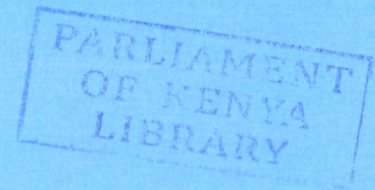


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT




OF

•
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NATIONAL GOVERNMENT
CONSTITUENCIES DEVELOPMENT FUND
- MWATATE CONSTITUENCY

FOR THE YEAR
ENDED 30 JUNE 2018

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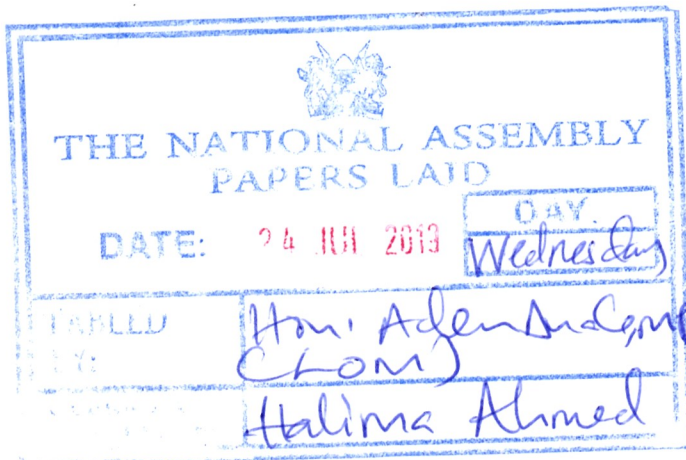


NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND MWATATE
CONSTITUENCY

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)



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

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NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MWATATE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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 The Act was later reviewed through the enactment of the CDF (Amendment) Act 2007, and repealed through CDF Act, 2013.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

MWATATE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

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 MWATATE 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	AMINA ALI
3.	Sub-County Accountant	ELIJAH MWAZO
4.	Chairman NGCDFC	YUSUF SALIM
5.	Member NGCDFC	PHOEBE RONGOMA

(d) Fiduciary Oversight Arrangements

The Audit and Risk Management Committee (ARMC) of NGCDF Board provide overall fiduciary oversight on the activities of NGCDF -MWATATE 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 MWATATE Constituency Headquarters

MWATATE MULT-PURPOSE HALL
P.O. Box 75-80305
Mwatate.

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MWATATE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

(f) NGCDF MWATATE Constituency Contacts

Telephone: (254) 0710-325222

E-mail: mwatate@ngcdf.go.ke

Website: www.ngcdf.go.ke

(g) NGCDF MWATATE Constituency Bankers

1. Kenya Commercial Bank
Wundanyi -branch
P.O. Box 1067-80304
Wundanyi, Taita Taveta, Kenya

(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)

MWATATE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

II.FOREWORD BY THE CHAIRMAN NGCDF COMMITTEE

I take this opportunity on behalf of the Ng Cdf Mwatate to highlight on achievements, challenges and my opinion on the way forward on better utilization of this fund and delivery of service to my constituents. We have received funds from the Ng CDF Board and have utilized the funds efficiently.

ACHIEVEMENTS

The NG CDF Mwatate committee is fully involved in the identification and implementation of projects. This means that we have been able to disburse funds to project accounts immediately we receive and this has helped speed the implementation of projects within the required time and also increase the flow of funds from the National Board and the constituency. This translates to increase in service delivery. We take pride in being able to disburse bursary funds amounting to Ksh 21 million after receiving the first trench in March 2018 .We have also received the second allocation in June 2018

MLAMBA SECONDARY GIRLS TOILET



FY 2016-17 Emergency project.

This secondary school required emergency funds to construct a girl's toilet. The students now have a dignified washroom facility.

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

BAGHAU PRIMARY SCHOOL



FY 2016-17: Students from Baghau primary can learn in safe classrooms. This School was started in 1954 and most of the structures were old and dilapidated and posed a risk to students especially during rainy seasons.

CHALLENGES

Projects approval

Ng CDF Board take long to approve projects mainly because of the quoted cost.

Mwatate area has poor terrain and therefore this increases the cost of transport and also in the end the cost of implementing projects.

I also would like to urge the NG CDF Board to visit the constituencies to be able to relate with the challenges faced by the committee with regards to terrain. Below are a sample of a few of the projects implemented within this period.

CONCLUSION

Generally I would wish if the allocation is increased so that we can continue with the good work we are doing at NG CDF Mwatate

Sign

A handwritten signature in black ink, appearing to be 'R. A. M.', written over a light-colored background.

CHAIRMAN NGCDF COMMITTEE

NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MWATATE CONSTITUENCY

Reports and Financial Statements

For the year ended June 30, 2018

III. STATEMENT OF NG-CDF COMMITTEE RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 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.

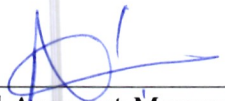
The Accounting Officer in charge of the NGCDF-MWATATE Constituency is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2018. 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-MWATATE Constituency accepts responsibility for the entity'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 *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2018, and of the entity's financial position as at that date. The Accounting Officer charge of the NGCDF-MWATATE Constituency further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

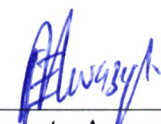
The Accounting Officer in charge of the NGCDF-MWATATE Constituency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity'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 NGCDF-MWATATE Constituency financial statements were approved and signed by the Accounting Officer on 8/4/ 2019.


Fund Account Manager
Name: Amina Ali




Sub-County Accountant
Name: Elija M. Mwazo
ICPAK Member Number: 11808



REPUBLIC OF KENYA

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Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND – MWATATE 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 – Mwatate Constituency set out on pages 7 to 30, which comprise the statement of assets and liabilities as at 30 June 2018, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation – recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Government Constituencies Development Fund – Mwatate 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 National Government Constituencies Development Fund Act, 2015.

