,499	351,499
Other Machinery and Equipment	176,735	176,735
Heritage and Cultural Assets	-	-
Intangible Assets	-	-
<b>Total</b>	<b>15,734,792</b>	<b>15,396,792</b>

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ANNEX 3 – PMC BANK BALANCES AS AT 30TH JUNE 2018

	Project Management Committee	Bank	Account No.	Bank Balance 2017/18	Bank Balance 2016/17
	<b>Primary Schools</b>				
1	Eshiakhulo Primary School	Cooperative	01141067874000	11,254.95	-
2	Kamashia Primary School	Equity	0680298282964	152,347.50	7,347.50
3	Mung'ang'a Primary School	Equity	0680295070358	148,580.50	3,580.50
	<b>Secondary Schools</b>				
1	Ebubere Secondary School	Co-operative	01141498111100	367,272.50	7,272.50
2	Ebwairo Secondary School	Co-operative	01141498112800	436,805.00	436,805.00
3	Epanja Secondary School	Co-operative	01141498098900	10,873.00	10,873.00
4	Eshiakhulo Secondary School	Co-operative	01141498097000	972,940.00	612,940.00
5	Mahola Secondary School	Co-operative	01141498103500	614,140.00	449,140.00
6	Musango Secondary School	Co-operative	01141498108200	33,383.50	33,383.50
7	St. Gabriel Isongo Secondary School	Co-operative	01139233804600	1,006,656.00	6,656.00
8	St. Peter's Khabakaya Secondary School	Co-operative	01141498086900	17,984.00	17,984.00
9	St. Peter's Khaunga Secondary School	Co-operative	01139067309502	368,065.00	7,965.00
10	Ebubole Secondary School	Equity	0680295062124	369,932.50	370,262.50
11	Emakhwale Secondary School	Equity	0680297847167	716,058.00	416,029.55
12	Shanderema ACK Mixed Secondary School	Equity	0680299769294	2,717.00	355,333.50
13	Shitoto Girls Secondary School	Equity	0680295066232	1,507,191.50	7,191.50
14	St. Theresa's Bumini High School	Equity	0680295255215	771,055.80	21,055.80
	<b>Security Projects</b>				
1	DCC Office Extension	KCB	1208043986	152,635.00	349,435.00
	<b>Others</b>				
1	Wanga College of Science & Technology	KCB	1173232745	3,595,234.50	1,596,884.50
2	Mumias East CDF Water	KCB	1153764776	11,865.50	24,620.50

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**PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name & designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.1	<p><b>Unsupported Expenditure for Sport Activities</b></p> <p>Included in the other grants and transfers balance of Ksh. 49,358,196 is Ksh. 2,832,554 expenditure incurred on sporting activities in the Constituency. However, the list of payees presented for audit and which was supported by the bank statement, indicated that the money was given out to individuals on behalf of youth and women groups. However, it was not possible to establish how the groups spent the money since no receipts and expenditure details were submitted for audit.</p> <p>In view of these anomalies it is not possible to confirm the occurrence and validity of the expenditures totalling Ksh. 2,832,854 reported to have been incurred on sports activities.</p>	<p>Sporting activities are implemented by the Sports Project Management Committee and not Youth and Women Groups as noted. The noted payees are members of the Sports Project Management Committee.</p> <p>NGCDF Mumias East is following up expenditure returns from the Project Management Committee for Sports. Once these returns will be ready we shall share them with your Office.</p>	NGCDFC	Ongoing	12 Months
1.2	<p><b>Irregular Expenditure on Environmental Vote Head.</b></p> <p>Included in the other grants and transfers of Ksh. 49,358,196 is ksh. 3,744,061 expenditures under environment vote given out to various youth and women groups in the constituency for fencing of various institutions and planting of trees. Out of this sum, only Ksh. 694,850 was supported with payment documents. The balance of Ksh. 3,136,800 could not be authenticated since important information such as fund requisitions and details of expenditure and receipts were not provided for audit verification and subsequently, it is not possible to establish the validity and occurrence of expenditure of Ksh. 3,136,800 reported to have been incurred on</p>	<p>Environmental Activities are implemented by the Environment Project Management Committee. Youth and Women Groups were engaged to undertake the actual environmental activities.</p> <p>NGCDF Mumias East is following up expenditure returns from the Project Management Committee for Environment. Once these returns will be ready we shall share them with your Office.</p>	NGCDFC	Ongoing	12 Months