Basis for Qualified Opinion

1.0 Compensation of Employees

The statement of receipts and payments for the year ended 30 June 2018 reflects compensation of employees of Kshs.2,660,111 as disclosed in Note 4 to the financial statements. Included in this figure is Kshs.883,595 in respect to gratuity out of which Kshs.669,600 was paid to six (6) employees whose contract was terminated by the National Government Constituency Development Fund Committee for Mwatate Constituency. Records availed for audit review indicated that the committee approved gratuity payment for 20 months for the six (6) employees. However, payment vouchers availed for audit indicated that the employees were paid for twenty-four (24) months resulting to an over payment of Kshs.111,600. In addition, one employee was paid Kshs.223,200, being gratuity for a three (3) year contract. However, the employee's application for employment and appointment letter were not availed for audit review. Consequently, the accuracy, propriety and validity of gratuity of Kshs.669,600 for the year ended 30 June 2018 could not be confirmed.

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

2.0 Use of Goods and Services

The statement of receipts and payments for the year ended 30 June 2018 reflects use of goods and services of Kshs.7,618,707 as disclosed in Note 5 to the financial statements. Included in this amount is Kshs.358,600 in respect to utilities, supplies and services out of which Kshs.111,000 was paid for provision of conference facilities for three (3) days. However, minutes of the quotations evaluation before award and attendance register for two days of the conference were not availed for audit review.

Consequently, the propriety of utilities, supplies and services expenditure of Kshs.111,000 for the year ended 30 June 2018 could not be confirmed.

3.0 Transfers to Other Government Units

The statement of receipts and payments for the year ended 30 June 2018 reflects transfers to other government entities of Kshs.42,005,331 as disclosed in Note 6 to the financial statements. The following observations were made:

3.1 Transfers to Secondary Schools

3.1.1 David Kitawi Secondary School

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to secondary school of Kshs.4,000,000. Included in this amount is Kshs.2,000,000 transferred to David Kitawi Secondary School project management committee for construction of two(2) classrooms at a contract sum of Kshs.5,490,262. However, the management did not avail for audit review the approved interim certificates to show the quantity of works certified and paid nor provide bill of quantities for the project for audit verification.

Consequently, the propriety of transfers to secondary schools of Kshs.2,000,000 for the year ended 30 June 2018 could not be confirmed.

3.1.2 Ngangu Secondary School

Note 6 to the financial statements for the year ended 30 June 2018 reflects an amount of Kshs.4,000,000 in respect of transfers to secondary schools. Included in this amount is Kshs.1,000,000 transferred to Ngangu Secondary School project management committee for the construction of one (1) classroom. However, the management did not provide the requisite budgets and bills of quantities, work plans showing how the funds were to be utilized and the Fund committee minutes approving the release of the funds as required by Section 12(5) of the National Government Constituencies Development Act, 2015 which states that, "Every payment or instruction for payment out of the constituency fund account shall be strictly in accordance to the minutes of a resolution of a meeting of the Constituency Committee".

Further, records availed for audit showed that the construction of an administration block project was approved in the financial year 2016-2017 budget and no funding has been documented for the year under review yet the project for 2017/2018 was being funded, contrary to Regulation, 11(i) of the National Government Constituencies Development

Fund Regulations, 2016 which requires the constituency committee to rank projects proposals in order of priority while ensuring that on-going projects takes precedence.

Consequently, the propriety of transfers to secondary schools of Kshs.1,000,000 for the year ended 30 June 2018 could not be confirmed.

3.2 Transfers to Primary Schools

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to primary schools of Kshs.31,205,331. Included in this amount is Kshs.5,650,358 transferred to Baghau Primary School project management committee for the construction of a four(4) classroom block at a contract sum of Kshs.5,524,709. However, although the project was indicated as complete and in use as at 30 June 2018, and which was confirmed during physical project verification carried out on the month of March 2019, the Fund management did not avail for audit review, approved interim certificates and details of outstanding works to be facilitated by the amount of Kshs.5,650,358 transferred during the year. Further, the bank statements for the Project Management Committee account were not availed for audit review to confirm if any payments were made during the financial year 2017/2018.

Consequently, the propriety of transfers to primary schools of Kshs.5,650,358 for the year ended 30 June 2018 could not be confirmed.

3.3 Transfers to Tertiary Institutions

Note 6 to the financial statements for the year ended 30 June 2018 reflects transfers to tertiary institutions of Kshs.6,800,000. The amount was transferred to Mwatate Technical Training Institute project management committee as a contribution towards construction of a road access to the Mwatate Technical Training Institute. However, approved certificates of work done and project management committee bank statements were not availed for audit review to confirm whether any payment was done during the year under audit review.

Consequently, the propriety and validity of transfers to tertiary institutions of Kshs.6,800,000 for the year ended 30 June 2018 could not be confirmed.

4.0 Other Grants and Transfers

The statement of receipts and payments for the year ended 30 June 2018 reflects other grants and transfers of Kshs.26,055,250 as disclosed in Note 7 to the financial statements. Included in this amount is bursary – secondary schools of Kshs.15,767,335 and bursary – tertiary institutions of Kshs.5,929,000, all totaling Kshs.21,696,335. However, records availed for audit review indicated that although the Fund constituted a bursary sub-committee, details showing how students were identified, vetted, categorized and needy students awarded bursary using specified guidelines were not availed for audit review. Further, the bursary application forms were not signed by the Fund Manager nor amount of bursary awarded to each beneficiary indicated in the application forms.

Consequently, the propriety and validity of bursary totaling Kshs.21,696,335 for the year ended 30 June 2018 could not be confirmed.

5.0 Cash and Cash Equivalents

The statement of assets and liabilities as at 30 June 2018 reflects a bank balance of Kshs.14,216,728. However, audit review of bank reconciliation statement as at 30 June 2018 indicated payments in cash book not in bank statement (un-presented cheques) amounting to Kshs.24,096,258, out of which Kshs.134,941 related to stale cheques which had not been reversed in the cash book as at 30 June 2018. Further, audit review of subsequent bank statements indicated that as at 31 December 2018 un-presented cheques amounting to Kshs.196,005 were still not cleared in the bank and no explanation was provided by the Fund management for not reversing them.

In addition, the bank reconciliation showed payments in bank not in cashbook of Kshs.332,265.50, out of which Kshs.205,945.50 was for a cheque no. 559 of 9 June 2009 and Kshs.1,320 bank charges which are not part of the reconciling items. The management did not explain why the stale cheques had not been reversed, cheque payments and bank charges had not captured in the cashbook and expensed in the year under review.

Consequently, the accuracy and completeness of bank balance of Kshs.14,216,728 as at 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 – Mwatate Constituency, in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Budget Analysis

During the year under review, National Government Constituencies Development Fund – Mwatate Constituency had a receipts budget of Kshs.111,044,455 against actual receipts of Kshs.92,556,127 or 83%, resulting to a shortfall of Kshs.18,488,328 or 17%.

Failure by the Board to disburse funds as per the budget, may adversely affect delivery of goods and services to the residents of Mwatate Constituency, contrary to values and principles of public service as provided for under Article 232 (1 - c) of the Constitution

which requires responsive, prompt, effective, impartial and equitable provision of services.

1.2 Expenditure Budget Analysis

During the year under review, National Government Constituencies Development Fund – Mwatate Constituency had a budget of Kshs.111,044,455 and actual expenditure of Kshs.78,339,399(71%), resulting to net under expenditure of Kshs.32,705,056 or 29% as summarized below:

Payments Details	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Under Expenditure (Kshs)	Over Expenditure (Kshs)	%
Compensation of Employees	3,516,868	2,660,111	856,757	-	24
Use of goods and services	5,396,690	7,618,707	-	2,222,017	41
Transfers to Other Government Units	52,532,917	42,005,331	10,527,586	-	20
Other grants and transfers	35,950,863	26,055,250	9,895,613	-	28
Acquisition of other Assets	6,481,090	-	6,481,090	-	100
Other Payments (Strategic Plan)	7,166,027	-	7,166,027	-	100
TOTALS	111,044,455	78,339,399	34,927,073	2,222,017	29

The above analysis is an indication that National Government Constituencies Development Fund - Mwatate Constituency over spent its allocation for use of goods and services during the year by Kshs.2,222,017 or 41%, contrary to Section 68(1) of Public Financial Management Act, 2015 which states that, 'An accounting officer for a national government entity, shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a way that is - (a) lawful and authorized'. This over absorption could be attributed to unrealistic and under budgeting on some items or new activities being undertaken which were not budgeted for. The management has not provided satisfactory explanation for the excess expenditure. Further, the under expenditure of Kshs.34,927,073 may have curtailed delivery of goods and services to the residents of Mwatate Constituency. This implies that public funds were lying idle at the expense of other deserving areas and is contrary to values and principles of public service as provided for under Article 232 (1 – c) of the Constitution which requires responsive, prompt, effective, impartial and equitable provision of services.

There is need therefore for the management to relook at its budget making process with a view to focusing on the priority projects which will be implemented during the year for effective and efficient service delivery to the residents of Mwatate Constituency.

1.3 Project Implementation Status

The Fund's projects implementation status report as at 30 June 2018 availed for audit review showed cumulative disbursements of Kshs.54,046,902 for thirty-four (34) projects, out of which cumulative expenditure amounted to Kshs.45,144,668 or 83.52% of the disbursements, resulting to unspent balance of Kshs.8,902,234 or 16.48% as detailed below:

No	Name Of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% of Unspent Balance
1	Chunga Unga Primary School	Tree planting, Water catchment /gutters	150,000	150,000		150,000	100%
2	Mwatate Technical Training Institute	Construction of Gabions	500,000	500,000		500,000	100%
3	Mwandisha Pry School	Renovation of four(4) Classrooms	1,200,000	1,200,000	1,200,000	-	0%
4	Baghau Pry School	Renovation of four(4) Classrooms	5,200,000	6,400,000	6,400,000	-	0%
5	Msisinenyi Pry School	Construction of a Classroom	1,200,000	1,200,000	1,200,000	-	0%
6	Baghau Pry School	Construction of Toilets	450,358	450,358	450,358	-	0%
7	Kishau Pry School	Renovation of classroom- floor and Painting	2,000,000	2,000,000	2,000,000	-	0%
8	Kidaya Saghaighu School	Renovation of four (4) Classrooms	1,500,000	1,500,000	1,500,000	-	0%
9	Josa Pry School	Renovation of four (4) Classrooms-	1,700,000	1,700,000	1,700,000	-	0%
10	Mwachawaza Pry	Purchase of furniture- one hundred and twenty (120) desks	600,000	600,000	600,000	-	0%
11	Manoa Pry School	Construction of Classroom Purchase of furniture	1,590,000	1,590,000	1,590,000	-	0%
12	Mwawache Pry School	Renovation of three(3) Classrooms -	1,000,000	1,000,000	1,000,000	-	0%
13	Mazola Pry School	Completion of Renovation of two (2) Classrooms.	600,000	600,000	600,000	-	0%
14	Mwavunyu Pry School	Renovation of four (4) Classrooms.	1,200,000	1,200,000	1,200,000	-	0%
15	Mrughua Pry School	Renovation of four (4) Classrooms	1,000,000	1,000,000	1,000,000	-	0%
16	Nyolo Pry School	Completion of a classroom – and Construction of	2,000,000	2,000,000	2,000,000	-	0%