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1.3	<p>environmental projects during the year under review.</p> <p><b>Unaccounted for grants disbursed to Project Management Committees</b></p> <p>Included in the other grants and transfers Ksh. 49,358,196 are disbursements totalling Ksh. 6,908,900 made to various Project Management Committees across the constituency. Some of these funds were released as early as July 2016. However as at the time of audit in June 2018, no work had been done. Further the Fund manager did not provide bank statements to confirm whether the money was received in the respective Project Management Committees accounts.</p> <p>Shianda Police Patrol Base Ksh. 2,700,900 – Change of Building plan.</p> <p>Shianda Police Patrol Base Ksh. 1,208,000 – Change of Building plan.</p> <p>Khaunga A.P Camp Ksh. 1,500,000 – No reason for delay to utilise funds</p> <p>Mutono A.P Camp Ksh. 1,500,000 – No reason for delay to utilise funds</p> <p>In view of these discrepancies it is not possible to confirm the occurrence of the expenditure totalling Ksh. 6,908,900 reported to have been disbursed to various Project Management Committees in the constituency during the year under review.</p>	<p>NGCDFC Mumias East has followed up the Shianda Police Patrol Base, Khaunga A.P Camp and Mutono A.P Camp projects. Implementation of Khaunga A.P Camp and Mutono A.P Camp projects have started. Construction is currently ongoing.</p> <p>Implementation of Shianda Police Patrol Base project is about to start.</p>	Ongoing	12 Months
1.4	<p><b>Non Availability of Returns for Water Projects</b></p> <p>Included in the other grants and transfers of ksh. 49,358,196 is ksh. 1,000,000 released by the CDFC through payment voucher no. 131 of 20 July 2016 for a water project. The CDF water account bank statement availed for audit indicated that Ksh. 1,112,758 was credited in the account on 13 august 2016 and the</p>	<p>Water Projects are implemented by the Water Project Management Committee.</p> <p>NGCDF Mumias East is following up expenditure returns from the Project Management Committee for Water. Once these returns</p>	Ongoing	12 Months

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	<p>payments from the account as from august 2016 to 30 June 2017 were Ksh. 1,088,157 leaving a balance of ksh. 24,600 in the account as at 30 June 2018</p> <p>However, the management has not provided any expenditure returns on expenditure of Ksh. 1,088,157 reported to have been incurred on the water project and as a result, it is not possible to establish the propriety of the expenditure of Ksh. 1,088,157</p> <p>In the circumstance, the propriety of the expenditure of Ksh. 49, 358, 196 incurred on other grants and transfers during the year under review cannot be confirmed.</p>	<p>will be ready we shall share them with your Office.</p>		
2.1	<p><b>Irregular expenditure on capacity building on Education Day</b></p> <p>Included in the use of goods and services balance of Ksh. 8,762,885 is Ksh. 1,000,000 being grants released by the CDFC through payment voucher No. 113 of 21 March 2017 to Mumias East KEPSHA for planned capacity building on education day. However, the Project management committee did not maintain records indicating how the money was utilised and as a result it is not possible to confirm the validity of the expenditures reported.</p>	<p>NGCDF Mumias East followed up returns from Mumias East KEPSHA Office and are available at the Office.</p>	NGCDFC	Resolved
2.2	<p><b>Unsupported Expenditure on Hospitality, Supplies &amp; Services</b></p> <p>Included in the use of goods and services balance of Ksh. 8,762,885 is Ksh. 479,900 being expenditures under hospitality supplies and services. However, documents to support the expenditure were not availed for audit verification and as a result, it is not possible to confirm the validity of the expenditure</p> <p>Royal City Hotel Kisumu Ksh. 206,250 – no receipt attached &amp; list signed by those in attendance &amp; the programme of the event</p>	<p>Returns for the noted expenditures are filed and available at the Office.</p>	NGCDFC	Resolved

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Other Matters 1.1	Royal City Hotel Kisumu Ksh. 206,250 – no receipt attached & list signed by those in attendance & the programme of the event. Small & Lovely Bush resort Ksh. 67,400 no receipt attached & list signed by those in attendance.	Original Budget not approved by the Board	NGCDF identify projects with the participation of the public. Budget proposals are prepared and submitted to the NGCDF Board for approval. The NGCDF Board does not approve any project unless its convinced that it has met minimum requirements. For various reasons, the NGCDF Board may not approve a project until it is convinced beyond doubt. Upon approval, the NGCDF Board funds the Budget proposal for implementation	NGCDF Board	Resolved	Done
Other Matters 1.1	Statement of Appropriation: Recurrent & Development	The Budgetary performance analysis does not represent the position of NGCDF Mumias East as at 30/06/2018. The figures as tabulated are foreign and not as reported in the Financial Statements.	NGCDF	Resolved	Done	
Other Matters 2	Poor Workmanship in Construction & Renovation of Buildings	NGCDF Mumias East has committed to always do the best and always put effort to continuous improvement over time. Sometimes due to natural curing, some cracks on the walls and floor cannot be missed.	NGCDF	Resolved	Done	

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				<p>Sometimes due to the effects of usage of structures over time, considering effects of high intensity of students in Classrooms they wear off and require renovations.</p> <p>NGCDF Mumias East remains committed to continuous improvement and pursuit of value for money to all our projects.</p>		
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