No	Name Of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% of Unspent Balance
		a new Classroom-					
17	Chunga Unga Pry School	Construction of four (4) Classrooms,	7,200,000	7,200,000	7,200,000	-	0%
18	Msorongu Pry School	Construction of Toilets	400,000	400,000	400,000	-	0%
19	Msorongu Pry School	Construction of Toilets	300,000	300,000	300,000	-	0%
20	Mnengwa Pry School	Construction of Toilets	400,000	400,000	400,000	-	0%
21	Mnengwa Pry School	Completion of Toilets	300,000	300,000	300,000	-	0%
22	Elijah Mzae Secondary School	Construction of four (4) door Toilet.	1,000,000	1,000,000	1,000,000	-	0%
23	Ngangu Secondary School	Painting and replacement of doors and windows.	1,000,000	1,000,000	1,000,000	-	0%
24	David Kitavi Secondary School	Construction of two (2) Classrooms	2,000,000	2,000,000	2,000,000	-	0%
25	Mwatate Technical Training Institute	Mshokoronyi-mcholo-kirughurunyi road	6,800,000	6,800,000	6,800,000	-	0%
26	Bura AP Post	Construction of toilets	300,000	300,000	300,000	-	0%
27	Kituma Secondary School	Supply of materials	300,000	300,000	300,000	-	0%
28	Kidaya Saghaighu Pry School	Renovations	1,500,000	1,500,000	1,500,000	-	0%
29	Mnamu Pry School	Construction of toilets	700,000	700,000	700,000	-	0%
30	Mgeno Pry School	Construction of toilets	400,000	400,000	400,000	-	0%
31	Boda Boda Sheds	Removal & transportation of boda boda sheds	104,310	104,310	104,310	-	0%
32	Mwatate NG CDF Office and Hall.	Landscaping – planting of trees, flowers and grass, construction of walkways with galana stones around Water	1,086,207	1,086,207		1,086,207	100%

No	Name Of Project	Details of the project	Disbursements in 2017/2018 (Kshs)	Cumulative Disbursements as at 30 June 2018 (Kshs)	Cumulative Expenditure as at 30 June 2018 (Kshs)	Unspent Disbursement (Kshs)	% of Unspent Balance
		catchment , putting gutters around purchase of Water Tank.					
33	Constituency Innovation Hubs	Implementation of four (4) constituency Innovation hubs	4,666,027	4,666,027		4,666,027	100%
34	Strategic Plan	Preparation of 5 year constituency strategic plan	2,500,000	2,500,000		2,500,000	100%
	Total		52,846,902	54,046,902	45,144,668	8,902,234	16%

The above table indicates that the Project Management Committees were holding unspent disbursements amounting to Kshs.8,902,234 for implementation of five (5) projects and which had not started.

The management attributed the non-implementation of these projects to late receipt of funds in the financial year.

Failure to implement projects as planned may have negatively impacted on delivery of goods and services to the residents of Mwatate Constituency.

1.4 Projects Verification

During the year under review, thirteen (13) projects which received Kshs.17,655,331 were verified in the month of March 2019, out of which eleven (11) projects which received a total of Kshs.16,505,331 had anomalies as detailed below:

No.	Name Of The Project	Project Details	Project Cost	Verification Remarks
1.	Mwatate Technical Training Institute	Construction of Gabions	500,000	During verifications the location of gabions could not be traced.
2.	Mwandisha Primary School	Renovation of 4 Classrooms	1,200,000	The Project was for renovation of four (4) classrooms roof, painting and flooring. However, during verification it was noted that painting was not finished and was peeling off in some areas while window panes have been removed or fallen off.
3.	Baghau Primary School	Construction of 4 Classrooms	5,200,000	The classrooms were constructed in 2016/17 and indicated as completed and in use as per the sign board. However, details of how the

No.	Name Of The Project	Project Details	Project Cost	Verification Remarks
				funds released were utilized was not availed for audit review.
4.	Msisinenyi Primary School	Construction of 1 Classroom	315,331	Physical verification indicated that the class had not been painted nor window panes not fitted. Further there was no sign board indicating project details and financier.
5.	Baghau Primary School	Construction of 4 Classrooms	2,000,000	The classrooms were constructed in 2016/17 and indicated as completed and in use as per the sign board. However, details of how the funds released were utilized was not availed for audit review.
6.	Kishau Primary School	Renovation of classroom- floor and Painting	200,000	The classroom was constructed in 2016/17, However, during verification it was noted that no renovation was done during the year under review.
7.	Mwachawaza Primary	Purchase of furniture- 120 desks	1,590,000	During the physical verification it was noted that desks were being repaired/repainted and were claimed to be part of the lot bought. However, no explanation was provided as to why they broke down within a short period.
8.	Chunga Unga Primary School	Construction of (4) four Classrooms, Construction of 8 door toilet and purchase of 80 desks	1,500,000	The verification indicated that four (4) classrooms and 8 door toilets complete and in use. However, only twenty-eight (28) desks were verified, while fifty-two (52) were not availed for verification.
9.	Mzwanenyi Secondary School	Construction of Kitchen	1,000,000	Physical verification indicated that the project was not complete and flooring was in progress.
10.	Ngangu Secondary School	Construction of a classroom	1,000,000	The Fund did not provide details of how the amount disbursed were utilized. Physical verification indicated that no classroom was done during the year.

No.	Name Of The Project	Project Details	Project Cost	Verification Remarks
11.	David Kitavi Secondary School	Construction of (2) Classrooms	2,000,000	Physical verification indicated that the classrooms were not complete since electrical wiring had not been done. Further, it was noted that the veranda guard rails have large gaps left which should be filled.
	Total		16,505,331	

Consequently, the Fund may have failed to obtain value for money spent on the projects valued at Kshs.16,505,331 for the year ended 30 June 2018. Hence there is need for proper implementation and follow up mechanism to ensure that projects are fully implemented for better delivery of goods and service to the citizens of Mwatate 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 Qualified Opinion and Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Project Management Committee Accounts

Annex 5 to the financial statements for the year ended 30 June 2018 reflects sixty-two (62) Project Management Committee (PMC) bank accounts holding total bank balance of Kshs.7,480,821 as at 30 June 2018. Records availed for audit review indicated that out of the sixty-two (62) project management committee bank balances disclosed under annex 5 to the financial statements, thirteen (13) projects did not indicate whether the projects are complete or ongoing thus we could not confirm whether the Project Management Committee bank accounts are closed or still in operation as at 30 June 2018. Further, forty-six (46) projects were indicated as complete as at 30 June 2018 but the accounts had not been closed and still held bank balances of Kshs.5,226,627. This is contrary to Section 12(8) of the National Government Constituencies Development Fund Act, 2015 which states that, 'All unutilized funds of the Project Management Committee shall be returned to the constituency account'.

In addition, project expenditure returns and handover reports after completion of the same were not availed for audit verification. This is contrary to Section 15 (1) of National Government Constituencies Development Fund Regulations, 2016 which states that, 'There shall be appointed a project management committee for each project in a Constituency in accordance with Section 36 of the National Government Constituencies Development Fund Act, 2015 which shall - (b) maintain proper records of all minutes,

accounting documents and other records in relation to projects being implemented; (d) prepare returns and file them with a Constituency Committee on a timely basis; (e) account for funds to a Constituency Committee; and (f) undertake project closure, labelling and handover upon completion'. Section (2) further, states that 'A project management committee shall prepare and submit hand over reports to a Constituency Committee'.

Under the circumstance, the Project Management Committees are in breach of the Law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT SYSTEMS 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 matters described in the Basis for Qualified Opinion and Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections 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.

Basis for Conclusion

1.0 Summary of Fixed Assets

Annex 4 of the financial statements for the year ended 30 June 2018 reflects Kshs.4,454,214 in respect of historical cost of fixed assets. However, assets register schedule availed for audit review indicated fixed assets balance of Kshs.3,563,100, resulting to a variance of Kshs.891,114 which has not been reconciled nor explained.

Consequently, the accuracy and completeness of fixed assets balance of Kshs.4,454,214 as at 30 June 2018 could not be confirmed.

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.

In preparing the financial statements, management is responsible for assessing National Government Constituencies Development Fund – Mwatate Constituency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the management either intends to liquidate National Government Constituencies Development Fund – Mwatate Constituency or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of National Government Constituencies Development Fund – Mwatate Constituency's 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 National Government Constituencies Development Fund – Mwatate Constituency's 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 National Government Constituencies Development Fund – Mwatate Constituency'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 National Government Constituencies Development Fund – Mwatate Constituency's financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

Further, in planning and performing the audit of National Government Constituencies Development Fund – Mwatate Constituency's financial statements and review 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 judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of National Government Constituencies Development Fund – Mwatate Constituency 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 National Government Constituencies Development Fund – Mwatate Constituency's 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 entity 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 National Government Constituencies Development Fund-Mwatate 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

16 May 2019

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

IV. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2018

	Note	2017-2018	2016-2017
		kshs.	kshs.
RECEIPTS			
Transfers from Other Government Entities	1	91,139,259	74,458,621
Proceeds from Sale of Assets	2		
Other Receipts	3		
TOTAL RECEIPTS		91,139,259	74,458,621
PAYMENTS			
Compensation of Employees	4	2,660,111	2,931,799
Use of goods and services	5	7,618,707	11,456,503
Transfers to Other Government Units	6	42,005,331	69,698,000
Other grants and transfers	7	26,055,250	36,397,103
Acquisition of Assets	8		
Other Payments	9		
TOTAL PAYMENTS		78,339,399	120,483,405
SURPLUS/(DEFICIT)		12,799,860	-46,024,784

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MWATATE Constituency financial statements were approved on 8/7/ 2019 and signed by:



Fund Account Manager
Name: Amina Ali




Sub-County Accountant
Name: Elijah M. Mwazo
ICPAK Member Number: 11808



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

V. STATEMENT OF ASSETS AND LIABILITIES AS AT 30 JUNE 2018

	Note	2017 - 2018	2016 - 2017
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances (as per the cash book)	10A	14,216,728	1,416,868
Cash Balances (cash at hand)	10B	-	-
Total Cash and Cash Equivalents		14,216,728	1,416,868
Current receivables - Outstanding Imprests	11	-	-
TOTAL FINANCIAL ASSETS		14,216,728	1,416,868
FINANCIAL LIABILITIES			
Accounts payable - Retention	12	-	-
NET FINANCIAL ASSETS		14,216,728	1,416,868
REPRESENTED BY			
Fund balance b/fwd 1st July...	13	1,416,868	47,441,652
Surplus/Deficit for the year		12,799,860	-46,024,784
Prior year adjustments	14		
NET FINANCIAL POSITION		14,216,728	1,416,868

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MWATATE Constituency financial statements were approved on 8/4/2019 and signed by:

Fund Account Manager
 Name: Amina Ali

Sub-County Accountant
 Name: Elijah M. Mwazo
 ICPAK Member Number: 11808



NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF)

MWATATE CONSTITUENCY

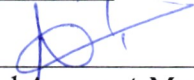
Reports and Financial Statements

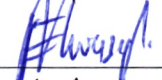
For the year ended June 30, 2018

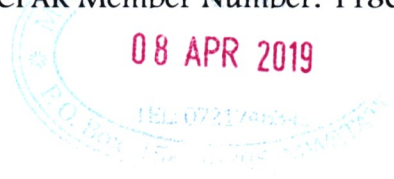
VI. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2018

Receipts for operating income		2017-2018	2016-2017
Transfers from Other Government Entities	1	91,139,259	74,458,621
Proceeds from Sale of Assets	2		-
Other Receipts	3		-
		91,139,259	74,458,621
Payments for operating expenses			
Compensation of Employees	4	2,660,111	-2,931,799
Use of goods and services	5	7,618,707	-11,456,503
Transfers to Other Government Units	6	42,005,331	-69,698,000
Other grants and transfers	7	26,055,250	-36,397,103
Other Payments	9		
Total cash outflow from operating activities		78,339,399	-120,483,405
Adjusted for:			
Adjustments during the year			
Net cash flow from operating activities		12,799,860	-46,024,784
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	2		
Acquisition of Assets	8		-
Net cash flows from financing Activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		12,799,860	-46,024,784
Cash and cash equivalent at BEGINNING of the year	10A	1,416,868	47,441,652
Cash and cash equivalent at END of the year	10A	14,216,728	1,416,868

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The NGCDF-MWATATE Constituency financial statements were approved on 8/4/19 2019 and signed by:


 Fund Account Manager
 Name: Amina Ali


 Sub-County Accountant
 Name: Elijah M. Mwazo
 ICPAK Member Number: 11808



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

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE YEAR ENDED 30 JUNE 2018

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 NGCDF Board	86,810,345	24,234,110	111,044,455	92,556,127	18,488,328	83%
Proceeds from Sale of Assets			0		0	
Other Receipts			0		0	
Total	86,810,345	24,234,110	111,044,455	92,556,127	18,488,328	83%
PAYMENTS						
Compensation of Employees	3,100,000	416,868	3,516,868	2,660,111	856,757	76%
Use of goods and services	4,713,931	682,759	5,396,690	7,618,707	-2,222,017	141%
Transfers to Other Government Units	35,605,331	16,927,586	52,532,917	42,005,331	10,527,586	80%
Other grants and transfers	29,743,966	6,206,897	35,950,863	26,055,250	9,895,613	72%
Acquisition of Assets	6,481,090		6,481,090		6,481,090	0%
Other Payments	7,166,027		7,166,027		7,166,027	0%
TOTALS	86,810,345	24,234,110	111,044,455	78,339,399	32,705,056	71%

1. Underutilisation of funds:
- I) **COMPENSATION OF EMPLOYEES**- There was low utilisation which was caused by contract termination of 5 staffs
 - II) **USE OF GOOD AND SERVICES**- This budget was overspent due to payments of bursary allocation committee and ward forum meetings for strategic plan implementation.
 - III) **OTHER GRANTS AND TRANSFERS**- There was low utilization due to we were yet to receive all the fund from the CDF Board
 - IV) **ACQUISITION OF ASSETS**- The project was to purchase a vehicle but the project was conditional approval until we dispose the old vehicle. And we are in the process
 - V) **OTHER PAYMENTS**- we are had to two project strategic plan and ICT Hub. Strategic plan required to advertisement as per procurement ACT and the process was going on but by the end of the financial year no payment was made and ICT Hub was to be done from the Board.

The NGCDF-MWATATE Constituency financial statements were approved on 8/4/ 2019 and signed by:

Fund Account Manager

Name: Amina Ali

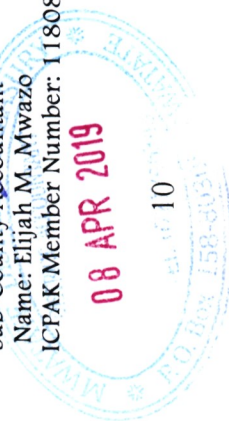


Sub-County Accountant

Name: Elijah M. Mwazo

ICPAK Member Number: 11808

08 APR 2019



**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (NGCDF) –
MWATATE 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-MWATATE 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 CONSTITUENCIES DEVELOPMENT FUND NGCDF –
MWATATE 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 CONSTITUENCIES DEVELOPMENT FUND NGCDF –
MWATATE 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 CONSTITUENCIES DEVELOPMENT FUND NGCDF –
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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 CONSTITUENCIES DEVELOPMENT FUND NGCDF –
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IX. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	A.I.E No.	2017 - 2018	2016 - 2017
		Kshs	Kshs
Normal allocation			
	A855951	5,500,000	4,094,828
	A892605	6,800,000	36,853,449
	A892846	37,905,172	33,510,344
	A892678	4,000,000	
	A896945	36,934,087	
			-
			-
			-
TOTAL		91,139,259	74,458,621

2. PROCEEDS FROM SALE OF ASSETS

	2017-2018	2016- 2017
	Kshs	Kshs
Receipts from sale of Buildings		
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from sale of office and general equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	-	-
Total	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. OTHER RECEIPTS

	2017- 2018 Kshs	2016-2017 Kshs
Interest Received	-	-
Rents	-	-
Receipts from Sale of tender documents	-	-
Other Receipts Not Classified Elsewhere	-	-
Total	-	-

4. COMPENSATION OF EMPLOYEES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Basic wages of contractual employees	1,624,196	1,757,297
Basic wages of casual labour	-	-
Personal allowances paid as part of salary		
House allowance		
Transport allowance		
Leave allowance		
Gratuity	883,595	1,040,112
Other personnel payments NHIF	40,000	17,750
Employer contribution to NSSF	112,320	116,640
	-	-
Total	2,660,111	2,931,799

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. USE OF GOODS AND SERVICES

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Utilities, supplies and services	358,600	788,115
Communication, supplies and services		-
Domestic travel and subsistence		-
Printing, advertising and information supplies & services		
Rentals of produced assets		-
Training expenses		
Hospitality supplies and services		-
Insurance costs		-
Fuel ,oil and lubricants		
Office and general supplies and services		
Other operating expenses		
Routine maintenance – vehicles and other transport equipment	145,107	339,871
Routine maintenance – other assets		
Other committee expenses		
Committee allowances	7,115,000	10,328,517
Total	7,618,707	11,456,503

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TRANSFER TO OTHER GOVERNMENT ENTITIES

Description	2017- 2018	2016- 2017
	Kshs	Kshs
Transfers to primary schools	31,205,331	35,315,000
Transfers to secondary schools	4,000,000	23,283,000
Transfers to tertiary institutions	6,800,000	10,000,000
Transfers to health institutions		1,100,000
TOTAL	42,005,331	69,698,000

7. OTHER GRANTS AND OTHER PAYMENTS

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bursary – secondary schools	15,767,335	14,388,600
Bursary – tertiary institutions	5,929,000	6,833,800
Bursary – special schools		-
Mock & CAT		-
Water projects		5,700,000
Agriculture projects		2,000,000
Electricity projects		-
Security projects		100,000
Roads projects		1,200,000
Sports projects		720,000
Environment projects		
Other Projects		500,000
Emergency projects	4,358,915	4,954,703
Total	26,055,250	36,397,103

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF ASSETS

Non Financial Assets	2017 - 2018	2016 - 2017
	Kshs	Kshs
Purchase of Buildings		-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	-	-
Purchase of Household Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	-	-
Purchase of ICT Equipment, Software and Other ICT Assets		
Purchase of Specialized Plant, Equipment and Machinery		
Rehabilitation and Renovation of Plant, Machinery and Equip.		
Acquisition of Land		
Acquisition of Intangible Assets		
Total	-	-

9. OTHER PAYMENTS

	2017-2018	2016-2017
	Kshs	Kshs
Strategic plan	-	-
ICT Hub	-	-
TIVET	-	-
	-	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NGCDF –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts (cash book bank balance)

Name of Bank, Account No. & currency	2017-2018	2016-2017
	Kshs	Kshs
<i>Kenya Commercial Bank A/C 110927838</i>	14,216,728	1,416,868
	-	-
	-	-
Total	14,216,728	1,416,868
10B: CASH IN HAND		
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
	-	-
Total	-	-
<i>[Provide cash count certificates for each]</i>		

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11: OUTSTANDING IMPRESTS

<i>Name of Officer or Institution</i>	<i>Date Imprest Taken</i>	<i>Amount Taken</i>	<i>Amount Surrendered</i>	<i>Balance</i>
		<i>Kshs</i>	<i>Kshs</i>	<i>Kshs</i>
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
<i>Name of Officer or Institution</i>	-	-	-	-
Total				-

[Include an annex of the list is longer than 1 page.]

12 RETENTION

<i>Supplier / Contractor</i>	<i>PV No.</i>	2017-2018	2016-2017
		<i>Kshs</i>	<i>Kshs</i>
		-	-
Total			

[Provide short appropriate explanations as necessary]

13. BALANCES BROUGHT FORWARD

	2017 - 2018	2016 - 2017
	Kshs	Kshs
Bank accounts	1,416,868	47,441,652
Cash in hand	-	-
Imprest		
Total	1,416,868	47,441,652

[Provide short appropriate explanations as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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	-	-
	-	-

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	856,757	-
Use of goods and services	(2,222,017)	-
Amounts due to other Government entities (see attached list)	10,527,586	-
Amounts due to other grants and other transfers (see attached list)	9,895,613	-
Acquisition of assets	6,481,090	-
Others (<i>specify</i>)	7,166,027	-
	32,705,056	-

**NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND NGCDF –
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15.4: PMC account balances (See Annex 5)

	2017- 2018	2016-2017
	Kshs	Kshs
PMC account Balances (see attached list)	7,480,821	7,940,943
	7,480,821	7,940,943

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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						

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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 CONSTITUENCIES DEVELOPMENT FUND NGCDF – MWATATE 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		856,757		
Use of goods & services		(2,222,017)		
Amounts due to other Government entities		10,527,586		
Transfers to primary school				
Sub-Total		9,162,326		
Amounts due to other grants and other transfers		9,895,613		
Sub-Total		9,895,613		
Acquisition of assets		6,481,090		
Others (specify)				
Strategic plan		2,500,000		
ICT HUB		4,666,027		
Sub-Total		7,166,027		
Grand Total		32,705,056		

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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				
Buildings and structures	750,000			750,000
Transport equipment	984,214			984,214
Office equipment, furniture and fittings	2,700,000			2,700,000
ICT Equipment, Software and Other ICT Assets	20,000			20,000
Other Machinery and Equipment	-			-
Heritage and cultural assets	-			-
Intangible assets	-			-
Total	4,454,214			4,454,214

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

PMC ACCOUNT	Bank	Account number	bank balance 2017/18	Bank balance 2016-2017
KIDAYA SAGHAIGHU PRIMARY	BARCLAYS	661058080	-	523,534.00
KISHAMBA PRIMARY SCHOOL	EQUITY	790267168349	326,401.00	4,600.00
KITIVO PRIMARY SCHOOL	KCB	1183979606	4,340.00	4,937,997.00
MARIWENYI PRIMARY SCHOOL	KCB	1207199915	740.00	76,485.00
NYOLO PRIMARY SCHOOL	KCB	1101078098	-	4.85
MWATUNGE PRIMARY SCHOOL	EQUITY	790262611336	23.00	6,394.80
MWAMBOTA PRIMARY SCHOOL	EQUITY	790264750972	14,686.00	77,216.00
MWAVUNYU PRIMARY SCHOOL	KCB	12090066243	-	1,435.00
KIGHOMBO PRIMARY SCHOOL	KCB	1208412043	5,994.00	6,439.00
ZARE PRIMARY SCHOOL	KCB	1176597256	10,196.00	31,844.75
MRUGHUA PRIMARY SCHOOL	KCB	1118978234	903.00	0
MWEMBA PRIMARY SCHOOL	KCB	1176706683	581.00	117,739.00
KONGONI PRIMARY SCHOOL	KCB	1204954984	-	1,500.00
MANOA PRIMARY SCHOOL	KCB	1176836714	25,438.00	26,533.15
JOSA PRIMARY SCHOOL	KCB	112771000	1,000.00	400,114.50
MAZOLA PRIMARY SCHOOL	KCB	1208555154	955.00	31,965.00
MWAWACHE PRIMARY SCHOOL	KCB	1134778813	1,395.00	1,425.00
MNAMU PRIMARY SCHOOL	EQUITY	7902974333273	40,834.00	686
MGENO PRIMARY SCHOOL	EQUITY	790293408297	1,139.00	
CHAKALERI PRE SCHOOL	CO-OPERATIVE	1139220307500	81,787.00	7,081.00
MWACHABO PRIMARY SCHOOL	KCB	1109443536	1,438.00	1,468.00
KWATEKA PRIMARY SCHOOL	KCB	1119861888	670.00	1,200.00
CHONGONYI PRE SCHOOL	KCB	1115380397	115,946.00	300,946.00
KWAMONE PRE SCHOOL	EQUITY	263540409	160.00	820.6
KISHAU PRIMARY SCHOOL	KCB	1135939071	220.00	224.5
MWAMBOTA PRIMARY SCHOOL	EQUITY	790264750972	-	77,216.00
LAGHONYI SECONDARY SCHOOL	EQUITY	790297606691	6,278.30	45,138.30
ZARE SECONDARY SCHOOL	CO-OPERATIVE	1139220327700	91,469.00	2,545.00
MWEMA SECONDARY SCHOOL	KCB	294686784	60,293.00	63,048.95

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ST JOSEPHS SECONDARY SCHOOL	KCB	1207666718	1,055.00	1,085.00
MWATATE SECONDARY SCHOOL	CO-OPERATIVE	1134220137400	3,562.00	75,579.75
KOMBOLIO SECONDARY SCHOOL	CO-OPERATIVE	1134220282000	3,575.00	53,475.00
MWAKITAU SECONDARY SCHOOL	KCB	1135306478	115,185.00	115,115.00
KITUMA SECONDARY SCHOOL	EQUITY	790299882033	72,932.00	67,891.50
MWANGOJI SECONDARY SCHOOL	KCB	294760718	7,576.00	8,021.90
MWANDANGO SECONDARY SCHOOL	KCB	223687337	42,364.00	15,000.00
NGANGU SECONDARY SCHOOL	KCB	1120851556	432,841.00	174,494.25
MZWANENYI SECONDARY SCHOOL	KCB	294686646	18,557.00	618,887.00
MWANYAMBO SECONDARY SCHOOL	CO-OPERATIVE	1139220315300	275,902.00	80,792.00
MWATATE TECHNICAL TRAINING INSTITUTE	KCB	1171174055	200,155.00	
Mwandisha primary school	KCB	1208054562	9,040.00	
MSISINENYI PRIMARY SCHOOL	KCB	1178731014	5,503.00	
BAGHAU PRIMARY SCHOOL	KCB	1204877432	730.00	
MENGO PRIMARY SCHOOL	KCB	1204810087	1,197,490.00	
KISHAU PRIMARY SCHOOL	KCB	1135939071	220.00	
KIDAYA-SAGHAIGHU PRIMARY	KCB	1201488028	120,211.00	
mwachawaza primary school	KCB	1135962855	1,131.00	
MANOA PRIMARY SCHOOL	KCB	1176836714	25,438.00	
mwawache primary school	KCB	1134778813	1,395.00	
MAZOLA PRIMARY SCHOOL	KCB	1208555154	954.00	
mwavunyu primary school	KCB	1209006243	340.00	
MRUGHUA PRIMARY SCHOOL	KCB	1118978234	903.00	
NYOLO PRIMARY SCHOOL	KCB	1131078098	244,357.00	
KONGONI PRIMARY SCHOOL	KCB	1204954984	-	
mwakaleri primary school	KCB	117492639	10,489.00	
CHUNGA UNGA PRIMARY SCHOOL	KCB	1202079466	2,575,418.00	
MZWANENYI SEC SCHOOL	KCB	1104854554	18,558.00	
ELIJAH MZAE SEC SCHOOL	KCB	1136746285	856,816.00	
MWANGOJI SEC SCHOOL	KCB	1104864215	7,576.00	
NGANGU SECONDARY SCHOOL	KCB	1120851556	432,841.00	
DAVID KITAVI SECONDARY SCHOOL	KCB		-	
KITAWI SEC SCHOOL	KCB	1118287215	4,821.00	
		TOTAL	7,480,821.00	7,940,942.80

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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 (<i>Name and designation</i>)	Status: (<i>Resolved / Not Resolved</i>)	Timeframe: (<i>Put a date when you expect the issue to be resolved</i>)
MSA/NG CDF/mwa tate/2016 /2017	i) PMCs bank account balances not disclosed	The omitted project account balance were availed	Amina ALI FAM	Resolved	August 2018
	ii) Unsupported expenditures	Bill of quantities and minutes, bank statements available.	Amina Ali FAM	Resolved	August, 2018
	iii) Bank reconciliations, payments in cash book not in bank statement	All stale cheques were replaced and some reversed in the cashbook. The cash book has been updated	Amina Ali FAM	Resolved	August 2018
	vi) Un presented cheques	All project cheques have been presented and stale bursary cheques replaced	Amina Ali FAM	Resolved	August, 2018